# SHUAA CAPITAL PSC

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Consolidated Financial Statements for the year ended 31 December 2024

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## BOARD OF DIRECTORS' REPORT

The Board of Directors of SHUAA Capital PSC ("SHUAA" or the Company) are pleased to present to you the audited consolidated financial statements of the Company and its subsidiaries, collectively (the "Group") for the fiscal year ended 31 December 2024.

### Financial Performance Overview

In 2024, the Group reported operating revenues of AED 89 million compared to AED 121 million in 2023 (excluding one-offs in 2023). The decline was primarily driven by several factors, including a temporary reduction in allocated capital to global markets, leading to lower returns. Additionally, a decrease in the net asset value of the fund had an impact on the management fees, further contributing to the overall revenue shortfall. However, implementation of cost optimization measures resulted in a reduction in operating expenses compared to 2023 excluding one-offs charges related to restructuring costs.

The Group recorded a net loss of AED 299 million attributable to the owners of the parent in 2024 compared to a net loss attributable to the owners of the parent of AED 907 million in 2023. The prior year's results were primarily impacted by the non-cash impairment charges for legacy real estate assets including goodwill in the UK, one-off deferred tax liability charge associated with the implementation of UAE Corporate Tax Law, and valuation adjustments taken by the Group's associate. In 2024, the Group took further non-cash impairment on receivables as well as on its investment in associate as a result of decline in underlying investments valuation. These impairments were a strategic step in the Group's capital optimization and turnaround efforts to strengthen its balance sheet.

Due to the losses described in this report, the Company's board of directors (the "Board of Directors") are not recommending a dividend payment to the Company's shareholders at the forthcoming annual general meeting (2023: nil).

### Business Updates

During the year, the Group had outstanding liabilities due in the form of an USD 150 million bond, issued by a SHUAA-affiliated SPV. On 19 April 2024, the Group successfully secured an agreement with Noteholders to amend and extend the terms of the outstanding bonds payable until 31 March 2025. The agreement offered the Noteholders the opportunity to convert their notes into equity via a Mandatory Convertible Bond ("MCB") exchange offer. The notes not converting to equity will be redeemed at 80% discount before 31 March 2025 which is expected to contribute to a gain on material extinguishment of liability for the Group.

In 2024, the Group successfully secured a temporary waiver with its senior lender, under which the technical covenant breaches were waived for a period of one year. The Group remains engaged in discussions with the senior lender to fully address these technical covenant breaches while maintaining timely scheduled repayments on the term loan. Additionally, the Group is actively working towards securing a comprehensive restructuring agreement within the waiver period.

BOARD OF DIRECTORS' REPORT (continued)

Business Updates (continued)

The Group continues to remain focused on its strategic transformation initiatives, aiming to streamline its capital structure. As part of these efforts, the Group took further impairment on certain investments, a step intended to enhance financial stability and significantly reduce future earnings volatility.

Corporate Governance and Risk Management

The Board of Directors are committed to upholding the highest standards of corporate governance and risk management practices. We continue to monitor and assess risks facing the company, ensuring that appropriate measures are in place to mitigate these risks and safeguard shareholder value.

2025 Outlook

As the Company moves into 2025, it remains committed to strengthening its financial position and fostering long-term stability. A key priority will be the completion of its capital optimization plan, designed to reduce leverage and enhance the overall capital base. By implementing this strategy, the Company aims to create a more resilient financial structure that supports sustainable growth.

The Group's core businesses are well positioned to capitalize on emerging opportunities in 2025. A key aspect of the Group's business model is the continued execution of the Group's cost rationalization program, which involves the systematic winding down of non-core assets. By streamlining its operations and optimizing resource allocation, SHUAA aims to create a leaner, more agile organization positioned for sustained growth.

The Board of Directors believe these actions will lead to a more stable performance and generate lasting value for the Company's shareholders and clients. The Board would also like to thank and extend our gratitude to all our existing and future shareholders, investors and stakeholders, for their continued support and confidence in the Company.

Directors

| | |
|---|---|
| Badr Al-Olama (elected Chairman on 26.04.2024) | (Chairman) |
| Nabil Ramadhan (elected Vice Chairman 26.04.2024) | (Vice Chairman) |
| Darwish Alketbi (elected 24.04.2024) | (Director) |
| Hamda AlMheiri (re-elected 24.04.2024) | (Director) |
| Asad Hussaini (re-elected 24.04.2024) | (Director) |
| | |
| Andre Sayegh (resigned 29.02.2024) | (Director) |
| Fadhel Al Ali (end of term 24.04.2024) | (Chairman) |
| Ahmed Alahmadi (resigned 30.12.2024) | (Director/Managing Director) |

BOARD OF DIRECTORS' REPORT (continued)

## Auditors

Crowe Mak were appointed as external auditors and conducted an audit of the annual financial statements for the year ended 31 December 2024. The Board of Directors has recommended Crowe Mak as the auditors for 2025 for approval by the shareholders at the forthcoming annual general meeting.

On behalf of the Board

Badr Al-Olama
Chairman
25 March 2025

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Ref: BN/B3171/March 2025

# Independent Auditor's Report

To,
The Shareholders
SHUAA Capital P.S.C

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of SHUAA Capital P.S.C. (the "Parent") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

### Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in United Arab Emirates. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit Matters | How our audit addressed the key audit matter |
|---|---|
| **Impairment of goodwill**<br><br>The Group consolidated financial statements includes goodwill of AED 516 million as at 31 December 2024 (2023: AED 518 million) representing 44% of total assets. The goodwill is allocated to Cash Generating Units (CGUs) in accordance with IAS 36, Impairment of Assets which has been tested for annual impairment.<br><br>(Refer Note 4 and 15 to the Consolidated Financial Statements).<br><br>Impairment assessment of goodwill requires significant management judgement and estimates such as projected cash flows, discount rates, growth rates over the projection period and terminal growth rates. | Our audit procedures includes the following:<br><br>• Assessing the principles and methods used for determining the recoverable amounts of the CGU to which the goodwill is allocated and assessing that the methods used are in accordance with the requirements of IAS 36;<br>• Assessed the reasonableness of the cashflow projections by testing the key management assumptions and estimates used in the impairment analysis and evaluated the consistency of the cashflow projections with the budgets approved by the Board of Directors.<br>• Evaluated the sensitivity analysis performed by management on the growth rates and discount rates to determine whether reasonable changes in these key assumptions would result in the carrying amounts of individual CGUs to exceed their recoverable amounts. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Impairment of goodwill (continue)**<br><br>Given the significance of judgement, subjectivity and sensitivity of the estimates used in the assessment of testing the estimates and the materiality of the amount to the overall financial position, we have considered the matter to be key audit matter. | Our audit procedures includes the following: (continued)<br><br>• Assessed the adequacy of the disclosures in the Consolidated Financial Statements related to goodwill in line with requirement of IFRS. |
| **Valuation of unquoted Investments at fair value (Level3)**<br><br>The Group holds investments amounting to AED 29.9 million in the unquoted equity and funds at fair value which are categorized within level 3 of the fair value hierarchy. Further, the Group has written off the investments amounting to AED 170 million against the liability related to its partnership stake in BLD Partners LP (BLD).<br><br>(Refer Note 4 and 23.1 to the Consolidated Financial Statements)<br><br>The fair valuation of these investments is determined by a management expert based on discounted cash flow method for equity investments and for investments in funds they are valued based on the net asset value declared by the respective funds. The process of computation of fair valuation of investments includes use of unobservable inputs, management judgements and assumptions.<br><br>The valuation of these investments was identified as a key audit matter requiring significant auditor attention due to its material impact on the consolidated financial statements and the inherent complexity of the process in using the un observables inputs used in estimating the fair values. | Our audit procedures performed in relation to the valuation of financial asset at fair value included the following procedures:<br><br>• Assessed the appropriateness of the accounting policy and valuation basis used to measure investment at fair value (level 3).<br>• Assessed the basis for written off the investments against the related liability.<br>• Assessed the valuation of the unquoted investments.<br>• Ascertain and assess the management's expert competence, objectivity and independence in performing the valuation of these investments.<br>• For the fair valuation models, understood and assessed the methodology used. Tested the underlying data and assumptions used relating to projected cash flows and the discounting factor in the determination of the fair value.<br>• Assessed and reviewed the management procedures for performing impairment analysis of investments.<br>• Assessed the adequacy and arithmetical accuracy of the disclosures in the Consolidated Financial statements related to investment in line with requirements of IFRS. |
| **Impairment of investment in associate**<br><br>(Refer Note 13 to the Consolidated Financial Statements)<br><br>At 31 December 2024, the Group's investment in one of its key associates had a market value, derived from the quoted share price, that was consistently below its carrying value of AED 342 million. This indicated a potential impairment under the requirements of IAS 36 – Impairment of Assets.<br><br>Management concluded that the carrying value of the investment remained recoverable as at 31 December 2024, and no impairment adjustment was necessary.<br><br>This matter required significant audit focus due to the materiality of the Group's investment in the associate and the complexity and judgment involved in evaluating impairment indicators. | Our audit procedures performed in relation to the impairment assessment of investment in associate included:<br><br>• We have discussed with management their strategic plans and intentions regarding the investments.<br>• Assessed the financial difficulty or breach of contract by the associate during the year to analyse the objective evidence that the net investment is impaired;<br>• Analysed the active market of investment by assessing the traded volume in the market for the previous years;<br>• Assessed the probability that the associate or joint venture will enter bankruptcy or other financial reorganization.<br>• Assessed the adequacy of the disclosures in the Consolidated Financial Statements related to impairment of investment in associate in line with requirement of IFRS. |

| **Assessment of Going Concern and Impact of Mandatory Convertible Bond Issuance**<br><br>(Refer Note 2.2 and 29 to the consolidated financial statements)<br><br>At 31 December 2024, the group is in breach of covenants on its bilaterial facility and as a result of which AED 208m loan is classified as repayable within twelve months.<br><br>As disclosed in note 2.2 to the consolidated financials statements, the group successfully issued Mandatory Convertible Bond (MCBs) amounting to AED 274.4 million to its existing noteholders and the remaining noteholders will be settled in cash at 80% discount. Furthermore, the group has raised AED 85 million through the issuance of MCB to new investors, with a portion of these proceeds designated to facilitate the settlement of the non-converting noteholders.<br><br>We identified the assessment of the Group's going concern status and the impact of the mandatory convertible bond issuance as a key audit matter due to the significant transactions involved subsequent to the year end. | Our audit procedures performed in relation to the mandatory convertible bond included:<br><br>• Evaluating management's assessment of going concern, including the reasonableness of key assumptions in cash flow forecasts, such as revenue growth, cost management, and expected proceeds from the mandatory convertible bond.<br>• We have also reviewed the breach of covenant on its bilateral facility and reviewed the waiver agreement of the bank<br>• Reviewed the documentation related to the issuance process of the Mandatory Convertible Bond (MCB), including Board of Directors approvals and respective agreements with the investors.<br>• We have reviewed and traced the receipts of the subscription amount from the new investors in relation to the MCB.<br>• We have reviewed the number of equity shares converted to each bondholder with the rate specified in General meeting resolution who have opted for conversion.<br>• Evaluating the adequacy of disclosures in the consolidated financial statements concerning the Group's going concern assessment and the mitigating impact of the mandatory convertible bond issuance. |
|---|---|

**Other Information**

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Annual report which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Other matter**

The consolidated financial statements of the Group for the year ended 31 December 2023 which were audited by other auditors who expressed an unmodified opinion on those statements dated 28th May, 2024.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation of consolidated financial statements that present fairly, in all material respects, in accordance with IFRS Accounting Standards as issued by the IASB, and their preparation in compliance with the applicable provisions of the U.A.E. Federal Decree Law No. 32 of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and the content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that:

i) We have obtained all the information we considered necessary for the purposes of our audit;

ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;

iii) The Group maintained proper books of account;

iv) The financial information included in the report of the Board of Directors is consistent with the books of account of the Group;

v) As disclosed in note 23.1 to the consolidated financial statements the Group has not purchased or invested in shares during the year ended 31 December 2024;

vi) Note 22 of the consolidated financial statements discloses material related party transactions, and the terms under which they were concluded.

vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December, 2024 any of the applicable provisions of the U.A.E. Federal Decree Law No. 32 of 2021, or in respect of the company, its Articles of Association which would materially affects its activities or its consolidated financial position as at 31 December, 2024. And

viii) Note 6 to the consolidated financial statements discloses the social contribution made during the year ended 31 December 2024.

For Crowe Mak

Basil Naser
Partner
Registered Auditor Number: 5507
Dubai, United Arab Emirates 25
March 2025

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CROWE MAK

## Consolidated statement of profit or loss for the year ended 31 December 2024

(Currency - Thousands of U.A.E. Dirhams)

| Revenues | Notes | 31 December 2024 Audited | 31 December 2023* Audited |
|---|---|---|---|
| Management and performance fees | | **80,899** | 140,783 |
| Advisory fees | | **386** | 2,185 |
| Trading and custody | | **6,722** | 12,666 |
| Others | | **843** | 5,784 |
| **Total revenues** | | **88,850** | 161,418 |
| **Expenses** | | | |
| General and administrative expenses | 6 | **(106,908)** | (115,766) |
| Depreciation and amortisation | | **(9,848)** | (12,525) |
| Fee and commission expense | | **(6,197)** | (2,501) |
| **Total expenses** | | **(122,953)** | (130,792) |
| **Operating (loss)/income** | | **(34,103)** | 30,626 |
| Finance cost | | **(76,675)** | (77,082) |
| Net foreign exchange gain/(loss) | | **244** | (9,941) |
| Provision for impairment losses on financial assets | 7 | **(54,914)** | (198,208) |
| Interest income | | **640** | 3,598 |
| Impairment of intangibles and other items | 8 | **-** | (384,072) |
| Other income/(expense) | 9 | **31,352** | (41,996) |
| Change in fair value loss from financial assets at fair value through profit or loss (FVTPL) | | **(55,492)** | (329,695) |
| Loss on derivative financial liability | | **-** | (207) |
| Share of net loss of investments in associates accounted for using the equity method | | **(144,346)** | (136,157) |
| Finance credit relating to unit holders | | **-** | 29,290 |
| **Pre-tax loss** | | **(333,294)** | (1,113,844) |
| **Income tax credit/(loss) for the year** | | **12,103** | (40,854) |
| **Net loss** | | **(321,191)** | (1,154,698) |
| **Attributable to:** | | | |
| Owners of the Parent | | **(299,162)** | (906,644) |
| Non-controlling interests | | **(22,029)** | (248,054) |
| | | **(321,191)** | (1,154,698) |
| **Losses per share attributable to Owners (in AED)** | 21 | **(0.12)** | (0.36) |

* Refer to note 30 for changes to the presentation of the consolidated statement of profit or loss.

