

# **SHUAA CAPITAL PSC**

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD FROM 1 JANUARY 2022 TO 30 JUNE 2022

**Condensed consolidated interim financial information  
for the six months ended 30 June 2022**

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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 interim statement of financial position of SHUAA Capital PSC (the "Company") and its subsidiaries (the "Group") as at 30 June 2022 and the related condensed consolidated interim statements of profit or loss and comprehensive income for the three and six-month periods then ended, and condensed consolidated interim statements of changes in equity and cash flows for the six-month period then ended and other 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.

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### Scope of review

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.

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### Conclusion

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

PricewaterhouseCoopers  
10 August 2022

A handwritten signature in blue ink, appearing to read 'Rami Sarhan'.

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Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

## SHUAA CAPITAL PSC

### Condensed consolidated interim statement of profit or loss for the three and six month periods ended 30 June 2022 (unaudited)

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

		<b>3 months to 30 June 2022 Unaudited</b>	<b>3 months to 30 June 2021 Unaudited</b>	<b>6 months to 30 June 2022 Unaudited</b>	<b>6 months to 30 June 2021 Unaudited</b>
<b>Operating income</b>	Notes 6	<b>61,621</b>	71,599	<b>147,693</b>	171,112
Interest income		<b>4,225</b>	4,199	<b>9,716</b>	7,954
Interest expense		<b>(2,338)</b>	(1,656)	<b>(4,453)</b>	(2,768)
<b>Net operating revenue</b>		<b>63,508</b>	74,142	<b>152,956</b>	176,298
Staff costs		<b>(38,557)</b>	(31,755)	<b>(78,375)</b>	(62,627)
Employee carried interest		<b>(5,126)</b>	(1,146)	<b>(5,351)</b>	(2,533)
General and administrative expenses		<b>(18,386)</b>	(23,167)	<b>(38,381)</b>	(42,300)
Depreciation and amortisation		<b>(9,980)</b>	(11,369)	<b>(20,003)</b>	(22,830)
Provision for impairment losses on financial assets		<b>(12,274)</b>	(10,189)	<b>(11,387)</b>	(2,107)
Other operating expenses		<b>(11,736)</b>	(2,957)	<b>(60,783)</b>	(5,380)
<b>Total operating expenses</b>		<b>(96,059)</b>	(80,583)	<b>(214,280)</b>	(137,777)
<b>Net operating (loss) / income</b>		<b>(32,551)</b>	(6,441)	<b>(61,324)</b>	38,521
Change in fair value gains/(losses) from financial assets at fair value through profit or loss (FVTPL)		<b>(38,122)</b>	1,991	<b>(123,003)</b>	2,172
Net changes in fair value from financial liabilities through profit or loss (FVTPL)		<b>509</b>	622	<b>1,437</b>	1,243
Share of gain of investments in associates accounted for using equity method	13	<b>1,702</b>	13,096	<b>3,813</b>	-
Finance cost	7	<b>(24,792)</b>	(22,596)	<b>(51,864)</b>	(47,260)
Finance credit relating to unit holders		<b>(1,120)</b>	(1,191)	<b>17,269</b>	624
Other income/(expense)	8	<b>36,505</b>	13,008	<b>107,231</b>	23,192
<b>(Loss) / Profit from continuing operations</b>		<b>(57,869)</b>	(1,511)	<b>(106,441)</b>	18,492
<b>(Loss) / Profit from discontinued operations</b>		<b>(86,043)</b>	40,910	<b>(86,117)</b>	49,707
<b>(Loss) / Profit for the period</b>		<b>(143,912)</b>	39,399	<b>(192,558)</b>	68,199
<b>Attributable to:</b>					
Owners of the Parent		<b>(169,926)</b>	29,093	<b>(164,309)</b>	54,063
Non-controlling interests		<b>26,014</b>	10,306	<b>(28,249)</b>	14,136
		<b>(143,912)</b>	39,399	<b>(192,558)</b>	68,199
<b>(Losses) / Earnings per share attributable to Owners from continuing operations (in AED)</b>	9	<b>(0.03)</b>	0.01	<b>(0.03)</b>	0.001
<b>(Losses) / Earnings per share attributable to Owners (AED)</b>	9	<b>(0.07)</b>	0.02	<b>(0.06)</b>	0.03

The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.

## SHUAA CAPITAL PSC

### Condensed consolidated interim statement of comprehensive income for the three and six months period ended 30 June 2022 (unaudited)

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

		<b>3 months to 30 June 2022 Unaudited</b>	3 months to 30 June 2021 Unaudited	<b>6 months to 30 June 2022 Unaudited</b>	6 months to 30 June 2021 Unaudited
	Notes				
<b>(Loss) / profit for the period</b>		<b>(143,912)</b>	39,399	<b>(192,558)</b>	68,199
<b>Other comprehensive (Loss) / income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	19	<b>(33,299)</b>	(255)	<b>(57,354)</b>	5,969
Net (loss) / gain on cash flow hedges					
- Share of other comprehensive income from investment in associates		-	53,367	-	53,367
- Others		<b>2,050</b>	(1,113)	<b>9,273</b>	(3,855)
<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)	19	-	2,576	-	(2,157)
<b>Other comprehensive (Loss) / income for the period</b>		<b>(31,249)</b>	54,575	<b>(48,081)</b>	53,324
<b>Total comprehensive (Loss) / income for the period</b>		<b>(175,161)</b>	93,974	<b>(240,639)</b>	121,523
<b>Attributable to:</b>					
Owners of the Parent		<b>(190,308)</b>	84,324	<b>(191,080)</b>	105,831
Non-controlling interests		<b>15,147</b>	9,650	<b>(49,559)</b>	15,692
		<b>(175,161)</b>	93,974	<b>(240,639)</b>	121,523

The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.

