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Corporate Governance Report

1. CORPORATE GOVERNANCE PRACTICES

Introduction

Good corporate governance is a value that SHUAA Capital psc (“SHUAA” or the “Company”) strongly believes in and has embraced over the past years to provide a solid foundation for achieving SHUAA’s vision and raising corporate performance.

Good governance is important to promote and strengthen the trust of the Company’s shareholders, stakeholders and the public. In that respect, the Company’s Board of Directors (the “Board”) is committed to implement the best corporate governance practices within SHUAA and its subsidiaries (the “Group”) in order to enhance shareholder value and instill trust for its activities as a financial investment company, contributing in this way to the successful development of the financial system of the United Arab Emirates.

SHUAA operates across a multitude of jurisdictions and is regulated by several different regulators. The Board is committed to complying with the corporate governance guidelines and requirements issued by the regulators that govern the Company’s activities as a publicly listed investment company, and to implement a higher standard as appropriate while conducting its business.

Corporate Governance Framework

SHUAA’s Corporate Governance Framework (the “Framework”) plays an important role in helping the Board gain a better understanding of function oversight and management roles. The Framework sets out, in the Board’s terms of reference, the detailed duties of the Board as well as the requirements in relation to Board appointments, composition, meetings, voting procedures and internal control systems. SHUAA’s Framework is designed to ensure that the following standards are met:

- **Accountability:** SHUAA’s executive management sets strategic targets and is accountable to the Board. In return, the Board is accountable to shareholders and other stakeholders. SHUAA has established a set of internal policies and procedures which form the basis of a holistic accountability framework. In addition to the Framework, these include, but are not limited to compliance, risk, human resources and finance policies and procedures. Both the Board and all employees are required to comply with such policies and procedures as applicable to their specific roles and functions. The Corporate Secretary periodically undertakes a review of the Framework and amends it as required to meet the changing regulatory needs and expectations of the Group and its stakeholders. Such policies and procedures are shared within the Group as a guidance and best practice in order to be adapted to each of the subsidiaries’ requirements.
- **Responsibility:** This encompasses a clear segregation and delegation of authority.
- **Transparency and Disclosure:** Shareholders and other stakeholders can have access to financial records and other relevant information to assess the Company’s financial performance and position.
- **Fair Treatment:** All shareholders and other stakeholders are treated in an independent, objective, equal and unbiased manner while applying the highest standards in the industry.

2. TRADING IN SECURITIES BY THE BOARD MEMBERS AND THEIR FIRST-DEGREE RELATIVES

Members of the Board of Directors comply with the provisions of Article 17 of the Cabinet Resolution No. 12 of 2000 concerning Capital Market' listing regulations. Additionally, article 36 of the Capital Market Authority ("CMA") Board of Directors Resolution No. 3 of 2000 is being followed, concerning the regulations of disclosure and transparency. Article 14 of CMA's Board of Directors Resolution No. 2 of 2001, concerning the regulation of trading, clearing, settlement, transfer of ownership and custody of securities, as well as trading surveillance procedures issued by the Dubai Financial Market ("DFM"), is also being respected, with the Company obtaining the required approvals from relevant regulatory authorities and abiding by the dealings guidance and close-out periods as stipulated in such article. Furthermore, all the members of the Board commit to the annual disclosure of the trading of any SHUAA shares for themselves, their spouses and their children.

The table below shows the shares owned by current members of the Board of Directors, their spouses and children, and any trading on SHUAA shares during 2025:

Name	Position/Kinship	Shares Held as of 31/12/2025	Total Selling	Total Buying
Badr Al-Olama	Chairman	nil	-	-
Hamda AlMheiri	Vice Chair	nil	-	-
Darwish Alketbi	Board Member	nil	-	-
Asad Hussaini	Board Member	nil	-	-
Issa Khoory	Board Member	nil	-	-

Code of Conduct and Personal Account Dealing Policy

SHUAA has developed a code of conduct and a personal account dealing policy, the terms of which are applicable to all employees, officers and directors of the Company. The policy considers the relevant United Arab Emirates laws and regulations governing insider trading, clients' interest and other potential conflicts. The policy is enforced by the Company's compliance department, and all relevant records are maintained for a minimum period of ten years.

3. BOARD OF DIRECTORS

The Role and Purpose of the Board

The Board is responsible for ensuring leadership through effective oversight and monitoring while setting strategic directions to deliver sustainable stakeholder value over the longer term. The Board also oversees the implementation of appropriate risk assessment systems and processes to identify, manage and mitigate the Company's principal risks. These are designed to facilitate effective and efficient operations in order to ensure the quality of internal and external reporting, while complying with applicable laws and regulations. The Board and management committees are also responsible for monitoring relevant Company functions and risks such as

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finance, internal and external audit, internal control, listed company management, corporate governance and effective succession planning.

The Company's executive management team and other management committees are responsible for implementing strategic objectives while realizing competitive business performance in line with established risk management frameworks, compliance policies, internal control systems and reporting requirements. The directors and senior management are also committed to maintaining a robust control framework being the foundation to deliver effective risk management. The Board is supported by Board committees that make recommendations on matters delegated to them, particularly in relation to appointments, internal control, financial reporting, governance and remuneration. Each of the Board committees' structures facilitates open discussion and debate, with steps taken to ensure adequate time for committee members to consider proposals put forward.

The Board also recognizes the importance of its role in setting the tone of the Company's culture while embedding it throughout the Group. The Board is committed to instill and uphold the culture, values and norms that are expected to be respected and implemented by all internal stakeholders. The Board is proud to conduct the Company's business in an open and transparent manner. The Company's well-established culture ensures that its Framework remains flexible and adaptable while allowing for an agile process under effective oversight.

The Company has a comprehensive and continuous agenda-setting and escalation process in place in order to ensure that the Board has the right information at the right time and in the right format so that when prompted, it can make the right decisions. The Chairman of the Board leads the process, assisted by the Chief Executive Officer and Board Secretary. Such a process ensures that enough time is being set aside for strategic decisions to be made, and business-critical items discussed.

Board of Director Composition

The tables below lay out the Board members, nature of membership, Board committee membership and attendance record during the year:

Name of Director	Position	Nature of Membership	Period for occupying a seat on the board
Badr Al-Olama	Chairman	Non-Executive, Independent	Elected on 22.04.2021 as Director Appointed on 15.06.2022 as Vice Chairman Re-elected on 24.04.2024 as Director Elected as Chairman on 26.04.2024
Hamda AlMheiri	Vice Chair	Non-Executive, Independent	Appointed on 13.12.2023 as Director Re-elected on 24.04.2024 as Director Elected as Vice Chair on 09.06.2025
Darwish Alketbi	Director	Non-Executive, Independent	Elected on 24.04.2024
Asad Hussaini	Director	Non-Executive, Independent	Appointed on 30.01.2025
Issa Khoory	Director	Non-Executive, Independent	Appointed on 26.05.2025

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RESIGNED DIRECTORS

Nabil Ramadhan	Vice Chair	Non-Executive, Independent	24.04.2024 to 16.05.2025
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The Board of Directors' experience, qualifications and membership in other shareholding companies is highlighted in the below sections.

Membership of Board Directors in other shareholding companies and supervisory, governmental or significant commercial positions

#	Name of Director	Company name	Position
1	Badr Al-Olama	Emirates Post Group Company PJSC (7X)	Chairman
		Abu Dhabi Investment Office	Director General
		Institute of Applied Technology (IAT)	Board Member
		YAS Holding LLC	Board Member
		Emirates Drug Establishment	Board Member
		Abu Dhabi Chamber of Commerce and Industry	Board Member
		GEMS Education	Board Member
		Abu Dhabi Projects and Infrastructure Centre	Board Member
2	Hamda AlMheiri	Presight	Board Member
		Etihad Airways	Board Member
		ADQ	Executive Director of Sovereign and Institutional Partnerships
3	Darwish Alketbi	GFH Financial Group BSC	Board Member
		Waha Capital	Board Member
		Global Fertility IVF	Board Member
		Saif Bin Darwish Co. LLC	Chief Investment Officer
4	Asad Hussaini	Keyper	Board Member
		Peninsula Real Estate	Vice Chairman
		Scimitar	Chairman
		ZFM Global LLC-FZ	Director/shareholder
		Five02 Capital Limited	Director/shareholder
		Fortinbras Middle East Holdings Limited	Director
5	Issa Khoory	Fortinbras ME Midco SPV Limited	Director/shareholder
		Ghitha Holding PJSC	Deputy CEO
		INK Investments	Managing Director
		Al Sultana Investments	Managing Director
		Mirak Group	Managing Director
		Al Ain Farms	Board Member
Dubai Fruits & Vegetables Trader Group	Board Member		

Female representation in the Board of Directors for the year 2025

The female representation at the Board was 20% as of 31 December 2025.

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Ms. Hamda AlMheiri was appointed on 13 December 2023 as a Non-Executive Board Member and re-elected for the period ending 23 April 2027.

Profiles of current Board Directors

Badr Al-Olama Chairman

Badr Al-Olama was elected as Director on the Board of SHUAA in 2021 and has served as Vice Chairman since June 2022, and Chairman since April 2024.