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income for the year ended 31 December 2024

(Currency - Thousands of U.A.E. Dirhams)

| | Notes | *31 December 2024 Audited* | *31 December 2023 Audited* |
|---|---|---|---|
| **Loss for the year** | | (321,191) | (1,154,698) |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Exchange differences on translation of foreign operations | 20 | (11,407) | 10,201 |
| Net loss on cash flow hedges | | | |
| - Cash flow hedges | 20 | (8,458) | (4,129) |
| - Share of other comprehensive income from investment in associates | 13 | 6,316 | - |
| **Other comprehensive (loss)/income for the year** | | (13,549) | 6,072 |
| **Total comprehensive loss for the year** | | (334,740) | (1,148,626) |
| **Attributable to:** | | | |
| Owners of the Parent | | (309,560) | (904,304) |
| Non-controlling interests | | (25,180) | (244,322) |
| | | (334,740) | (1,148,626) |

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated statement of financial position as at 31 December 2024

(Currency - Thousands of U.A.E. Dirhams)

| | Notes | 31 December 2024 Audited | 31 December 2023 Audited |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 10 | 43,176 | 27,343 |
| Deposit held with bank | | - | 5,835 |
| Receivables and other debit balances | 11 | 112,381 | 151,408 |
| Loans, advances and finance leases | 12 | 83,600 | 108,110 |
| Financial assets at fair value | 23.1 | 41,359 | 337,813 |
| Investments in associates | 13 | 342,508 | 529,038 |
| Property and equipment | 14 | 10,548 | 20,515 |
| Goodwill and other intangible assets | 15 | 537,775 | 541,438 |
| **Total assets** | | 1,171,347 | 1,721,500 |
| **Liabilities** | | | |
| Payables and other credit balances | 16 | 157,163 | 371,661 |
| Other financial liabilities | 17 | 144,687 | 137,156 |
| Borrowings | 18 | 854,526 | 862,972 |
| **Total liabilities** | | 1,156,376 | 1,371,789 |
| **Equity** | | | |
| Share capital | 19 | 2,535,720 | 2,535,720 |
| Share premium | | 52,579 | 52,579 |
| Statutory reserve | | 49,631 | 49,631 |
| Other reserves | 20 | (1,475,534) | (1,465,136) |
| Retained earnings | | (1,127,752) | (828,590) |
| **Equity attributable to Owners** | | 34,644 | 344,204 |
| Non-controlling interests (NCI) | 27 | (19,673) | 5,507 |
| **Net equity** | | 14,971 | 349,711 |
| **Total equity and liabilities** | | 1,171,347 | 1,721,500 |

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 25 March 2025.

Badr Al-Olama
Chairman

Wafik Ben Mansour
Group Chief Executive Officer

# Consolidated statement of changes in equity for the year ended 31 December 2024

(Currency - Thousands of U.A.E. Dirhams)

| | Share capital | Share premium | Statutory reserve | Other reserves | Retained earnings | Equity attributable to owners of the Parent | Non - controlling interests | Total |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 January 2023 | 2,535,720 | 52,579 | 49,631 | (1,467,476) | 76,579 | 1,247,033 | 273,148 | 1,520,181 |
| Loss for the year | - | - | - | - | (906,644) | (906,644) | (248,054) | (1,154,698) |
| Other comprehensive income for the year | - | - | - | 2,340 | - | 2,340 | 3,732 | 6,072 |
| **Total comprehensive loss for the year** | - | - | - | 2,340 | (906,644) | (904,304) | (244,322) | (1,148,626) |
| Transactions with unit holders | - | - | - | - | 13,157 | 13,157 | (13,157) | - |
| Share of associate's treasury shares | - | - | - | - | (11,682) | (11,682) | (1,295) | (12,977) |
| Non-Cash Distribution | - | - | - | - | - | - | (2,678) | (2,678) |
| Dividend paid to NCI | - | - | - | - | - | - | (6,189) | (6,189) |
| Balance at 31 December 2023 | 2,535,720 | 52,579 | 49,631 | (1,465,136) | (828,590) | 344,204 | 5,507 | 349,711 |
| **Loss for the year** | - | - | - | - | (299,162) | (299,162) | (22,029) | (321,191) |
| **Other comprehensive loss for the year** | - | - | - | (10,398) | - | (10,398) | (3,151) | (13,549) |
| **Total comprehensive loss for the year** | - | - | - | (10,398) | (299,162) | (309,560) | (25,180) | (334,740) |
| **Balance at 31 December 2024** | **2,535,720** | **52,579** | **49,631** | **(1,475,534)** | **(1,127,752)** | **34,644** | **(19,673)** | **14,971** |

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows for the year ended 31 December 2024

(Currency - Thousands of U.A.E. Dirhams)

| | Notes | *31 December 2024 Audited* | *31 December 2023 Audited* |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the year | | (321,191) | (1,154,698) |
| Adjustments for (non-cash items): | | | |
| Finance credit relating to unit holders | | - | (29,290) |
| Loss on reduction of investment in associate | | - | 62,528 |
| Gain on loan settlement | | - | (41,856) |
| Foreign exchange (gain)/loss | | (244) | 9,941 |
| Carried interest recognized – net | | - | 11,644 |
| Finance cost | | 76,675 | 77,082 |
| Net interest income | | (640) | (3,598) |
| Fair value loss on financial assets at FVTPL | | 91,431 | 329,695 |
| Fair value loss on assets held for sale | | - | 50,488 |
| Share of loss from investments in associates | 13 | 176,351 | 139,158 |
| Loss on revaluation of derivative financial liabilities | | - | 207 |
| Deferred income taxes | | (12,103) | 40,854 |
| Employees' end of service benefit charge | | 2,454 | 2,992 |
| Provisions and allowances for impairment – net | 7 | 54,914 | 198,208 |
| Goodwill and intangible impairment | 15 | - | 364,743 |
| Depreciation and amortization | 14,15 | 9,848 | 12,525 |
| Others | | (10,133) | - |
| **Operating cash flows before movements in working capital** | | 67,362 | 70,623 |
| Decrease/(Increase) in deposit held with bank | | 5,835 | (5,835) |
| (Increase)/decrease in receivables and other debit balances | | (3,596) | 207,839 |
| Decrease in loans and advances | | 24,372 | 202,112 |
| Decrease in payables and other credit balances | | (28,842) | (173,763) |
| Decrease in other financial liabilities | | (1,339) | (26,652) |
| **Net cash generated from operations** | | 63,792 | 274,324 |
| Employees' end of service benefit paid | | (10,207) | (6,287) |
| **Net cash generated from operating activities** | | 53,585 | 268,037 |
| **Cash flows from investing activities** | | | |
| Acquisition of property and equipment | | 325 | (5,632) |
| Payments for the purchase of investments | | (1,920) | (43,844) |
| Proceeds from disposal of investments | | 50,479 | 17,563 |
| Distributions from associates | 13 | 2,410 | 11,438 |
| Net interest received | | 640 | 3,598 |
| **Net cash generated from/(used in) investing activities** | | 51,934 | (16,877) |

The accompanying notes form an integral part of these consolidated financial statements.

## Consolidated statement of cash flows
## for the year ended 31 December 2024 (continued)

(Currency - Thousands of U.A.E. Dirhams)

| | | *31 December 2024 Audited* | *31 December 2023 Audited* |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Repayment of borrowings | 18.3 | **(7,234)** | (179,513) |
| Lease rentals paid | | **(5,984)** | (1,937) |
| Dividends paid | | **-** | (8,896) |
| Finance cost paid | | **(76,468)** | (97,622) |
| **Net cash used in financing activities** | | **(89,686)** | (287,968) |
| **Net increase/(decrease) in cash and cash equivalents** | | **15,833** | (36,808) |
| Cash and cash equivalents at beginning of the year | 10 | **26,093** | 62,901 |
| **Cash and cash equivalents at end of the year** | 10 | **41,926** | 26,093 |

The accompanying notes form an integral part of these consolidated financial statements.

## 1. LEGAL STATUS AND ACTIVITIES

SHUAA Capital P.S.C. (the "Company" or "SHUAA") is a public shareholding company established in Dubai, United Arab Emirates, pursuant to Emiri Decree No. 6 of 25 April 1979 and in accordance with the UAE Federal Law No. 8 of 1984 concerning Commercial Companies and its amendments ("Companies Law"). The registered address of the Company is P.O. Box 31045, Dubai, United Arab Emirates. The Company's shares are traded on the Dubai Financial Market in the United Arab Emirates.

The Company is licensed by the Securities and Commodities Authority to conduct Investment Management, Financial Consulting and Financial Analysis, Promotion, Introduction and Issuance Management activities. The Company and its subsidiaries conduct a diversified range of investment and financial services activities with special emphasis on the Arab region in general, the U.A.E. and the G.C.C. markets in particular, and are actively involved in public and private capital markets in the region.

### Group structure

The principal activities of Abu Dhabi Financial Group ("ADFG") (accounting acquirer) and its subsidiaries (together referred as the "Group") are to carry out commercial and real estate investment activities, establishment and management of enterprises, consultancy services, investment banking and trading in securities. The extent of the Group's ownership in the material subsidiaries and associates with their principal activities have been listed below:

| Name of the entity | Place of incorporation | Principal activity | Effective ownership interest % *31 December 2024* | Effective ownership interest % *31 December 2023* |
|---|---|---|---|---|
| **Material subsidiaries** | | | | |
| AD CapManage Ltd. (BVI) | B.V.I. | Commercial enterprise investment, institution & management | 100.0% | 100.0% |
| ADCM Ltd | Cayman Islands | Investment management | 100.0% | 100.0% |
| ADCM Resources Ltd* | Cayman Islands | Investment advisory | 100.0% | 100.0% |
| ADCM Emp Carry Ltd | B.V.I. | Special Purpose Vehicle | 100.0% | 100.0% |
| AD Power Limited | Cayman Islands | Investment holding | 100.0% | 100.0% |
| BBD Partners GP (i) | Cayman Islands | Investment management | 100.0% | 100.0% |
| Horizon Investments- Sole Prop LLC | U.A.E. | Investment holding | 100.0% | 100.0% |
| Integrated EE Holdings | Montenegro | Project management | 100.0% | 100.0% |
| Gulf Finance Corporation CJSC* | Saudi Arabia | Financing | 100.0% | 100.0% |
| Gulf Finance Corporation PJSC* | U.A.E. | Financing | 100.0% | 100.0% |
| SHUAA Capital PSC | U.A.E. | Financial services and investments holding | 100.0% | 100.0% |
| SHUAA Capital Saudi Arabia CJSC | Saudi Arabia | Financial services | 100.0% | 100.0% |
| Integrated Capital PJSC | U.A.E. | Financial services | 96.00% | 96.00% |
| Asia for Economic Consultancy LLC | Jordan | Consultancy | 94.30% | 94.30% |
| Amwal International Investment Company KSCP | Kuwait | Financial services | 87.20% | 87.20% |
| Qannas Investments Ltd | Cayman Islands | Investment holding | 80.80% | 80.80% |
| Spadille Limited | Jersey | Investment holding | 85.00% | 85.00% |

1. LEGAL STATUS AND ACTIVITIES (continued)

**Group structure (continued)**

| Name of the entity | Place of incorporation | Principal activity | Effective ownership interest % 31 December 2024 | Effective ownership interest % 31 December 2023 |
|---|---|---|---|---|
| Northacre Limited | UK | Development management | 83.90% | 83.90% |
| Squadron Properties (ii) | Cayman Islands | Investment holding | 33.00% | 33.00% |
| Astrea Asset Management Limited (ii) | UK | Property management | 33.00% | 33.00% |
| Eagle T2 | Cayman Islands | Investment holding | 100.00% | 100.00% |
| Northacre Capital Ltd | BVI | Investment Manager | 100.00% | 100.00% |

| Name of the entity | Place of incorporation | Principal activity | Effective ownership interest % 31 December 2024 | Effective ownership interest % 31 December 2023 |
|---|---|---|---|---|
| Material Associates | | | | |
| Eshraq Investments PJSC | U.A.E. | Investments holding | 24.59% | 24.59% |
| City Engineering LLC* | U.A.E. | Contracting | 40.00% | 40.00% |
| SHUAA Hospitality Fund I L.P. (iii) | Cayman Islands | Investment holding | 33.10% | 33.10% |
| SHUAA Saudi Hospitality Fund I | Saudi Arabia | Investment holding | 33.20% | 33.20% |
| ADCORP Limited * | U.A.E. | Islamic financial institution | 24.80% | 24.80% |

* These subsidiaries and associates are under liquidation.

(i) Effective ownership interest of 50% in BBD Partners GP is held through a subsidiary.

(ii) Based on the concept of 'control' as stipulated in *IFRS 10*, ADFG concluded that although it has less than 50% voting rights in the above-mentioned entities, it has 'de facto' control based on respective size of its holding of voting rights relative to the holdings of other vote holders and its representation on the investee's Board of Directors. In addition, the Group has determined that it has control and therefore consolidates the Fund, as it is exposed to its variable returns and has the key decision-making powers necessary to affect the amount of those returns in its capacity as investment manager. Accordingly, the above-mentioned entities have been consolidated in these financial statements.

(iii) SHUAA Hospitality Fund I L.P., a closed ended private equity investment fund registered as an exempted limited partnership in the Cayman Islands. As a consequence of cross investment holdings by this fund the Group indirectly owns 26.3% of SHUAA Saudi Hospitality Fund I, a closed ended investment fund regulated by the Capital Markets Authority in Saudi Arabia.

## 2. BASIS OF PREPARATION

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and applicable provisions of Federal Law No 32 of 2021, as amended of the United Arab Emirates. The consolidated financial statements are presented in thousands of United Arab Emirates Dirhams since that is the currency of the country in which the parent (ADFG), is domiciled and the majority of the Group's business is transacted.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 as amended on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company has reviewed the new provisions and applied the requirements during the period.

The consolidated financial statements have been prepared on the historical cost convention as modified for the measurement at fair value of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

### 2.2 Going concern

The Group has incurred a loss of AED 321 million (31 December 2023: 1,155 million) for the year ended 31 December 2024 which has resulted in accumulated losses of AED 1,128 million (31 December 2023: 829 million) as at that date.

In assessing the appropriateness of applying the going concern basis in the preparation of these consolidated financial statements, the Board of Directors have considered the Group's operational profitability, liquidity and forecasted cash flows. taking into account reasonably possible outcomes over an extended duration from the date of approval of these consolidated financial statements.

Further, the Group has AED 705 million of borrowings repayable within the next twelve months from the date of approval of these consolidated financial statements, including bilateral facilities ("Term Loan") of AED 77 million due to a bank. In 2024, the Group secured a one-year waiver of default events from the bank. Currently, the Group is engaged in negotiations with the bank to finalise a restructuring agreement while continuing to service the term loan and meet all payment obligations on their respective dates.