**SHUAA CAPITAL PSC****Condensed consolidated interim statement of financial position at 30 June 2022  
(unaudited)***(Currency - Thousands of U.A.E. Dirhams)*

	Notes	30 June 2022 Unaudited	31 December 2021 Audited
<b>Assets</b>			
Cash and deposits with banks	10	252,983	460,648
Receivables and other debit balances	11	201,808	351,040
Loans, advances and finance leases	12	373,053	236,266
Financial assets at fair value	22	724,940	3,113,590
Investments in associates	13	26,087	354,036
Investment Property	14	236,660	-
Property and equipment		20,604	34,362
Goodwill and other intangible assets	15	1,022,124	1,212,014
Assets held for sale	24	2,098,555	5,930
<b>Total assets</b>		<b>4,956,814</b>	<b>5,767,886</b>
<b>Liabilities</b>			
Payables and other credit balances	16	555,894	802,092
Other financial liabilities		141,809	148,267
Borrowings	17	1,490,763	1,985,419
Payables to unit holders		28,430	986,046
Liabilities of disposal groups classified as held for sale	24	1,178,190	-
<b>Total liabilities</b>		<b>3,395,086</b>	<b>3,921,824</b>
<b>Equity</b>			
Share capital	18	2,535,720	2,535,720
Share premium		52,579	52,579
Statutory reserve		49,631	49,631
Other reserves	19	(1,451,223)	(1,424,452)
Retained earnings		60,899	240,479
<b>Equity attributable to Owners of the Parent</b>		<b>1,247,606</b>	<b>1,453,957</b>
Non-controlling interests (NCI)		314,122	392,105
<b>Net equity</b>		<b>1,561,728</b>	<b>1,846,062</b>
<b>Total equity and liabilities</b>		<b>4,956,814</b>	<b>5,767,886</b>

This condensed consolidated interim financial information was approved by the Board of Directors on 10 August 2022 and signed on their behalf by:

  
Fadhet Alali  
Chairman

  
Fawad Tariq Khan  
Group Chief Executive Officer

The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.

## SHUAA CAPITAL PSC

### Condensed consolidated interim statement of changes in equity for the six months ended 30 June 2022 (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
<b>Balance at 1 January 2021 (Audited)</b>	2,535,720	52,579	47,207	(1,439,146)	293,727	1,490,087	536,090	2,026,177
Profit for the period	-	-	-	-	54,063	54,063	14,136	68,199
Other comprehensive income for the period	-	-	-	51,768	-	51,768	1,556	53,324
<b>Total comprehensive income for the period</b>	-	-	-	51,768	54,063	105,831	15,692	121,523
Transactions with the owners in their capacity as owners:								
Disposal of treasury shares (Note 18)	-	-	-	-	8,829	8,829	-	8,829
Payment of dividend	-	-	-	-	(76,071)	(76,071)	(55,405)	(131,476)
<b>Balance at 30 June 2021 (Unaudited)</b>	2,535,720	52,579	47,207	(1,387,378)	280,548	1,528,676	496,377	2,025,053
<b>Balance at 1 January 2022 (Audited)</b>	2,535,720	52,579	49,631	(1,424,452)	240,479	1,453,957	392,105	1,846,062
Loss for the period	-	-	-	-	(164,309)	(164,309)	(28,249)	(192,558)
Other comprehensive loss for the period	-	-	-	(26,771)	-	(26,771)	(21,310)	(48,081)
<b>Total comprehensive (loss) / income for the period</b>	-	-	-	(26,771)	(164,309)	(191,080)	(49,559)	(240,639)
Impact of first time application of IAS 29	-	-	-	-	(4,696)	(4,696)	(6,077)	(10,773)
Share of equity issuance expenses of associate	-	-	-	-	(10,575)	(10,575)	-	(10,575)
Acquisition of subsidiary	-	-	-	-	-	-	118,153	118,153
Transactions with unit holders	-	-	-	-	-	-	(174,451)	(174,451)
Capital contribution (Note 14)	-	-	-	-	-	-	50,000	50,000
Dividend paid to NCI	-	-	-	-	-	-	(16,049)	(16,049)
<b>Balance at 30 June 2022 (Unaudited)</b>	2,535,720	52,579	49,631	(1,451,223)	60,899	1,247,606	314,122	1,561,728

\* On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015. The Group has 12 months from 2 January 2022 to comply with the provisions of the UAE Federal Decree Law No 32 of 2021. The Group 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.

The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.

