

# **SHUAA CAPITAL PSC**

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 31 MARCH 2021

## **Review report and condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021**

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## Review report on condensed consolidated interim financial information to the Board of Directors of SHUAA Capital PSC

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### Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of SHUAA Capital PSC (the "Company") and its subsidiaries (the "Group") as at 31 March 2021 and the related condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended, and related explanatory notes. The directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of review

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We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity." A review of the condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

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Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers  
9 May 2021


Rami Sarhan  
Registered Auditor Number 1152  
Place: Dubai, United Arab Emirates


**SHUAA CAPITAL PSC****Condensed consolidated statement of financial position  
as at 31 March 2021 (unaudited)**

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

	<i>Notes</i>	<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>
<b>Assets</b>			
Cash and deposits with banks	5	353,566	416,975
Receivables and other debit balances	6	244,833	214,292
Loans, advances and finance leases	7	334,850	346,232
Financial assets at fair value	8	2,564,856	2,428,999
Investments in associates	9	402,642	434,312
Property and equipment		48,338	42,762
Goodwill and other intangible assets	10	1,242,414	1,241,797
Assets held for sale	31	982,124	922,943
<b>Total assets</b>		<b>6,173,623</b>	<b>6,048,312</b>
<b>Liabilities</b>			
Payables and other credit balances	11	542,930	511,160
Other financial liabilities	12	147,646	149,983
Borrowings	13	2,323,399	2,395,701
Payables to unit holders		605,999	578,757
Liabilities of disposal groups classified as held for sale	31	546,501	386,534
<b>Total liabilities</b>		<b>4,166,475</b>	<b>4,022,135</b>
<b>Equity</b>			
Share capital	14	2,535,720	2,535,720
Share premium		52,579	52,579
Statutory reserve		47,207	47,207
Other reserves	15	(1,442,610)	(1,439,146)
Retained earnings		327,525	293,727
<b>Equity attributable to Owners</b>		<b>1,520,421</b>	<b>1,490,087</b>
Non-controlling interests (NCI)		486,727	536,090
<b>Total equity</b>		<b>2,007,148</b>	<b>2,026,177</b>
<b>Total equity and liabilities</b>		<b>6,173,623</b>	<b>6,048,312</b>

The condensed consolidated interim statement of financial information was approved by the Board of Directors on 9 May 2021.

  
Fadhel Alali  
Chairman

  
Jassim Alsiddiqi  
Group Chief Executive Officer

The accompanying notes form an integral part of this condensed consolidated interim financial information.

**SHUAA CAPITAL PSC****Condensed consolidated statement of profit or loss  
for the period from 1 January 2021 to 31 March 2021 (unaudited)**

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

		<b>1 January to 31 March 2021 (3 months) Unaudited</b>	<b>1 January to 31 March 2020 (3 months) Unaudited</b>
	<i>Notes</i>		
<b>Continuing operations</b>			
Interest income		3,755	5,563
Interest expense		(1,112)	(785)
<b>Net interest income</b>		<b>2,643</b>	<b>4,778</b>
Fee and commission income		100,985	54,383
Fee and commission expense		(4,101)	(5,178)
<b>Net fee and commission income</b>		<b>96,884</b>	<b>49,205</b>
Advisory income		1,053	15,217
Trading income		1,320	365
Carried interest income		-	-
Other operating income	16	325	2,572
<b>Total operating income</b>		<b>102,225</b>	<b>72,137</b>
Staff costs		(30,872)	(30,935)
Employee carried interest		(1,387)	-
General and administrative expenses	17	(19,331)	(18,214)
Depreciation and amortisation		(11,461)	(14,447)
Reversal of impairment losses on financial instruments	18	8,082	8,810
Other operating expenses	19	(2,707)	1,871
<b>Total operating expenses</b>		<b>(57,676)</b>	<b>(52,915)</b>
<b>Net operating income</b>		<b>44,549</b>	<b>19,222</b>
Change in fair value gains/(losses) from financial assets at fair value through profit or loss (FVTPL)		61,824	(550,255)
Gain on derivative financial liability		621	253
Share of loss of investments in associates accounted for using equity method		(13,096)	(48,530)
Finance cost	20	(38,370)	(45,508)
Finance (cost) / credit relating to unit holders	21	(27,228)	355,689
Other income	22	10,294	17,094
<b>Profit/(loss) from continuing operations</b>		<b>38,594</b>	<b>(252,035)</b>
<b>Loss from discontinued operations</b>		<b>(9,794)</b>	<b>-</b>
<b>Profit/(loss) for the period</b>		<b>28,800</b>	<b>(252,035)</b>
<b>Attributable to:</b>			
Owners of the Parent		24,970	(261,895)
Non-controlling interests		3,830	9,860
		<b>28,800</b>	<b>(252,035)</b>
<b>Earnings/(loss) per share attributable to Owners from continuing operations (in AED)</b>	23	<b>0.01</b>	<b>(0.10)</b>
<b>Earnings/(loss) per share attributable to Owners (in AED)</b>	23	<b>0.01</b>	<b>(0.10)</b>

The accompanying notes form an integral part of this condensed consolidated interim financial information.

## SHUAA CAPITAL PSC

### Condensed consolidated statement of other comprehensive income for the period from 1 January 2021 to 31 March 2021 (unaudited)

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

		<i>1 January to 31 March 2021 (3 months) Unaudited</i>	<i>1 January to 30 March 2020 (3 months) Unaudited</i>
	<i>Notes</i>		
<b>Profit/(loss) for the period</b>		<b>28,800</b>	(252,035)
<b>Other comprehensive (loss) / income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	15	<b>6,224</b>	(52,489)
Net gain / (loss) on cash flow hedges			
- Share of other comprehensive income / (loss) from investment in associates		-	(87,860)
- Others	15	<b>(2,742)</b>	(1,482)
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of equity investments at fair value through other comprehensive income (FVTOCI)	15	<b>(4,733)</b>	(35,474)
<b>Other comprehensive loss for the period</b>		<b>(1,251)</b>	(177,305)
<b>Total comprehensive income/(loss) for the period</b>		<b>27,549</b>	(429,340)
<b>Attributable to:</b>			
Owners of the Parent		<b>21,507</b>	(416,492)
Non-controlling interests		<b>6,042</b>	(12,848)
		<b>27,549</b>	(429,340)

The accompanying notes form an integral part of this condensed consolidated interim financial information.

## SHUAA CAPITAL PSC

### Condensed consolidated statement of changes in equity for the period from 1 January 2021 to 30 March 2021 (unaudited)

(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 2020 (Audited)	2,535,720	52,579	34,681	(1,387,369)	229,471	1,465,082	404,262	1,869,344
(Loss)/profit for the period	-	-	-	-	(261,895)	(261,895)	9,859	(252,036)
Other comprehensive loss for the period	-	-	-	(154,598)	-	(154,598)	(22,707)	(177,305)
Total comprehensive loss for the period	-	-	-	(154,598)	(261,895)	(416,493)	(12,848)	(429,341)
Transactions with the owners in their capacity as owners								
Transaction with unit holders	-	-	-	-	(1,542)	(1,542)	-	(1,542)
NCI on exit of a subsidiary	-	-	-	-	-	-	(16,508)	(16,508)
Balance at 30 March 2020 (Unaudited)	2,535,720	52,579	34,681	(1,541,967)	(33,966)	1,047,047	374,906	1,421,953
<b>Balance at 1 January 2021 (Audited)</b>	<b>2,535,720</b>	<b>52,579</b>	<b>47,207</b>	<b>(1,439,146)</b>	<b>293,726</b>	<b>1,490,086</b>	<b>536,089</b>	<b>2,026,175</b>
Profit for the period	-	-	-	-	<b>24,970</b>	<b>24,970</b>	<b>3,830</b>	<b>28,800</b>
Other comprehensive (loss)/income for the period	-	-	-	<b>(3,464)</b>	-	<b>(3,464)</b>	<b>2,213</b>	<b>(1,251)</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,464)</b>	<b>24,970</b>	<b>21,506</b>	<b>6,043</b>	<b>27,549</b>
Transactions with the owners in their capacity as owners								
Disposal of treasury shares (Note 14)	-	-	-	-	<b>8,829</b>	<b>8,829</b>	-	<b>8,829</b>
Payment of dividend	-	-	-	-	-	-	<b>(55,405)</b>	<b>(55,405)</b>
<b>Balance at 31 March 2021 (Unaudited)</b>	<b>2,535,720</b>	<b>52,579</b>	<b>47,207</b>	<b>(1,442,610)</b>	<b>327,525</b>	<b>1,520,421</b>	<b>486,727</b>	<b>2,007,148</b>