Following the close of the financial year 2024, the Group successfully issued Mandatory Convertible Bonds (MCBs) amounting to AED 274.4 million (equivalent to USD 74.7 million) to its existing Noteholders. The remaining noteholders, whose holdings total USD 75.3 million, will receive a settlement equivalent to 20% of their principal amount, payable by 28 March 2025. Furthermore, the Group has raised AED 85 million through the issuance of MCBs to new investors, with a portion of these proceeds designated to facilitate the settlement of the non-converting noteholders.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 New and revised IFRS adopted in the consolidated financial statements

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2024, have been adopted in these financial statements. The application of these revised IFRSs Accounting Standards, except where stated, have not had any material impact on the amounts reported for the current and prior year.

| Title | Key requirements | Effective Date |
|---|---|---|
| Amendment to IAS 1, 'Presentation of financial statements' | Classification of liabilities as current or non-current & non-current liabilities with covenants. | 1 January 2024 |
| Amendments to IFRS 7 and IAS 7 | Disclosure requirements added to 'Supplier Finance Arrangements'. | 1 January 2024 |
| Amendment to IFRS 16, "Leases on sales & lease-back" | Clarification of seller-lessee's subsequent measurement of lease on sales and lease-back transactions that satisfy the requirements of IFRS 15 to be accounted for as a sale. | 1 January 2024 |

**Standards and interpretations issued but not yet effective**

| | | |
|---|---|---|
| IFRS 18 - Presentation and disclosure in financial statements | This new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. | 1 January 2025 |
| Amendments to IFRS 9 & IFRS 7 and IAS 7 | Classification and Measurement of Financial Instruments | 1 January 2025 |
| IAS 21 | Lack of Exchangeability | 1 January 2025 |
| IFRS 19 - Subsidiaries without Public Accountability: Disclosures | This new standard permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. | 1 January 2025 |

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.2 Basis of consolidation

Subsidiaries are those investees that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group and are deconsolidated from the date on which control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

Non-controlling interest is that part of the net results and of the equity of a subsidiary attributable to interests which are not owned, directly or indirectly, by the Group. The Group measures non-controlling interest on a transaction by transaction basis at the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interest forms a separate component of the Group's equity.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in consolidated statement of profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. ADFG and all of its subsidiaries use uniform accounting policies consistent with the Group's policies.

The entities included in the consolidation may vary year on year due to both the restructuring of the Group (including acquisitions and disposals) and changes to the number and net assets of pooled investment vehicles managed by the Group where the shareholding in the year results in control, as defined by IFRS. In such cases, the investment vehicle is consolidated, and the third-party interest is normally recorded as a financial liability. The treatment continues until the Group loses control, as defined by IFRS.

The significant accounting policies are set out below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.3 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged to write off the cost of assets over their estimated useful lives, using the straight-line method on the following basis:

| | Years |
|---|---|
| Leasehold improvements | 1-10 |
| Office equipment | 3-5 |
| Motor vehicle | 5 |
| Furniture and fixtures | 3-5 |
| Buildings | 40 |
| Right-of-use asset | Lease term |

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### 3.4 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. The excesses of the impairment over the revaluation reserve goes to the income statement

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.5 Finance cost

All borrowing costs are recognised in profit or loss in the period during which they are incurred. Borrowing costs which are directly attributable to the development of a qualifying asset are capitalised. Interest is calculated using the effective interest method is recognised in profit or loss and is included in 'Finance cost'. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### 3.6 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of work in progress includes overheads appropriated to the stage of development. Net realisable value is based upon estimated selling prices less further costs expected to be incurred on completion and disposal.

### 3.7 Income statement presentation policy

The Group will recognise under the Other Income financial statement line item, income from business transactions including step-up acquisitions or step-down disposals and other operating income related to the operating activities of the business.

Profit / (loss) from impairment of intangibles and finance cost section of the consolidated income statement will include impairment of intangible assets recognised during the financial period.

### 3.8 Revenue recognition

Net fee and commission income

Fee income is earned from a diverse range of services provided by the Group to its customers and are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. Under the IFRS 15, fee income is measured by the Group based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Fee income is accounted for as follows:

(i) income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);
(ii) income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
(iii) other fees and commission income and expense are recognised as the related services are performed or received.

In the Revenue financial statement line item, fee and commission income will be presented net of the incurred fee and commission expenses incurred as part of the rendered service or contract with customer.

Advisory income

Advisory income includes retainer and consultancy fees. It is accrued and recognised as the services are rendered, in accordance with the agreement with the client. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue from services is stated net of rebates and other allowances.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.8 Revenue recognition (continued)

Carried interest

The Group is entitled to receive performance fees ("carried interest") from qualified funds which it manages. These fees are earned once the funds meet certain performance conditions. The carried interest is calculated annually at the reporting date as per the guidance provided by IFRS 15, taking into account the required performance conditions and distribution arrangement. Carried interest recognised by the Group is subject to a constraint. The Group recognises revenue at an amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future periods.

The Group's employees are entitled to performance incentives linked to the realised Internal Rate of Return set for certain qualified funds, which vest progressively, subject to continued employment and the investment exit, provided certain minimum pre-established return hurdles are satisfied. These are recognised as carried interest expense.

Income from finance lease

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

a) Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortized cost of the financial asset.

b) Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortized cost (i.e., net of the expected credit loss)

Processing fee

Processing fees and other operating income represent administration fees which include leases initiation and customer risk assessment. Processing fee income is recognized over the period of the lease using the effective rate method, which results in a constant periodic rate of return on the net investment outstanding.

Dividend income

Dividend income from investments is recognised when the Group's right to receive payment has been established.

### 3.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.10 Employee benefits

A provision is made for the full amount of end of service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No (9) of 2000 for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

### 3.11 Foreign currencies

The functional currency of each of the Group's consolidated entities is the currency of the primary economic environment in which the entity operates. The functional currency of ADFG and the Group's presentation currency is the U.A.E Dirhams (AED).

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

The results and financial position of each group entity are translated into the presentation currency as follows:

i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the respective reporting period;
ii) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
iii) components of equity are translated at the historic rate; and
iv) all resulting exchange differences are recognised in other comprehensive income

When control over a foreign operation is lost, the exchange differences previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss for the year as part of the gain or loss on disposal. On partial disposal of a subsidiary without loss of control, the related portion of accumulated currency translation differences is reclassified to non-controlling interest within equity. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### 3.12 Financial instruments

Financial instruments comprise of financial assets and financial liabilities that are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

<u>Initial recognition – financial assets</u>

Financial instruments at Fair value through profit and loss (FVTPL) are initially recorded at fair value. All other financial instruments are initially recorded at fair value adjusted for transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. After the initial recognition, an Expected Credit Loss (ECL) allowance is recognised for financial assets measured at Amortised Cost (AC) and investments in debt instruments measured at Fair value through other comprehensive income (FVOCI), resulting in an immediate accounting loss.

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.12 Financial Instruments (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the quantity held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price.

Computation of fair value is based on valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical asse
s or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period (Note 23.1).

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

<u>Classification- financial assets</u>

Financial assets can either be (i) equity financial assets or (ii) debt financial assets. The Group classifies financial assets in the following measurement categories: FVTPL, FVOCI and AC. The classification depends on (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset.

The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows",) or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or, if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and measured at FVTPL.

The business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated. Note 4.1 includes critical judgements applied by the Group in determining the business models for its financial assets.

Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.12 Financial instruments (continued)

Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Note 4.1 includes for critical judgements applied by the Group in performing the SPPI test for its financial assets.

Debt financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt financial assets that meet the following conditions are measured subsequently at FVOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In addition, debt financial assets that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

By default, all other financial assets (debt and equity financial assets) are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition for an equity financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

<u>Subsequent measurement – financial assets</u>

For purposes of subsequent measurement

- Financial assets at AC (debt financial assets): Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss (P&L) when the asset is derecognised, modified or impaired.

- For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.

- Financial assets at FVOCI with recycling of cumulative gains and losses (debt financial assets): For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in consolidated statement of other comprehensive income (OCI). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to P&L.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.12 Financial instruments (continued)

Classification- financial assets (continued)

- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity financial assets): Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to P&L. Dividends are recognised as other income in P&L when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. e
- Financial assets at FVTPL (debt and equity financial assets): Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in P&L. Dividends on listed equity investments are recognised as other income in the P&L when the right of payment has been established. Interest income on debt financial assets is also recognised in the P&L.

Impairment - financial assets

Measurement of ECL: IFRS 9 outlines a 'three-stage' model for impairment of financial assets based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. Note 4.1 includes how the Group determines when a SICR has occurred. Note 4.1 also provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

The Group considers a financial asset to have experienced SICR when a significant change in one year probability of default occurs between the origination date of a specific facility and the IFRS 9 ECL run date. In addition, a range of qualitative criteria are also considered.

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD)

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information. Details of these statistical parameters/inputs are as follows:

PD - The probability of default is an estimate of the likelihood of default over a given time horizon.
EAD - The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.
LGD - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.
ECL - Expected credit losses are probability-weighted estimate of credit losses. They are measured as follows:

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.12 Financial instruments (continued)

Impairment - financial assets (continued)

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The Group applies three-stage model for impairment, based on changes in credit quality since initial recognition to recognise loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- loans and advances and other financial assets including finance leases;
- financial assets that are debt investments;
- financial guarantee contracts; and
- trade receivables and contract assets included in receivables and debit balances.

No impairment loss is recognised on equity investments.

For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

For trade receivables or contract assets that do not contain a significant financing component, the Group records loss allowance at initial recognition and throughout its life at an amount equal to Lifetime ECL.

Financial assets measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For financial assets at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in P&L and other changes in carrying value are recognised in OCI.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off - financial assets

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in P&L.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.12 Financial instruments (continued)

Derecognition - financial assets

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Modification - financial assets

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset, significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties. The contractual terms of a lease receivable are mainly modified at the request of the customer. An existing lease receivable whose terms have been modified may be derecognized and the renegotiated lease receivable recognized as a new investment in Islamic financing at fair value.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition.

The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate (or credit-adjusted effective interest rate for POCI financial assets), and recognises a modification gain or loss in profit or loss.

Initial recognition and classification - financial liabilities

All financial liabilities are recognised initially at fair value and, in the case borrowings and other financial liabilities, net of directly attributable transaction costs. Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or financial liabilities at AC.

Subsequent measurement – financial liabilities

Financial liabilities at FVTPL: Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL including contingent consideration recognised by an acquirer in a business combination and financial guarantee contracts. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss. Changes in fair value related to own credit risk are recognized in OCI.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.12 Financial instruments (continued)

Subsequent measurement – financial liabilities (continued)

Financial liabilities at AC: Financial liabilities at AC are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in P&L when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the P&L.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners.

Payables to unit holders

Payable to unit holders mainly comprise liabilities that arise from obligations in respect of third-party interests in consolidated funds. Consolidation occurs when the Group is deemed to control a fund. When a fund is consolidated, the Group accounts for the fund in its consolidated statement of financial position as if it were wholly-owned by the Group, but records an additional liability representing the proportion of the fund owned by third party investors, where the units in the fund are puttable instruments (i.e. not classified as equity). The units of Goldilocks Investment Company Limited, a subsidiary of the Group, are redeemable at the unit holders' option and therefore the Group has classified the units held by third parties as a financial liability.

Profit/(Loss) for the fund attributable to these third-party holders of units is recognised in the consolidated statement of profit or loss as (finance cost)/finance credit relating to unit holders carried at fair value.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.12 Financial instruments (continued)

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. The Group's risk management strategy and how it is applied to manage risk are explained in Note 25.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiv
ness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges: The change in the fair value of a hedging instrument is recognised in P&L as other income/expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the P&L as other income/expense.

Cash flow hedges: The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other income/expense. The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cash flow hedge reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.12 Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

For any other cash flow hedges, the amount accumulated in OCI is reclassified to P&L as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to P&L as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the income statement for the year.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Share capital: Ordinary shares with discretionary dividends are classified as equity. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

### 3.13 Cash and cash equivalents

Cash and cash equivalents for the purposes of consolidated statement of cash flows consist of cash and short-term deposits with original maturity of 90 days or less, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

### 3.14 Investment in associates

The Group’s investments in associates are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence, and which is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. The Group performs a notional purchase price allocation (”PPA”) assessment within 12 months from the date of acquisition.

When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.14 Investment in associates (continued)

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

### 3.15 Leases

<u>Group as a Lessor</u>

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

<u>Group as a Lessee</u>

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

### 3.16 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain or negative goodwill.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.16 Goodwill (continued)

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### 3.17 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised on a straight-line basis over the intangible asset's estimated useful lives over the following periods:

| | |
|---|---|
| Customer Relationships and Contracts | 1 – 21 years |
| Trademark | 15 – 20 years |

Intangible assets with indefinite useful lives (Trade licenses) are not amortised but are tested for impairment annually at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to definite is made on a prospective basis.

### 3.18 Non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

### 3.19 Assets and liabilities classified as held for sale and discontinued operations

Assets and liabilities held for sale are recognised in accordance with the criteria set out in IFRS 5. The Group determines the realisable value of assets in their current condition, where a sale is highly probable and the expected settlement value for its liabilities held for sale. "Assets held for sale" and "Liabilities held for sale" are measured in accordance with the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations".

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the statement of profit or loss.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 3.19 Assets and liabilities classified as held for sale and discontinued operations (continued)

The financial results of non-current assets classified as held for sale that meet the definition of a discontinued operation are presented as a single line in the statement of profit or loss and statement of cash flows.

### 3.20 Segmental information

Operating segments are components that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker (CODM), and for which discrete financial information is available. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer (CEO) of SHUAA.

### 3.21 Treasury shares

Where the Company or its subsidiaries purchase SHUAA equity instruments, the consideration paid, including any directly attributable incremental external costs, net of income taxes, is deducted from equity attributable to the Owners until the equity instruments are reissued, disposed of or cancelled. Where such shares are subsequently disposed of or reissued, any consideration received is included in equity.

### 3.22 Income taxes and deferred taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be settled with the tax authorities.

Deferred tax is accounted for using the asset and liability method. Deferred tax assets and liabilities are recognised for the full tax consequences of all temporary differences between the Group consolidated financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Recognition of deferred tax assets are, however, restricted to the extent that it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Deferred tax assets and liabilities are measured using tax rates that are expected to apply to the period in which the asset is expected to be realised or the liability is expected to be settled. Deferred tax assets are reviewed periodically to reduce the carrying amount by the extent to which it is no longer probable that sufficient taxable profit will be available to utilise the differences.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to set off current tax asset against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and current tax liabilities on a net basis.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

### 4.1 Critical judgement in applying Group's accounting policies

While applying the accounting policies as stated in note 3, management of the Group has made certain judgments, estimates and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period of the revision in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgments and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### 4.2 Critical judgement in applying Group's accounting policies (continued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Assessment of Significant Increase in Credit Risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. The Group assessment of significant increases in credit risk is being performed at least quarterly for exposures based on three factors. If any of the following factors indicates that a significant increase in credit risk has occurred, the instrument will be moved from Stage 1 to Stage 2:

- The Group has established thresholds for significant increases in credit risk based on movement in days past due (DPD) (Level of Delinquency) relative to initial recognition.
- Additional qualitative reviews have been performed to assess the staging results and make adjustments, as necessary, to better reflect the positions which have significantly increased in risk.
- IFRS 9 contains a rebuttable presumption that instruments which are 30 days past due have experienced a significant increase in credit risk.

Carried interest

The Group is entitled to receive performance fees ("carried interest") from qualified funds which it manages. These fees are earned once the funds meet certain performance conditions. The Group recognises carried interest to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future periods.