# SHUAA CAPITAL PSC

## Condensed consolidated interim statement of cash flows

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

		6 months to 30 June 2022 Unaudited	6 months to 30 June 2021 Unaudited
	Notes		
<b>Cash flows from operating activities</b>			
(Loss) / profit for the period		(192,558)	68,199
Adjustments:			
Finance (credit) / cost relating to unit holders		(17,269)	140,354
Income from deemed disposal of associate		(68,989)	-
Fair value gain on land		(39,540)	-
Foreign exchange (gain) / loss		(22,964)	(6,635)
Carried interest recognised – net		5,351	2,533
Finance cost		51,864	76,498
Net interest income		(5,263)	(5,185)
Fair value loss / (gain) on investments at FVTPL		123,003	(183,473)
Share of profit from investments in associates		(5,192)	-
Non-cash distribution from associate		19,379	3,764
Gain on revaluation of derivative financial liabilities		(1,437)	(1,243)
Employees' end of service benefit charge		2,796	3,448
Provisions for impairment losses – net		11,387	2,107
Impairment of intangibles		119,615	-
Depreciation and amortization		20,003	22,830
<b>Operating cash flows before movements in working capital</b>		<b>186</b>	<b>123,197</b>
Decrease / (increase) in receivables and other debit balances		282,260	(33,589)
Decrease in loans and advances		29,967	56,771
Decrease in payables and other credit balances		(199,965)	(69,692)
(Increase) / decrease in other financial liabilities		(6,458)	1,370
Cash flows used in operating activities of discontinued operations		(114,696)	(35,406)
<b>Net cash (used in) / generated from operations</b>		<b>(8,706)</b>	<b>42,651</b>
Employees' end of service benefit paid		(1,775)	(2,317)
Dividend received		-	1,818
<b>Net cash (used in) / generated from operating activities</b>		<b>(10,481)</b>	<b>42,152</b>
<b>Cash flows from investing activities</b>			
Payments for the purchase of investments		-	(12,264)
Proceeds from disposal of investments		58,706	-
Net interest received		5,263	5,185
Acquisition of property and equipment		-	(5,605)
Cash flow generated from investing activities of disposal group classified as held for sale		92,762	229,837
<b>Net cash generated from in investing activities</b>		<b>156,731</b>	<b>217,153</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	113,961
Repayment of borrowings		(188,974)	(403,889)
Proceeds from sale of treasury shares		-	8,829
Dividend paid		(16,049)	(131,476)
Lease rentals paid		(1,916)	-
Finance cost paid		(53,595)	(82,559)
Cash flow (used in) / generated from financing activities of Discontinued operations		(91,411)	140,050
<b>Net cash used in financing activities</b>		<b>(351,945)</b>	<b>(355,084)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(205,695)</b>	<b>(95,779)</b>
Cash and cash equivalents at beginning of the period	10	453,520	377,266
Cash and cash equivalents acquired in business combinations		14,332	-
Restricted cash		2	13,814
<b>Cash and cash equivalents at end of the period</b>	10	<b>262,159</b>	<b>295,301</b>
<b>Cash and cash equivalents from discontinued operations</b>		<b>(16,302)</b>	<b>-</b>
<b>Cash and cash equivalents from continuing operations</b>		<b>245,857</b>	<b>295,301</b>

The accompanying notes on pages 7 to 24 form an integral part of this condensed consolidated interim financial information.



# SHUAA CAPITAL PSC

## Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022

(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.

### 2. BASIS OF PREPARATION

This condensed consolidated interim financial information and accompanying notes for the period ended 30 June 2022 have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" and comply with the applicable requirements of the laws in the U.A.E. As per the requirements of IAS 34, 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 2021. In addition, results for the six months ended 30 June 2022 are neither audited nor are they necessarily indicative of the results that may be expected for the full financial year ending 31 December 2022.

### Business combination in 2022

As at 17 January 2022, the Group had entered into an asset swap transaction involving the exit of a historic portfolio of illiquid investments. As a result of the transaction, the Group increased its ownership and acquired control of the existing associate, Qannas Investments Limited ("QIL"). The effective consideration in the acquisition was the fair value of the existing investment in the associate. The carrying amount of the identifiable net assets of the associate were deemed equal to their fair values.

Details of the consideration and fair value of net identifiable assets acquired are as follows:

Effective date of consolidation - 17 January 2022	QIL
Effective ownership interest (%)	80.81%
Purchase consideration	320,013
Fair value of net assets acquired	
Cash and deposits with banks	14,332
Receivables and other debit balances	9,282
Loans, advances and finance leases	170,268
Financial assets at fair value through profit or loss (FVTPL)	623,827
Borrowings	(292,131)
Payables and other credit balances	(87,412)
Net identifiable assets acquired	438,166
Non-controlling interest	(118,153)
Net Assets acquired	320,013

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 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 2021 except for the following accounting policies which were applicable from 1 January 2022:

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

New and revised IFRS	Key requirements	Effective Date
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 <i>Property, Plant and Equipment</i> (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. Minor amendments were made to IFRS 3 <i>Business Combinations</i> to update the references to the <i>Conceptual Framework for Financial Reporting</i> and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> and Interpretation 21 <i>Leases</i> . The amendments also confirm that contingent assets should not be recognised at the acquisition date.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	The following improvements were finalised in May 2020: <ul style="list-style-type: none"> <li>IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.</li> <li>IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.</li> <li>IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.</li> <li>IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.</li> </ul>	1 January 2022

The Group has assessed the impact of these amendments and no material impact is expected as at the period ended 30 June 2022.

##### 3.2 New and revised IFRS in issue but not yet effective and not early adopted

New and revised IFRS	Key requirements	Effective Date
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	The narrow-scope amendments to IAS 1 <i>Presentation of Financial Statements</i> 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 (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.	Deferred to 1 January 2023

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 3. CHANGES IN ACCOUNTING POLICIES (continued)

##### 3.2 New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRS	Key requirements	Effective Date
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: <ul style="list-style-type: none"> <li>• right-of-use assets and lease liabilities, and</li> <li>• decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.</li> </ul> The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.	1 January 2023
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.  The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).  Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.  ** In December 2015 the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	n/a **

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. There are no other relevant applicable new standards and amendments to published standards of IFRS IC interpretations that

**Notes to the condensed consolidated interim financial information  
for the six months ended 30 June 2022 (continued)**

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

**3. CHANGES IN ACCOUNTING POLICIES (continued)**

have been issued but are not effective for the first time for the Group's financial year beginning on 1 January 2023 that would be expected to have a material impact on the consolidated financial statements of the Group.