Badr Al-Olama is the Director General at Abu Dhabi Investment Office — the Abu Dhabi Department of Economic Development arm responsible for driving economic diversification and sustainable growth.

As a former Mubadala executive, Badr managed a diverse portfolio of investments ranging from aerospace and defense, to healthcare services and satellite technologies. During his tenure at Mubadala, Badr held chief executive roles at Strata — the Arab world's first aerospace manufacturing facility, and at Hub71 — Abu Dhabi's tech startup incubator and accelerator.

Over the past two decades, Badr has served extensively on a number of company boards in different parts of the world. More notable is his current chairmanship of both 7X (formerly known as Emirates Post Group) and the publicly listed asset management and investment bank SHUAA Capital, as well as his board membership with the Emirates Drug Establishment, the Abu Dhabi Chamber of Commerce & Industry, Yas Holding, and GEMS Education.

In terms of his public engagements, Badr was the former President of the Harvard Club of the UAE and was also a member of the UAE Ministerial Council on the Fourth Industrial Revolution. This led him to establish the Global Manufacturing and Industrialization Summit alongside the United Nations Industrial Development Organization (UNIDO) to promote disruptive technologies that are shaping the global manufacturing sector.

Nominated as a 'Young Global Leader for the Middle East and North Africa Region' in 2016 by the World Economic Forum, Badr began his career as a lawyer after graduating from both the UAE University and Harvard Law School.

Hamda AlMheiri Vice Chair

Hamda AlMheiri was appointed to the Board of SHUAA in December 2023 and re-elected in April 2024 and has served as Vice Chair since June 2025.

Hamda Eid AlMheiri is the Executive Director of Sovereign and Institutional Partnerships at ADQ, an active sovereign investor focused on critical infrastructure and global supply chains. In this role, she leads ADQ's engagement with senior government, sovereign, and institutional stakeholders across local, federal, and international jurisdictions. Her mandate includes designing and overseeing a comprehensive strategic framework governing the Group's sovereign partnerships, institutional engagements, and cross-border initiatives.

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Hamda plays a central role in shaping ADQ's collaboration with global industry leaders, multinationals, and strategic partners, with a focus on advancing areas of mutual strategic interest and enabling long-term value creation. She also oversees the monitoring and assessment of government policies, regulatory developments, and geopolitical dynamics relevant to ADQ's portfolio and international footprint.

Hamda currently serves as a board member of Etihad Airways, Presight, and SHUAA Capital, contributing to governance, strategy, and oversight across aviation, technology, and financial services sectors.

Her professional experience spans senior roles within the Abu Dhabi Executive Office, where she served as a Project Manager focused on financial policy and government efficiency initiatives, and the General Secretariat of the Executive Council of Abu Dhabi, where she worked as a Financial Policy and Efficiency Specialist. Earlier in her career, she held the position of Manager of Commercial Analysis for the Strategy and Planning department at Etihad Airways.

Hamda holds a Master's degree in Global Affairs and Diplomatic Leadership from the Anwar Gargash Diplomatic Academy, and a Corporate Director Certificate from Harvard Business School. She is currently pursuing a master's degree in international business and policy at Georgetown University.

Beyond her professional work, Hamda has a keen interest in the arts and enjoys drawing inspiration from diverse cultures and global experiences.

Darwish Alketbi

Director

Darwish Alketbi was elected to the Board of SHUAA in April 2024.

Darwish Abdulla Alketbi is a finance executive with extensive experience in investment strategy, portfolio management, and corporate governance. He serves as Chief Investment Officer at Saif Bin Darwish, where he leads the company's investment strategy across multiple asset classes, including equities, structured products, private equity, and alternative investments with a focus on disciplined risk management and long-term value creation.

Darwish holds several independent non-executive board positions at leading financial institutions, including GFH Financial Group BSC, Waha Capital, and SHUAA Capital, where he chairs the Audit, Risk & Compliance Committee. He previously served as an Independent Non-Executive Director of Union Properties from 2020 to 2025 and holds a Bachelor of Science in Finance from Zayed University, Abu Dhabi.

Asad Hussaini

Director

Asad Hussaini was appointed to the Board of SHUAA in January 2025.

Asad Hussaini is Chairman of Scimitar, a US Family Office based in the ADGM. Asad Hussaini is the Vice Chairman Peninsula Real Estate, an Abu Dhabi based Real Estate Investment Company. He is also a board member of Keyper, a UAE based proptech firm.

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Mr. Hussaini is an investment partner at Altana Wealth, a Monaco-based asset manager covering a special situations strategy.

Asad Hussaini was formally a Managing Partner at Fortinbras, a New York based asset manager focused on Special Situations investing across the capital structure. Mr. Hussaini has been a seed and early-stage investor in a large number of US & Middle Eastern based startups.

Mr. Hussaini is a member of the Global Advisory Council of the Wilson Center, a Congressionally funded bi-partisan think tank based in Washington D.C. focused on issues of US and global trade, economic, national security & defense matters.

He was educated at Georgetown University in Washington D.C.

Issa Khoory **Director**

Issa Khoory was appointed to the Board of SHUAA in May 2025.

Issa Khoory is a dynamic entrepreneur and seasoned executive with a proven track record in leading family, international and portfolio businesses across Agriculture, Investments, Real Estate, Manufacturing and International Trade.

He is the Deputy CEO of Ghitha Holding PJSC, a key IHC Abu Dhabi subsidiary listed on the Abu Dhabi Securities Exchange (ADX), where he leads operations, expansion, and capital-deployment strategy across the Group's trading and distribution platforms. Prior to this, Issa founded and has served as Managing Director of INK Investments since March 2017, a private-equity firm focused on SME acquisitions, equity investments, and portfolio management. From 2013, he also served as Managing Director of Al Sultana Investments, overseeing a high-value real estate portfolio in the UAE and UK. Before that (since October 2010), he steered Mirak Group, a regional agribusiness and international-trade leader, combining operational management with strategic investment and cross-border expansion.

Alongside his executive roles, Issa brings deep governance experience as a Board Member of SHUAA Capital since May 2025, Al Ain Farms Group (since October 2023), one of the region's largest dairy and poultry operations, and of the Dubai Fruits & Vegetables Trader Group (since April 2015), which he was appointed to by the Dubai Chamber to advise on industry policy and economic development. He also served on the Board and chaired the Investment Committee of Apex Investments PJSC (March 2022 – January 2024), overseeing capital allocation, risk management and strategic asset management in a listed environment.

Issa holds a Bachelor of Business Administration and a Master's degree from the American University in Dubai.

Board Remuneration

Remuneration of the Board of Directors of SHUAA represents a percentage of the net profits not to exceed 10% of the annual net profits of the Company after deduction of all depreciations and reserves and capped at AED 200,000 per year if the Company has not achieved profits as per UAE Companies Law.

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Remuneration paid to the Board members, in aggregate, in 2025 and recommended to be paid in 2026, are as follows:

Remuneration	Amount
Remuneration for 2024 (paid in 2025)	AED 972,055
Remuneration proposed for 2025 (to be paid in 2026, subject to shareholders' approval at the AGM)	AED 3,231,233

Other amounts paid to the Board members in 2025 are as follows:

Name of Director	Position	Aggregate Salaries and allowances paid for 2025 (AED)	Aggregate Bonuses paid for 2025 (AED)	Any other Bonuses (cash/in kind) due in future
-	-	-	-	-

Details of allowances for attending Board committee meetings during 2025 are presented in the following table:

Name of Board Member	Allowance for attending committees of the Board of Directors		
	Committee Name	Allowance Value (AED)	Number of Meetings
Badr Al-Olama	n/a	n/a	n/a
Hamda AlMheiri	RGCB	20,000	2
	NRCB	75,000	5
Darwish Alketbi	ARCCB	20,000	2
	ACCB	30,000	2
	ICB	50,000	4
	RGCB	30,000	2
Asad Hussaini	ICB	50,000	4
	NRCB	20,000	2
Issa Khoory	ARCCB	20,000	2
	ICB	20,000	2
Nabil Ramadhan	ACCB	45,000	3
	RGCB	20,000	2
	NRCB	30,000	3

External committee members to be paid fees, as determined by the NRCB and Board, in June 2026 post their 1-year contract.

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Meetings of the Board of Directors during 2025:

#	Date of the Meeting	Number of Attendees	Number of Attendances by Proxy	Names of Absent Members
1	13 February 2025	5/5	0	-
2	25 March 2025	5/5	0	-
3	13 May 2025	5/5	0	-
4	14 August 2025	5/5	0	-
5	14 November 2025	5/5	0	-

Number of Board resolutions taken by circulation during 2025:

#	Dates	Number of Resolutions by Circulation
1	30 January 2025	1
2	7 March 2025	2
3	12 March 2025	1
4	28 March 2025	3
5	15 May 2025	1
6	26 May 2025	2
7	9 June 2025	4
8	23 September 2025	1
9	17 October 2025	1
10	27 October 2025	2

Duties and functions assigned by the Board of Directors to Executive Management

The responsibilities of the Board and executive management differ from each other. The Board sets the framework for executive management, who in turn is responsible for SHUAA's day-to-day operations. The Board sets SHUAA's vision and strategic goals and objectives, provides oversight of its management and holds management accountable for its implementation. The senior executive management acts within the delegation of authorities and limits set by the Board.