Consolidation - Control assessment

Determining whether the Group has control over an investee is judgmental and involves a critical assessment of the purpose and design of an investee, nature of rights – substantive or protective in nature, assessment of existing and potential voting rights, whether an investor is a principal or agent when exercising its controlling power, relationships between investors and how they affect control and existence of power over specified assets only. The Group critically assesses the overall relationship between the decision-maker and other parties involved with the investee to determine whether the decision-maker acts as an agent. The Group continuously monitors if there are any changes in the composition of the Group and consequently reassesses control if facts and circumstances indicate that any of the elements have changed including an assessment of the variability of returns.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### 4.1 Critical judgement in applying Group's accounting policies (continued)

Consolidation of entities in which the Group holds less than a majority of voting right (de facto control)

Judgement is required to determine whether the substance of the relationship between the Group and an investee when the Group held less than a majority of voting rights. The Group consolidates investees that it controls. As it can sometimes be difficult to determine whether the Group does control an investee, management makes judgements about its exposure to the risks and rewards, as well as about its ability to make operational decisions for the investee in question. In many instances, elements are present that, considered in isolation, indicate control or lack of control over an investee, but when considered together make it difficult to reach a clear conclusion. In cases where more arguments are in place towards existence of control, the investee entity is consolidated. Refer note 1(ii) where management made critical judgement in assessing the relationship with its investees in which it holds less than a majority of voting right.

### 4.2 Key sources of estimation uncertainty

Calculation of ECL

Measurement of ECL is a significant estimate that involves determination of methodology, models and data inputs.

Macroeconomic Factors, Forward Looking Information (FLI) and Multiple Scenarios: The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information require significant judgement.

PD, LGD and EAD inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. Each macroeconomic scenario used in ECL calculation has forecasts of the relevant macroeconomic variables.

The Group estimation of ECL in Stage 1 and Stage 2 is a discounted probability weighted estimate that considers a minimum of three future macroeconomic scenarios namely base case, upside and downside.

The Group's base case scenario is based on macroeconomic variable (oil price). The macro-economic variable (oil price) was selected on the basis of business intuition and statistical analysis performed. Upside and downside scenarios are set relative to the Group's base case scenario based on reasonably possible alternative macroeconomic conditions. Scenario design, including the identification of additional downside scenarios occur on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted according to the Group's best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on a quarterly basis. All scenarios considered are applied to all portfolios subject to ECL with the same probabilities. Sensitivity assessment due to movement in each macroeconomic variable and the respective weights under the three scenarios is periodically assessed by the Group. In some instances, the inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial reporting. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Such cases are subjected to the Group's Governance process for oversight.

The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages is consistent with the definition of default used for internal credit risk management purposes. IFRS 9 does not define default, but contains a rebuttable presumption that default has occurred when an exposure is greater than 90 days past due.

Expected Life: When measuring ECL, the Group considers maximum contractual period over which it is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

### 4.2 Key sources of estimation uncertainty (continued)

Fair value measurement of financial assets at FVTPL and FVTOCI

Fair values for the Group's financial assets at FVTPL and FVTOCI (level 3) are measured using market or income approaches. Considerable judgment may be required in developing estimates of fair value, particularly for financial instruments classified as Level 3 in the fair value hierarchy as such estimates incorporate market unobservable inputs that require management to use its own assumptions. The Group's valuation techniques for Level 3 financial instruments remained unchanged in 2024.

The uncertainty in those assumptions have been incorporated into the Group's valuations of Level 3 financial instruments primarily through updated cash flows and discount rate, as applicable. See note 23.1 for details of the Group's Level 3 financial instruments. Additional volatility in the fair values of Level 3 financial instruments may arise in future periods if actual results differ materially from the company's estimates. If no market data is available, the Group may value its investments using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry, such as the Discounted Cash Flow (DCF) and Net Asset Value (NAV) method, in which case the Group would exercise judgement and estimates on the quantity and quality of the cash flows and fair values, respectively, of the underlying investment.

In performing the fair value measurement, the Group selects inputs that are consistent with the characteristics of the financial asset that market participants would take into account in a transaction for that asset. In some cases, those characteristics result in the application of an adjustment, such as a control premium or non-controlling interest discount. The Group incorporates a premium or discount only when it is consistent with the unit of account for the investment.

Impairment assessment on Investment using equity accounting

The Group assesses the impairment of Investments accounted for using the equity method whenever triggering events or changes in circumstances indicate that an investment may be impaired and carrying value may not be recoverable in accordance with the prescribed impairment indicators as per IAS 36. The Group measures the impairment based on a projected future cash flow of the investees, including the underlying assumptions provided by such investees' internal management team. The Group also takes into account market conditions and the relevant industry trends to ensure the reasonableness of such assumptions. The Group's investment in publicly listed companies often operate under restrictions due to the applicable listing regulations on the disclosure of information to a selective group of equity holders and, therefore for such investments, the Group determines the recoverable value using publicly available data, analysts' forecasts or valuation techniques undertaken by external independent valuer, as appropriate.

Impairment of goodwill

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the recoverable amount using value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units taking into account all conditions existing as at the end of reporting period and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The future cash flows of the CGUs are sensitive to the cash flows projected for the periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data, but they reflect management's view of future business prospects at the time of the assessment. The rates used to discount future expected cash flows can have a significant effect on the value in use ("VIU"), and are based on the costs of equity assigned to individual CGUs. The cost of equity percentage is generally derived from a capital asset pricing model and market implied cost of equity, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium (Beta) for the risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond management's control. Key assumptions used in estimating the Goodwill VIU are described in Note 15.

## 5. SEGMENTAL INFORMATION

For management purpose the Group is organized into three operating segments, all of which are based on business units:

Asset Management unit 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.

Investment banking unit provides corporate finance advisory, transaction services, private placement, public offerings of equity and debt securities and structured products. It also creates market liquidity on OTC fixed income products.

Corporate unit manages principal investments, non-core assets, corporate developments, treasury and other shared services related to the Group.

| | *31 December 2024* | | | |
|---|---|---|---|---|
| | *Asset Management* | *Investment Banking* | *Corporate* | *Total* |
| Management and performance fees | 78,105 | - | 2,794 | 80,899 |
| Advisory fees | - | 386 | - | 386 |
| Trading and custody | - | 5,970 | 752 | 6,722 |
| Others | - | - | 843 | 843 |
| **Total revenues** | 78,105 | 6,356 | 4,389 | 88,850 |
| General and administrative expenses | (68,328) | (16,102) | (22,478) | (106,908) |
| Depreciation and amortisation | (5,110) | (4,634) | (104) | (9,848) |
| Fee and commission expense | (5,190) | - | (1,007) | (6,197) |
| **Total expenses** | (78,628) | (20,736) | (23,589) | (122,953) |
| **Operating loss** | (523) | (14,380) | (19,200) | (34,103) |
| Finance cost | (9,839) | (2,793) | (64,043) | (76,675) |
| Net foreign exchange (loss)/gain | (1,175) | (105) | 1,524 | 244 |
| Provision for impairment losses on financial assets | (41,135) | - | (13,779) | (54,914) |
| Interest income | - | - | 640 | 640 |
| Other income | 3,188 | 3,324 | 24,840 | 31,352 |
| Change in fair value gain/(loss) from financial assets at fair value through profit or loss (FVTPL) | 28,849 | - | (84,341) | (55,492) |
| Share of loss from investments in associates | - | - | (144,346) | (144,346) |
| **Pre-tax loss** | (20,635) | (13,954) | (298,705) | (333,294) |
| **Income tax credit for the year** | - | - | 12,103 | 12,103 |
| **Net loss** | (20,635) | (13,954) | (286,602) | (321,191) |
| Non-controlling interests | 1,240 | - | 20,789 | 22,029 |
| **Profit/(loss) for the year attributable to Owners** | (19,395) | (13,954) | (265,813) | (299,162) |
| Revenue generated from external customers (fee & commission) | 78,105 | 2,904 | 3,784 | 84,793 |

* Refer to Note 30 for changes to the presentation of the Segmental Information

## 5. SEGMENTAL INFORMATION (continued)

| | *31 December 2024* | | | |
|---|---|---|---|---|
| | *Asset Management* | *Investment Banking* | *Corporate* | *Total* |
| Assets | **370,771** | **279,176** | **521,400** | **1,171,347** |
| Liabilities | **111,625** | **42,269** | **1,002,482** | **1,156,376** |

| | *31 December 2023* | | | |
|---|---|---|---|---|
| | *Asset Management* | *Investment Banking* | *Corporate* | *Total* |
| Management and performance fees | 143,438 | - | (2,655) | 140,783 |
| Advisory fees | - | 2,185 | - | 2,185 |
| Trading and custody | - | 11,060 | 1,606 | 12,666 |
| Others | 2,111 | - | 3,673 | 5,784 |
| **Total revenues** | 145,549 | 13,245 | 2,624 | 161,418 |
| General and administrative expenses | (88,142) | (21,926) | (5,698) | (115,766) |
| Depreciation and amortisation | (6,417) | (5,998) | (110) | (12,525) |
| Fee and commission expense | (1,443) | - | (1,058) | (2,501) |
| **Total expenses** | (96,002) | (27,924) | (6,866) | (130,792) |
| **Operating income/(loss)** | 49,547 | (14,679) | (4,242) | 30,626 |
| Finance cost | (8,080) | (1,841) | (67,161) | (77,082) |
| Net foreign exchange loss | (907) | (98) | (8,936) | (9,941) |
| Provision for impairment losses on financial assets | (33,418) | - | (164,790) | (198,208) |
| Interest Income | - | - | 3,598 | 3,598 |
| Impairment of intangibles and other items | (368,392) | - | (15,680) | (384,072) |
| Other Income/(expense) | 8,905 | 3,738 | (54,639) | (41,996) |
| Change in fair value loss from financial assets at fair value through profit or loss (FVTPL) | - | - | (329,695) | (329,695) |
| Loss on derivative financial liability | - | - | (207) | (207) |
| Share of loss from investments in associates | (1,859) | - | (134,298) | (136,157) |
| Finance credit relating to unit holders | - | - | 29,290 | 29,290 |
| **Pre-tax loss** | (354,204) | (12,880) | (746,760) | (1,113,844) |
| Income tax loss for the period | - | - | (40,854) | (40,854) |
| **Loss for the year after tax** | (354,204) | (12,880) | (787,614) | (1,154,698) |
| Non-controlling interests | 163,108 | - | 84,946 | 248,054 |
| **Loss for the year attributable to Owners** | (191,096) | (12,880) | (702,668) | (906,644) |
| Revenue from external customers (fee & commission) | 143,438 | 2,921 | (893) | 145,466 |

## 5. SEGMENTAL INFORMATION (continued)

| | *31 December 2023* | | | |
|---|---|---|---|---|
| | *Asset Management* | *Investment Banking* | *Corporate* | *Total* |
| Assets | 526,647 | 330,007 | 864,846 | 1,721,500 |
| Liabilities | 123,745 | 21,975 | 1,226,069 | 1,371,789 |

The accounting policies of each of the reportable segments are consistent with those of the Group.

## 6. GENERAL AND ADMINISTRATIVE EXPENSES

| | ***31 December 2024*** | *31 December 2023* |
|---|---|---|
| Staff cost | **(53,889)** | (60,857) |
| Professional fees | **(28,427)** | (16,213) |
| Administration, technology and communication | **(13,993)** | (15,275) |
| Office costs | **(3,485)** | (4,126) |
| Directors' fee | **(1,500)** | (2,742) |
| Corporate marketing and branding costs | **(269)** | (1,054) |
| Business travel expenses | **(466)** | (832) |
| Employee carried interest | **-** | (11,644) |
| Others | **(4,879)** | (3,023) |
| | **(106,908)** | (115,766) |

There is no payment for social contribution in 2024 and 2023.

## 7. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

| | ***31 December 2024*** | *31 December 2023* |
|---|---|---|
| Charge of provision of impairment for doubtful receivables and other assets (**Note 11**) | **(54,410)** | (47,798) |
| Charge on Loans, advances and finance leases (**Note 12b**) | **(504)** | (150,410) |
| | **(54,914)** | (198,208) |

## 8. IMPAIRMENT OF INTANGIBLES AND OTHER ITEMS

| | ***31 December 2024*** | *31 December 2023* |
|---|---|---|
| Impairment of intangibles (**Note 15**) | **-** | (364,743) |
| Others | **-** | (19,329) |
| | **-** | (384,072) |

(Currency - Thousands of U.A.E. Dirhams)

## 9. OTHER INCOME/EXPENSE (NET)

| | ***31 December 2024*** | *31 December 2023* |
|---|---|---|
| Loss on reduction of investment in associate (Note 13) | **(11,666)** | (62,528) |
| Gain on liability settlement | **-** | 41,856 |
| Fair value loss on asset held for sale | **-** | (50,488) |
| Others | **43,018** | 29,164 |
| | **31,352** | (41,996) |

## 10. CASH AND CASH EQUIVALENTS

| | ***31 December 2024*** | *31 December 2023* |
|---|---|---|
| Cash on hand | **120** | 110 |
| Balances held with banks | **43,056** | 27,233 |
| Cash and deposits with banks | **43,176** | 27,343 |
| Less: Restricted deposits | **(1,250)** | (1,250) |
| Cash and cash equivalents | **41,926** | 26,093 |

The rate of interest on the deposits held during the year ended 31 December 2024 ranged from 0.01% to 5.25% (31 December 2023: 0.01% to 5.25%) per annum.

Cash and deposits with banks include deposits 1,250 (31 December 2023: 1,250) with banks, which are held as collateral against the Group's banking facilities. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are stated net of these deposits.

## 11. RECEIVABLES AND OTHER DEBIT BALANCES

| | ***31 December 2024*** | *31 December 2023* |
|---|---|---|
| Trade receivables – net of loss allowance (**Note 11.1**) | **40,029** | 32,593 |
| Receivables from managed funds – net of loss allowance | **-** | 7,852 |
| Advances and deposits | **3,393** | 4,180 |
| Prepayments | **4,728** | 5,775 |
| Accrued income | **9,910** | 26,372 |
| Deferred tax asset (**Note 28**) | **12,155** | - |
| Others (**Note 11.2**) | **42,166** | 74,636 |
| | **112,381** | 151,408 |
| **Trade receivables and managed funds – net of loss allowance** | | |
| Trade receivables and managed funds | **150,300** | 96,306 |
| Loss allowance | **(110,271)** | (55,861) |
| | **40,029** | 40,445 |
| **Movement in loss allowance:** | | |
| Opening balance | **(55,861)** | (8,063) |
| Written off during the year | **(54,410)** | (47,798) |
| Closing balance | **(110,271)** | (55,861) |

11.1 Included in trade receivables is an amount of 498 (31 December 2023: 487) due from related parties (Note 22).

11.2 This includes 42,166 (31 December 2023: 42,166) receivable from the disposal of a subsidiary in 2022.

## 12. LOANS, ADVANCES AND FINANCE LEASES

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Loans and advances - net of provision for impairment (a) | **57,000** | 52,787 |
| Finance leases – net of provision of impairment (b) | **26,600** | 55,323 |
| | **83,600** | 108,110 |

### (a) Loans and advances

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Total loans and advances | **230,489** | 226,276 |
| Provision for impairment | **(173,489)** | (173,489) |
| | **57,000** | 52,787 |
| **Movement in cumulative provision for impairment:** | | |
| Opening balance | **(173,489)** | (23,079) |
| Charge for the year | **-** | (150,410) |
| Closing balance | **(173,489)** | (173,489) |

As at 31 December 2024, the underlying collateral for loans and advances were valued at 57,000 (31 December 2023: 57,000). Provisions are made for the uncovered portion of the impaired loans and advances

### (b) Finance leases

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Current finance lease receivables | **23,441** | 43,945 |
| Non-current finance lease receivables | **3,159** | 11,378 |
| | **26,600** | 55,323 |

Included in finance leases is charge for the year 2024 of 504 (31 December 2023: Nil).