**4. NEW ACCOUNTING POLICY, CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY****4.1 New accounting policy**

During the six months ended 30 June 2022, the Group has acquired investment property and has determined the accounting policy for the respective group of assets.

Investment properties comprise completed properties and properties under development. Completed properties are held to earn rentals and/or for capital appreciation and property under being constructed is for future use as investment property.

Investment properties are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the consolidated profit or loss in the period in which they arise.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use. If a property and equipment becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale/use for earn income (for a transfer from investment property to property under development).

Upon completion of construction or development, a property is transferred from properties under development to completed properties. Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

**4.2 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 2021.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 5. SEGMENTAL INFORMATION

For internal management purposes the Group is organised 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.

	<b>1 January to 30 June 2022 (Unaudited)</b>			
	<b>Asset Management</b>	<b>Investment Banking</b>	<b>Corporate</b>	<b>Total</b>
Net fee and commission income	70,390	901	66,272	137,563
Advisory income	-	3,930	-	3,930
Net interest income	-	-	5,263	5,263
Trading income	-	3,319	-	3,319
Other operating income	-	-	2,881	2,881
<b>Total revenues</b>	<b>70,390</b>	<b>8,150</b>	<b>74,416</b>	<b>152,956</b>
Staff costs	(36,578)	(6,554)	(35,243)	(78,375)
Employee carried interest	(5,351)	-	-	(5,351)
General and administrative expenses	(13,622)	(2,955)	(21,804)	(38,381)
Other operating expenses	(122,573)	(169)	61,959	(60,783)
Depreciation and amortization	(13,526)	(3,388)	(3,089)	(20,003)
Provision for impairment losses on financial instruments	(8,000)	-	(3,387)	(11,387)
<b>Total operating expenses</b>	<b>(199,650)</b>	<b>(13,066)</b>	<b>(1,564)</b>	<b>(214,280)</b>
<b>Net operating (loss) / income</b>	<b>(129,260)</b>	<b>(4,916)</b>	<b>72,852</b>	<b>(61,324)</b>
Fair value losses from investments	-	(260)	(122,743)	(123,003)
Gain from derivative financial liability	-	-	1,437	1,437
Share of gain of investments in associates accounted for using equity method	-	-	3,813	3,813
Finance cost	(3,104)	(1,002)	(47,758)	(51,864)
Finance credit relating to unit holders	-	-	17,269	17,269
Other income	39,984	654	66,593	107,231
<b>(Loss) / profit for the period from continuing operations</b>	<b>(92,380)</b>	<b>(5,524)</b>	<b>(8,537)</b>	<b>(106,441)</b>
<b>Loss for the period from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(86,117)</b>	<b>(86,117)</b>
Profit / (loss) for the period attributable to NCI	34,007	-	(5,758)	28,249
<b>(Loss) / profit for the period attributable to Owners</b>	<b>(58,373)</b>	<b>(5,524)</b>	<b>(100,412)</b>	<b>(164,309)</b>
Revenue from external customers (fee & commission)	59,027	901	66,272	126,200
Revenue from within the group (fee & commission)	11,363	-	-	11,363
	<b>70,390</b>	<b>901</b>	<b>66,272</b>	<b>137,563</b>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 5. SEGMENTAL INFORMATION (continued)

	1 January to 30 June 2021 (Unaudited)			
	Asset Management	Investment Banking	Corporate	Total
Net fee and commission income	109,363	2,347	52,857	164,567
Advisory income	-	5,687	(3,300)	2,387
Net interest income	-	-	5,186	5,186
Trading income	-	3,856	(1,239)	2,617
Other operating income	77	-	1,464	1,541
<b>Total revenues</b>	<b>109,440</b>	<b>11,890</b>	<b>54,968</b>	<b>176,298</b>
Staff costs	(29,916)	(4,555)	(28,156)	(62,627)
Employee carried interest	(2,533)	-	-	(2,533)
General and administrative expenses	(12,286)	(2,261)	(27,753)	(42,300)
Other operating expenses	(3,347)	(152)	(1,881)	(5,380)
Depreciation and amortization	(15,763)	(3,468)	(3,599)	(22,830)
Provision for impairment losses on financial instruments	-	-	(2,107)	(2,107)
<b>Total expenses</b>	<b>(63,845)</b>	<b>(10,436)</b>	<b>(63,496)</b>	<b>(137,777)</b>
<b>Profit before other income and finance cost</b>	<b>45,595</b>	<b>1,454</b>	<b>(8,528)</b>	<b>38,521</b>
Fair value (losses)/gains from investments	-	(458)	2,630	2,172
Gain from derivative financial liability	-	-	1,243	1,243
Finance cost	(3,475)	(1,595)	(42,190)	(47,260)
Finance credit relating to unit holders	-	-	624	624
Other income	5,223	373	17,596	23,192
<b>Profit/(loss) for the period from continuing operations</b>	<b>47,343</b>	<b>(226)</b>	<b>(28,625)</b>	<b>18,492</b>
<b>Gain for the period from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>49,707</b>	<b>49,707</b>
Less: Profit for the period attributable to NCI	(4,046)	-	(10,090)	(14,136)
<b>Profit/(loss) for the period attributable to Owners</b>	<b>43,297</b>	<b>(226)</b>	<b>10,992</b>	<b>54,063</b>
Revenue from external customers (fees & commission)	104,971	2,347	52,857	160,175
Revenue from within the group (fee & commission)	4,392	-	-	4,392
	<b>109,363</b>	<b>2,347</b>	<b>52,857</b>	<b>164,567</b>