#	Delegated Person	Authority Delegated	Tenure Of Delegation
1	Wafik Ben Mansour CEO	Power of Attorney to run the day-to-day business of the Company and Subsidiaries and to represent them before necessary regulators, authorities and other entities.	From 13.06.2024 till 13.10.2025
2	Nabil Al Rantisi CEO	Power of Attorney to run the day-to-day business of the Company and Subsidiaries and to represent them before necessary regulators, authorities and other entities	Three years from 13.10.2025 till 13.06.2028 The Power of Attorney is renewed every three years, subject to ARCCB and Board approval, and may be amended as necessary, subject to the same approvals.

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Board of Directors Evaluation

The Board is committed to monitoring and improving its performance through annual board evaluations.

a. Internal evaluation

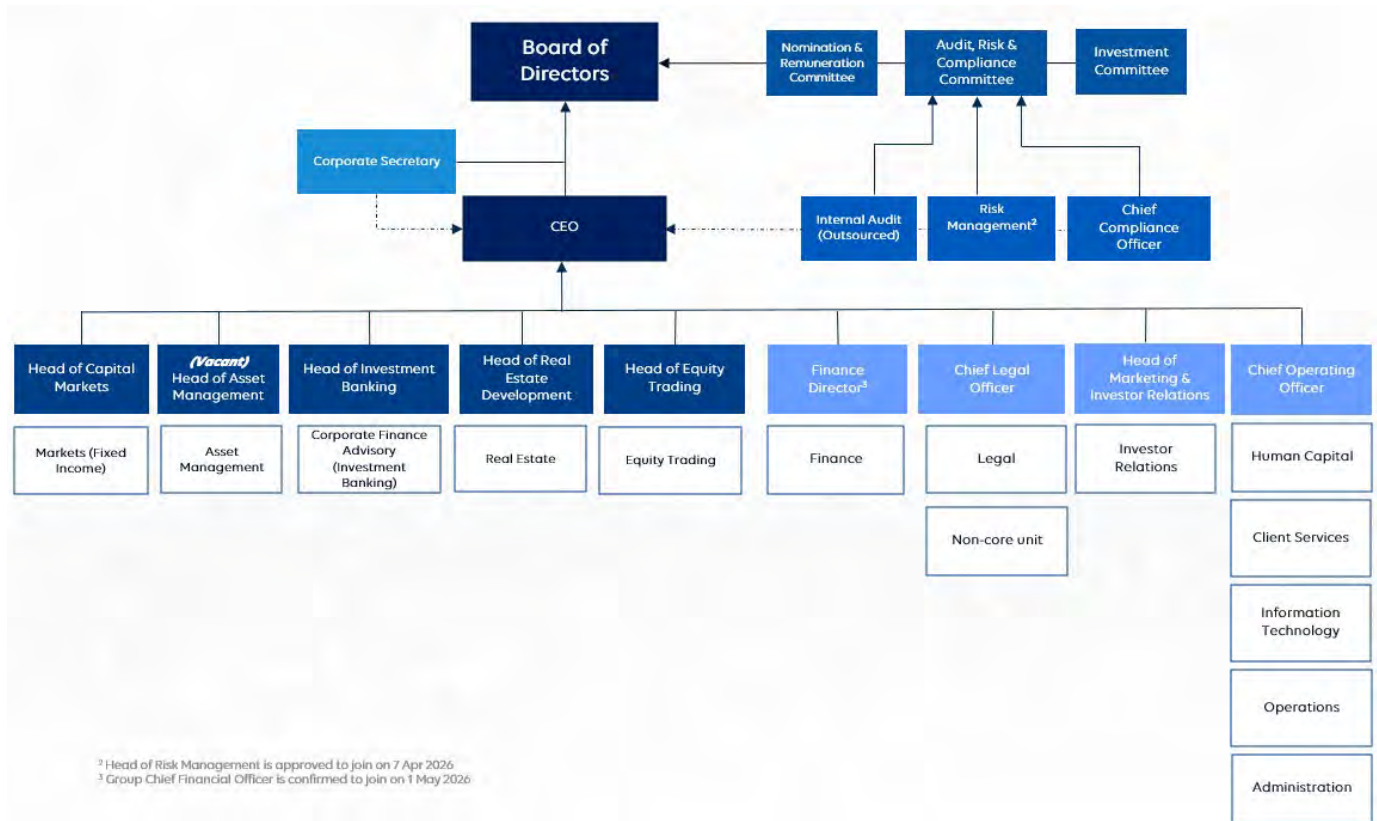
An internal evaluation on the performance of the Board of Directors and its committees is conducted each year by the Corporate Secretary. This process provides the Board with an understanding of their effectiveness, highlights areas of strengths as well as areas for improvement, and is described as follows:

- The members evaluate the performance of the board/committee as a whole by completing a questionnaire.
- The chairman of each of the board and committees also completes a separate questionnaire on the performance of each of the members.
- The Board Secretary compiles the results in an anonymous manner, analyses the results and shares them with the NRCB and Board, highlighting any areas of concern.
- The board discusses any recommended action plans.

b. External evaluation

An independent evaluation of the Board and its committees will be conducted by a third party every 3 years.

Organisation Chart (Current)



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Current Executive Management

#	Position	Date of Joining
1	Senior Advisor to the Board ¹	15 May 2023
2	Chief Executive Officer	01 Sep 2025
3	Chief Compliance Officer	01 Sep 2018
4	Chief Operating Officer	11 Mar 2007
5	Chief Legal Officer ²	24 Nov 2025
6	Head of Asset Management ⁵	01 Sep 2025
7	Head of Real Estate Development	28 Feb 2022
8	Finance Director ³	14 Feb 2025
9	Head of Capital Markets	01 May 2024
10	Head of Investment Banking ⁴	23 Sep 2025
11	Head of Marketing and Investor Relations	01 Sep 2025

1 Previously, the CEO from 20 Nov 2023 to 31 Aug 2025, end date 31 Jan 2026

2 The previous Chief Legal Officer employment ended on 21 Jan 2026

3 The previous Finance Director employment ended on 14 Feb 2025

4 Joined as Vice President, Investment Banking and promoted as Head of Investment Banking on 1 Dec 2025

5 Head of Asset Management employment ended on 6 March 2026

SHUAA's executive management received an aggregate amount of AED 11.4 million in salaries, bonus and allowances for the year 2025.

Executive Management Salaries and Benefits	Total Amount In 2025 (AED In Million)
Salaries	10.1
Bonus	0
Airfare Allowance	0.4
Children Education Assistance	0.5
Gratuity (Including Pension)	0.4
Total	11.4

Related Party Transactions

As per the CMA's definition of "Related Parties Transactions" set out in CMA's Chairman of Authority's Board of Directors' Decision no. (3 of 2020) and its amendments concerning Joint Stock Companies Governance Guide, SHUAA was a party to the following Related Party Transactions during 2025:

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#	Related Party	Nature of the Relation	Type of the Transaction	Size of the Transaction
1	Al Baher Real Estate Development LLC	Related party due to ownership	Subscription to mandatory convertible bonds issued by SHUAA Capital psc	AED 25,000,000
2	Eshraq Investments P.J.S.C	Related party due to common directorship	Subscription to mandatory convertible bonds issued by SHUAA Capital psc	AED 50,000,000
3	GFH Financial Group BSC	Related party due to common directorship	Exchange of notes issued by Shuaa Capital Bond 1 and guaranteed by SHUAA Capital psc with mandatory convertible bonds issued by SHUAA Capital psc	AED 78,301,372.5
4	United Motors & Heavy Equipment LLC	Related party due to common directorship	Subscription to mandatory convertible bonds issued by SHUAA Capital psc	AED 10,000,000

4. AUDITORS

External Auditor

Crowe Mak Limited

As one of the top 10 firms in audit, tax, advisory, and risk, Crowe Mak Limited offers a powerful combination of global knowledge and national experience to help businesses navigate today's complex challenges.

Name of Audit Firm	Crowe Mak Limited
Number of years served as an external audit firm for the Company	1 year 6 months (since July 2024)
Name of the Audit Partner	Basil Naser
Number of years served as Audit Partner for the Company	1 year 6 months (since July 2024)
Total fees for auditing the financial statements of 2025	AED 1,119,819
The fees and costs of the special services other than the auditing of the financial statements in 2025	AED 1,595,865
The details and nature of other services provided by the Company's Audit Firm	Tax consultancy services and agreed upon procedures engagements
Other services performed by audit firms other than the Company's auditors in 2025	- Deloitte & Touche (ME) – Tax consultancy services - Grant Thornton Audit and Accounting Forensic services

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Crowe Mak Limited reviewed interim consolidated financial information for the quarters ended 31 March 2025, 30 June 2025, 30 September 2025 and audited annual consolidated financial statements for the financial year ended 31 December 2025. The scope of the audit for the 2025 financial year, as outlined in their engagement plan was: To conduct an audit of the annual consolidated financial statements of SHUAA for the year ending 31 December 2025 in accordance with International Standards on auditing issued by the International Federation of Accountants. To undertake a quarterly review of interim condensed consolidated financial information in accordance with the International Standard on review engagements issued by the International Federation of Accountants.