\* In accordance with the UAE Federal Law No. (2) of 2015 concerning Commercial Companies and SHUAA Capital PSC's (PSC's) Articles of Association, 10% of the profit for the year is to be transferred to a statutory reserve. SHUAA may resolve to discontinue such annual transfer when the reserve equals 50% of the capital. The reserve is not available for distribution except in cases stipulated by law and SHUAA's Articles of Association

The accompanying notes form an integral part of this condensed consolidated interim financial information.

# SHUAA CAPITAL PSC

## Condensed consolidated statement of cash flows for the period from 1 January 2021 to 31 March 2021

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

		<i>1 January to 31 March 2021 (3 months) Unaudited</i>	<i>1 January to 31 March 2020 (3 months) Unaudited</i>
	<i>Notes</i>		
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period		28,800	(252,035)
Adjustments:			
Finance credit relating to unit holders	21	27,228	(355,689)
Bargain purchase gain		-	(7,100)
Foreign exchange (gain) / loss	19	853	(3,177)
Carried interest recognised – net		1,387	-
Finance cost		38,370	45,508
Net interest income		(2,643)	(4,778)
Fair value (gain)/loss on investments at FVTPL		(61,824)	550,255
Share of loss from investments in associates	9	13,096	48,530
Non-cash distribution	9	3,764	-
Gain on revaluation of derivative financial liabilities		(621)	(253)
Employees' end of service benefit charge		1,513	1,794
Provisions and allowances for impairment – net	18	(8,082)	(8,810)
Depreciation and amortization		11,461	14,447
<b>Operating cash flows before movements in working capital</b>		53,302	28,692
Decrease in inventories		-	23,471
Increase in receivables and other debit balances		(85,265)	(14,990)
Decrease / (increase) in loans and advances		13,237	(59,412)
Decrease in payables and other credit balances		182,315	76,187
(Decrease)/increase in other financial liabilities		(2,337)	36,127
Cash flows from operating activities of discontinued operations		18,663	-
<b>Net cash generated from operations</b>		179,915	90,075
Employees' end of service benefit paid		(47)	(696)
Dividend received	9	1,818	-
<b>Net cash generated from operating activities</b>		181,686	89,379
<b>Cash flows from investing activities</b>			
Net payments for the purchase of investments		(65,933)	(41,654)
Net interest received		2,643	4,778
Acquisition of property and equipment		(5,605)	4,457
Cash flow from investing activities of discontinued operations		(2,325)	-
<b>Net cash used in investing activities</b>		(71,220)	(32,419)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		42,223	48,811
Repayment of borrowings		(121,706)	(99,829)
Proceeds from sale of treasury shares		8,828	-
Dividend paid		(55,405)	-
Lease rentals paid		-	(719)
Redemption of unit holders		-	(9,547)
Payment to NCI on exit of a subsidiary		-	(16,508)
Finance cost paid		(27,581)	(39,779)
Cash flow from financing activities of discontinued operations		60,007	-
<b>Net cash used in financing activities</b>		(93,634)	(117,571)
<b>Net decrease in cash and cash equivalents</b>		16,832	(60,611)
Cash and cash equivalents at beginning of the period		416,975	327,179
Impact of foreign currency translation		(457)	(9,376)
Cash and cash equivalent at beginning of the period from discontinued operations		(79,784)	4,538
Restricted cash	5	(61,717)	-
<b>Cash and cash equivalents at end of the period</b>	5	291,849	261,730

The accompanying notes form an integral part of this condensed consolidated interim financial information.



# SHUAA CAPITAL PSC

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## Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

### 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 is actively involved in public and private capital markets in the region. The principal activities of ADFG and its subsidiaries are to carry out commercial and real estate investment activities, establishment and management of enterprises, consultancy services, investment banking and trading in securities.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

#### **Business combination in 2020**

In 2020, SHUAA acquired the business of Stanford Marine Group (“SMG”) through Thalassa Investments LP, effective 31 December 2020. In accordance with IFRS 3 “Business Combinations”, the Group accounted for the acquisition based on fair values of the identifiable assets acquired and liabilities assumed.

For the purchase consideration paid, SHUAA acquired tangible assets with attributable fair values of 699,479 (comprising of deposits with bank, receivables, inventories and property, plant and equipment), and liabilities with attributable fair value of 315,375 (comprising of borrowings and payables), resulting in bargain purchase gain. The asset acquired and liabilities assumed are based on provisional valuations. The valuation of identifiable intangible assets has not yet been performed.

No contingent liabilities were recognized based on the provisional purchase price allocation exercise.

Given that the business combination was effective on 31 December 2020, there is no contribution of revenue and profit for the year ended 31 December 2020. During three month period ended 31 March 2021, SMG contributed total revenue of 41,719 and loss of 9,090.

#### **Reverse acquisition in 2019**

On the 1 August 2019, SHUAA acquired the business of Abu Dhabi Financial Group LLC (ADFG). The merger of SHUAA and ADFG resulted in the consolidated SHUAA Group. Under the terms of the transaction SHUAA (the “legal acquirer”) issued 1,470,720,000 new SHUAA shares, representing 58% of the shares of the merged group to ADFG shareholders in return for transferring the entire share capital of ADFG (“legal acquiree”). Prior to the merger, the ADFG shareholders held a 48% in SHUAA and subsequently, the ADFG shareholders have a 78% interest in the combined group. This resulted in the previous ADFG shareholders having control over the new consolidated group (together referred to as “SHUAA” or the “Group”).

Under the requirements of IFRS 3 – Business Combinations one of the combining entities is required to be identified as the accounting acquirer and in some cases, the accounting acquirer may not be the same as the legal acquirer. Subsequent to the transaction, as noted above, the ADFG shareholders held the majority of shares of the combined entity, thereby gaining control over the combined entity. ADFG (the legal acquiree) is determined to be the accounting acquirer while SHUAA (legal acquirer) is determined to be the accounting acquiree, thus resulting in a reverse acquisition.

For purposes of a reverse acquisition, the comparative information presented in the condensed consolidated interim financial information and information prior to the acquisition are those of the accounting acquirer, ADFG and not SHUAA, the legal acquirer. Furthermore, as required under IFRS 3, the number of shares disclosed are those of SHUAA and not ADFG, however, the share capital in the statement of changes in equity is that of ADFG which has, therefore resulted in an adjustment within equity of AED 1.4 billion and an adjustment to the comparative earnings per share information.

Details of the above transaction and its implications were presented in the Group’s consolidated financial statements for the year ended 31 December 2020.