	At 30 June 2022 (Unaudited)			
	Asset Management	Investment Banking	Corporate	Total
<b>Assets</b>	<b>1,016,496</b>	<b>414,456</b>	<b>3,525,862</b>	<b>4,956,814</b>
<b>Liabilities</b>	<b>301,753</b>	<b>76,026</b>	<b>3,017,307</b>	<b>3,395,086</b>

	At 31 December 2021 (Audited)			
	Asset Management	Investment Banking	Corporate	Total
<b>Assets</b>	<b>1,096,045</b>	<b>356,152</b>	<b>4,315,689</b>	<b>5,767,886</b>
<b>Liabilities</b>	<b>208,715</b>	<b>100,227</b>	<b>3,612,882</b>	<b>3,921,824</b>

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.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 6. OPERATING INCOME

	<i>3 months to 30 June 2022 Unaudited</i>	<i>3 months to 30 June 2021 Unaudited</i>	<i>6 months to 30 June 2022 Unaudited</i>	<i>6 months to 30 June 2021 Unaudited</i>
Fees and commission income	60,996	68,425	147,788	169,410
Advisory income	773	1,334	3,930	2,387
Trading income	1,531	1,297	3,319	2,617
Other operating income	3,255	1,285	2,881	1,541
<b>Revenue</b>	<b>66,555</b>	<b>72,341</b>	<b>157,918</b>	<b>175,955</b>
Fee and commission expense	(4,934)	(742)	(10,225)	(4,843)
<b>Operating income</b>	<b>61,621</b>	<b>71,599</b>	<b>147,693</b>	<b>171,112</b>

#### 7. FINANCE COST

Finance cost includes interest of 20,775 (30 June 2021: 20,775) on the Bonds payable.

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

	<i>3 months to 30 June 2022 Unaudited</i>	<i>3 months to 30 June 2021 Unaudited</i>	<i>6 months to 30 June 2022 Unaudited</i>	<i>6 months to 30 June 2021 Unaudited</i>
Government grant income	-	-	298	-
Finance lease modification charge	-	5,067	(300)	3,406
Income from deemed disposal of associate	-	-	68,989	-
Fair value gain on land	39,540	-	39,540	-
Others	(3,035)	7,941	(1,296)	19,786
	<b>36,505</b>	<b>13,008</b>	<b>107,231</b>	<b>23,192</b>

#### 9. (LOSSES) / EARNINGS PER SHARE

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

	<i>3 months to 30 June 2022 Unaudited</i>	<i>3 months to 30 June 2021 Unaudited</i>	<i>6 months to 30 June 2022 Unaudited</i>	<i>6 months to 30 June 2021 Unaudited</i>
(Loss)/profit attributable to the Owners from continuing operations	(83,883)	35,621	(78,193)	1,196
Loss)/profit attributable to the Owners	<b>(169,926)</b>	<b>29,093</b>	<b>(164,309)</b>	<b>54,063</b>
Weighted average number of ordinary shares (thousands)	<b>2,535,720</b>	<b>2,535,720</b>	<b>2,535,720</b>	<b>2,535,720</b>
Earnings per share attributable to the Owners from continuing operations (in AED)	<b>(0.03)</b>	<b>0.01</b>	<b>(0.03)</b>	<b>0.001</b>
Earnings per share attributable to the Owners (in AED)	<b>(0.07)</b>	<b>0.01</b>	<b>(0.06)</b>	<b>0.03</b>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 10. CASH AND DEPOSITS WITH BANKS

	30 June 2022 Unaudited	31 December 2021 Audited
Cash in hand	238	106
Balances held with banks	252,745	460,542
Cash and deposits with banks	252,983	460,648
Less: Restricted deposits	(7,126)	(7,128)
Cash and cash equivalents	245,857	453,520

#### 11. RECEIVABLES AND OTHER DEBIT BALANCES

	30 June 2022 Unaudited	31 December 2021 Audited
Trade receivables – net of loss allowance	61,967	66,310
Receivables from managed funds	40,478	24,131
Advances and deposits	5,100	5,155
Prepayments	10,829	9,850
Accrued income	22,433	64,737
Others	61,001	180,857
	201,808	351,040
<b>Trade receivables and managed funds – net of loss allowance</b>		
Trade receivables and managed funds	110,152	98,148
Loss allowance	(7,707)	(7,707)
	102,445	90,441

Included in trade receivables is an amount of 11,404 (31 December 2021: 14,363) due from related parties.

The maturity profile of receivables and other debit balances at the end of the reporting period is as follows:

	30 June 2022 Unaudited	31 December 2021 Audited
Repayable within twelve months	191,095	289,131
Repayable after twelve months	10,713	61,909
	201,808	351,040

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

During the six month period ended 30 June 2022 a charge of 11,387 (for the six month period ended 30 June 2021: 9,400) was made against expected credit losses on loans given by the group.