5. AUDIT, RISK & COMPLIANCE COMMITTEE OF THE BOARD

The main duties of the Audit, Risk & Compliance Committee of the Board (ARCCB) are to monitor the Company's financial statements, to define, review, monitor and recommend changes to the Company's financial and compliance and internal control systems in line with the corporate strategy, manage conflicts, and to maintain the relationship and be the direct point of contact with the Company's external auditors and internal auditors, as well as oversee risk matters.

Mr. Darwish Alketbi is the Chairman of the Audit, Risk & Compliance Committee, and he acknowledges his responsibility for the committee affairs, review of its mechanism and ensuring its effectiveness.

Note: The Audit & Compliance Committee of the Board (ACCB) and the Risk & Governance Committee of the Board (RGCB) merged in June 2025 to form the ARCCB.

ARCCB structure and composition

Name of Member	Designation	Nature of Membership	Appointment/ Resignation date	Meeting Attendance
Darwish Alketbi	Chairman	Non-Executive, Independent	Appointed on 09.06.2025	2/2
Issa Khoory	Member	Non-Executive, Independent	Appointed on 09.06.2025	2/2
Asim Al Abbasi	External Member	Non-Executive, Independent	Appointed on 09.06.2025	2/2

ACCB structure and composition (no longer active)

Name of Member	Designation	Nature of Membership	Appointment/ Resignation date	Meeting Attendance
Nabil Ramadhan	Chairman	Non-Executive, Independent	26.04.2024 to 16.05.2025	3/3
Badr Buhannad	External Member	Non-Executive, Independent	17.05.2024 to 16.05.2025	3/3
Darwish Alketbi	Member	Non-Executive, Independent	26.04.2024 to 08.06.2025	2/3

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ARCCB/ACCB Meetings

The meetings held during 2025 are as follows:

1. 13 February (ACCB)
2. 25 March (ACCB)
3. 13 May (ACCB)
4. 14 August (ARCCB)
5. 13 November (ARCCB)

Annual report of the ARCCB:

a. Key Issues Reviewed by the Committee Regarding the Financial Statements and Their Resolution:

The Committee reviewed SHUAA's interim and annual financial statements, with a focus on ensuring transparency and accuracy in financial reporting.

It confirmed consistency with international accounting standards and addressed inquiries related to accounting estimates and financial liabilities.

The Committee also worked closely with internal and external auditors to ensure full compliance with applicable financial reporting standards.

b. Evaluation of the External Auditor's Independence, Competence, and Appointment Process:

The performance of the external auditor, Crowe Mak Limited, was reviewed, with specific attention to their independence and technical competency.

It was confirmed that the audit was conducted in accordance with the International Standards on Auditing issued by the International Federation of Accountants.

The Committee assessed the procedures followed for the appointment or reappointment of the auditor to ensure alignment with best practices and governance standards.

A recommendation was submitted to the Board regarding the continuation of the current auditor.

c. Recommendation on the Appointment, Reappointment, or Removal of the External Auditor:

Based on their demonstrated competence and independence, the Committee recommended the reappointment of Crowe Mak Limited as the external auditor. The Board of Directors did not raise any objections to this recommendation for the 2025 fiscal year.

d. Safeguards to Ensure Auditor Independence in the Provision of Non-Audit Services:

The Committee established a framework to prevent conflicts of interest when the external auditor provides non-audit services.

Controls were placed on the nature of permissible non-audit services—such as tax advisory—ensuring they do not impair the auditor's objectivity. Audit and consulting teams within the audit firm were segregated to avoid any overlap in responsibilities.

e. Actions Taken to Address Deficiencies in Internal Control or Risk Management:

The Committee reviewed internal control reports and evaluated the company's adherence to financial and control policies.

Corrective measures were implemented to address identified weaknesses, including enhancements to internal audit procedures and the introduction of new control mechanisms.

Recommendations were issued to executive management to improve internal controls and align them with international best practices.

f. Review of Internal Audit Reports on Medium and High Risks:

The Committee confirmed its review of all internal audit reports pertaining to medium and high-risk areas.

It assessed whether the findings indicated any material internal control weaknesses and ensured appropriate actions were taken accordingly.

g. Corrective Action Plan for Significant Deficiencies in Risk Management and Internal Control:

In response to any significant deficiencies, the Committee oversaw the development of a comprehensive corrective action plan, including:

- Enhancing Internal Controls: Strengthening existing procedures and reinforcing adherence to internal policies.
- Risk Management Improvements: Advancing strategies to enable a timely and effective response to emerging risks.
- Employee Training: Conducting workshops to reinforce awareness and understanding of compliance and control practices

h. Review of Related Party Transactions and Regulatory Compliance:

The Committee confirmed that all related party transactions during 2025 were reviewed in accordance with regulatory requirements.

Full compliance with all relevant laws and regulations was affirmed.

6. NOMINATION & REMUNERATION COMMITTEE OF THE BOARD

The main duties of the Nomination and Remuneration Committee of the Board (NRCB) are to:

- a) Determine the Company's staffing needs at the executive and employee levels and the basis for selection of executives and employees;
- b) Develop and regularly review the human resources and training policies of the Company;
- c) Oversee the procedures for nominations to the Board while regularly reviewing its structure, size and composition;
- d) Develop and regularly review the ongoing suitability of the Company's policy for remuneration and benefits for the Company's Chief Executive Officer, Board and employees; and
- e) Ensure that the remuneration and benefits awarded are reasonable and aligned with the performance of the company

Ms. Hamda AlMheiri is the Chairperson of the Nomination and Remuneration Committee, and she acknowledges her responsibility for the committee affairs, review of its mechanism and ensure its effectiveness.

NRCB structure and composition:

Name of Member	Designation	Nature of Membership	Appointment/ Resignation Date	Meeting Attendance
Hamda AlMheiri	Chair	Non-Executive, Independent	Appointed as member on 13.12.2023 Appointed as chair on 21.03.2024	5/5
Asad Hussaini	Member	Non-Executive, Independent	Appointed on 09.06.2025	2/5*
Abdulwahab AlNazari	External Member	Non-Executive, Independent	Appointed on 09.06.2025	2/5*
RESIGNED MEMBERS				
Nabil Ramadhan	Member	Non-Executive, Independent	26.04.2024 to 16.05.2025	3/5*
Jayesh Ladwa	External Member	Non-Executive, Independent	17.05.2024 to 16.05.2025	3/5*

**number of meetings held during their tenure*

NRCB meetings

The NRCB meetings held during 2025 are as follows:

1. 29 January
2. 18 April
3. 12 May
4. 11 August
5. 10 November

7. OTHER BOARD COMMITTEES

The other Board committee is as follows:

1) RISK & GOVERNANCE COMMITTEE of the Board (no longer active)

The main duties of the Risk & Governance Committee of the Board (RGCB) are to:

- a) Define the corporate risk appetite within the corporate strategy across market, credit and liquidity risk and recommend limits and rules to the Board;
- b) Review the Company's current exposure to the market, credit and liquidity risk and recommend actions to the Board;
- c) Assess non-operational risks such as reputational risk and strategic risk and raise any concerns to the Board and make recommendations as required;
- d) Oversee the Company's processes and policies for managing risk and the balance sheet and make recommendations to the Board as required;
- e) Review operational risk and internal control weaknesses accepted by management and make recommendations to management or the Board as required;
- f) Review the effectiveness of the Company's operational risk management and internal control frameworks;
- g) Review the operational risks identified by management as high risk and determine whether additional action is required over and above that agreed by management; and
- h) Oversee the governance matters of the Company.

Mr. Darwish Alketbi was the Chairman of the RGCB and he acknowledged his responsibility for the committee affairs, review of its mechanism and ensuring its effectiveness.

Note: The RGCB was merged with the ACCB in June 2025 to form the ARCCB.

