

SHUAA Capital proposes first dividend post-merger on back of strong FY 2020

- Strong growth in profitability despite COVID-19 enabling Board to recommend an FY2020 dividend of 3 fils per share, the first dividend post-merger
- SHUAA reported audited FY 2020 net profit of AED 125 million, up 168% year on year, and EBITDA of AED 349 million, up 89% year on year
- Progress towards targets with record AUM of USD 14.1 billion and FY 2020 ROE of 8.5%
- Platform poised for growth with solid momentum into 2021

United Arab Emirates, 10 March 2021: SHUAA Capital psc (DFM: SHUAA), the leading asset management and investment banking platform in the region, has received board approval for its audited financial statements for the fiscal year ended 31 December 2020.

Financial resilience in a challenging year

FY 2020 results demonstrate both the resilience of SHUAA's business model and the strong strategic progress SHUAA made against a backdrop of COVID-19 challenges and the Group's transformational program. As a result, SHUAA and its subsidiaries (the "Group") achieved an FY 2020 net profit attributable to shareholders of AED 125 million, up 168% year on year, with continued strong EBITDA generation; this increased to AED 349 million, up 89% year on year. Despite significant valuation adjustments across the Group's listed and unlisted assets and portfolios, the results benefited from three consecutive quarters of profit.

Driven by the Group's headway in its strategic agenda of increasing recurring revenue through permanent capital vehicles, assets under management increased to a record USD 14.1 billion at the year end. This, coupled with substantial progress in operational efficiency, profitability measures and synergy realization, led to the Group delivering a Return of Equity (ROE) of 8.5% for FY 2020, in line with the medium-term target previously communicated of an ROE between 7-12%.

Thanks to the performance, the Board is recommending the payment of the first dividend to shareholders since the merger in 2019, of 3 fils per share totaling AED 76 million.

Financial and operational foundations strengthened

SHUAA successfully completed its 2020 funding plan with the issuance of the first high-yield bond issuance in the MENA region since the outbreak of the COVID-19 pandemic in October. The USD 150 million bond issuance, which saw strong uptake, especially from institutional investors, has helped optimize the Group's funding and balance sheet

structure as the Group continues to focus on deleveraging in line with its targets. This issuance will underpin the Group's financial foundations for future growth.

Meanwhile, the transformation of the Group's business post-merger took a considerable step forward in the year, with non-core unit (NCU) net assets more than halving from AED 306 million at the start of 2020 to AED 136 million by the end of 2020. The Group made AED 57 million of proactive valuation adjustments in Q4 2020 bringing the FY 2020 total adjustments to AED 74 million. This will help accelerate the closure of the unit ahead of the original target date.

From an operational perspective, the Group's integration and transformation programme continues to progress. In particular, the Group-wide Enterprise Resource Planning (ERP) system, launched in Q4 2020, will optimize the Group's internal processes and facilitate operational efficiencies. This was a key step in SHUAA's integral and phased digital transformation programme which supports the strategy of scaling its platform, operating more efficiently and improving decision-making capabilities.

Continued execution of strategic growth agenda

As part of the Group's planned build-up of permanent capital in the asset management segment, 2020 saw SHUAA launch a number of new funds. In September, SHUAA launched the SHUAA Financing Opportunities Fund, its first dedicated financing fund focused on Sharia-compliant opportunities in the GCC. The fund now has over USD 70 million in commitments, reflecting the Company's excellent track record in private lending where it has generated returns of c.15%.

This fund was followed shortly thereafter in October by three further new funds, all launched under an Incorporated Cell Company (ICC) Fund Platform on the Abu Dhabi Global Market (ADGM). These funds, together with discretionary managed portfolios, have now reach USD 100 million in commitments and two of the funds have also announced their first dividends. These investments underpin SHUAA's commitment to the Sharia-compliant investment industry, where the Group is seeing strong investor appetite. Lastly, through a landmark transaction in Q4 2020, SHUAA also launched a dedicated fund, Thalassa Investments LP, to invest and manage the debt buyout of leading offshore services company, Stanford Marine Group. This not only affirms the Group's investment criteria in distressed debt but also supports its strategy of increasing the recurring revenue base through generation of management and performance fees.

SHUAA's investment banking segment remains highly active, assisting with USD 685 million of debt capital market issuances in the year; this is despite COVID-19 challenges which resulted in delays to transactions closing. Furthermore, the segment continued to provide additional support to corporates, in light of these COVID-19 challenges, by

introducing specialized corporate restructuring solutions, as well as providing free advisory services and financial packages to small and medium enterprises (SMEs).

Strong momentum and outlook into 2021

Building on the momentum and progress made in 2020, in line with the Group's strategy to diversify its product offering, the Group led a funding round in Anghami, the leading music streaming platform in the Middle East and North Africa, in early January 2021. The investment is aligned with SHUAA's investment criteria and interest in pursuing investments in the technology space but also in supports its aim of creating significant value for its investors. Following its recent announcement, Anghami will become the first Arab technology company to list on NASDAQ in New York via a merger with a Special Purpose Acquisition Company (SPAC). This signifies both an opportunity for SHUAA to create significant value but also marks a milestone transaction for SHUAA's Investment Banking team which is leading the fundraising.

Within the asset management segment and building on the success to date in the ICC Fund Platform, there are three further funds in the pipeline, which will not only diversify the platform's offering but also build on the Group's recurring income and permanent capital base.

In light of this momentum, together with the progress achieved in 2020, management remains confident about SHUAA's ability to build on its market-leading position and deliver significant value creation for its investors and its shareholders.

Fadhel Al Ali, Chairman of SHUAA Capital, commented: *"SHUAA has risen admirably to the challenges of 2020 and delivered a strong performance. We have remained focused on realising our growth strategy and the results are clearly evident in our FY 2020 performance, including our ability to pay our first dividend post-merger. What's more, we are proud that SHUAA's operations continue to support the success of regional businesses and economies while creating significant value for our investors."*

Commenting on SHUAA's 2020 results, Jassim Alseddiqi, Group Chief Executive Officer of SHUAA Capital, said: *"When we set out our growth strategy this time last year, the global pandemic had yet to unfold. Nevertheless, it is testament to the resilience of our business – and our people – that we have continued to execute against our strategy in the face of exceptional circumstances. We have already created considerable value in doing so and are therefore pleased to recommend a dividend to shareholders for the first time since our merger. Moreover, I am confident that SHUAA has the right platform in place to capitalize on every growth opportunity available."*

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About SHUAA Capital psc

SHUAA Capital psc (DFM: SHUAA) is a leading asset management and investment banking platform, with over USD 14 billion in assets under management. SHUAA Capital psc is recognized for its strong track record and pioneering approach to investing through a differentiated, innovative and global product offering focused on public and private markets, debt and real estate.

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

To learn more about SHUAA Capital, please visit:

- Website: www.shuua.com
- Twitter: https://twitter.com/SHUAA_Capital
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Examples of forward-looking statements include, among others, statements we make regarding:

- *Expected operating results, such as revenue growth and earnings.*
- *Anticipated levels of expenditures and uses of capital*
- *Current or future volatility in the capital and credit markets and future market conditions.*

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