As at 30 June 2022, the underlying collateral for loans, advances and finance leases were valued at 506,546 (31 December 2021: 304,286). 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 six months ended 30 June 2022 (continued)

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

#### 13. INVESTMENTS IN ASSOCIATES

	30 June 2022 Unaudited	31 December 2021 Audited
Opening balance	354,036	434,312
Additions	12,019	17,857
Associate arising from loss of control	-	50,275
Share of profit of associates	5,192	252,380
Share of equity issuance cost of associate	(10,575)	-
Impairment	-	(409,442)
Classified as FVTPL	-	(12,991)
Dividends and other distributions	(19,379)	(28,559)
Disposal	(54,326)	-
Transfer to subsidiary	(210,392)	-
Reclassified to Held for sale	(50,488)	50,204
<b>Closing balance</b>	<b>26,087</b>	<b>354,036</b>

The below table highlights the geographical allocation of associates:

	30 June 2022 Unaudited	31 December 2021 Audited
UAE	22,677	252,726
GCC	-	50,211
Others	3,410	51,099
	<b>26,087</b>	<b>354,036</b>

#### 14. INVESTMENT PROPERTY

During the period, the Group purchased a plot of land at a value of 197,120. Non-controlling interests contributed 50,000. The fair value uplift recognised in the period is 39,540. The share of the uplift for non-controlling interests was 25,952.

#### 15. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Trademark	Customer Relationships	Trade Licenses	Total
<b>Cost</b>					
Balance at beginning of the period	1,024,676	15,573	215,249	18,807	1,274,305
Impairment	-	(4,980)	(155,000)	(2,000)	(161,980)
Impact of foreign currency translation	(60,456)	-	-	-	(60,456)
Balance at end of the period	964,220	10,593	60,249	16,807	1,051,869
<b>Accumulated amortisation</b>					
Balance at beginning of the period	-	2,064	60,220	7	62,291
Charge for the period	-	452	9,367	-	9,819
Impairment	-	(726)	(41,639)	-	(42,365)
Balance at end of the period	-	1,790	27,948	7	29,745
<b>Net book value at 30 June 2022 (Unaudited)</b>	<b>964,220</b>	<b>8,803</b>	<b>32,301</b>	<b>16,800</b>	<b>1,022,124</b>
Net book value at 31 December 2021 (Audited)	1,024,676	13,509	155,029	18,800	1,212,014

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

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

During the period, one of the Group's subsidiaries received notice of a significant contract termination notice. As a result, the Group recognised an impairment charge on the contract of AED 93,777 which is disclosed in other operating expense. The major impact of the impairment is on the non-controlling interests. In addition to this, the Group recognised impairment of AED 25,837 on trademarks, license and customer contracts pertaining to the Real estate CGU based on the expected recoverability of these intangibles. Consequently, as a result of these impairments, the Group carried out impairment testing on the Asset Management- Astrea CGU and the Real estate CGU using updated cash flows projections and sensitivities. The recoverable amount was higher than the Goodwill value and hence no further impairment was recognised.

Except for the above, during the six months period to 30 June 2022 the Group did not identify any significant changes in the estimation, assumptions (excluding cashflows of cash generating units) or the sensitivities used for the impairment assessment performed at 31 December 2021 and which were disclosed in the financial statements for the year ended 31 December.

#### 16. PAYABLES AND OTHER CREDIT BALANCES

	30 June 2022 Unaudited	31 December 2021 Audited
Payable to clients	9,479	9,701
Customer deposits	20,557	20,501
Accruals	68,405	84,096
Lease liabilities	36,471	40,399
Repurchase agreements	36,018	41,562
Payables against acquisition	173,636	226,893
Unclaimed dividends payable	33,457	33,457
FVTPL liabilities	10,099	1,610
Realised carried interest payable to employees	5,513	1,340
End of service benefits	19,513	18,493
Provisions	9,507	9,844
Derivative financial liability	240	2,117
Deferred revenue	11,767	7,053
Other payables	121,232	305,026
	<u>555,894</u>	<u>802,092</u>

The maturity profile of payables and other credit balances at the end of the reporting period is as follows:

Repayable within twelve months	519,423	738,406
Repayable after twelve months	36,471	63,686
	<u>555,894</u>	<u>802,092</u>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 17. BORROWINGS

	30 June 2022 Unaudited	31 December 2021 Audited
<b>Secured</b>		
Due to banks	532,757	1,122,623
Due to other financial institutions (A)	30,503	45,579
Others	263,474	33,007
	<u>826,734</u>	<u>1,201,209</u>
<b>Unsecured</b>		
Due to banks	54,232	75,226
Due to other financial institutions	-	15,062
Bonds payable	549,212	543,944
Others (B)	60,585	149,978
	<u>664,029</u>	<u>784,210</u>
	<u><u>1,490,763</u></u>	<u><u>1,985,419</u></u>

**A** – includes borrowings amounting to 30,503 (31 December 2021: 45,540) due to related parties with an interest rate of 8% p.a (31 December 2021: 7.3% to 9.5% p.a).

**B** – This includes 60,585 (31 December 2021: 112,401) related to funding received by a subsidiary from its regulator to finance and support Small and Medium-Sized Entities lending activity of the subsidiary.