#### **Investment Entities – exemption from consolidation**

The *IFRS 10 - Consolidated Financial Statements* standard introduced an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent entity that is an investment entity to measure its subsidiaries at fair value through profit or loss (FVTPL), in accordance with IFRS 9 instead of consolidating those subsidiaries. Prior to the merger with the Company, ADFG met the definition of an investment entity and accounted for certain subsidiaries at FVTPL. Following the merger ADFG ceased to be an investment entity effective 1 August 2019. Consequently, the subsidiaries which were previously measured at FVTPL are consolidated using acquisition accounting under IFRS 3.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 1. LEGAL STATUS AND ACTIVITIES (continued)

##### Group Structure

The extent of the Group's ownership in the material subsidiaries and associates with their principal activities have been listed below:

<u>Name of the entity</u>	<u>Place of incorporation</u>	<u>Principal activity</u>	<u>Effective ownership interest %</u> <i>31 March 2021</i>	<u>Effective ownership interest %</u> <i>31 December 2020</i>
<b><u>Material subsidiaries</u></b>				
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 Altus Investment Management Ltd	UAE	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	UAE	Investment holding	100.0%	100.0%
Integrated EE Holdings	Montenegro	Project management	100.0%	100.0%
Integrated Alternative Finance Limited *	UAE	Arranging credit, custody and advising on financial products	100.0%	100.0%
Gulf Finance Corporation CJSC	Saudi Arabia	Financing	100.0%	100.0%
Gulf Finance Corporation PJSC	UAE	Financing	100.0%	100.0%
SHUAA Capital PSC	UAE	Financial services and investments holding	100.0%	100.0%
SHUAA Capital International Limited*	UAE	Market Making / Liquidity Provider	100.0%	100.0%
SHUAA Capital Saudi Arabia CJSC	Saudi Arabia	Financial services	100.0%	100.0%
SHUAA Securities Egypt SAE	Egypt	Brokerage	100.0%	100.0%
Integrated Capital PJSC	UAE	Financial services	96.0%	96.0%
Asia for Economic Consultancy LLC	Jordan	Consultancy	94.3%	94.3%
Amwal International Investment Company KSCP	Kuwait	Financial services	87.2%	87.2%
NCM Investment Company K.S.C (Closed)	Kuwait	Brokerage and Trading	44.5%	44.5%
Spadille Limited**	Jersey	Investment holding	85.0%	85.0%
Northacre Limited**	UK	Development management	83.9%	83.9%
Goldilocks Investment Company Limited** (ii)	UAE	Investment holding	34.4%	34.4%
Squadron Properties** (ii)	Cayman Islands	Investment holding	33.0%	33.0%
Astrea Asset Management Limited** (ii)	UK	Property management	33.0%	33.0%
Eagle T2	Cayman Islands	Investment holding	100.0%	100.0%
Thalassa Investment LP	Cayman Islands	Investment holding	57.4%	57.4%

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 1. LEGAL STATUS AND ACTIVITIES (continued)

##### Group Structure (continued)

<u>Name of the entity</u>	<u>Place of incorporation</u>	<u>Principal activity</u>	<u>Effective ownership interest % 31 March 2021</u>	<u>Effective ownership interest % 31 December 2020</u>
<b><u>Material Associates</u></b>				
City Engineering LLC	UAE	Contracting	40.0%	40.0%
Qannas Investments Limited ("QIL")	Cayman Islands	Investment holding	35.5%	35.5%
SHUAA Hospitality Fund I L.P. (iii)	Cayman Islands	Investment holding	27.0%	27.0%
SHUAA Saudi Hospitality Fund I (iii)	Saudi Arabia	Investment holding	26.3%	26.3%
Mirfa Power Holding Company PJSC ***	UAE	Investment holding	25.0%	25.0%
ADCORP Limited *	UAE	Islamic financial institution	19.8%	19.8%
Khaleeji Commercial Bank B.S.C. (iv)	Bahrain	Islamic retail bank	-	3.9%

\* These subsidiaries and associates are under liquidation.

\*\* Not consolidated until 1 August 2019 as ADFG was an investment entity and measured its investments at fair value through profit loss other than those subsidiaries providing services related to the Group's investment activities in accordance with the requirements of IFRS 10.

\*\*\* Classified as held for sale

- (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*, SHUAA 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. SHUAA acts as an agent to the fund and not as principal.
- (iv) The Group has treated the above-mentioned entities as associates although it has less than 20% voting rights in these entities based on its ability to significantly influence the operating and financial policy decisions of these entities through its representation on the Board of Directors of these entities. During the current period, investment in Khaleeji Commercial Bank B.S.C was reclassified as financial assets held at fair value through profit or loss as the Group no longer had significant influence on this entity.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 2. BASIS OF PREPARATION

This condensed consolidated interim financial information of the Group has been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" and complies with the applicable requirements of the laws in the U.A.E.

The condensed consolidated interim financial information is presented in thousands of United Arab Emirates Dirhams (AED) since that is the country in which the parent is domiciled and the majority of the Group's business is transacted.

This condensed consolidated interim financial information has been prepared on the historical cost basis as modified for the measurement at fair value of certain financial instruments.

The condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2020. In addition, results for the three month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2020.

#### 3. CHANGES IN ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2020, except for the following accounting policies which are applicable from 1 January 2021.

##### 3.1. Application of new and revised International Financial Reporting Standards ("IFRS") adopted in the condensed consolidated interim financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2021, have been adopted in this condensed consolidated interim financial information. The application of these revised IFRSs have not had any material impact on the amounts reported for the current and prior periods.

**Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions (Effective date 1 June 2020)** - As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

##### 3.2. New and revised IFRS issued but not yet effective and not early adopted

###### New and revised IFRSs

**Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8** - The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

**Effective for annual periods beginning on or after**  
1 January 2023

###### Amendments to IAS 1, Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

1 January 2022

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2021 to 31 March 2021 (continued)**

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

**3. CHANGES IN ACCOUNTING POLICIES (continued)****3. 2. New and revised IFRS issued but not yet effective and not early adopted (continued)****Amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16**

1 January 2022

Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective. Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, mentioned above, is not expected to have a material impact on the financial statements of the Group in the period of initial application.

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

In the preparation of the Group's condensed consolidated interim financial information, management has made a number of critical estimates and judgments in a manner consistent with those described in the Group's annual consolidated financial statements for the year ended 31 December 2020. The broad effects of the COVID-19 pandemic on the Group are described in Note 25 and the effects on the Group's development of critical estimates during the first three-month period of 2021 are described below.

**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. While the Group's valuation techniques for Level 3 financial instruments remained unchanged during the three-month period ended 31 March 2021, the development of market unobservable inputs included added estimation uncertainty due to the global economic and social disruption caused by the ongoing and developing COVID-19 pandemic. Estimates of the amount and timing of future cash flows, discount rates, growth rates and other inputs incorporated into fair value measurements of Level 3 financial instruments are inherently more difficult to determine due to the unpredictable duration and impacts of the COVID-19 pandemic.

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 rates, as applicable. See note 26 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 Group's estimates.

**Determination of recoverable amounts for goodwill, indefinite-lived intangible assets and investments in associates**

Goodwill and intangible assets are assessed at least annually for impairment, or more frequently if there are indicators of impairment, by comparing the carrying value of the cash-generating unit ("CGU") or group of CGUs to which these assets are allocated to their recoverable amounts. The Group typically uses discounted cash flows to estimate the recoverable amount of a CGU or group of CGUs to which goodwill or intangible assets have been allocated. At end of financial year 2020 the Group updated its impairment assessments on its goodwill, intangible assets and investments in associates based on current market conditions, which included increased estimation uncertainty in determining discounted cash flows and the underlying assumptions about discount rates, working capital requirements and other inputs, due to the unpredictable duration and impacts of the COVID-19 pandemic. During the first quarter of 2021 the Group did not identify any significant changes in the estimation and assumptions used for the impairment assessment performed at the end of financial year 2020.