RGCB structure and composition:

Name of Member	Designation	Nature of Membership	Appointment/ Resignation Date	Meeting Attendance
Darwish Alketbi	Chair	Non-Executive, Independent	26.04.2024 to 08.06.2025	2/2
Nabil Ramadhan	Member	Non-Executive, Independent	26.04.2024 to 16.05.2025	2/2
Hamda AlMheiri	Member	Non-Executive, Independent	26.04.2024 to 08.06.2025	2/2

RGCB meetings

The RGCB meetings held during 2025 are as follows:

1. 24 March
2. 12 May

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2) INVESTMENT COMMITTEE of the Board

The main duties of the Investment Committee of the Board (ICB) are to:

- a) Oversee, direct and review the management of the Company's investment portfolio in accordance with the investment strategy and guidelines proposed by this committee, and reviewed and approved by the Board, and within approved Risk Limits;
- b) Review and approve as authorized by the Board proprietary investment opportunities and related decisions (either entry or exit) proposed by the Investment Management Committee (within approved limits), providing a forum to discuss and debate the merits and risks of a particular investment;
- c) Review transactions with the Company that appear to have a related-party nature, managing conflict of interest and submitting recommendations concerning such transactions to the Board before proceeding in engaging in these related transactions following recommendations from ARCCB;
- d) As part of the regular investment monitoring, valuations and exit strategies should be discussed and formally recommended for approval to the Board;
- e) Recommend changes to the investment strategy and guidelines as appropriate and recommend for approval to the Board; and
- f) Review and oversee the Company's investment policies and guidelines, at least annually;

Mr. Asad Hussaini is the Chairman of the ICB and he acknowledges his responsibility for the committee affairs, review of its mechanism and ensuring its effectiveness.

ICB structure and composition:

Name of Member	Designation	Nature of Membership	Appointment/ Resignation date	Meeting Attendance
Asad Hussaini	Chair	Non-Executive, Independent	Appointed on 30.01.2025 as member Appointed as Chair on 09.06.2025	4/4
Darwish Alketbi	Member	Non-Executive, Independent	Appointed as Chair from 26.04.2024 to 08.06.2025 Appointed as Member on 09.06.2025	4/4
Issa Khoory	Member	Non-Executive, Independent	Appointed on 09.06.2025	2/4*
RESIGNED MEMBERS				
Alexandre Markarov	External Member	Non-Executive, Independent	17.05.2024 to 16.05.2025	2/4*

*number of meetings held during their tenure

ICB meetings

The ICB meetings held during 2025 are as follows:

1. 24 March
2. 12 May
3. 11 August
4. 10 November

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8. INSIDER TRADING COMMITTEE

The Board of SHUAA has assigned the duties of managing, monitoring and supervising insider's transactions and their ownerships, kept records and submitted periodic reports to the Compliance department.

Islam Mahrous is the Chief Compliance Officer, and he acknowledges his responsibility for the Compliance department's affairs, review of its mechanism and ensuring its effectiveness.

Members of the Compliance department are:

- Islam Mahrous – Chief Compliance Officer
- Khaled Fenoon – Compliance Associate

The Compliance department has performed, among other things, the following duties during 2025:

- Prepared a comprehensive register for all insiders, including persons who may be considered temporary insiders who are entitled or have access to the Company's material non-public information prior to publication;
- Updated the insider register and monitored all insider trades on SHUAA shares;
- Alerted SHUAA employees on the penalties they may face in case of failure to adhere to the Company's Insider Dealing Policy; and
- Notified the Capital Market Authority and Dubai Financial Market of all updates to the insider register at the beginning of each financial year and of any amendments thereto during the financial year.

9. MANAGEMENT COMMITTEES

Several management committees are in place, in addition to the Board committees, and these were established in order to oversee the daily operations and business activities while adhering to appropriate and proper governance standards.

These committees are:

- (i) the Assets & Liabilities Committee (ALCO),
- (ii) the Operating Committee (OPCO), and
- (iii) the Investment Management Committee (IMC).

The management committee's composition and structures are as follows:

Management Committee	Function of Committee	Members	Dates of Meetings / Member Attendance
Operating Committee (OPCO)	Responsible for the efficiency and effectiveness of the Company and the review of operational policies	<ol style="list-style-type: none"> Ziad Mansour (Chairman) Nabil Al Rantisi Islam Mahrous Gunshyam Kripa Halim Abou Rjaily Rezza Belandres (Secretary) <u>Previous</u> <ul style="list-style-type: none"> Wafik Ben Mansour Roberta Calarese Dominik Stolarski Soad Elhusseini (secretary) 	<ol style="list-style-type: none"> 19 February 2025 (3/4) 20 May 2025 (3/4) 18 September 2025 (3/4)
Assets & Liabilities Committee (ALCO)	To optimize the return on corporate capital and control the balance sheet based on requirements approved by the Board	<ol style="list-style-type: none"> Nabil Al Rantisi (Chairman) Gunshyam Kripa Halim Abou Rjaily Ziad Mansour Rezza Belandres (Secretary) <u>Previous</u> <ul style="list-style-type: none"> Wafik Ben Mansour Roberta Calarese Aarthi Chandrasekaran Mazen Farah Dominik Stolarski Denys Hladchuk (secretary) 	<ol style="list-style-type: none"> 21 May 2025 (5/5) 26 June 2025 (4/5) 30 October 2025 (2/2)
Investment Management Committee (IMC)	To discuss and review the practice of the investment management activity	<ol style="list-style-type: none"> Nabil Al Rantisi (Chairman) Otto Dreyer Mazen Farah Halim Abou Rjaily Rezza Belandres (Secretary) <u>Previous</u> <ul style="list-style-type: none"> Wafik Ben Mansour Roberta Calarese Aarthi Chandrasekaran Rustam Rizvanov Gunshyam Kripa Soad Elhusseini Islam Mahrous Anil Dixit Denys Hladchuk (secretary) 	<ol style="list-style-type: none"> 21 May 2025 (8/8) 26 June 2025 (6/8) 6 November 2025 (6/6)

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The Chairman of each of the above-mentioned committees acknowledges his responsibility for the respective committee affairs, reviewing of its mechanism and ensuring its effectiveness.

10. INTERNAL CONTROL SYSTEM

SHUAA's Board recognizes its responsibility for enforcing SHUAA's Internal Control system and its periodic effectiveness check and review through the Audit, Risk & Compliance Committee formed by the Board of Directors, and in consultation with the senior executive management.

The Board shall, in particular:

- a) Adopt risk management procedures and ensure compliance with these procedures; and
- b) Analyze, evaluate and approve the effectiveness of internal risk management procedures and internal controls on a regular basis.

SHUAA confirms that it is in compliance with CMA Chairman of Authority's Board of Directors' Decision no. (3 of 2020) concerning Approval of Joint Stock Companies Governance Guide (and its amendments).

In all cases, the Internal Control system deals with any issues facing the company while covering the following:

- Identifies and classifies the nature of the problem in terms of the risk level, through determining the scale of the problem and the extent of its negative impact
- Communicates with the concerned departments through the division heads and the Chief Executive Officer to discuss actions to contain and resolve any problems or concerns
- Reports the problem and the proposed relevant recommendations to the Audit & Compliance Committee of the Board, which in turn, after discussing and evaluating the situation, submits it to the Board in order to make appropriate decisions
- Follow-ups on the implementation of its recommendation by ensuring that the Board of Directors resolutions in this regard are implemented
- Communicates with the external auditor, if necessary.

SHUAA's Internal Control system consists of Compliance, Risk Management and Internal Audit functions, and these departments report on a quarterly basis to the Board of Directors through the ARCCB.

Compliance

Islam Mahrous is the Chief Compliance Officer at SHUAA Capital psc. He joined the Group in July 2016 after transitioning from his role as a Manager in the Markets division at the Financial Regulatory Authority.

Islam is an accomplished compliance professional with over 17 years of experience in regulatory compliance and AML across the MENA region. He is renowned for his strategic oversight in compliance protocols, his adept management of complex interactions with regulators, and ensuring robust compliance cultures within financial institutions.

Beginning his career in audit, Islam has advanced through significant roles in regulatory authorities and private firms before assuming his current leadership position.

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Islam holds a BCom degree in Audit and Accounting, as well as an International Diploma in Governance, Risk, and Compliance. He is a Certified Internal Auditor (CIA) and a Certified Anti-Money Laundering Specialist (CAMS).

Internal Audit

The Internal Audit function is outsourced to Grant Thornton during 2025.

Risk Management

The Risk function was outsourced to J Awan & Partners Limited from March to September 2025.

Dominik Stolarski served as the Chief Risk Officer at SHUAA Capital during September and October 2025.

11. IRREGULARITIES IN 2025

The Company has committed no material violations during 2025.

12. CORPORATE SOCIAL RESPONSIBILITY (CSR)

SHUAA is committed to continuously strengthening its position as a company that stands for and contributes to the good of its community and environment, and hence every year the Company's commitment towards past initiatives is renewed and new avenues and partnerships are explored for further impactful and long-standing contributions.

More information on ESG initiatives can be found in SHUAA's 2025 Sustainability report.

Diversity and Inclusion

Amongst SHUAA's Group's UAE-based employees, its nationality representation is at 19 countries, and its female gender representation is at 23%. SHUAA continues with the commitment towards making it reflective of the diversity of its country of origin, the United Arab Emirates, through inclusive human capital management standards and processes.

Emiratization percentage

The Emiratization percentage for the Group's UAE-based employees was 2% as of 31 December 2025, 3% as of 31 December 2024, 4% as of 31 December 2023, 6% as of 31 December 2022, 5% as of 31 December 2021, and 1% as of 31 December 2020.