The maturity profile of borrowings at the end of the reporting period is as follows:

	30 June 2022 Unaudited	31 December 2021 Audited
<b>Secured</b>		
Repayable within twelve months	441,229	803,754
Repayable after twelve months	385,505	397,455
	<u>826,734</u>	<u>1,201,209</u>
<b>Unsecured</b>		
Repayable within twelve months	62,089	82,011
Repayable after twelve months	601,940	702,199
	<u>664,029</u>	<u>784,210</u>
	<u><u>1,490,763</u></u>	<u><u>1,985,419</u></u>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 18. SHARE CAPITAL

	<i>Number of shares</i>	<i>Value</i>
<b>30 June 2022 (Unaudited)</b>	<b>2,535,720</b>	<b>2,535,720</b>
31 December 2021 (Audited)	2,535,720	2,535,720

Authorised, issued and fully paid share capital comprises 2,535,720,000 shares (31 December 2021: 2,535,720,000 shares) of AED 1 per share (31 December 2021: AED 1 per share). Each share carries one vote and the right to receive dividends.

At 30 June 2022, the Company had Nil (30 June 2021: 15,330,061) treasury shares outstanding. During the six months ended 30 June 2022, the Company sold Nil treasury shares for total proceeds of Nil (2021: 8,829). The average cost of these shares was Nil (2021: 14,154).

#### 19. OTHER RESERVES

	<i>Merger reserve (A)</i>	<i>Investment revaluation reserve</i>	<i>Cash flow hedge reserve (B)</i>	<i>Translation reserve</i>	<i>Total</i>
At 1 January 2022	(1,410,720)	(49,628)	3,316	32,580	(1,424,452)
Cash flow hedge	-	-	9,273	-	9,273
Translation of operations of foreign subsidiaries	-	-	-	(57,354)	(57,354)
NCI share	-	-	-	21,310	21,310
<b>At 30 June 2022 (Unaudited)</b>	<b>(1,410,720)</b>	<b>(49,628)</b>	<b>12,589</b>	<b>(3,464)</b>	<b>(1,451,223)</b>
At 31 December 2021 (Audited)	(1,410,720)	(49,628)	3,316	32,580	(1,424,452)

**A** 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 (ADFC).

**B** This includes a share of the cash flow hedge reserve arising from a hedging instrument from a bank.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 20. 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.

All related party transactions during the period are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2021 and continue to be conducted on an arm's length terms, with any exceptions specifically approved by the Board.

During the period, the Group saw a material reduction in its borrowings from related parties, as shown below:

<b>Borrowings</b>	<b>30 June 2022</b> <b>Unaudited</b>	<b>31 December 2021</b> <b>Audited</b>
Associates	<b>30,503</b>	45,540
	<b>30,503</b>	45,540

During the year, the Group sold significant ownership in its associate to one of its subsidiaries amounting to 49,329.

Other than the above, no new related parties or related party transactions that materially affect the financial position or performance of the Group existed or occurred during the period.

#### 21. FINANCIAL RISK MANAGEMENT

##### Introduction

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements for the year ended 31 December 2021.

The inherent risk relating to the Group's activities continues to be 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.

##### Liquidity risk & risk management

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

In addition, the Group has strengthened 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 always aims to 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.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

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

As at 30 June 2022, there was a technical breach in the debt covenant relating to a newly consolidated subsidiary arising from gain of control. The principal of the debt affected is AED 77 million and the breach is expected to be remediated by September 2022 when the restructuring is expected to be completed. The loan continues to be adequately secured by the underlying collateral with sufficient buffer.

#### 22. FAIR VALUE OF FINANCIAL INSTRUMENTS

##### 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 six months ended 30 June 2022, the development of market unobservable inputs included added estimation uncertainty due to the global economic and social disruption caused by the ongoing COVID-19 pandemic and the conflict in Ukraine, there remains significant uncertainty and disruption in the global economy and financial markets. 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 ongoing macroeconomic situation.

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. 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.

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;
- 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 and liabilities recorded at fair value by level of the fair value hierarchy:

	<b>30 June 2022 (Unaudited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
FVTPL				
Equity investments	<b>9,850</b>	<b>104,382</b>	<b>15,127</b>	<b>129,359</b>
Fixed income investments	<b>11,228</b>	<b>9,898</b>	-	<b>21,126</b>
Fund investments	-	<b>24,608</b>	<b>530,899</b>	<b>555,507</b>
Derivative financial asset				
<b>FVTOCI</b>				
Equity investments	-	-	-	-
Fund investments	-	-	<b>18,948</b>	<b>18,948</b>
	<b>21,078</b>	<b>138,888</b>	<b>564,974</b>	<b>724,940</b>
<b>Financial Liabilities</b>				
FVTPL	<b>10,099</b>	<b>240</b>	-	<b>10,339</b>
Lease liability	-	-	<b>36,471</b>	<b>36,471</b>
Payable to unit holders	-	<b>28,430</b>	-	<b>28,430</b>
	<b>10,099</b>	<b>28,670</b>	<b>36,471</b>	<b>75,240</b>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

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

	31 December 2021 (Audited)			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
FVTPL				
-Equity investments	2,335,017	-	2,236	2,337,253
-Fixed income investments	90,842	6,296	-	97,138
-Fund investments	-	84,352	571,481	655,833
FVTOCI				
-Equity investments	-	-	-	-
-Fund investments	-	-	23,366	23,366
	<u>2,425,859</u>	<u>90,648</u>	<u>597,083</u>	<u>3,113,590</u>
<b>Financial Liabilities</b>				
FVTPL	1,610	2,117	-	3,727
Lease liability	-	-	40,399	40,399
Payable to unit holders	-	986,046	-	986,046
	<u>1,610</u>	<u>988,163</u>	<u>40,399</u>	<u>1,030,172</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 FVTPL are valued using market prices in active markets or valuation techniques which incorporate data which is both observable and non-observable. This category includes quoted and unquoted securities and funds which invest in underlying assets which are in turn valued based on both observable and non-observable data. Observable inputs include market prices (from active markets), foreign exchange rates and movements in stock market indices. Unobservable inputs include assumptions regarding expected future financial performance, discount rates, net asset values and market liquidity discounts. Investments classified as FVTPL falling under level 2 category have been valued using Net Asset Value and adjusted quoted prices in respect of investments under inactive markets.