*Leasing arrangements – the Group as lessor*

The Group has sub-let a portion of its leased office premises to third parties.

| | *Minimum lease payments* | | *Present value of minimum lease payments* | |
|---|---|---|---|---|
| | *31 December 2024* | *31 December 2023* | *31 December 2024* | *31 December 2023* |
| Not later than one year | **6,128** | 4,000 | **6,128** | 4,000 |
| Later than one year and not later than five years | **2,641** | 942 | **2,641** | 942 |
| | **8,769** | 4,942 | **8,769** | 4,942 |
| Less: unearned finance income | **-** | - | **-** | - |
| Present value of minimum lease payments rece | **8,769** | 4,942 | **8,769** | 4,942 |

## 12. LOANS, ADVANCES AND FINANCE LEASES (continued)

### (b) Finance Lease (continued)

Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at nil. The interest rate implicit in the leases is fixed at the contract date for the entire lease term.

As at 31 December 2024, the underlying collateral for finance leases was valued at Nil (31 December 2023: Nil). Provisions are made for the impaired portion of the lease, net of collateral.

The effect of collateral on assets is as follows:

**31 December 2024**

| | Over collateralized | | Under collateralized | |
|---|---|---|---|---|
| | Carrying value of the assets | Value of collateral | Carrying value of the assets | Value of collateral |
| Loans and advances | 57,000 | 57,000 | - | - |
| Finance leases | 17,733 | 197,525 | 98 | 3,394 |
| | 74,733 | 254,525 | 98 | 3,394 |

31 December 2023

| | Over collateralized | | Under collateralized | |
|---|---|---|---|---|
| | Carrying value of the assets | Value of collateral | Carrying value of the assets | Value of collateral |
| Loans and advances | 52,787 | 57,000 | - | - |
| Finance leases | 49,166 | 224,965 | 1,215 | 3,452 |
| | 101,953 | 281,965 | 1,215 | 3,452 |

## 13. INVESTMENTS IN ASSOCIATES

The table below shows the movement in associates during the year:

| | *Eshraq* | *ADCORP Limited* | *Others* | *Total* |
|---|---|---|---|---|
| Movement | | | | |
| **As at 1 January 2024** | 521,313 | 7,725 | - | 529,038 |
| Share of loss of associates | (139,244) | (5,102) | - | (144,346) |
| Share of other comprehensive income of associates | 6,316 | - | - | 6,316 |
| Disposal | (14,085) | - | - | (14,085) |
| Loan settlement | (32,005) | - | - | (32,005) |
| Dividends and distributions | - | (2,410) | - | (2,410) |
| **As at 31 December 2024** | 342,295 | 213 | - | 342,508 |

## 13. INVESTMENTS IN ASSOCIATES (continued)

The table below shows the movement in associates during 2023.

| | Eshraq | ADCORP Limited | Others | Total |
|---|---|---|---|---|
| Movement | | | | |
| **As at 1 January 2023** | 930,979 | 16,620 | - | 947,599 |
| Share of (loss)/profit of associates | (139,118) | - | 2,960 | (136,158) |
| Share of buy back of treasury shares of associate | (12,977) | - | - | (12,977) |
| Disposal | (130,579) | - | - | (130,579) |
| Loan settlement | (124,409) | - | - | (124,409) |
| Dividends and distributions | (2,583) | (5,895) | (2,960) | (11,438) |
| Impairments | - | (3,000) | - | (3,000) |
| **As at 31 December 2023** | 521,313 | 7,725 | - | 529,038 |

The table below provides summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts.

31 December 2024

| | Eshraq | ADCORP Limited | Total |
|---|---|---|---|
| **Summarised statement of financial position** | | | |
| Assets | | | |
| - Current | 810,829 | 3,915 | 814,744 |
| - Non-current | 803,087 | - | 803,087 |
| Total assets | 1,613,916 | 3,915 | 1,617,831 |
| Liabilities | | | |
| - Current | 32,811 | 2,847 | 35,658 |
| - Non-current | 120,765 | - | 120,765 |
| Total liabilities | 153,576 | 2,847 | 156,423 |
| Net Assets | 1,460,340 | 1,068 | 1,461,408 |
| **Summarised statement of comprehensive income** | | | |
| Revenue | (671,011) | 9,975 | (661,036) |
| (Loss)/Profit for the year | (679,373) | 8,719 | (670,654) |
| Other comprehensive profit for the year | 27,012 | - | 27,012 |
| Total comprehensive (loss)/income for the year | (652,361) | 8,719 | (643,642) |

## 13. INVESTMENTS IN ASSOCIATES (continued)

31 December 2023

| | Eshraq | ADCORP Limited | Total |
|---|---|---|---|
| **Summarised statement of financial position** | | | |
| Assets | | | |
| - Current | 1,453,754 | 30,673 | 1,484,427 |
| - Non-current | 822,920 | - | 822,920 |
| Total assets | 2,276,674 | 30,673 | 2,307,347 |
| Liabilities | | | |
| - Current | 40,745 | 1,846 | 42,591 |
| - Non-current | 123,148 | | 123,148 |
| Total liabilities | 163,893 | 1,846 | 165,739 |
| Net Assets | 2,112,781 | 28,827 | 2,141,608 |
| **Summarised statement of comprehensive income** | | | |
| Revenue | (532,479) | 2,410 | (530,069) |
| (Loss)/Profit for the year | (545,101) | 2,131 | (542,970) |
| Other comprehensive profit for the year | 1,066 | - | 1,066 |
| Total comprehensive (loss)/income for the year | (544,035) | 2,131 | (541,904) |

(Currency - Thousands of U.A.E. Dirhams)

## 14. PROPERTY AND EQUIPMENT

| | 31 December 2024 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | *Leasehold Improvements* | *Office equipment* | *Motor vehicles* | *Furniture and fixture* | *Land & buildings* | *Artworks and painting* | *Right-of-use assets* | *Total* |
| <u>Cost</u> | | | | | | | | |
| Balance at beginning of the year | 12,622 | 4,401 | 425 | 2,544 | 2,551 | 1,356 | 64,754 | 88,653 |
| Additions | - | 637 | - | - | - | - | 337 | 974 |
| Disposals | (113) | - | (292) | (21) | - | - | (2,797) | (3,223) |
| Balance at end of the year | 12,509 | 5,038 | 133 | 2,523 | 2,551 | 1,356 | 62,294 | 86,404 |
| <u>Accumulated depreciation</u> | | | | | | | | |
| Balance at beginning of the year | 9,521 | 2,706 | 401 | 1,904 | 301 | 3 | 53,302 | 68,138 |
| Charge for the year | 1,234 | 563 | 3 | 7 | - | - | 6,326 | 8,133 |
| Disposals | (63) | - | (298) | (16) | - | - | (38) | (415) |
| Balance at end of the year | 10,692 | 3,269 | 106 | 1,895 | 301 | 3 | 59,590 | 75,856 |
| <u>Net book value</u> | | | | | | | | |
| Balance at end of the year | 1,817 | 1,769 | 27 | 628 | 2,250 | 1,353 | 2,704 | 10,548 |

(Currency - Thousands of U.A.E. Dirhams)

## 14. PROPERTY AND EQUIPMENT (continued)

| | 31 December 2023 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | *Leasehold Improvements* | *Office equipment* | *Motor vehicles* | *Furniture and fixture* | *Land & buildings* | *Artworks and painting* | *Right-of-use assets* | *Total* |
| **Cost** | | | | | | | | |
| Balance at beginning of the year | 12,327 | 4,736 | 425 | 2,544 | 2,551 | 1,356 | 60,064 | 84,003 |
| Additions | 295 | 647 | - | - | - | - | 4,690 | 5,632 |
| Disposals | - | (982) | - | - | - | - | - | (982) |
| Balance at end of the year | 12,622 | 4,401 | 425 | 2,544 | 2,551 | 1,356 | 64,754 | 88,653 |
| **Accumulated depreciation** | | | | | | | | |
| Balance at beginning of the year | 8,129 | 2,706 | 398 | 1,829 | 301 | 3 | 44,944 | 58,310 |
| Charge for the year | 1,392 | 982 | 3 | 75 | - | - | 8,358 | 10,810 |
| Disposals | - | (982) | - | - | - | - | - | (982) |
| Balance at end of the year | 9,521 | 2,706 | 401 | 1,904 | 301 | 3 | 53,302 | 68,138 |
| **Net book value** | | | | | | | | |
| Balance at end of the year | 3,101 | 1,695 | 24 | 640 | 2,250 | 1,353 | 11,452 | 20,515 |

## 14. PROPERTY AND EQUIPMENT (continued)

### 14.1 The recognised right-of-use assets relate to the following types of assets:

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Buildings (*) | 62,294 | 64,754 |
| Total right-of-use assets at cost (Note 14) | 62,294 | 64,754 |

(*) The Group has sub-let a portion of the leased property to third parties which have been adjusted against the recognised right-of-use assets (Note 14).

### 14.2 The depreciation charge for right-of-use assets pertains mainly to office premises (Note 14).

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Buildings | 6,326 | 8,358 |
| Total depreciation of right-of-use assets (Note 14) | 6,326 | 8,358 |

## 15. GOODWILL AND OTHER INTANGIBLE ASSETS

| | *31 December 2024* | | | | |
|---|---|---|---|---|---|
| | *Goodwill* | *Trademark/ Brand* | *Customer Relationships* | *Trade Licenses* | *Total* |
| Cost | | | | | |
| Balance at beginning of the year | 517,999 | 7,993 | 34,249 | 7,607 | 567,848 |
| Impact of foreign currency translation | (1,948) | - | - | - | (1,948) |
| Balance at end of the year | 516,051 | 7,993 | 34,249 | 7,607 | 565,900 |
| Accumulated amortization | | | | | |
| Balance at beginning of the year | - | 2,005 | 24,398 | 7 | 26,410 |
| Charge for the year | - | 481 | 1,234 | - | 1,715 |
| Balance at end of the year | - | 2,486 | 25,632 | 7 | 28,125 |
| Net book value as at 31 December 2024 | 516,051 | 5,507 | 8,617 | 7,600 | 537,775 |

## 15. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

| | *31 December 2023* | | | | |
|---|---|---|---|---|---|
| | *Goodwill* | *Trademark/ Brand* | *Customer Relationships* | *Trade Licenses* | *Total* |
| **Cost** | | | | | |
| Balance at beginning of the year | 877,080 | 7,993 | 34,249 | 7,607 | 926,929 |
| Impact of foreign currency translation | 5,662 | - | - | - | 5,662 |
| Impairment | (364,743) | - | - | - | (364,743) |
| Balance at end of the year | 517,999 | 7,993 | 34,249 | 7,607 | 567,848 |
| **Accumulated amortization** | | | | | |
| Balance at beginning of the year | - | 1,524 | 23,164 | 7 | 24,695 |
| Charge for the year | - | 481 | 1,234 | - | 1,715 |
| Balance at end of the year | - | 2,005 | 24,398 | 7 | 26,410 |
| Net book value as at 31 December 2023 | 517,999 | 5,988 | 9,851 | 7,600 | 541,438 |

The Group performs impairment tests on Goodwill annually or earlier if an impairment trigger has been identified. Management assessed the recoverable amount for the cash-generating units ("CGUs") using the higher of fair value less cost to sell and value in use ("VIU"). VIU calculations were determined using cash flow projections from financial budgets approved by the Group's senior management covering a five-year period. The discount rate applied to the cash flow projections represent the cost of capital adjusted for an appropriate risk premium for these cash-generating units. The Group reassessed the discount rates based on updated market data that adequately reflects the business risks associated with each CGU. Based on the assessment, no impairment was recognized in 2024.

In 2023, the Group identified impairment triggers, in the real estate CGU, specifically macroeconomic factors and certain events in the UK that led to a reassessment of the Group's cash flow projections in the next five years based on the revised business strategy. The Group's revised strategy now focuses primarily on the UAE real estate market as opposed to the UK real estate market. As a result of this exercise, the Group recognized an impairment of AED 365 million in respect of the carrying amount of goodwill in FY 2023.

**15. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)**

For all other CGUs discount and growth rates need to vary significantly beyond current economic extreme forecasts in order for a material impact on the VIU calculation to require an impairment of the carrying amount of the goodwill. The key assumptions used in estimating the recoverable amounts of cash-generating units were assessed to ensure reasonableness of the VIU and resulting adjustment, if any, is recorded in the consolidated income statement.

The carrying amount of Goodwill, Trade licenses and Customer relationships as at 31 December 2024 allocated to each CGU along with the key inputs used for VIU calculations and sensitivity analysis are summarized as follows:

**31 December 2024**

| CGU | Goodwill | Customer relationship | Trademarks/ Brand | Trade licenses | Discount rate | Growth rate | Change in Discount rate of +1% to VIU | Change in Growth rate of -1% to VIU |
|---|---|---|---|---|---|---|---|---|
| Asset Management – Real Estate | 267,183 | - | 2,552 | 3,300 | 6.37% | 2.5% | (131,977) | (114,048) |
| Investment Banking | 162,215 | - | 1,945 | 4,000 | 6.6% | 2.5% | (167,861) | (144,575) |
| Fixed Income Trading | 58,746 | 8,617 | 1,008 | - | 6.6% | 2.5% | (22,003) | (19,004) |
| Investment Solutions | 27,907 | - | - | 300 | 6.6% | 2.5% | (34,477) | (29,822) |
| | 516,051 | 8,617 | 5,505 | 7,600 | | | | |

31 December 2023

| CGU | Goodwill | Customer relationship | Trademarks/ Brand | Trade licenses | Discount rate | Growth rate | Change in Discount rate of +1% to VIU | Change in Growth rate of -1% to VIU |
|---|---|---|---|---|---|---|---|---|
| Asset Management – Real Estate | 269,131 | - | 2,727 | 3,300 | 9.31% | 4.3% | (53,323) | (43,694) |
| Investment Banking | 162,215 | - | 2,080 | 4,000 | 8.8% | 4.2% | (98,904) | (83,987) |
| Fixed Income Trading | 58,746 | 9,851 | 1,180 | - | 8.8% | 4.2% | (29,551) | (25,183) |
| Investment Solutions | 27,907 | - | - | 300 | 8.8% | 4.2% | (21,836) | (18,768) |
| | 517,999 | 9,851 | 5,987 | 7,600 | | | | |

(Currency - Thousands of U.A.E. Dirhams)

## 16. PAYABLES AND OTHER CREDIT BALANCES

Payables and other credit balances comprise the following:

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Payable to clients | 3,214 | 3,342 |
| Customer deposits | 9,030 | 9,763 |
| Accruals | 11,025 | 42,601 |
| Lease liabilities (**Note 16.1**) | 15,711 | 22,184 |
| Payables against acquisitions | 15,798 | 181,487 |
| FVTPL liabilities | 7,007 | 18,399 |
| Realised carried interest payable to employees | 18,273 | 10,664 |
| End of service benefits | 6,085 | 10,543 |
| Provisions (**Note 16.2**) | 374 | 371 |
| Deferred revenue | 1,255 | 1,908 |
| Deferred tax liability (**Note 28**) | 40,906 | 40,854 |
| Other payables | 28,485 | 29,545 |
| | 157,163 | 371,661 |

### 16.1 Lease liabilities

| | *31 December 2024* | 31 *December 2023* |
|---|---|---|
| Current | 7,230 | 6,398 |
| Non-current | 8,481 | 15,786 |
| | 15,711 | 22,184 |

This represents liability recognised on application of IFRS 16 in relation to renting of office space for the Group.