The uncertainty in those assumptions have been incorporated into the Group's discounted cash flows used to determine recoverable amounts primarily through the adjustment of cash flows and discount rates, as applicable. Additional volatility in the recoverable amounts of goodwill, intangible assets and investments in associates may arise in future periods if actual results differ materially from the Group's estimates.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 5. CASH AND DEPOSITS WITH BANKS

	<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>
Cash on hand	67	47
Balances held with banks	353,499	416,928
Cash and deposits with banks	353,566	416,975
Less: Restricted deposits	(61,717)	(39,709)
Cash and cash equivalents	291,849	377,266

The rate of interest on the deposits held during the period ended 31 March 2021 ranged from 0.75% to 6.25% (31 December 2020: 1.4% to 6.25%) per annum.

Cash and deposits with banks include deposits of 61,717 (31 December 2020: 39,709) with banks, which are held as collateral against the Group's banking facilities. For the purposes of consolidated statement of cash flows, cash and cash equivalents are stated net of these deposits.

#### 6. RECEIVABLES AND OTHER DEBIT BALANCES

	<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>
Trade receivables – net of loss allowance (Note 6.1)	51,827	46,336
Advances and deposits	5,067	4,995
Prepayments	10,531	12,014
Reverse repurchase agreements	-	-
Carried interest	2,256	2,256
Accrued income	84,780	42,242
Receivables from managed funds	62,705	61,220
Receivables against unsettled trades	-	26,479
Others	27,667	18,750
	244,833	214,292
<b>Trade receivables and managed funds – net of loss allowance</b>		
Trade receivables and managed funds	131,375	127,481
Loss allowance	(16,843)	(19,925)
	114,532	107,556

6.1 Included in trade receivables is an amount of 15,829 (31 December 2020: 15,860) due from related parties (Note 24).

#### 7. LOANS, ADVANCES AND FINANCE LEASES

	<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>
Loans and advances - net of provision for impairment	89,634	88,783
Finance leases – net of provision of impairment	184,082	183,303
Margin lending - net of provision for impairment	61,134	74,146
	334,850	346,232

As at 31 March 2021, the underlying collateral for loans, advances and finance leases were valued at 747,607 (31 December 2020: 784,140). Provisions are made for the impaired portion of the loans, advances and finance leases, net of collateral.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 8. FINANCIAL ASSETS AT FAIR VALUE

	<b>31 March 2021 Unaudited</b>	<b>31 December 2020 Audited</b>
Fair value through profit or loss (FVTPL) (a)	<b>2,439,264</b>	2,299,927
Fair value through other comprehensive income (FVTOCI) (b)	<b>125,592</b>	129,072
	<b><u>2,564,856</u></b>	<b><u>2,428,999</u></b>

##### a) At fair value through profit or loss (FVTPL)

	<b>31 March 2021 Unaudited</b>	<b>31 December 2020 Audited</b>
Equity investments	<b>1,833,672</b>	1,725,076
Fixed income securities	<b>93,166</b>	62,853
Fund investments	<b>512,426</b>	511,998
	<b><u>2,439,264</u></b>	<b><u>2,299,927</u></b>

During the period, the Group recognised fair value gain/(losses) amounting to 61,824 (31 March 2020: (550,255)), on investments carried at FVTPL.

##### b) At fair value through other comprehensive income (FVTOCI)

	<b>31 March 2021 Unaudited</b>	<b>31 December 2020 Audited</b>
Equity investments	<b>74,346</b>	78,365
Fund investments	<b>51,246</b>	50,707
	<b><u>125,592</u></b>	<b><u>129,072</u></b>

The above non-derivative equity investments are not held for trading and have been designated by the Group as at FVTOCI at initial recognition. These include changes in fair value losses recognised during the period amounting to (4,733) (31 March 2020: (35,474)).

#### 9. INVESTMENTS IN ASSOCIATES

The Group has following investments in associates:

	<b>31 March 2021 Unaudited</b>	<b>31 December 2020 Audited</b>
UAE	<b>35,960</b>	41,542
GCC	-	12,992
Others	<b>366,682</b>	379,778
	<b><u>402,642</u></b>	<b><u>434,312</u></b>
	<b>31 March 2021 Unaudited</b>	<b>31 December 2020 Audited</b>
Opening balance	<b>434,312</b>	693,650
Additions	-	33,595
Reclassified from associate to FVTPL investment	<b>(12,992)</b>	-
Share of (losses)/profit of associates	<b>(13,096)</b>	116,368
Share of other comprehensive loss of associates	-	(47,569)
Impairment	-	(36,186)
Dividends and other distributions	<b>(5,582)</b>	(116,951)
Held for sale	-	(208,595)
<b>Closing balance</b>	<b><u>402,642</u></b>	<b><u>434,312</u></b>

Notes to the condensed consolidated interim financial information  
for the period from 1 January 2021 to 31 March 2021 (continued)

## 10. GOODWILL AND OTHER INTANGIBLE ASSETS

The Group performs impairment tests on Goodwill and Trade Licenses at least annually. Management assessed the recoverable amount for the Cash-Generating Units (“CGUs”) as at 31 December 2020 using value in use (“VIU”). VIU calculations were determined using cash flow projections from financial budgets approved by the Group’s senior management covering a one to five-year period. The discount rate applied to cash flow projections represent the cost of capital adjusted for an appropriate risk premium for these cash-generating units. 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, was recorded in the consolidated income statement. The Group also performs sensitivity analysis by varying key inputs by a reasonable margin. During the first quarter of 2021 the Group did not identify any significant changes in the estimation and assumptions used for the impairment assessment performed at the end of financial year 2020.



## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 11. PAYABLES AND OTHER CREDIT BALANCES

Payables and other credit balances comprise the following:

	<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>
Payable to clients	13,693	11,554
Customer deposits	33,031	37,658
Accruals	66,499	79,203
Lease liabilities	48,225	40,014
Repurchase agreements	57,250	63,825
Payables against acquisition	103,660	122,985
Unclaimed dividends payable	33,470	33,470
Payable against settlement of trades	20,938	-
FVTPL liabilities	12,627	1,859
Realised carried interest payable to employees	10,284	9,415
End of service benefits	20,613	19,147
Provisions	4,061	3,539
Derivative financial liability	6,378	4,519
Deferred revenue	7,066	7,722
Other payables	105,135	76,250
	<u>542,930</u>	<u>511,160</u>

#### 12. OTHER FINANCIAL LIABILITIES

	<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>
Repayable within twelve months	60,904	92,395
Repayable after twelve months	86,742	57,588
	<u>147,646</u>	<u>149,983</u>

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

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 13. BORROWINGS

	<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>
<b>Secured</b>		
Due to banks	1,522,927	1,519,267
Due to other financial institutions (Note 13.1)	62,271	61,572
Others	38,961	77,079
	<u>1,624,159</u>	<u>1,657,918</u>
<b>Unsecured</b>		
Due to banks	86,559	86,559
Due to other financial institutions	-	30,247
Bonds payable (Note 13.1)	527,361	499,317
Others (Note 13.1 and Note 13.2)	85,320	121,660
	<u>699,240</u>	<u>737,783</u>
	<u><u>2,323,399</u></u>	<u><u>2,395,701</u></u>

**13.1** This includes borrowings amounting to 89,552 (31 December 2020: 157,430) due to related parties with an interest rate of 7.5% to 9.5% p.a (31 December 2020: 7.3% to 9.5% p.a).