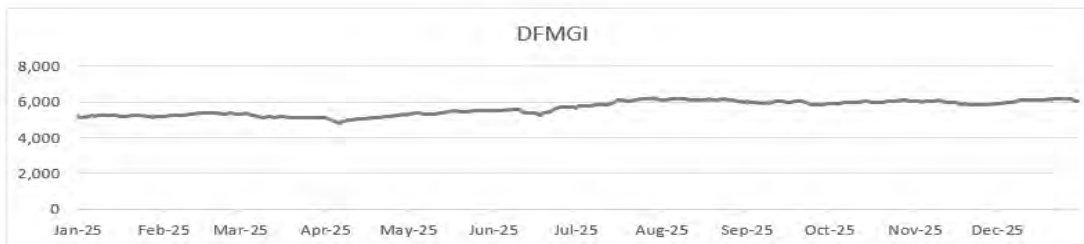
13. GENERAL INFORMATION

Share Trading Information

The table below sets out the price of the stock (closing, highest, lowest) during each month in 2025:

Month	Closing Price	High	Low
January	0.259	0.285	0.229
February	0.226	0.260	0.220
March	0.223	0.238	0.209
April	0.241	0.265	0.196
May	0.230	0.245	0.216
June	0.248	0.268	0.218
July	0.254	0.279	0.248
August	0.290	0.302	0.247
September	0.248	0.289	0.245
October	0.213	0.255	0.213
November	0.233	0.281	0.205
December	0.240	0.246	0.216

The charts below provide comparative analysis with the market index and sector one:



Max	6,208.41
Min	4,799.01
Open	5,153.33
Close	6,047.09
YTD%	17%



Max	4,489.46
Min	3,274.40
Open	3,447.80
Close	4,327.88
YTD%	26%



Max	0.297
Min	0.198
Open	0.253
Close	0.240
YTD%	-5%

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The tables below provide the updated shareholding structure (individuals, companies, governments) with breakdown of nationals, GCC, Arabs and foreigners:

Shareholder Category	Percentage of Shares Held		
	Individual	Companies - Governments	Total
Local (UAE)	26.42%	42.84%	69.26%
GCC	4.52%	11.95%	16.46%
Arab	6.58%	0.57%	7.15%
Foreign	4.16%	2.98%	7.14%
Total	41.67%	58.33%	100.00%

As of 31/12/2025, the following shareholders were holding more than 5% of the share capital of the Company:

Name	Qty	%
YAS GLOBAL -F.Z.E	691,350,576	18.894
SICO B.S.C.	267,729,914	7.317

Shareholders distribution by the size of equity as of 31/12/2025:

Share(s) Owned	Number of Shareholders	Number of Shares Held	% of the Shares Held
Less than 50,000	8,509	41,522,338	1.135
From 50,000 to less than 500,000	979	170,699,729	4.665
From 500,000 to less than 5,000,000	433	634,539,795	17.342
More than 5,000,000	83	2,812,261,083	76.858
TOTAL	10,004	3,659,022,945	100

Investor Relations

SHUAA is committed to providing transparent, consistent and timely communication with its shareholders and the wider investment community. The Investor Relations function plays a central role in facilitating an open and constructive institutional dialogue, enhancing stakeholders' understanding of the Group's business, performance and associated risks and opportunities. The Group provides regular updates on its key value drivers, business strategy, and key performance indicators used to track performance. It is also dedicated to providing equal and timely access to material information in accordance with the disclosure requirements of the Capital Market Authority (CMA) and Dubai Financial Market (DFM), with the objective of ensuring that the share price reflects the inherent value of the Group.

Furthermore, the Investor Relations team responds to queries from shareholders and analysts on an ongoing basis. The Company website includes a dedicated section containing financial results presentations, annual reports, corporate disclosures and relevant contact information. Investor Relations also provides regular reports and feedback to the Executive Management team and the Board of Directors on key market developments, share price performance and shareholder feedback. Any significant concerns raised by shareholders in relation to the Company and its affairs are communicated to the Board.

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Head of Investor Relations

The Investor Relations function is led by Rami Al Banna, who joined the Company in September 2025. He has 15 years of experience in investor relations and financial services. Rami holds a Bachelor's degree in Finance, an MBA, and is a Certified Investor Relations Officer.

Contact details:

E-mail: IR@shuaa.com

Phone: +971 4 330 3600

SHUAA's website: www.shuaa.com/investor-relations

14. GENERAL ASSEMBLIES – SPECIAL RESOLUTIONS

SHUAA conducted 2 General Assemblies, where the following special resolutions were passed:

a. 17 February 2025 (General Assembly):

1. The issuance by the Company of mandatory convertible bonds with an aggregate value of up to AED 150,000,000 (one hundred fifty million UAE Dirhams) ("New Investor MCBs") in accordance with Article 231 of UAE Federal Law by Decree No. 32 of 2021 for Commercial Companies ("Commercial Companies Law") and CMA Resolution No. 22 of 2024 concerning the Regulation of the Private Offering of Debt Securities, Sukuks and Securitized Financial Instruments (the "Private Offering Regulations"). Such mandatory convertible bonds shall be issued to Professional Investors and Counterparties as defined in the Chairman of the Authority's Board of Directors' Resolution No. (13/Chairman) of 2021 on the Regulations Manual of the Financial Activities and Status Regularization Mechanisms and shall be convertible on a mandatory basis into new shares in the Company at a conversion price of AED 0.32 per share immediately after issuance and having obtained the required approvals. Each new share in the Company issued on conversion shall be treated as fully paid. No interest shall be paid on the New Investor MCBs.
2. For the purposes of converting the New Investor MCBs into shares in the Company, the increase of the share capital of the Company by up to AED 150,000,000 (one hundred fifty million UAE Dirhams) by issuing up to 468,750,000 shares at a discount to nominal value and the creation of a negative equity reserve in the Company's balance sheet in an amount of up to AED 318,750,000 in respect of the discount to nominal value and in accordance with Article 198 (1) (b) of the Commercial Companies Law.
3. The amendment of the articles of association of the Company after obtaining the approvals of the regulatory authorities to reflect the new shares issued on conversion of the New Investor MCBs.
4. The granting of authority to the board of directors of the Company to implement the process of issuing the New Investor MCBs and converting the same into shares in the Company; and authorizing and appointing any of the board members of the Company to solely represent the Company and to sign, execute and submit the documents, contracts, agreements and letters related to the issuance of the New Investor MCBs, the process of converting the New Investor MCBs into shares in the Company and the amendment of the articles of association to increase the share capital, and to finalize all procedures and deal with all regulatory authorities including without limitation Dubai Department of Economy and Tourism, the Notary Public, the Capital Market Authority and the Dubai Financial Market.

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5. The issuance by the Company of mandatory convertible bonds with an aggregate value up to AED 275,500,000 (two hundred seventy-five million five hundred thousand UAE Dirhams) ("Existing Noteholder MCBs") in accordance with Article 231 of the Commercial Companies Law and the Private Offering Regulations. Such mandatory convertible bonds shall be issued to those existing noteholders of the Company that elect to exchange existing notes for the Existing Noteholder MCBs in accordance with the terms of the exchange offering and shall be convertible on a mandatory basis into new shares in the Company at a conversion price of AED 0.32 per share immediately after issuance and having obtained the required approvals. Each new share in the Company issued on conversion shall be treated as fully paid. No interest shall be paid on the Existing Noteholder MCBs.
6. For the purposes of converting the Existing Noteholder MCBs into shares in the Company, the increase of the share capital of the Company by up to AED 275,500,000 (two hundred seventy-five million five hundred thousand UAE Dirhams) by issuing up to 860,937,500 shares at a discount to nominal value and the creation of a negative equity reserve in the Company's balance sheet in an amount of up to AED 585,437,500 in respect of the discount to nominal value and in accordance with Article 198(1) (b) of the Commercial Companies Law.
7. The amendment of the articles of association of the Company after obtaining the approvals of the regulatory authorities to reflect the new shares issued on conversion of the Existing Noteholder MCBs.
8. The granting of authority to the board of directors of the Company to implement the process of issuing the Existing Noteholder MCBs and converting the same into shares in the Company; and authorizing and appointing any of the board members of the Company to solely represent the Company and to sign, execute and submit the documents, contracts, agreements and letters related to the issuance of the Existing Noteholder MCBs, the process of converting the Existing Noteholder MCBs into shares in the Company, the amendment of the articles of association to increase the share capital, and to finalize all procedures and deal with all regulatory authorities including without limitation Dubai Department of Economy and Tourism, the Notary Public, the Capital Market Authority and the Dubai Financial Market.

b. 30 April 2025 (Annual General Assembly):

Rejected the amendment of Article (17) of the Company's Articles of Association to allow for an increase in the number of Board Members from five to seven.

15. CORPORATE SECRETARY

Nazish Esmail has been with the SHUAA Group for 19 years and has held the role of Board/Corporate Secretary since 2020, overseeing governance and all Board and Board Committee matters. Prior to taking on this role in an independent capacity, she has been a member of SHUAA's Legal department since 2007 supporting the corporate secretarial function as well as performing paralegal duties.

Before joining SHUAA, she held positions both in the UAE and UK in various sectors, such as retail banking, education, media and others.