### 16.2 Movement in provisions

| | *31 December 2024* | 31 *December 2023* |
|---|---|---|
| As at 1 January | 371 | 366 |
| Charged to profit or loss | 3 | 5 |
| As at 31 December | 374 | 371 |

All other balances above, except as disclosed in note 25, are expected to be settled within 12 months after the end of the reporting period.

## 17. OTHER FINANCIAL LIABILITIES

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Repayable within twelve months | **87,411** | 68,098 |
| Repayable after twelve months | **57,276** | 69,058 |
| | **144,687** | 137,156 |

These comprise of issued term and wakalah investment certificates as well as other debt obligations.

## 18. BORROWINGS

Borrowings at the end of the reporting period are as follows:

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Secured | | |
| Due to banks | **207,856** | 230,969 |
| Due to other financial institutions (**Note 18.1**) | **31,074** | 29,881 |
| Others | **53,916** | 64,986 |
| | **292,846** | 325,836 |
| Unsecured | | |
| Due to banks (**Note 18.2**) | **12,668** | 28,378 |
| Bonds and Sukuk payable | **549,012** | 508,758 |
| | **561,680** | 537,136 |
| | **854,526** | 862,972 |

**18.1** These include borrowings amounting to 31,074 (31 December 2023: 29,881) due to related parties with an interest rate of 8% p.a. (2023: 8% p.a.).

**18.2** This includes 4,897 related to funding received by a subsidiary from its regulator to finance and support Small and Medium-Sized Entities (SME) lending activity of the subsidiary (31 December 2023: 14,496).

Maturity profile of borrowings at the end of the year are as follows:

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Secured | | |
| Repayable within twelve months | **292,846** | 325,836 |
| Repayable after twelve months | **-** | - |
| | **292,846** | 325,836 |
| Unsecured | | |
| Repayable within twelve months | **543,323** | 496,041 |
| Repayable after twelve months | **18,357** | 41,095 |
| | **561,680** | 537,136 |
| | **854,526** | 862,972 |

## 18. BORROWINGS (continued)

### 18.3 Summary of borrowing arrangements:

**31 December 2024**

| Facility type | Facility Amount | Original Tenor | Effective interest/profit rate | Collateral |
|---|---|---|---|---|
| Term Loan | **274,440** | **Between 0 to 7 years** | **1.5%-9.75%** | **161,729** |
| Bond and Sukuk | **549,012** | **Between 1 to 5 year** | **7.50%-8.25%** | **-** |
| Murabaha facility | **31,074** | **Between 0 to 1 year** | **8%** | **-** |
| | **854,526** | | | **161,729** |

31 December 2023

| Facility type | Facility Amount | Original Tenor | Effective interest/profit rate | Collateral |
|---|---|---|---|---|
| Term Loan | 324,307 | Between 0 to 7 years | 1.5% - 14% | 135,721 |
| Bond and Sukuk | 508,758 | Between 1 to 5 year | 7.50% - 8.25% | - |
| Murabaha facility | 29,907 | Between 0 to 1 year | 8% | 228,862 |
| | 862,972 | | | 364,583 |

Collaterals mainly include cash, liquid securities, land and private equity holdings.

The outstanding bond payable of AED 530,655 including accrued coupon was renegotiated by the Group and extended the maturity of the bond until 31 March 2025 (refer to Note 29 for further details).

The Group has obtained a temporary waiver related to the breach of covenants from the bank and the term loan which was previously reported as repayable within twelve months has been reclassified under repayable after twelve months amounting to AED 131,159. The Group remains engaged in negotiations with the bank to restructure the loan facility. Simultaneously, the Group consistently adheres to the payment schedule of the term loan.

### 18.4 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | | | | *Non-cash changes* | | | |
|---|---|---|---|---|---|---|---|
| | *At 1 January 2024* | *Acquisitions on business combination* | *Financing cash flows (i)* | *Other charges (ii)* | *Disposal of subsidiaries* | *Transfer to Held for sale* | *At 31 December 2024* |
| Due to banks | **259,348** | **-** | **(39,160)** | **337** | **-** | **-** | **220,525** |
| Due to other financial institutions | **29,881** | **-** | **-** | **1,193** | **-** | **-** | **31,074** |
| Bonds payable | **508,758** | **-** | **(1,836)** | **42,088** | **-** | **-** | **549,010** |
| Others | **64,985** | **-** | **(15,759)** | **4,691** | **-** | **-** | **53,917** |
| | **862,972** | **-** | **(56,755)** | **48,309** | **-** | **-** | **854,526** |

### 18. BORROWINGS (continued)

### 18.4 Reconciliation of liabilities arising from financing activities (continued)

| | | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|
| | *At 1 January 2023* | *Acquisitions on business combination* | *Financing cash flows (i)* | *Other charges (ii)* | *Disposal of subsidiaries* | *Transfer to Held for sale* | *At 31 December 2023* |
| Due to banks | 347,547 | - | (88,182) | (17) | - | - | 259,348 |
| Due to other financial institutions | 29,879 | - | - | 2 | - | - | 29,881 |
| Bonds payable | 548,466 | - | (39,708) | - | - | - | 508,758 |
| Others | 280,314 | - | (194,805) | (20,524) | - | - | 64,985 |
| | 1,206,206 | - | (322,695) | (20,539) | - | - | 862,972 |

(i) Net cash flows from proceeds and repayment of borrowings.
(ii) Other charges include interest accruals, repayments and discontinued operations adjustments.

### 19. SHARE CAPITAL

| | *Number of shares* | *Value* |
|---|---|---|
| **31 December 2024** | **2,535,720** | **2,535,720** |
| 31 December 2023 | 2,535,720 | 2,535,720 |

Authorised, issued and fully paid share capital comprises 2,535,720,000 shares (31 December 2023: 2,535,720,000 shares) of AED 1 per share (31 December 2023: AED 1 per share). Each share carries one vote and the right to receive dividends.

At 31 December 2024, the Company had NIL (31 December 2023: Nil) treasury shares outstanding. During the year, the Company sold NIL treasury shares (2023: Nil) for total proceeds of Nil (2023: Nil). The cost of these shares was Nil.

### 20. OTHER RESERVES

| | *Merger reserve (20.1)* | *Investment revaluation reserve* | *Cash flow hedge reserve (20.2)* | *Translation reserve* | *Total* |
|---|---|---|---|---|---|
| As at 1 January 2024 | **(1,410,720)** | **(65,190)** | **11,345** | **(571)** | **(1,465,136)** |
| Cash flow hedge | **-** | **-** | **(2,142)** | **-** | **(2,142)** |
| Translation of operations of foreign subsidiaries | **-** | **330** | **-** | **(11,737)** | **(11,407)** |
| NCI share | **-** | **-** | **-** | **3,151** | **3,151** |
| **Other comprehensive (loss)/income** | **(1,410,720)** | **(64,860)** | **9,203** | **(9,157)** | **(1,475,534)** |
| **As at 31 December 2024** | **(1,410,720)** | **(64,860)** | **9,203** | **(9,157)** | **(1,475,534)** |
| As at 31 December 2023 | (1,410,720) | (65,190) | 11,345 | (571) | (1,465,136) |

## 20. OTHER RESERVES (continued)

20.1 Merger reserve represents the excess value of the consideration paid by the legal acquirer (SHUAA) over the nominal value of the pre-merger share capital of the legal acquiree (ADFG).

20.2 This includes share of cash flow hedge reserve of associate.

## 21. LOSS PER SHARE

Basic earnings per share has been computed by dividing the net loss attributable to the Owners with the weighted average number of ordinary shares outstanding

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Loss attributable to the Owners | (299,162) | (906,644) |
| Weighted average number of ordinary shares | 2,535,720 | 2,535,720 |
| Loss per share attributable to Owners | (0.12) | (0.36) |

Diluted earnings per share as of 31 December 2024 and 31 December 2023 are equivalent to basic earnings per share.

## 22. RELATED PARTY TRANSACTIONS AND BALANCES

The Group enters into transactions with companies and entities that fall within the definition of a related party. Related parties represent significant shareholders, directors and key management personnel of the Group, their close family members and entities controlled, jointly controlled or significantly influenced by such parties.

The Group conducts its transactions with related parties on arm's length terms, with any exceptions to be specifically approved by the Board. In all cases, transactions with related parties are required to be conducted in compliance with all relevant laws and regulations. Where a Board member has an actual or perceived conflict of interest over an issue to be considered by the Board, the interested member may not vote on any relevant resolutions and can also be asked by the Chairman not to participate in the relevant Board discussions.

In addition to the disclosure in Note 2, the nature of significant related party transactions and the amounts due to/from related parties were as follows:

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| **Receivables and other debit balances** | | |
| Associates | 498 | 487 |
| **Borrowings** | | |
| Associates | 31,074 | 29,881 |
| **Other financial liabilities** | | |
| Associates | 13,059 | 12,114 |
| Other related parties | 28,951 | 26,857 |

## 22. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant transactions with related parties included in these consolidated financial statements are as follows:

| | 31 *December 2024* | *31 December 2023* |
|---|---|---|
| **Directors remuneration** | 1,500 | 5,000 |
| **Key management compensation:** | | |
| Salaries, bonuses and other benefits | 7,826 | 9,792 |
| Long term incentive plan ('LTIP') | - | 6,017 |
| Post-employment benefits | 505 | 425 |
| | 8,331 | 16,234 |
| **Revenue earned from related parties** | | |
| Other related parties | - | 36,092 |
| **Finance cost on the borrowings** | | |
| Associates | 3,335 | 3,105 |
| **Interest paid on borrowings** | | |
| Associates | 1,195 | 2,390 |

## 23. FINANCIAL INSTRUMENTS

### 23.1 Fair value of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

| | *31 December 2024* | | | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| **Financial Assets** | | | | |
| **FVTPL** | | | | |
| -Equity investments | 1,224 | - | 9,009 | 10,233 |
| -Fixed income investments | 9,643 | - | - | 9,643 |
| -Fund investments | - | 547 | 20,374 | 20,921 |
| **FVOCI** | | | | |
| -Equity investments | - | - | - | - |
| -Other investments | - | - | 562 | 562 |
| | 10,867 | 547 | 29,945 | 41,359 |
| **Financial Liabilities** | | | | |
| FVTPL | 7,007 | - | - | 7,007 |
| | 7,007 | - | - | 7,007 |

## 23. FINANCIAL INSTRUMENTS (continued)

### 23.1 Fair value of financial instruments (continued)

| | *31 December 2023* | | | |
|---|---|---|---|---|
| | *Level 1* | *Level 2* | *Level 3* | *Total* |
| Financial Assets | | | | |
| FVTPL | | | | |
| -Equity investments | 970 | - | 16,642 | 17,612 |
| -Fixed income investments | 28,486 | 16,602 | - | 45,088 |
| -Fund investments | - | 2,955 | 271,596 | 274,551 |
| FVOCI | | | | |
| -Equity investments | - | - | | - |
| -Other investments | - | - | 562 | 562 |
| | 29,456 | 19,557 | 288,800 | 337,813 |
| Financial Liabilities | | | | |
| FVTPL | 18,399 | - | - | 18,399 |
| | 18,399 | - | - | 18,399 |

During the year, the Group recognized fair value loss amounting to (55,492) (31 December 2023: loss amounting to (329,695)), on investments carried at FVTPL. The Group purchased investments of 1,920 (2023: 43,844) during the financial year ended 31 December 2024.

The above non-derivative equity investments are not held for trading and have been designated by the Group as at FVOCI at initial recognition as the Group considers these investments to be strategic in nature. These include changes in fair value losses amounting to Nil recognised during the year (31 December 2023: Nil).

FVTPL and FVOCI investments include securities with market value of 161,729 (31 December 2023: 482,818) which are pledged against borrowings (Note 18). The most materially significant FVTPL level 3 investments are real estate funds assets in the UK and the UAE in 2023.

The carrying amount of financial instruments carried at amortised cost approximate their value due to their short nature and as certain of them carry market rate of interest.

**Financial assets recorded at fair value**

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

**At fair value through profit or loss:**

Investments and financial liabilities carried at FVTPL are valued using market prices in active markets or valuation techniques which incorporate data which is both observable and non-observable. This category includes quoted and unquoted securities and funds which invest in underlying assets which are in turn valued based on both observable and non-observable data. Observable inputs include market prices (from active markets), foreign exchange rates and movements in stock market indices. Unobservable inputs include assumptions regarding expected future financial performance, discount rates and market liquidity discounts. Investments classified as FVTPL falling under level 2 category have been valued using the Net Asset Value.

(Currency - Thousands of U.A.E. Dirhams)

## 23. FINANCIAL INSTRUMENTS (continued)

### 23.1 Fair value of financial instruments (continued)

**At fair value through other comprehensive income:**

Investments carried at FVOCI financial assets are valued using quoted prices in active markets, valuation techniques or pricing models and consist of quoted equities, and unquoted funds. These assets are valued using quoted prices or models which incorporate data which is both observable and non-observable. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. The following table shows the impact on the fair value of level 3 instruments reflecting change in underlying assumptions used in the valuation by class of instrument.

| Financial assets | Fair value as at 31/12/24 | 31/12/23 | Fair value hierarchy | Valuation technique(s) and Key input(s) | Significant unobservable input(s) | Effect of changes in underlying assumptions 2024 | Effect of changes in underlying assumptions 2023 | Sensitivity analysis | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|---|---|
| ***FVTPL*** | | | | | | | | | |
| Equity investments | **9,009** | 16,642 | 3 | NAV[2] | Net asset value | **+/-450** | +/-832 | ± 5% change in NAV, impacts fair value | The higher the discount rate, the lower the fair value |
| Fund investments | **20,374** | 271,596 | 3 | Discounted cash flow[1] and NAV[2] | Net asset value adjusted with market risk | **+/-1,019** | +/-13,580 | ± 5% change in NAV and 1% change in discount rate, impacts fair value | The higher the market risk, the lower the fair value and the higher the discount rate, the lower the fair value |
| ***FVOCI*** | | | | | | | | | |
| Fund investments | **562** | 562 | 3 | NAV[2] | Net asset value | **+/-28** | +/- 28 | ± 5% change in NAV, impacts fair value | The higher the market risk, the lower the fair value |

(Currency - Thousands of U.A.E. Dirhams)

## 23. FINANCIAL INSTRUMENTS (continued)

### 23.1 Fair value of financial instruments (continued)

Significant unobservable inputs in Level 3 instruments valuations

[1]Discounted cash flow models are used to fair value fund investments. A significant portion of the fund investments relates to a UK based real estate development fund that uses market comparable and discounted cashflow model to determine its fair value, of which the key assumptions relate to timing of future cash inflows/outflows and discount rate. For the remining assets recognized under fund investments, the cash flow model includes assumptions related to future cash inflows/outflows, discount rate and growth rate. The extent of the adjustment varied according to the characteristics of each investment.