**13.2** This includes 47,815 (31 December 2020: 57,565) 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.

Maturity profile of borrowings at the end of the reporting period are as follows:

	<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>
<b>Secured</b>		
Repayable within twelve months	872,538	895,471
Repayable after twelve months	751,621	762,447
	<u>1,624,159</u>	<u>1,657,918</u>
<b>Unsecured</b>		
Repayable within twelve months	37,505	98,722
Repayable after twelve months	661,735	639,061
	<u>699,240</u>	<u>737,783</u>
	<u><u>2,323,399</u></u>	<u><u>2,395,701</u></u>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 14. SHARE CAPITAL

	<i>Number of shares</i>	<i>Value</i>
<b>As at 31 March 2021 (Unaudited)</b>	<b>2,535,720</b>	<b>2,535,720</b>
As at 31 December 2020 (Audited)	2,535,720	2,535,720

The merger transaction between SHUAA and ADFG was given effect on 1 August 2019 by the issuance of 1,471 million ordinary shares of AED 1 by SHUAA to the existing shareholders of ADFG. The newly issued shares added to the existing share capital of SHUAA (i.e. 1,065 million shares) constitutes the share capital of the legal entity / acquirer after the merger, i.e. the Combined Entity. The value of the share capital of the combined entity is 2,536 million. The table below represents the effect of the merger transaction on the number of shares of the Group as of the date of the merger:

	<i>Units (in '000)</i>	<i>%</i>
Outstanding shares of ADFG	40	
Exchange ratio	36.768	
Number of shares issued by SHUAA to ADFG	1,470,720	58%
Outstanding shares of SHUAA	1,065,000	42%
Total shares of SHUAA post combination	2,535,720	100%
Effect of business combination on share capital	2,535,680	

Authorised, issued and fully paid share capital comprises 2,535,720,000 shares (31 December 2020: 2,535,720,000 shares) of AED 1 per share (31 December 2020: AED 1 per share). Each share carries one vote and the right to receive dividends.

As at 31 March 2021, the Company had 15,330,061 (31 December 2020: 28,107,748) treasury shares outstanding. During the three month period ended 31 March 2021, the Company sold 12,777,687 treasury shares for total proceeds of 8,829. The average cost of these shares was 14,154.

#### 15. OTHER RESERVES

	<i>Merger reserve (15.1)</i>	<i>Investment revaluation reserve</i>	<i>Cash flow hedge reserve (15.2)</i>	<i>Translation reserve</i>	<i>Total</i>
As at 1 January 2021	(1,410,720)	(20,781)	(50,031)	42,386	(1,439,146)
Remeasurement of equity investments carried at FVTOCI	-	(4,733)	-	-	(4,733)
Cash flow hedge	-	-	(2,742)	-	(2,742)
Translation of operations of foreign subsidiaries	-	-	-	6,224	6,224
NCI share	-	91	-	(2,304)	(2,213)
<b>As at 31 March 2021 (Unaudited)</b>	<b>(1,410,720)</b>	<b>(25,423)</b>	<b>(52,773)</b>	<b>46,306</b>	<b>(1,442,610)</b>
As at 31 December 2020 (Audited)	(1,410,720)	(20,781)	(50,031)	42,386	(1,439,146)

**15.1** 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).

**15.2** This includes share of cash flow hedge reserve of associate.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 16. OTHER OPERATING INCOME

	<i>1 January to 31 March 2021 (3 months) Unaudited</i>	<i>1 January to 31 March 2020 (3 months) Unaudited</i>
Other income	115	2,274
Board representation fees	210	298
	<u>325</u>	<u>2,572</u>

Other income includes income related to operating activities of certain subsidiaries that are other than the primary activities of ADFG and SHUAA.

#### 17. GENERAL AND ADMINISTRATIVE EXPENSES

	<i>1 January to 31 March 2021 (3 months) Unaudited</i>	<i>1 January to 31 March 2020 (3 months) Unaudited</i>
Professional fees	(6,556)	(5,067)
Administration, technology and communication	(6,100)	(5,369)
Office costs	(1,768)	(1,648)
Corporate marketing and branding costs	(1,840)	(1,689)
Business travel expenses	(28)	(340)
Others	(3,039)	(4,101)
	<u>(19,331)</u>	<u>(18,214)</u>

#### 18. REVERSAL OF PROVISION FOR IMPAIRMENT ON FINANCIAL INSTRUMENTS

	<i>1 January to 31 March 2021 (3 months) Unaudited</i>	<i>1 January to 31 March 2020 (3 months) Unaudited</i>
Reversal of provision for impairment for loans, advances and finance leases	5,136	1,665
Reversal of provision for impairment for doubtful receivables and other assets	2,946	7,145
	<u>8,082</u>	<u>8,810</u>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 19. OTHER OPERATING EXPENSES

	<i>1 January to 31 March 2021 (3 months) Unaudited</i>	<i>1 January to 31 March 2020 (3 months) Unaudited</i>
Director fee	(1,344)	(634)
Net foreign exchange (loss)/gain	(853)	3,177
Others	(510)	(672)
	<u>(2,707)</u>	<u>1,871</u>

Others includes expense related to operating activities of certain subsidiaries that are other than the primary activities of ADFG and SHUAA.

#### 20. FINANCE COST

Finance cost includes interest of 10,331 (31 March 2020: 6,902) on the Bonds payable.

#### 21. FINANCE CREDIT RELATING TO UNIT HOLDERS

The 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 amounting to (27,228) (31 March 2020: 355,689). As at 31 March 2021, the payables to unit holders amounted to 605,999 (31 December 2020: 578,757).

#### 22. OTHER INCOME/(EXPENSES)

	<i>1 January to 31 March 2021 (3 months) Unaudited</i>	<i>1 January to 31 March 2020 (3 months) Unaudited</i>
Finance lease modification charge	(1,661)	-
Bargain purchase gain	-	7,100
Others	11,955	9,994
	<u>10,294</u>	<u>17,094</u>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 23. EARNINGS/(LOSS) PER SHARE

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

	<i>1 January to 31 March 2021 (3 months) Unaudited</i>	<i>1 January to 31 March 2020 (3 months) Unaudited</i>
Profit/(loss) attributable to the Owners from continuing operations	<b>30,893</b>	(261,895)
Profit/(loss) attributable to the Owners	<b>24,970</b>	(261,895)
Weighted average number of ordinary shares (units in '000')	<b>2,535,720</b>	2,535,720
Earnings/(loss) per share attributable to Owners from continuing operations	<b>0.01</b>	(0.10)
Earnings/(loss) per share attributable to Owners	<b>0.01</b>	(0.10)

Diluted earnings per share as of 31 March 2021 and 31 March 2020 are equivalent to basic earnings per share.