She is a registered board secretary certified by Dubai Financial Market/Hawkamah Institute for Corporate Governance in UAE, including completing several advanced certifications, and holds a Bachelor's degree from SOAS, University of London, UK.

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Brief on the Job Description of the Corporate Secretary

- a) Guide and advise Board on matters of good governance and ensure the Company complies with the corporate governance principles;
- b) Document the Company's Board and Board Committee meetings, including discussions that took place during these meetings, places and dates of these meetings as well as start and end times;
- c) Record resolutions of the Board and voting results and filing these in an organized manner, including the names of attendees and any expressed reservations (if any);
- d) Responsible for Charters/Terms of Reference for the Board and its committees;
- e) Responsible for update of Corporate Governance Framework and structure and compositions;
- f) Responsible for update of Corporate Governance report as part of the published Annual Report of the Company;
- g) Collect and organize all the reports and materials to be embedded in the Board and Board Committee's packs;
- h) Provide members of the Board with the agenda of the Board and Board Committee's meeting along with related presentations, papers, documents, information collected from relevant departments and clauses requested by any member of the Board that will be presented and discussed during the meetings;
- i) Make sure that members of the Board comply, implement and track actions approved by the Board.
- j) In advance, notify members of the Board with Board meeting dates and set up the yearly Board meetings schedule;
- k) Submit a draft of the minutes to members of the Board to express their opinion and comments thereon before signing it;
- l) Ensure that the Board members, completely and immediately, receive the minutes of the Board's meetings, information and documents related to the Company once these are finalized;
- m) Inform the Company's executive management about the resolutions of the Board and its committees while tracking and reporting their implementation;
- n) Support the Board for the evaluation process;
- o) support the board election process and process changes to the directors and members;
- p) Provide an induction to the new Board and Committee members;
- q) Coordinate and act as a liaison between members of the Board and the executive management;
- r) Regulate the disclosure record of the Board and the executive management while providing assistance and advice to members of the Board;
- s) Relay important information between the Board Committees and the Board;
- t) Liaise with the other Board and management committee secretaries (if applicable) in order to collect any feedback that needs to be shared with the Board;
- u) Responsible for meeting arrangements;
- v) To ensure safe-keeping of confidential documentation; And
- w) To coordinate board training courses.

Material events and respective disclosures during 2025:

- Successful sale of the Saudi hospitality portfolio for SAR 515 million
- Resignation of the Company's Finance Director.
- Securing of a USD 300 million facility to support marine portfolio expansion
- Appointment of Asad Hussaini to the Board of Directors
- The Court of First Instance issued a judgment in favor of the Company in a claim filed by a former Executive Director.
- Completion of the exchange offer for USD 150 million notes and publication of the final mandatory convertible bonds results
- Successful settlement agreement reached with a major creditor
- Activation of the capital increase on the Dubai Financial Market
- Resignation of Nabil Ramadhan from the Board of Directors
- Appointment of Issa Khoory as a member of the Board of Directors
- Filing of a legal claim against former executive managers
- Election of Hamda AlMheiri as Vice Chairperson
- Appointment of Nabil Al Rantisi as Group Chief Executive Officer
- Appointment of Anil Dixit as Head of Asset Management
- Appointment of Dominik Piotr as Chief Risk Officer
- Appointment of Rami Al Banna as a Head of Marketing and Investor Relations
- Appointment as exclusive financial advisor for Salama's capital restructuring and mandatory convertible sukuk issuance
- Resignation of the Chief Risk Officer
- Appointment of Halim Abou Rjaily as Group Chief Legal Officer, succeeding Roberta Calarese
- Final Court of Appeal judgment dismissing all employment-related claims filed by a former executive board member

Innovative Projects and initiatives

None

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Sustainability Report

Supporting the UAE's Sustainable Development Agenda

The UAE's transition toward a more sustainable future, aligned with the United Nations (UN) 2030 Agenda for Sustainable Development, continues to evolve. The UN Sustainable Development Goals (SDGs), comprising 17 global goals, provide an internationally recognized framework aimed at promoting economic prosperity, environmental protection, and social inclusion.

The UAE's national sustainability agenda is guided by initiatives such as the UAE Net Zero by 2050 Strategic Initiative and the Principles of the 50, which set out the country's long-term economic, social, and governance priorities. These frameworks support the UAE's ambition to remain one of the most dynamic and forward-looking economies globally.



Following the hosting of the 28th Conference of the Parties (COP28) of the United Nations Framework Convention on Climate Change in 2023, the UAE further reinforced its position as a regional and global platform for climate dialogue and sustainable finance. The outcomes of COP28 continue to influence public and private sector approaches to decarbonization, energy efficiency, and responsible capital allocation.

In 2025, the UAE declared the "Year of Community," underscoring the national focus on social cohesion, inclusion, and shared responsibility across institutions and society. As a UAE-listed financial services firm, SHUAA recognizes its role in supporting these objectives through responsible governance, disciplined investment practices, and the development of human capital.

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SHUAA's Sustainability Strategy

SHUAA's sustainability strategy is aligned with the UAE's broader national priorities and evolving regulatory landscape. The Company continues to enhance its environmental, social, and governance (ESG) framework, ensuring that sustainability considerations are appropriately reflected within its governance structure, risk management processes, and investment approach.

As an asset management and investment banking platform, SHUAA's contribution to sustainability is primarily exercised through:

- **Responsible investment decision-making**
- **Robust governance and oversight**
- **Integration of risk management principles**
- **Support for sectors contributing to economic diversification and long-term resilience**

Our activities have included exposure to sectors such as agri-tech, financial innovation and technology, healthcare manufacturing, and environmentally conscious real estate development. These sectors contribute to sustainable economic development and innovation within the markets in which we operate.

ENVIRONMENTAL

While SHUAA's direct environmental footprint is limited due to the nature of its operations, the Company recognizes its broader responsibility as a capital allocator and market participant.

Within our real estate and alternative investment activities, sustainability and wellbeing considerations are incorporated into project planning and development where commercially viable. In markets such as the UAE and the UK — both of which have established Net Zero 2050 targets — we aim to support the progressive alignment of our projects with long-term decarbonization objectives, subject to regulatory frameworks, market conditions, and technological feasibility.

We believe that integrating sustainability considerations into asset design and management enhances long-term value creation, strengthens asset attractiveness, and contributes to prudent risk mitigation.

Real Estate Development Sustainability

For selected developments, including the Ocean House project on Palm Jumeirah, which is nearing completion, environmentally responsible design and construction principles are integrated into planning and delivery processes.

Key sustainability features incorporated into the development include:

- **Energy compliance strategies aligned with Dubai Municipality standards**
- **High-efficiency HVAC systems with energy recovery technology**
- **Façade and building orientation strategies to enhance natural daylight while managing solar heat gain**

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- Intelligent lighting controls and exterior lighting designed to reduce energy consumption and light pollution
- Water-efficient irrigation, landscaping, and sanitary plumbing systems
- Specification of recycled, regionally sourced, and certified sustainable materials to help reduce embodied carbon
- Integrated electric vehicle (EV) charging infrastructure and preferred parking provisions
- Dedicated bicycle facilities to encourage sustainable transport
- Climate-responsive landscaping featuring native species and shaded public access areas

These measures are intended to improve energy performance, reduce environmental impact, and enhance long-term asset resilience and resident wellbeing.

Health and safety performance remains a priority during construction activities. Since commencement of the main construction contract for the Ocean House project in August 2024, more than 3.5 million safe man hours have been recorded with zero lost time injuries.

SOCIAL

Investing in our People

Our social alignment is reflected primarily in our investment in human capital and our commitment to fostering an inclusive and supportive work environment.

As of 31 December 2025, SHUAA's workforce represented 19 nationalities. Diversity and inclusion remain core principles of our organizational culture. Our diversity profile is as follows:

- 23% of employees were female
- 80% of Board-level positions were held by Emiratis
- 20% of Board-level positions were held by Emirati women
- 36% of female employees held senior management positions

Our commitment to Board diversity remains fully aligned with the Capital Market Authority (CMA) requirements mandating the representation of at least one female member at the Board level. The Company continues to support the development of women in senior roles and to disclose diversity metrics in accordance with regulatory expectations.

Employee Support & Development

SHUAA maintains policies designed to support employee wellbeing, development, and fairness in the workplace, including:

- Children's education assistance
- Comprehensive medical insurance coverage and wellbeing initiatives

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- Annual airfare allowance
- After-hours reimbursement policy for lower paid employees
- Ongoing training and professional development programs
- Grievance and misconduct policies to safeguard fairness in the workplace
- Fostering a culture of openness encouraging employee feedback and engagement

We believe that maintaining a fair, inclusive, and merit-based workplace contributes to organizational resilience and long-term sustainability.

GOVERNANCE

Strong governance forms the foundation of SHUAA's sustainability framework.

As provided in SHUAA's Articles of Association, the Board of Directors is responsible for the overall direction, supervision, and control of the Company. The Board oversees strategy, financial reporting, internal controls, risk management policies, corporate structure, and the approval of the annual report and dividend recommendations. The Board meets at least five times annually and comprises experienced members of the local business community, with a suitable level of non-executive and independent directors.