[2]Net asset value represents the estimated value of a security based on valuations received from the investment or fund manager. The NAV is based on the fair value of the underlying investments and other assets and liabilities. The valuation of certain private equity securities is based on the economic benefit we derive from our investment.

**Movements in level 3 financial assets measured at fair value**

During the period, there were no transfers between levels.
The following table shows a reconciliation of the opening and closing balance of level 3 financial assets which are recorded at fair value:

| | *Balance at 1 January 2024* | *Acquired on business combination* | *Additions* | *Disposal* | *Loss through P&L* | *Loss through OCI* | *Level 2 to Level 3* | *Balance at 31 December 2024* |
|---|---|---|---|---|---|---|---|---|
| FVTPL | | | | | | | | |
| Equity Investments | 16,642 | - | - | - | (7,633) | - | - | 9,009 |
| Fund Investment | 271,596 | - | - | - | (251,222) | - | - | 20,374 |
| FVOCI | | | | | | | | |
| Fund Investment | 562 | - | - | - | - | - | - | 562 |
| | 288,800 | - | - | - | (258,855) | - | - | 29,945 |

| | *Balance at 1 January 2023* | *Acquired on business combination* | *Additions* | *Disposal* | *Loss through P&L* | *Loss through OCI* | *Level 2 to Level 3* | *Balance at 31 December 2023* |
|---|---|---|---|---|---|---|---|---|
| FVTPL | | | | | | | | |
| Equity Investments | 25,376 | - | 2,809 | (11,543) | (45,143) | - | 45,143 | 16,642 |
| Fund Investment | 569,730 | - | - | (86,432) | (211,702) | - | - | 271,596 |
| FVOCI | | | | | | | | |
| Fund Investment | 562 | - | - | - | - | - | - | 562 |
| | 595,668 | - | 2,809 | (97,975) | (256,845) | - | 45,143 | 288,800 |

## 23. FINANCIAL INSTRUMENTS (continued)

### 23.1 Fair value of financial instruments (continued)

Losses on level 3 financial assets included in the consolidated statement of profit or loss for the year are detailed as follows:

| | ***31 December 2024*** | *31 December 2023* |
|---|---|---|
| Realised and unrealised losses | **(258,855)** | (256,845) |

## 24. FINANCIAL RISK MANAGEMENT

### Introduction

The inherent risk relating to the Group's activities is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to credit risk, liquidity risk, market risk (comprising, interest rate risk, foreign exchange risk and equity price risk) and operational risk.

### Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risk relating to the Group's activities and recognises the importance of managing risk in line with shareholder risk appetite.

Authority to set Group-wide rules to manage credit, liquidity and market risk are delegated to the Governance Committees of the Group and to each subsidiary. However, enterprise-wide risk is monitored by the Group Management Committees which ensures that Group rules are adhered to.

### Credit risk

Credit risk, or the risk of loss due to default on payment, is controlled by the application of credit approvals and monitoring procedures. Rules to limit exposure to credit risk are set by the Board of Directors and authority is delegated to the Governance Committees to set rules by business and strategy. Adherence to overall limits, authorisation, concentration and collateral requirements are independently monitored and managed by Risk Management.

Risk Management oversees the status of receivables, exposures and provisions and mitigation steps are approved for any balances considered doubtful in accordance with internal and regulatory policies and guidelines.

### Credit risk management

The estimation of credit risk for risk management purpose is complex and requires use of models, as the exposure varies with changes in market condition, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Group measures credit risk using PD, EAD and LGD.

### Credit risk grading

It is the Group's policy to maintain accurate and up to date risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics, combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Group's rating policy. The attributable risk ratings are assessed and updated regularly. The credit grades are calibrated, such that the risk of default increases exponentially at each higher risk grade.

24. FINANCIAL RISK MANAGEMENT (continued)

### Credit risk grading (continued)

The following data are typically used to monitor the Group's exposures:

- Information obtained at the time of extending the facility and periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections.
- Requests for and granting of forbearance
- Existing and forecast changes in business, financial and economic conditions
- Utilization of the granted limit
- Payment record – this includes overdue status as well as a range of variables about payment ratios.

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic data such as oil prices, non-oil commodities indexes, etc. The Group generates a 'based case' scenario of the future direction of relevant economic variables as well as representative range of other possible forecast scenarios.

### Definition of default and credit-impaired assets

The Group defines a financial instrument as in default, which is fully aligned with definition of credit impaired, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments.
- The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances like long-term forbearance, borrower is insolvent, borrower is entering bankruptcy etc.

### Significant increase in credit risk

The Group considers a financial instrument to have experienced a significant increase in credit risk when there is significant increase in credit risk is measured by comparing the risk of default estimated at origination. The Group also considers in its assessment of significant increase in credit risk, various qualitative factors like significant adverse changes in business, extension of term granted, actual and expected forbearance or restructuring, early sign of cash flows and liquidity problems.

### Collateral and other credit enhancements

The amount and type of collateral depends on an assessment of the credit risk of the counterparty. Collaterals mainly include cash, liquid securities, land and buildings, vessels, equipment, mortgages on vehicles and private equity holdings.

Management of the Group monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

### Maximum exposure to credit risk

The maximum exposure to credit risk for the components of the consolidated statement of financial position, before considering other credit enhancement, is shown below:

| | ***Gross maximum exposure 31 December 2024*** | *Gross maximum exposure 31 December 2023* |
|---|---|---|
| Cash and deposits with banks | **43,176** | 27,343 |
| Deposit held with bank | **-** | 5,835 |
| Receivables and other debit balances | **112,381** | 151,408 |
| Loans, advances and finance leases | **83,600** | 108,110 |
| Total credit risk exposure | **239,157** | 292,696 |

## 24. FINANCIAL RISK MANAGEMENT (continued)

### Credit risk consideration

The Group does not have significant credit risk exposure to any single counterparty or group of counterparties that have similar credit risk. The Group does not have any exposure to Russian and/or Ukranian markets. The geographical concentration of the Group's financial assets at 31 December 2024 and 2023 is set out below:

| *31 December 2024* | | | | | | | |
|---|---|---|---|---|---|---|---|
| *Assets* | *UAE* | *GCC** | *MENA*** | *North America* | *Europe* | *Asia* | *Total* |
| Cash and deposits with banks | 18,460 | 17,969 | - | - | 6,747 | - | 43,176 |
| Receivables and other debit balances | 109,727 | 1,745 | - | - | 909 | - | 112,381 |
| Loans, advances and finance leases | 65,769 | 17,831 | - | - | - | - | 83,600 |
| | 193,956 | 37,545 | - | - | 7,656 | - | 239,157 |

| *31 December 2023* | | | | | | | |
|---|---|---|---|---|---|---|---|
| *Assets* | *UAE* | *GCC** | *MENA*** | *North America* | *Europe* | *Asia* | *Total* |
| Cash and deposits with banks | 22,483 | 2,323 | - | - | 2,537 | - | 27,343 |
| Deposit held with bank | 5,835 | - | - | - | - | - | 5,835 |
| Receivables and other debit balances | 111,362 | 22,870 | - | - | 17,176 | - | 151,408 |
| Loans, advances and finance leases | 57,729 | 50,381 | - | - | - | - | 108,110 |
| | 197,409 | 75,574 | - | - | 19,713 | - | 292,696 |

* *GCC region excluding UAE*
** *MENA region excluding GCC and UAE*

### *Credit quality analysis and measurement of ECL*

The credit quality of financial assets is managed by the Group using internal credit ratings. The Company's cash and bank balances represents high grade assets which are placed with financial institutions with high credit rating. The Group determines based on the credit quality of financial assets whether they are subject to a 12-month ECL or lifetime ECL and, in the latter case, whether they are credit-impaired (loans, advances and finance leases). The Group uses a provision matrix (lifetime ECL) for trade receivables and receivable from funds.

Under receivables and other debit balances AED 42 million is related to the consideration receivable from the disposal of NCM. This amount has been assessed of being low credit risk and therefore the corresponding ECL is considered immaterial.

The ECL modelling does not differ for Purchased or Originated Credit Impaired ("POCI") financial assets, except that (a) gross carrying value and discount rate are based on cash flows that were recoverable at initial recognition of the asset, rather than based on contractual cash flows, and (b) the ECL is always a lifetime ECL. POCI assets are financial assets that are credit-impaired upon initial recognition, such as impaired loans acquired in a past business combination. ECL for POCI financial assets is always measured on a lifetime basis. The Group therefore only recognizes the cumulative changes in lifetime expected credit losses. Tables below show the credit quality of financial assets of the Group other than cash and bank balances and the ECL recognised thereon.

(Currency - Thousands of U.A.E. Dirhams)

## 24. FINANCIAL RISK MANAGEMENT (continued)

*Credit quality analysis and measurement of ECL (continued)*

| | 31 December 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Loans and advances | | | | | |
| Performing | - | - | - | - | - |
| Non-performing | - | - | 230,489 | - | 230,489 |
| Gross loans and advances | - | - | 230,489 | - | 230,489 |
| Allowance for impairment | - | - | (173,489) | - | (173,489) |
| Carrying amount | - | - | 57,000 | - | 57,000 |

| | 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Loans and advances | | | | | |
| Performing | - | - | - | - | - |
| Non-performing | - | - | 226,276 | - | 226,276 |
| Gross loans and advances | - | - | 226,276 | - | 226,276 |
| Allowance for impairment | - | - | (173,489) | - | (173,489) |
| Carrying amount | - | - | 52,787 | - | 52,787 |

| Finance leases | 31 December 2024 | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | 26,600 | - | - | - | 26,600 |
| Non-performing | - | - | - | - | - |
| Finance leases | 26,600 | - | - | - | 26,600 |
| Allowance for impairment | - | - | - | - | - |
| Carrying amount | 26,600 | - | - | - | 26,600 |

| Finance leases | 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | POCI | Total |
| Performing | 55,323 | - | - | - | 55,323 |
| Non-performing | - | - | - | - | - |
| Finance leases | 55,323 | - | - | - | 55,323 |
| Allowance for impairment | - | - | - | - | - |
| Carrying amount | 55,323 | - | - | - | 55,323 |

(Currency - Thousands of U.A.E. Dirhams)

## 24. FINANCIAL RISK MANAGEMENT (continued)

### Loans and advances provision movement

| | 31 December 2024 | | | | | 31 December 2023 |
|---|---|---|---|---|---|---|
| | Stage 1 12 months ECL | Stage 2 Lifetime ECL | Stage 3 Lifetime ECL | POCI | Total | Total |
| <u>Loans and advances</u> | | | | | | |
| Balance at 1 January | (56,941) | - | (116,548) | - | (173,489) | (23,079) |
| Allowance for impairment – Charge for the year | - | - | - | - | - | (150,410) |
| Reversal of allowance | - | - | - | - | - | - |
| *Changes in allowance for impairment* | - | - | - | - | - | - |
| - Transfer to Stage 1 | - | - | - | - | - | - |
| - Transfer to Stage 2 | - | - | - | - | - | - |
| - Transfer to Stage 3 | - | - | - | - | - | - |
| Closing balance at 31 December | (56,941) | - | (116,548) | - | (173,489) | (173,489) |

### Finance leases provision movement

There is no provision on finance lease for year 2024 and 2023.

24. FINANCIAL RISK MANAGEMENT (continued)

**Collateral and other credit enhancements**

The table below details the fair value of the collateral which is updated regularly:

| | Loans, advances and finance leases | |
|---|---|---|
| | **31 December 2024** | 31 December 2023 |
| **Against individually impaired:** | | |
| Properties | **57,000** | 57,000 |
| **Closing balance at 31 December** | **57,000** | 57,000 |

The credit loss allowance for trade receivables is determined according to provision matrix presented in the table below. The provision matrix is based on the number of days that an asset is past due, adjusted for forward looking information as described in Note 4.2.

| | **0-30 days** | **31-180 days** | **>180 days** | **Total 31 December 2024** | Total 31 December 2023 |
|---|---|---|---|---|---|
| Trade receivables and managed funds | | | | | |
| Gross carrying amount | **12,678** | **19,940** | **117,682** | **150,300** | 96,306 |
| ECL | **-** | **-** | **(110,271)** | **(110,271)** | (55,861) |
| | **12,678** | **19,940** | **7,411** | **40,029** | 40,445 |

**Liquidity risk**

Liquidity risk is the risk that the Group will be unable to meet its funding requirements and arises principally on the Group's borrowings, payables and other credit balances and other financial liabilities.

**Liquidity risk management**

To limit this risk, management has arranged diversified funding sources, managed assets with liquidity in mind and monitored liquidity on a daily basis.

The Group has already taken various measures to manage the funding and liquidity risk including closely monitoring cash flows and forecasts.

The Group is strengthening its liquidity buffer through working capital management and fund-raising initiatives. The Group believes that the current cash and cash equivalents provide sufficient level of liquidity and stability during this time of uncertainty. Refer to Note 2 for further details.

The Group's approach aims to always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses and without materially affecting the return on capital. The Risk Committee of the Board ("RCB") and Asset Liabilities Committee ("ALCO") set minimum liquidity ratios and cash balance requirements which are then approved by the Board. The Group collates the projected cash flow and liquidity profiles of its financial assets and financial liabilities. It maintains a portfolio of short-term liquid assets to cover requirements, largely consisting of short-term liquid placements with financial institutions.

The various liquidity monitoring metrics are monitored by both the RCB and ALCO against internally set limits which have been approved by the Board. The primary measures of liquidity used by the Group are stock of liquid assets, liquidity coverage ratio and net funding requirement. The oversight of the liquidity risk by the Board, RCB and ALCO also includes the monitoring of the Group's compliance with the debt covenants, which are linked to the Group's debt to equity ratios, liquidity ratios and net worth.

## 24. FINANCIAL RISK MANAGEMENT (continued)

### Liquidity risk management (continued)

The maturity profile of liabilities as of the reporting date, determined on the basis of the remaining contractual maturity is as follows. Where assets have no contractual maturity date (*) management has made an estimate of the maturity date based on the liquidity of the asset and their intention.