#### 24. 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.

The nature of significant related party transactions and the amounts due to/from related parties were as follows:

	<i>31 March 2021 Unaudited</i>	<i>31 December 2020 Audited</i>
<b>Receivables and other debit balances</b>		
Associates	<b>15,829</b>	15,860
	<b>15,829</b>	15,860
<b>Loan, advances and finance leases</b>		
Associates	<b>92,611</b>	92,173
Key management personnel	-	879
Shareholders	-	3,712
	<b>92,611</b>	96,764
<b>Borrowings</b>		
Associates	<b>89,552</b>	88,954
Shareholders	-	68,476
	<b>89,552</b>	157,430

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

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

Significant transactions with related parties included in these condensed consolidated interim financial information are as follows:

	<i>1 January to 31 March 2021 (3 months) Unaudited</i>	<i>1 January to 31 March 2020 (3 months) Unaudited</i>
<b>Directors remuneration</b>	<b>1,344</b>	485
<b>Key management compensation:</b>		
Salaries, bonuses and other benefits	3,403	2,688
Post-employment benefits	128	69
	<b>3,531</b>	2,757
<b>Repayment of borrowings</b>		
Shareholders	68,000	-
<b>Revenue earned from related parties</b>		
Other related parties	5,223	4,993
<b>Finance cost on borrowings</b>		
Associates	1,544	597
Shareholders	909	1,344
	<b>2,453</b>	1,941

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2021 to 31 March 2021 (continued)**

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

**25. 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.

**COVID-19 pandemic**

Due to the COVID-19 pandemic, there has been uncertainty and disruption in the global economy and financial markets. While it is not possible to accurately predict the full impact that COVID-19 will have on the results from operations, financial condition, liquidity and cash flows due to numerous uncertainties, including the duration and severity of the pandemic and containment measures, our compliance with these measures has impacted our day-to-day operations and could disrupt our business and operations.

**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.

**COVID-19 impact on measurement of ECL**

IFRS 9 framework requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. Accordingly, the Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in our ECL estimates. Notwithstanding this, recognizing that the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt, the Group has adjusted the macro-economic factors in the ECL model on the basis of available information.

The Group has also reassessed its exposures as at period end and observed no significant deterioration in credit risk due to COVID-19.

***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.



**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2021 to 31 March 2021 (continued)**

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

**25. FINANCIAL RISK MANAGEMENT (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.

**Credit quality analysis and measurement of ECL**

The credit quality of financial assets is managed by the Group using internal credit ratings. The Group'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.

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.

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### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 25. FINANCIAL RISK MANAGEMENT (continued)

31 March 2021 (Unaudited)					
	Stage 1	Stage 2	Stage 3	POCI	Total
<b><u>Loans and advances</u></b>					
Performing	84,634	-	-	-	84,634
Non-performing	-	-	-	5,000	5,000
<b>Gross loans and advances</b>	<b>84,634</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>89,634</b>
Allowance for impairment	-	-	-	-	-
<b>Carrying amount</b>	<b>84,634</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>89,634</b>
31 December 2020 (Audited)					
	Stage 1	Stage 2	Stage 3	POCI	Total
<b><u>Loans and advances</u></b>					
Performing	88,783	-	-	-	88,783
Non-performing	-	-	-	-	-
<b>Gross loans and advances</b>	<b>88,783</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,783</b>
Allowance for impairment	-	-	-	-	-
<b>Carrying amount</b>	<b>88,783</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,783</b>
31 March 2021 (Unaudited)					
	Stage 1	Stage 2	Stage 3	POCI	Total
<b><u>Finance leases</u></b>					
Performing	171,224	6,468	-	-	177,692
Non-performing	-	-	-	18,065	18,065
<b>Finance leases</b>	<b>171,224</b>	<b>6,468</b>	<b>-</b>	<b>18,065</b>	<b>195,757</b>
Allowance for impairment	(1,340)	(595)	-	(9,740)	(11,675)
<b>Carrying amount</b>	<b>169,884</b>	<b>5,873</b>	<b>-</b>	<b>8,325</b>	<b>184,082</b>
31 December 2020 (Audited)					
	Stage 1	Stage 2	Stage 3	POCI	Total
<b><u>Finance leases</u></b>					
Performing	167,738	10,652	-	-	178,390
Non-performing	-	-	-	16,845	16,845
<b>Finance leases</b>	<b>167,738</b>	<b>10,652</b>	<b>-</b>	<b>16,845</b>	<b>195,235</b>
Allowance for impairment	(2,049)	(24)	-	(9,859)	(11,932)
<b>Carrying amount</b>	<b>165,689</b>	<b>10,628</b>	<b>-</b>	<b>6,986</b>	<b>183,303</b>
31 March 2021 (Unaudited)					
	Stage 1	Stage 2	Stage 3	POCI	Total
<b><u>Margin Lending</u></b>					
Performing	61,884	-	-	-	61,884
Non-performing	-	-	-	-	-
<b>Margin Lending</b>	<b>61,884</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,884</b>
Allowance for impairment	-	-	-	(750)	(750)
<b>Carrying amount</b>	<b>61,884</b>	<b>-</b>	<b>-</b>	<b>(750)</b>	<b>61,134</b>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 25. FINANCIAL RISK MANAGEMENT (continued)

<u>Margin Lending</u>	31 December 2020				
	Stage 1	Stage 2	Stage 3	POCI	Total
Performing	74,847	-	-	-	74,847
Non-performing	-	-	-	(73)	(73)
Margin Lending	74,847	-	-	(73)	74,774
Allowance for impairment	-	-	-	(628)	(628)
Carrying amount	74,847	-	-	(701)	74,146

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 March 2021	Total 31 December 2020
<b><u>Trade receivables and managed funds</u></b>					
Gross carrying amount	23,264	38,103	70,008	131,375	127,481
ECL	-	-	(16,843)	(16,843)	(19,925)
	23,264	38,103	53,165	114,532	107,556

#### Loans and advances provision movement

	31 March 2021 (Unaudited)					31 December 2020 (Audited)
	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total	Total
<b><u>Loans and advances</u></b>						
Balance at 1 January	-	-	-	-	-	(4,323)
Allowance for impairment – Charge for the year	-	-	-	-	-	-
Reversal of allowance	-	-	-	-	-	4,323
<i>Changes in allowance for impairment</i>	-	-	-	-	-	-
- Transfer to Stage 1	-	-	-	-	-	-
- Transfer to Stage 2	-	-	-	-	-	-
- Transfer to Stage 3	-	-	-	-	-	-
Closing balance at 31 December	-	-	-	-	-	-

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 25. FINANCIAL RISK MANAGEMENT (continued)

##### Finance leases provision movement

	31 March 2021 (Unaudited)					31 December 2020 (Audited)
	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total	Total
<b>Finance leases</b>						
Balance at 1 January	(2,049)	(24)	-	(9,860)	(11,933)	(765)
Allowance for impairment – Charge for the year	-	(571)	-	-	(571)	(11,168)
Write off	-	-	-	-	-	-
Reversal of allowance	709	-	-	120	829	-
<i>Changes in allowance for impairment</i>	-	-	-	-	-	-
- Transfer to Stage 1	-	-	-	-	-	-
- Transfer to Stage 2	-	-	-	-	-	-
- Transfer to Stage 3	-	-	-	-	-	-
<b>Closing balance at 31 December</b>	<b>(1,340)</b>	<b>(595)</b>	<b>-</b>	<b>(9,740)</b>	<b>(11,675)</b>	<b>(11,933)</b>

##### Margin lending provision movement

	31 March 2021 (Unaudited)					31 December 2020 (Audited)
	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total	Total
<b>Margin lending</b>						
Balance at 1 January	-	-	-	(628)	(628)	(202)
Allowance for impairment – Charge for the year	-	-	-	(122)	(122)	(426)
Write off	-	-	-	-	-	-
Reversal of allowance	-	-	-	-	-	-
<i>Changes in allowance for impairment</i>	-	-	-	-	-	-
- Transfer to Stage 1	-	-	-	-	-	-
- Transfer to Stage 2	-	-	-	-	-	-
- Transfer to Stage 3	-	-	-	-	-	-
<b>Closing balance at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(750)</b>	<b>(750)</b>	<b>(628)</b>

The total amount of undiscounted ECLs at initial recognition for POCI financial assets reversed during Q 1 2021 was nil (31 December 2020: nil).