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

Financial assets carried at FVTOCI 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.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

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

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 2022	Effect of changes in underlying assumptions 2021	Sensitivity analysis	Relationship of unobservable inputs to fair value
	30/6/22	31/12/21							
<b><i>FVTPL</i></b>									
Equity investments	15,127	2,236	3	NAV <sup>2</sup>	Net asset value	+/- 756	+/- 112	± 5% change in NAV, impacts fair value	The higher the discount rate, the lower the fair value
Fixed Income		-	3	Discounted cash flow <sup>1</sup>	Discount rate	-	-	± 1% change in discount rate, impacts fair value	The higher the discount rate, the lower the fair value
Fund investments	530,899	571,481	3	Discounted cash flow <sup>1</sup> and NAV <sup>2</sup>	Net asset value adjusted with market risk	+/- 26,545	+/- 28,574	± 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><i>FVTOCI</i></b>									
Fund investments	18,948	23,366	3	NAV <sup>2</sup>	Net asset value	+/- 947	+/- 1,168	± 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 the Group's 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 the Group derives from investment.

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

During the period, there were no transfers between levels.

Fair values of other financial instruments are not materially different from their carrying values at the reporting date.



## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial information for the six months ended 30 June 2022 (continued)

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

#### 22. FAIR VALUE OF 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:

30 June 2022 (Unaudited)								
	Balance at 1 January 2022	Acquired on business combination	Additions	Disposal	Gain/(loss) through P&L	Gain/(loss) through OCI	Transfers from/(to) levels 1 & 2	Balance at 30 June 2022
<b>FVTPL</b>								
Equity Investments	2,236	-	12,891	-	-	-	-	15,127
Fixed Income	-	-	-	-	-	-	-	-
Fund Investment	571,481	-	3,746	-	(44,328)	-	-	530,899
<b>FVOCI</b>								
Fund Investment	23,366	-	-	-	-	(4,418)	-	18,948
	<u>597,083</u>	<u>-</u>	<u>16,637</u>	<u>-</u>	<u>(44,328)</u>	<u>(4,418)</u>	<u>-</u>	<u>564,974</u>
31 December 2021 (Audited)								
	Balance at 1 January 2021	Acquired on business combination	Additions	Disposal	Gain/(loss) through P&L	Gain/(loss) through OCI	Transfers from/(to) levels 1 & 2	Balance at 31 December 2021
<b>FVTPL</b>								
Equity Investment	2,299	-	-	-	(63)	-	-	2,236
Fixed Income	1,133	-	-	-	(1,133)	-	-	-
Fund Investment	414,919	-	137,992	-	18,570	-	-	571,481
<b>FVOCI</b>								
Fund Investment	50,707	-	-	-	-	(27,341)	-	23,366
	<u>469,058</u>	<u>-</u>	<u>137,992</u>	<u>-</u>	<u>17,374</u>	<u>(27,341)</u>	<u>-</u>	<u>597,083</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:

	30 June 2022	31 December 2021
Realised and unrealised (losses)/gains	<u>(44,328)</u>	<u>17,374</u>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2022 (continued)

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

#### 23. COMMITMENTS AND CONTINGENT LIABILITIES

	30 June 2022 Unaudited	31 December 2021 Audited
Contingent liabilities	10,343	10,375

At 30 June 2022, the Group had capital commitments of 127,767 (31 December 2021: 141,201) with respect to project development and 78,422 in respect of guarantee for the payment obligations in respect of a sale and purchase agreement.

#### 24. DISCONTINUED OPERATIONS

##### 24.1 Assets of a disposal group classified as held for sale

	30 June 2022 Unaudited	31 December 2021 Audited
Assets held for sale	50,488	5,930
Assets of a disposal group classified as held for sale (A)	2,048,067	-
	2,098,555	5,930

##### 24.2 Liabilities of a disposal group classified as held for sale (A)

1,178,190	-
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**A** – During the period, the Group has decided to sell one of its subsidiaries. The sale is expected to be completed during the period ending 30 September 2022.

Comparative numbers in the profit or loss statement have been restated to reflect the impact of discontinued operations.

#### 25. SUBSEQUENT EVENTS

Subsequent to the period end, the Group has completed the sale of its subsidiary classified as held for sale. The sale has been completed via a share swap transaction whereby the Group will receive listed shares of the buyer against its stake in the subsidiary at an agreed share swap ratio. The new shares in issue by the buyer are currently in the process of being approved by the regulator. The valuation of the consideration for the sale is also under process and it is expected that the transaction will not create any significant gain or loss for the Group.

Subsequent to the period end, the Group has approved the sale of a subsidiary for 200,000. The sale is expected to be completed during the period ending 30 September 2022 and it is expected that the transaction will not create any significant gain or loss for the Group.