The Group's contractual undiscounted repayment obligations on interest bearing financial liabilities are as follows:

| | *31 December 2024* | | | |
|---|---|---|---|---|
| | *Less than 12 Months* | *1 - 5 years* | *More than 5 years* | *Total* |
| Borrowings * | **669,750** | **32,470** | **152,306** | **854,526** |
| Payables and other credit balances | **94,462** | **14,456** | **-** | **108,918** |
| Other financial liabilities | **87,411** | **57,276** | **-** | **144,687** |
| | **851,623** | **104,202** | **152,306** | **1,108,131** |

| | *31 December 2023* | | | |
|---|---|---|---|---|
| | *Less than 12 Months* | *1 - 5 years* | *More than 5 years* | *Total* |
| Borrowings | 841,990 | 20,982 | - | 862,972 |
| Payables and other credit balances | 280,498 | 91,163 | - | 371,661 |
| Other financial liabilities | 68,098 | 69,058 | - | 137,156 |
| | 1,190,586 | 181,203 | - | 1,371,789 |

* Borrowings include bonds payable of 530,655 that management renegotiated an amendment and extension until 31 March 2025 with existing noteholders.

### Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Group faces market risk due to positions that are exposed to interest rate, currency and equity price movements.

The Group has significant exposure through one of its subsidiaries and one of its associates to a listed equity investment for which the book value of equity is lower than the listed price. In accordance with IFRS 13, the investment is fair valued at its listed price. As a listed equity, the price is subject to market fluctuations and is monitored in line with the Group's risk management guidelines.

The Board of Directors approves the investment guidelines to limit the Group's exposure to market risk. Within these guidelines the Group Assets and Liabilities Committee sets performance targets and allocates risk and capital enterprise wide and approves investment rules for each business or strategy. Group Risk Management monitors independently the level of market risk on a daily basis against the investment rules at each level of the company. Any issues or excessive exposures are resolved immediately and reported to the Group Assets and Liabilities Committee to determine if further action is required. Also, the Group Assets and Liabilities Committee decide whether any enterprise-wide hedging is required to mitigate any material Group wide exposures.

(Currency - Thousands of U.A.E. Dirhams)

24. FINANCIAL RISK MANAGEMENT (continued)

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, of the Group's consolidated statement of profit or loss.

| | | 31 December 2024 | | | |
|---|---|---|---|---|---|
| **Financial instrument** | **Net exposure** | **Effect on profit or loss for 0.75% increase in sensitivity** | **Effect on profit or loss for 0.75% decrease in sensitivity** | **Effect on other components of equity for 0.75% increase in sensitivity** | **Effect on other components of equity for 0.75% decrease in sensitivity** |
| Borrowings | **854,526** | **(6,409)** | **6,409** | **-** | **-** |

| | | *31 December 2023* | | | |
|---|---|---|---|---|---|
| *Financial instrument* | *Net exposure* | Effect on profit or loss for 0.75% increase in sensitivity | Effect on profit or loss for 0.75% decrease in sensitivity | Effect on other components of equity for 0.75% increase in sensitivity | Effect on other components of equity for 0.75% decrease in sensitivity |
| Borrowings | 862,972 | (6,472) | 6,472 | - | - |

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the finance cost for one year, based on the variable rate non-trading financial liabilities held at 31 December 2024. There is no impact on the Group equity, other than the implied effect on profits.

**Foreign exchange risk**

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Group has exposure in foreign currencies as a result of its geographically diversified operations which is monitored by management in adherence with internal guidelines.

The table below indicates the currencies to which the Group had significant exposure as at 31 December 2024. The analysis indicates the effect on profit of an assumed 5% change in the UAE Dirham value against other currencies from levels applicable at 31 December 2024, with all other variables held constant.

24. FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange risk (continued)

| | 31 December 2024 | | | | |
|---|---|---|---|---|---|
| *Foreign currency* | *Assets* | *Liabilities* | *Net exposure* | *Effect on profit or loss for 5% increase in sensitivity* | *Effect on profit or loss for 5% decrease in sensitivity* |
| Sterling | 186 | 134 | 52 | 3 | (3) |
| Qatar Riyal | 441 | - | 441 | 22 | (22) |
| Egyptian Pound | 594 | 425 | 169 | 8 | (8) |
| Kuwait Dinar | 392 | 191 | 201 | 10 | (10) |
| Euro | 1,448 | 1,470 | (22) | (1) | 1 |
| Saudi Riyal | 4,865 | 827 | 4,038 | 202 | (202) |
| | 7,926 | 3,047 | 4,879 | 244 | (244) |

| | 31 December 2023 | | | | |
|---|---|---|---|---|---|
| *Foreign currency* | *Assets* | *Liabilities* | *Net exposure* | *Effect on profit or loss for 5% increase in sensitivity* | *Effect on profit or loss for 5% decrease in sensitivity* |
| Sterling | 231,765 | 167,341 | 64,424 | 3,221 | (3,221) |
| Qatar Riyal | 5,176 | - | 5,176 | 259 | (259) |
| Egyptian Pound | 5,059 | 4,004 | 1,055 | 53 | (53) |
| Kuwait Dinar | 1,677 | 1,523 | 154 | 8 | (8) |
| Euro | 2,806 | 2,791 | 15 | 1 | (1) |
| Saudi Riyal | 4,445 | 7,926 | (3,481) | 174 | (174) |
| | 250,928 | 183,585 | 67,343 | 3,716 | (3,716) |

Price risk

Price risk is the risk that the fair values of securities decrease as the result of changes in market values. The effect of price risk on the Group with all other variables held constant is as follows:

| | 31 December 2024 | | | | |
|---|---|---|---|---|---|
| *Financial instrument* | *Net exposure* | *Effect on profit or loss for 5% increase in sensitivity* | *Effect on profit or loss for 5% decrease in sensitivity* | *Effect on other components of equity for 5% increase in sensitivity* | *Effect on other components of equity for 5% decrease in sensitivity* |
| FVTPL | | | | | |
| Equity Investment | 10,233 | 512 | (512) | - | - |
| Fixed Income | 9,643 | 482 | (482) | | |
| Fund Investment | 20,921 | 1,046 | (1,046) | | |
| FVOCI | | | | | |
| Fund Investment | 562 | - | - | 28 | (28) |
| | 41,359 | 2,040 | (2,040) | 28 | (28) |

## 24. FINANCIAL RISK MANAGEMENT (continued)

### Price risk (continued)

| | | *31 December 2023* | | | |
|---|---|---|---|---|---|
| *Financial instrument* | Net exposure | Effect on profit or loss for 5% increase in sensitivity | Effect on profit or loss for 5% decrease in sensitivity | Effect on other components of equity for 5% increase in sensitivity | Effect on other components of equity for 5% decrease in sensitivity |
| FVTPL | | | | | |
| Equity Investment | 17,612 | 881 | (881) | - | - |
| Fixed Income | 45,088 | 2,254 | (2,254) | - | - |
| Fund Investment | 274,551 | 13,727 | (13,727) | - | - |
| FVOCI | | | | | |
| Fund Investment | 562 | - | - | 28 | (28) |
| | 337,813 | 16,862 | (16,862) | 28 | (28) |

Below table highlights the geographical allocation of investments:

| | | | *31 December 2024* | | | | |
|---|---|---|---|---|---|---|---|
| *Assets* | *UAE* | *GCC* | *MENA* | *North America* | *Europe* | *Asia* | *Total* |
| FVTPL | | | | | | | |
| Equity Investment | 10,233 | - | - | - | - | - | 10,233 |
| Fixed Income | 4,372 | 1,356 | - | 3,915 | - | - | 9,643 |
| Fund Investment | 20,374 | - | - | - | 547 | - | 20,921 |
| FVOCI | | | | | | | |
| Fund Investment | - | - | | - | 562 | - | 562 |
| | 34,979 | 1,356 | - | 3,915 | 1,109 | - | 41,359 |

| | | | *31 December 2023* | | | | |
|---|---|---|---|---|---|---|---|
| *Assets* | *UAE* | *GCC* | *MENA* | *North America* | *Europe* | *Asia* | *Total* |
| FVTPL | | | | | | | |
| Equity Investment | 17,612 | - | - | - | - | - | 17,612 |
| Fixed Income | 26,499 | 16,985 | - | 995 | 609 | | 45,088 |
| Fund Investment | 25,727 | 14,148 | - | - | 234,676 | - | 274,551 |
| FVOCI | | | | | | | |
| Fund Investment | - | - | - | - | 562 | - | 562 |
| | 69,838 | 31,133 | - | 995 | 235,847 | - | 337,813 |

## 24. FINANCIAL RISK MANAGEMENT (continued)

### Operational risk

Operational risk is the risk of loss resulting from systems failure, human error, fraud or external events. Authority is delegated by the Board of Directors to Group Management Committees to set the Group wide operational policies to manage the risk and control environment and meet the expectations of the Board of Directors and shareholders.

Group Risk Management use a risk and control framework to identify, measure, manage and monitor risk throughout the Group and ensure adherence to Group wide policies.

### Capital risk management

The primary objective of the Group's capital management is to ensure that the Group maintains a strong capital structure, in order to support its business and to maximise shareholders' return.

The Group's policy is to maintain a strong capital base well above the minimum requirements to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group considers its share capital, retained earnings and reserves as its capital and monitors the capital structure via the leverage ratio. The leverage ratio is monitored by both RCB and ALCO against internally set limits which have been approved by the Board

The capital structure of the Group in terms of the gearing ratio is as shown below:

| | ***31 December 2024*** | *31 December 2023* |
|---|---|---|
| Borrowings | **854,526** | 862,972 |
| Payable to client | **3,214** | 3,342 |
| Customer deposits | **9,030** | 9,763 |
| Lease liabilities | **15,711** | 22,184 |
| Payable against acquisition | **15,798** | 181,487 |
| FVTPL liabilities | **7,007** | 18,399 |
| Other financial liabilities | **144,687** | 137,156 |
| Total debt | **1,049,973** | 1,235,303 |
| Total equity | **14,971** | 349,711 |
| Debt to equity ratio | **70.13** | 3.53 |

## 25. COMMITMENTS AND CONTINGENT LIABILITIES

| | ***31 December 2024*** | *31 December 2023* |
|---|---|---|
| Contingent liabilities | **515** | 524 |

As at 31 December 2024, the Group has capital commitments of Nil (2023: Nil) with respect to the project development

## 26. CLIENTS' FUNDS UNDER MANAGEMENT

A subsidiary of the Group is licensed as a financial services company regulated by the Central Bank of the United Arab Emirates. As at 31 December 2024, clients' assets amounting to AED 7.8 billion (31 December 2023: AED 9.0 billion) were managed in a fiduciary capacity, without risk or recourse to the Group. These funds are off balance sheet items and do not constitute part of the Group's assets.

## 27. INTEREST IN MATERIAL SUBSIDIARES

Summarized financial information of material subsidiaries with NCI is as follows:

| | SHUAA Capital Group | Spadille Group | Squadron Group |
|---|---|---|---|
| **Summarized statement of financial position** | | | |
| Assets | 105,875 | 824 | 4,612 |
| Liabilities | (55,658) | (246) | (1,157) |
| Net assets | 50,217 | 578 | 3,455 |
| **Summarized statement of comprehensive income** | | | |
| Revenue | 103 | 1,811 | 103 |
| Loss for the year | (8,019) | (3,317) | (276) |
| Other comprehensive income for the year | 6,316 | - | - |
| Total comprehensive loss for the year | (1,703) | (3,317) | (276) |
| NCI - 1 January 2024 | (14,231) | 4,148 | 15,590 |
| NCI movement in 2024 | (20,602) | (1,303) | (3,275) |
| NCI - 31 December 2024 | (34,833) | 2,845 | 12,315 |
| **Summarised cash flows** | | | |
| Cash flows generated (used in)/generated from operating activities | (4,766) | (6,325) | 1,114 |
| Cash flows generated from investing activities | 7,519 | - | - |
| Cash flows used in financing activities | (3,070) | - | - |
| Net (decrease)/increase in cash and cash equivalents | (317) | (6,325) | 1,114 |

## 28. TAXATION

Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes

On 9 December 2022 UAE Federal Decree-Law no 47 of 2022 was published setting in place an income tax for Corporations and Businesses for the first time. The taxable income threshold of AED 375 thousand which the 9% tax will apply was set in place by Cabinet Decision No 116 of 2022 which was published on 16 January 2023 and at this point the tax law was considered enacted and substantively enacted for accounting purposes.

While current taxes are not payable on profits generated before the Company's first tax year commencing on 1 January 2024, the existence of an enacted tax law results in the need to immediately record deferred taxes on assets and liabilities where the carrying amount differs from the tax base.

Based on the assessment, the Company has noted deferred tax impact of AED 12.1 million for the year ended 31 December 2024. The tax charge for the year ended 31 December 2024 is Nil.

## 28. TAXATION (continued)

| | *31 December 2024* | *31 December 2023* |
|---|---|---|
| Current Income tax expense: | | |
| Current income tax charge | - | - |
| Deferred tax expense: | | |
| Deferred tax liability | (52) | - |
| Deferred tax asset | 12,155 | - |
| Income tax expense reported in the Statement of Comprehensive income | 12,103 | - |

## 29. SUBSEQUENT EVENTS

There have been no events subsequent to the reporting date that require adjustments to or disclosures in the financial statements as at and for the year ended 31 December 2024 except the following:

- On 19 April 2024, the Group successfully secured an agreement with Noteholders to amend and extend the terms of the outstanding bonds payable until 31 March 2025. The agreement offers the Noteholders the opportunity to convert their notes into equity via a Mandatory Convertible Bond ("MCB") exchange offer.

  The Group announced an exchange offer in respect of its USD 150 million Notes. Based on the Exchange Offer Memorandum dated 19 February 2025, the Group has received valid tenders of USD 76.1 million in aggregate principal amount of the Existing Notes for exchange pursuant to the Exchange offer. However, the maximum acceptance amount has been capped to USD 75.0 million. Accordingly, only USD 74.7 million were accepted for conversion in line with the Exchange Offer Memorandum.

  Based on the above, the aggregate principal amount of the Existing Noteholder MCBs to be issued is AED 274.4 million. The conversion price at which the Existing Noteholder MCBs will convert into the Company's shares is AED 0.32 per share.

  The remaining outstanding Noteholders (USD 75.3 million) will be settled at 20 per cent of the principal amount of the Existing Notes by 28 March 2025 amounting to USD 15.1 million. This will contribute to gain on material extinguishment of liability for the Group.

- Additionally, the Group has raised AED 85 million by issuing MCBs to new investors. These funds will be used to settle the non-converting noteholders. The MCBs are set to be converted into the Company's shares at a conversion price of AED 0.32 per share.

## 30. CHANGES IN THE PRESENTATION OF STATEMENT OF PROFIT OR LOSS

During the current year, the Group revised the presentation of the condensed consolidated interim statement of profit or loss to better reflect its business operations. This update does not affect any previously disclosed or published results, nor have any material reclassification or effect in the consolidated financial statements.

The segmental reporting presentation as per Note 5 is consistent with the prior period presentation of the consolidated statement of profit or loss (except for net fee and commission income, advisory income, trading income and other operating income which are presented net on the face of the primary statement).