

## SHUAA Capital results for first nine months of 2023 outline balance sheet consolidation

United Arab Emirates, 6 December 2023: SHUAA Capital p.s.c (DFM: SHUAA) today announces its unaudited financial results for the first nine months of 2023, outlining clear plans to consolidate its balance sheet amid a one-time non-cash impairment charge.

SHUAA's primary focus in the third quarter of 2023 has been addressing legacy issues and completing its previously announced capital optimisation process to strengthen the balance sheet through a capital reduction and subsequent capital increase via a rights issuance. The objective is to reposition SHUAA activities on core businesses and deliver a spectrum of diversified products and outstanding service to a selective clientele. In line with this objective, SHUAA booked an impairment on its legacy goodwill and provisions against legacy assets, resulting in a net loss of AED 570 million YTD.

SHUAA reported operating revenues reaching AED 128 million in YTD 2023, a 52% increase compared to the same period last year (for adjusted reported revenues on a like-for-a-like basis). Net Operating Income for YTD 2023 was AED 33 million, up from AED 4 million in the same period last year. These figures reflect the impact of both revenue growth and cost-saving measures implemented in recent months.

SHUAA recently completed a key step in its capital optimisation plan with noteholders approving extending the maturity of a USD 150 million group-owned special purpose vehicle bond. Subject to regulatory approvals, SHUAA intends to convene a shareholders' General Assembly to initiate a capital reduction and a capital increase. These strategic steps are designed to forge a significantly improved and sustainable capital structure. The repayment and conversion of outstanding bonds through rights issuance proceeds will result in a perpetual reduction in finance costs of over AED 40 million annually, enabling the Company's operating performance to translate to future shareholder value.

As part of the capital optimisation process, SHUAA is currently engaged in discussions with its creditors and the regulator to secure the necessary approvals to proceed to the next stage. The delay in releasing SHUAA's financial results is due to a pending temporary covenant waiver, and negotiations are ongoing with the senior creditor. SHUAA's board and management have consulted the regulator and opted to release the financial statements to progress towards the capital optimisation plan, which will improve the Company's financial position significantly. The company aims to reduce leverage on the balance sheet, thereby establishing a solid foundation for future value creation, benefiting all stakeholders.

"The Board of Directors and leadership team under Wafik Ben Mansour are focused on delivering the next chapter of SHUAA's journey in its fifth decade of operations, with the completion of the capital optimisation process creating a sustainable capital structure that will benefit from our strong operational platform and deliver long-term value for all our stakeholders," said Fadel Al Ali, Chairman of SHUAA Capital.

### Group financial highlights (unaudited)

Key Metrics	YTD 2023	YTD 2022	% YoY
Revenues*	AED 128m	AED 84m	52% ▲
Net Operating Income**	AED 33m	AED 4m	725% ▲
Net Profit (Loss)	(AED 570m)	(AED 144m)	-
Cost-Income Ratio**	74%	98%	24% ▲

\* excluding discontinued operations in 2022 \*\* excluding one-off items and carry expense

## Key financial review

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- **Total operating revenues** reached AED 128 million in YTD 2023, driven by growth within core business areas, particularly in Asset Management, which continues to grow its fee-earning AuM.
- **Cost to income ratio** improved to 74% in YTD 2023, reflecting an improvement from the 98% recorded in YTD 2022, showing progress towards its previously communicated mid-term target of achieving 65%.
- **A net loss** of AED 570 million was reported in YTD 2023, primarily due to one-off, non-cash impairments related to legacy assets and goodwill and taken as the next step of a balance sheet optimisation plan to position the company for future growth and profitability.
- **Net Operating income of AED 33 million in YTD 2023**, driven by revenue growth and cost-saving measures implemented over the last few months.

## Segmental review

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- **Asset Management**, reported YTD 2023 revenues of AED 115 million, reflecting strong performance in fund management and the realisation of performance-based fees, particularly in real estate and continued growth in fee-earning AuM, which rose by c. 17% across the Public and Private markets platform.
- **Investment Banking**, navigated market fluctuations to report a modest YTD decline in advisory revenue of AED 2 million. The advisory and capital markets business secured new client mandates, providing a stronger deal pipeline and additional revenue generation in the short term. The sales and trading business posted robust trading volumes, ensuring consistent revenue streams.
- **Corporate segment**, streamlined its operations, with YTD Q3 2023 revenues forming a smaller yet more focused part of the overall revenue mix. This shift is largely due to the company's intentional move to divest from non-core assets, a decision that aligns with SHUAA's long-term strategy to solidify its financial standing. Despite the one-off, non-cash charge resulting in a net loss for the segment, these actions are critical and part of the multi-step capital optimisation process to strengthen the balance sheet.

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## Press Contacts

SHUAA Capital psc  
Hani El Abid  
Head of Marketing and Communications  
Tel: +971 4 3199 723  
Email: [helabid@shuaa.com](mailto:helabid@shuaa.com)  
[www.shuaa.com](http://www.shuaa.com)

Weber Shandwick  
Khaled Osman  
Director, Influencer & Media Relations  
Email: [kosman@webershandwick.com](mailto:kosman@webershandwick.com)  
[www.webershandwick.com](http://www.webershandwick.com)

## About SHUAA Capital psc

SHUAA Capital psc (DFM: SHUAA), established in 1979, is a leading asset management and investment banking platform. SHUAA Capital psc is recognized for its strong track record and pioneering approach to investing through a differentiated, innovative, and global product offering focused on public and private markets, debt, and real estate.

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

To learn more about SHUAA Capital, please visit:

- Website: [www.shuaa.com](http://www.shuaa.com)
- Twitter: [https://twitter.com/SHUAA\\_Capital](https://twitter.com/SHUAA_Capital)
- LinkedIn: <https://www.linkedin.com/company/shuaa-capital>

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*This document contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements can be identified by words such as: "anticipate," "aspire," "intend," "plan," "goal," "objective," "seek," "believe," "project," "estimate," "expect," "forecast," "strategy," "target," "trend," "future," "likely," "may," "should," "will" and similar references to future periods.*

*Examples of forward-looking statements include, among others, statements we make regarding:*

- *Expected operating results, such as revenue growth and earnings.*
- *Anticipated levels of expenditures and uses of capital.*
- *Ability to identify and merge with a target and access to capital markets.*
- *Current or future volatility in the capital and credit markets and future market conditions.*

*Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: Our ability to maintain adequate revenue levels and cost control; economic and financial conditions in the global markets and regional markets in which we operate, including volatility in interest rates, commodity and equity prices and the value of assets; the implementation of our strategic initiatives, including our ability to effectively manage the redeployment of our balance sheet and the expansion of our strategic businesses; the reliability of our risk management policies, procedures and methods; continued volatility in the capital or credit markets; geopolitical events; developments and changes in laws and regulations, including increased regulation of the financial services industry through legislative action and revised rules and standards applied by our regulators.*

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