**Notes to the condensed consolidated interim financial information  
for the period from 1 January 2021 to 31 March 2021 (continued)**

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

**25. FINANCIAL RISK MANAGEMENT (continued)****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.

Global stress in the markets brought on by the COVID-19 crisis has adversely affected the wider economy and resulted in the lack of liquidity in funding markets. 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.

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. As at 31 March 2021, there was a technical breach in the debt covenants relating to a newly consolidated subsidiary which is classified as held for sale. The subsidiary was acquired by the Company in 2020 with the strategic objective of restructuring the underlying business. The principal of the debt affected is AED 19.3 million and the covenants breached are broadly leverage measurement ratios at the subsidiary level. The loan to value ratio continues to be within the covenant requirement with sufficient buffer.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 26. 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:

<i>31 March 2021 (Unaudited)</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Financial Assets</b>				
FVTPL				
Equity investments	1,831,604	154	1,914	1,833,672
Fixed income investments	70,801	21,232	1,133	93,166
Fund investments	-	94,660	417,766	512,426
FVTOCI				
Equity investments	74,346	-	-	74,346
Fund investments	-	-	51,246	51,246
	<u>1,976,751</u>	<u>116,046</u>	<u>472,059</u>	<u>2,564,856</u>
<b>Financial Liabilities</b>				
FVTPL	12,627	6,378	-	19,005
Payable to unit holders	-	605,999	-	605,999
	<u>12,627</u>	<u>612,377</u>	<u>-</u>	<u>625,004</u>
<i>31 December 2020 (Audited)</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>Financial Assets</b>				
FVTPL				
-Equity investments	1,722,623	154	2,299	1,725,076
-Fixed income investments	53,093	8,627	1,133	62,853
-Fund investments	-	97,079	414,919	511,998
FVTOCI				
-Equity investments	78,365	-	-	78,365
-Fund investments	-	-	50,707	50,707
	<u>1,854,081</u>	<u>105,860</u>	<u>469,058</u>	<u>2,428,999</u>
<b>Financial Liabilities</b>				
FVTPL	1,859	4,519	-	6,378
Payable to unit holders	-	578,757	-	578,757
	<u>1,859</u>	<u>583,276</u>	<u>-</u>	<u>585,135</u>

#### 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 carried at fair value through profit or loss 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.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 26. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

Investments carried at FVTOCI 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		Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Effect of changes in underlying assumptions	Effect of changes in underlying assumptions	Sensitivity analysis	Relationship of unobservable inputs to fair value
	31/3/21	31/12/20				2021	2020		
<b><u>FVTPL</u></b>									
Equity investments	1,914	2,299	3	NAV <sup>2</sup>	Net asset value	+/- 96	+/- 115	± 5% change in NAV, impacts fair value	The higher the discount rate, the lower the fair value
Fixed Income	1,133	1,133	3	Discounted cash flow <sup>1</sup>	Discount rate	+/- 11	+/- 11	± 1% change in discount rate, impacts fair value	The higher the discount rate, the lower the fair value
Fund investments	417,766	414,919	3	Discounted cash flow <sup>1</sup> and NAV <sup>2</sup>	Net asset value adjusted with market risk	+/- 20,888	+/- 20,836	± 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
<b><u>FVTOCI</u></b>									
Fund investments	51,246	50,707	3	NAV <sup>2</sup>	Net asset value	+/- 2,562	+/- 2,535	± 5% change in NAV, impacts fair value	The higher the market risk, the lower the fair value

##### Significant unobservable inputs in Level 3 instruments valuations

<sup>1</sup>Discounted cash flow models are used to fair value our 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.

<sup>2</sup>Net asset value represents the estimated value of a security based on valuations received from the investment or fund manager. The valuation of certain private equity securities is based on the economic benefit we derive from our investment.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 26. FINANCIAL INSTRUMENTS (continued)

##### 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:

<i>31 March 2021 (Unaudited)</i>								
<i>Balance at 1 January 2021</i>	<i>Acquired on business combination</i>	<i>Acquired on loss of investment entity status</i>	<i>Additions</i>	<i>Disposal</i>	<i>Gain/(loss) through P&amp;L</i>	<i>Gain/(loss) through OCI</i>	<i>Transfers from/(to) levels 1 &amp; 2</i>	<i>Balance at 31 March 2020</i>
<b><u>FVTPL</u></b>								
Equity Investments	2,299	-	-	-	(385)	-	-	1,914
Fixed Income	1,133	-	-	-	-	-	-	1,133
Fund Investment	414,919	-	-	-	2,847	-	-	417,766
<b><u>FVTOCI</u></b>								
Fund Investment	50,707	-	-	-	-	539	-	51,246
	<u>469,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,462</u>	<u>539</u>	<u>-</u>	<u>472,059</u>
<i>31 December 2020 (Audited)</i>								
<i>Balance at 1 January 2020</i>	<i>Acquired on business combination</i>	<i>Acquired on loss of investment entity status</i>	<i>Additions</i>	<i>Disposal</i>	<i>Gain/(loss) through P&amp;L</i>	<i>Gain/(loss) through OCI</i>	<i>Transfers from/(to) levels 1 &amp; 2</i>	<i>Balance at 31 December 2020</i>
<b><u>FVTPL</u></b>								
Equity Investment	20,969	-	-	-	(18,670)	-	-	2,299
Fixed Income	1,129	-	-	-	4	-	-	1,133
Fund Investment	314,157	-	-	185,104	(84,342)	-	-	414,919
<b><u>FVTOCI</u></b>								
Fund Investment	51,656	-	-	-	-	(949)	-	50,707
	<u>387,911</u>	<u>-</u>	<u>-</u>	<u>185,104</u>	<u>(103,008)</u>	<u>(949)</u>	<u>-</u>	<u>469,058</u>

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

	<i>31 March 2021 (Unaudited)</i>	<i>31 December 2020 (Audited)</i>
Realised and unrealised gains /(losses)	<u>2,462</u>	<u>(103,008)</u>



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### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 27. SEGMENTAL INFORMATION

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

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

	<i>1 January to 31 March 2021 (Unaudited)</i>			
	<i>Asset Management</i>	<i>Investment Banking</i>	<i>Corporate</i>	<i>Total</i>
Net fee and commission income	74,277	527	22,080	96,884
Advisory income	-	1,053	-	1,053
Net interest income	-	-	2,643	2,643
Trading income	-	1,320	-	1,320
Other operating income	46	-	279	325
<b>Total revenues</b>	<b>74,323</b>	<b>2,900</b>	<b>25,002</b>	<b>102,225</b>
Staff costs	(16,483)	(2,074)	(12,315)	(30,872)
Employee carried interest	(1,387)	-	-	(1,387)
General and administrative expenses	(8,206)	(881)	(10,244)	(19,331)
Depreciation and amortization	(8,075)	(1,530)	(1,856)	(11,461)
Reversal of provision for impairment losses on financial instruments	-	-	8,082	8,082
Other operating expenses	(1,797)	(32)	(878)	(2,707)
<b>Total expenses</b>	<b>(35,948)</b>	<b>(4,517)</b>	<b>(17,211)</b>	<b>(57,676)</b>
<b>Profit/(loss) before other income and finance cost</b>	<b>38,375</b>	<b>(1,617)</b>	<b>7,791</b>	<b>44,549</b>
Fair value (losses)/gains from investments	(200)	(422)	62,446	61,824
Gain from derivative financial liability	-	-	621	621
Share of losses from investment in associates	-	-	(13,096)	(13,096)
Finance cost	(1,838)	(868)	(35,664)	(38,370)
Finance (cost)/credit relating to unit holders	-	-	(27,228)	(27,228)
Other income	1	166	10,127	10,294
<b>Profit/(loss) for the period from continuing operations</b>	<b>36,338</b>	<b>(2,741)</b>	<b>4,997</b>	<b>38,594</b>
<b>Loss for the period from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(9,794)</b>	<b>(9,794)</b>
Loss for the period attributable to NCI	(1,489)	-	(2,341)	(3,830)
<b>Profit/(loss) for the period attributable to Owners</b>	<b>34,849</b>	<b>(2,741)</b>	<b>(7,138)</b>	<b>24,970</b>
Revenue generated from external customers (fee & Revenue generated from within the group (fee &	72,162	527	22,080	94,769
	2,115	-	-	2,115
	<b>74,277</b>	<b>527</b>	<b>22,080</b>	<b>96,884</b>

	<i>As at 31 March 2021 (Unaudited)</i>			
	<i>Asset Management</i>	<i>Investment Banking</i>	<i>Corporate</i>	<i>Total</i>
<b>Assets</b>	<b>1,221,398</b>	<b>399,920</b>	<b>4,552,305</b>	<b>6,173,623</b>
<b>Liabilities</b>	<b>258,560</b>	<b>141,732</b>	<b>3,766,183</b>	<b>4,166,475</b>

Notes to the condensed consolidated interim financial information  
for the period from 1 January 2021 to 31 March 2021 (continued)

## 27. SEGMENTAL INFORMATION (continued)

The results of the discontinued operations and assets/liabilities pertaining to the disposal group classified as held for sale are included in the 'Corporate' operating segment (Note 31).

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

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 28. MATURITY PROFILE

The maturity profile of assets and 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.

<b>31 March 2021 (Unaudited)</b>	<i>Less than 3 Months</i>	<i>3-12 Months</i>	<i>1-5 years</i>	<i>More than 5 years</i>	<i>Grand total</i>
Cash and deposits with banks	284,787	61,137	7,642	-	353,566
Receivables and other debit balances	40,989	184,685	19,159	-	244,833
Loans, advances and finance leases	103,668	136,493	94,689	-	334,850
Financial assets at fair value through profit or loss (FVTPL)*	1,301,496	724,334	413,434	-	2,439,264
Financial assets at fair value through other comprehensive income (FVTOCI)*	-	74,346	51,246	-	125,592
Investments in associates*	-	35,960	366,682	-	402,642
Assets of disposal groups classified as held for sale*	-	982,124	-	-	982,124
<b>Total assets</b>	<b>1,730,940</b>	<b>2,199,079</b>	<b>952,852</b>	<b>-</b>	<b>4,882,871</b>
Payables and other credit balances	212,671	217,811	112,448	-	542,930
Other financial liabilities	60,904	-	86,742	-	147,646
Borrowings	329,862	580,181	1,208,326	205,030	2,323,399
Payables to unit holders*	-	-	-	605,999	605,999
Liabilities included in disposal groups classified as held for sale*	19,300	527,201	-	-	546,501
<b>Total liabilities</b>	<b>622,737</b>	<b>1,325,193</b>	<b>1,407,516</b>	<b>811,029</b>	<b>4,166,475</b>
<b>Net liquidity gap</b>	<b>1,108,203</b>	<b>873,886</b>	<b>(454,664)</b>	<b>(811,029)</b>	<b>-</b>
<b>Cumulative liquidity gap – 31 March 2021</b>	<b>1,108,203</b>	<b>1,982,089</b>	<b>1,527,425</b>	<b>716,396</b>	<b>-</b>
<b>31 December 2020 (Audited)</b>	<i>Less than 3 Months</i>	<i>3-12 Months</i>	<i>1-5 years</i>	<i>More than 5 years</i>	<i>Grand total</i>
Cash and deposits with banks	408,456	1,267	7,252	-	416,975
Receivables and other debit balances	36,147	173,493	4,652	-	214,292
Loans, advances and finance leases	147,357	42,973	155,902	-	346,232
Financial assets at fair value through profit or loss (FVTPL)*	1,198,760	685,189	415,978	-	2,299,927
Financial assets at fair value through other comprehensive income (FVTOCI)*	-	128,515	557	-	129,072
Investments in associates*	-	54,533	379,779	-	434,312
Assets of disposal groups classified as held for sale*	-	922,943	-	-	922,943
<b>Total assets</b>	<b>1,790,720</b>	<b>2,008,913</b>	<b>964,120</b>	<b>-</b>	<b>4,763,753</b>
Payables and other credit balances	212,401	169,924	126,080	2,755	511,160
Other financial liabilities	92,438	-	-	57,545	149,983
Borrowings	428,532	565,662	1,156,415	245,092	2,395,701
Payables to unit holders*	-	-	-	578,757	578,757
Liabilities included in disposal groups classified as held for sale*	-	386,534	-	-	386,534
<b>Total liabilities</b>	<b>733,371</b>	<b>1,122,120</b>	<b>1,282,495</b>	<b>884,149</b>	<b>4,022,135</b>
<b>Net liquidity gap</b>	<b>1,057,349</b>	<b>886,793</b>	<b>(318,375)</b>	<b>(884,149)</b>	<b>-</b>
<b>Cumulative liquidity gap – 31 December 2020</b>	<b>1,057,349</b>	<b>1,944,142</b>	<b>1,625,767</b>	<b>741,618</b>	<b>-</b>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the period from 1 January 2021 to 31 March 2021 (continued)

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

#### 29. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2021</i> <i>Unaudited</i>	<i>31 December 2020</i> <i>Audited</i>
Contingent liabilities	<b>14,007</b>	44,967

As at 31 March 2021, the Group has capital commitments of 139,348 (31 December 2020: 137,883) with respect to the project development.

#### 30. 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 March 2021, clients' assets amounting to 7.3 billion (31 December 2020: 7.3 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.

#### 31. DISCONTINUED OPERATIONS

	<i>31 March</i> <i>2021</i> <i>Unaudited</i>	<i>31 December</i> <i>2020</i> <i>Audited</i>
<b>31.1 Assets of a disposal group classified as held for sale</b>		
Assets held for sale (Note 31.1)	<b>211,918</b>	214,911
Assets of a disposal group classified as held for sale	<b>770,206</b>	708,032
	<b>982,124</b>	922,943
<b>31.2 Liabilities of a disposal group classified as held for sale</b>	<b>546,501</b>	386,534

As at 31 December 2020, the Group exited 42.6% of its stake in Thalassa Investment LP without loss of control and resulting impact was recognized in equity.

Furthermore, the Group also decided to exit certain subsidiaries during 2020. As a result, the financial results and cash flows of such subsidiaries have been disclosed as discontinued operations in the statement of profit or loss and statement of cash flows respectively.

31.1 Includes value of a plot of land received as distribution in kind from an associate amounting to 2,229 (31 December 2020: 2,229), investment in associates of 203,983 (31 December 2020: 208,594) and land amounting to 5,706 (31 December 2020: 4,088). The Group intends to sell the assets in the near term.

#### 32. SUBSEQUENT EVENTS

On 22 April 2021, distribution of a cash dividend for the year ended 31 December 2020 was approved by General Assembly of the Company at the rate of AED 0.03 per share.

In May 2021, the Group successfully exited its investment in Mirfa Power Holding Company PJSC, an associate which was classified as held for sale as at 31 March 2021. This transaction will result in a gain of 41 million in Q2 2021 and a reclassification of the negative cash flow hedge reserve of AED 53 million to the condensed consolidated statement of profit or loss.

There have been no other events subsequent to the statement of financial position date that would significantly affect the amounts reported in the condensed consolidated interim financial information.