Good governance encourages accountability, transparency, and adherence to the rule of law, enabling the effective management of financial, human, and economic resources for long-term and equitable development.

The following are key governance-related policies implemented by the Company:

Anti-Money Laundering (AML) / Know Your Customer (KYC) Policy

SHUAA, its Board, senior management, and employees are committed to protecting the Company from misuse by money launderers, fraudsters, and/or financiers of terrorism. The Board fully supports the UAE's AML regime and maintains a zero-tolerance approach toward criminal misuse of SHUAA's services. Appropriate systems, monitoring processes, and reporting mechanisms are in place to ensure compliance with applicable laws and regulatory requirements.

Financial Crime Policy

This policy establishes the framework for managing the risk of financial crime within the organization. Where potential misconduct is identified, appropriate investigative and disciplinary measures are undertaken in accordance with UAE laws and internal procedures.

Chinese Walls Policy

As a diversified investment firm, SHUAA recognizes the importance of managing conflicts of interest and sensitive information. Information barriers are implemented to restrict the inappropriate flow of confidential or price-sensitive information between business units and to ensure adherence to regulatory obligations.

Code of Ethics Policy

The Code of Ethics outlines principles of fair business conduct, protection of confidential and proprietary information, safeguarding of inside information, accurate and timely public disclosure, and appropriate reporting of complaints and breaches.

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Conduct of Business Policy

This policy governs client suitability assessments, client classification, communication standards, complaints handling, and market conduct practices. SHUAA maintains high standards of integrity, diligence, and fairness in all interactions with clients and stakeholders.

Conflicts of Interest Policy

Given the breadth of its services, SHUAA acknowledges that potential or actual conflicts may arise. The policy establishes procedures for identifying, managing, and mitigating conflicts to protect client and shareholder interests.

Gifts Policy

This policy establishes the framework governing the giving and receiving of gifts and hospitality to ensure that business decisions are made objectively and free from undue influence. It supports the identification, control, and mitigation of potential conflicts and reinforces SHUAA's commitment to integrity and professional conduct.

Personal Account Dealing Policy (PAD)

The PAD policy governs employees' and directors' personal securities transactions to ensure compliance with regulatory requirements and prevent insider trading or misuse of confidential information.

Looking Ahead

Sustainability expectations within the financial services sector continue to evolve. SHUAA will continue to monitor regulatory developments, national policy initiatives, and stakeholder expectations, embedding sustainability considerations within its governance and investment framework in a manner consistent with its fiduciary responsibilities and long-term value creation objectives.

SHUAA CAPITAL PSC

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

SHUAA CAPITAL PSC

Consolidated Financial Statements for the year ended 31 December 2025

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BOARD OF DIRECTORS' REPORT

The Board of Directors of SHUAA Capital PSC ("SHUAA" or the "Company") are pleased to present to you the audited consolidated financial statements of the Company and its subsidiaries, collectively (the "Group") for the fiscal year ended 31 December 2025.

Financial Performance Overview

In 2025, the Group reported operating revenues of AED 82 million compared to AED 89 million in 2024. The revenue environment continued to be shaped by the Group's ongoing strategic repositioning, including the systematic wind-down of non-core assets and returns-generating strategies. Notwithstanding the year-on-year movement in revenues, the Group made meaningful strides in improving operating efficiency, with the cost-to-income ratio declining compared to prior year levels as the benefits of the multi-year cost rationalisation programme became increasingly evident.

The Group recorded a net profit of AED 156 million attributable to the owners of the parent in 2025, marking a significant turnaround compared to a net loss attributable to the owners of the parent of AED 274 million in 2024 and AED 907 million in 2023. The return to profitability is primarily driven by the successful completion of the Group's capital optimisation plan, most notably the finalisation of the bond restructuring and the extinguishment of the USD 150 million bond liability, which generated a material non-recurring gain during the year. This, combined with sustained reductions in finance costs following the elimination of bond-related interest obligations and continued discipline on operating expenditures, underpins the turnaround in earnings. The Board regards this as a defining milestone in the Group's multi-year transformation journey.

Given the return to profitability, the Board of Directors has considered the matter of shareholder distributions. In light of the Group's continuing balance sheet strengthening objectives and the need to consolidate the improved financial position, the Board is not recommending a dividend payment to the Company's shareholders at the forthcoming annual general meeting (2024: nil).

Business Updates

Completion of Bond Restructuring

The most consequential development of the period under review, and the culmination of a multi-year effort, was the full and final resolution of the Group's USD 150 million bond liability. This bond was originally issued in October 2020 by a SHUAA-affiliated Special Purpose Vehicle.

In April 2024, the Group secured an agreement with Noteholders to amend and extend the terms of the outstanding bonds payable until 31 March 2025, providing the framework for a comprehensive resolution. The agreement offered Noteholders the opportunity to convert their notes into equity via a Mandatory Convertible Bond ("MCB") exchange offer, with the remaining non-converting Noteholders to be redeemed at an 80% discount to principal.

In the first quarter of 2025, the Group successfully completed all steps of this restructuring in full:

- **MCB Conversion – Existing Noteholders:** The Group finalised the issuance of MCBs amounting to AED 274.4 million (equivalent to USD 74.7 million) to existing Noteholders. These MCBs were subsequently converted into 857.5 million ordinary shares at a conversion price of AED 0.32 per share.
- **Settlement of Non-Converting Noteholders:** The remaining Noteholders, with holdings totalling USD 75.3 million, received a cash settlement equivalent to 20% of their principal amount (USD 15.1 million), paid on 28 March 2025. This transaction resulted in a material gain on extinguishment of liability of AED 214.8 million recognised in the Group's financial statements.
- **New Capital Raise:** In addition, the Group raised AED 85 million through the issuance of new MCBs to new investors, which were converted into 265.6 million ordinary shares at AED 0.32 per share in Q1 2025.
- **Total New Shares Issued:** As a result of the foregoing transactions, the Group issued a total of approximately 1,123 million new ordinary shares in Q1 2025, increasing total issued and fully paid share capital to 3,659,022,945 shares of AED 1 per share.

The completion of this restructuring represents a transformative milestone for the Group. It materially reduces the Group's debt burden, substantially lowers annual finance costs, and significantly strengthens the equity base. The Board is of the view that this outcome, alongside the broader capital optimisation programme, places the Group on a sustainable financial footing from which to pursue growth.

BOARD OF DIRECTORS' REPORT

Business Updates (continued)

Senior Lender Engagement

The Group remained in close engagement with its senior lender during the year. Following the covenant waiver secured in 2024, the Group continued to progress discussions toward a comprehensive restructuring agreement. A further extension of the waiver to 31 March 2026 was subsequently secured, with negotiations ongoing. The Board is monitoring the situation closely and is committed to finalising a resolution within the agreed timeframe.

Asset Management

The Asset Management segment, comprising public markets, private markets and real estate business lines, continued to form the cornerstone of the Group's revenue base. Management fees remained the dominant contributor to operating revenues, reflecting the Group's sustained asset management capabilities. The segment continued its focus on expanding assets under management across high-conviction strategies, while winding down legacy non-core exposures to reduce volatility and enhance the quality of the earnings base.

Investment Banking

The Investment Banking segment delivered revenues underpinned by a healthy deal pipeline, with mandates spanning advisory and capital markets. The Group continues to invest in its Investment Banking franchise as a key differentiator within its integrated platform, and management expects the pipeline of mandates to translate into incremental revenue contributions in the coming periods.

Capital Optimisation and Balance Sheet

The completion of the bond restructuring, together with the systematic impairment and wind-down of non-core legacy assets undertaken in prior years, has materially de-risked the Group's balance sheet. Equity attributable to the owners of the parent has improved substantially as a result of the capital raise, the gain on bond extinguishment, and the return to core operating profitability. The Group's cost rationalisation programme, which has been a key area of management focus over the past two years, continues to deliver tangible results as reflected in the improved cost-to-income ratio.

Corporate Governance and Risk Management

The Board of Directors remains committed to upholding the highest standards of corporate governance and risk management across the Group. The Board continues to monitor and assess the principal risks facing the Company, ensuring that appropriate controls, policies and procedures are in place to mitigate these risks and safeguard shareholder value. The Group's governance framework is aligned with the requirements of the UAE Federal Decree Law No. 32 of 2025, the Capital Market Authority ("CMA") regulations, and the rules and regulations of the Dubai Financial Market.

Risk oversight, internal controls, audit, and compliance functions remain under the active supervision of the relevant Board committees. The Board notes that the resolution of the bond restructuring materially reduces a significant source of liquidity and refinancing risk that had been a key area of focus for the Board and management over recent years.

BOARD OF DIRECTORS' REPORT

2026 Outlook

As the Group enters 2026, it does so from a position of considerably improved financial health and strategic clarity. With the capital optimisation plan now complete, the Board's primary focus will be on translating the strengthened balance sheet into sustainable, organically driven revenue and earnings growth. The Group's core businesses are well positioned to capitalise on the structural opportunities presented by the continued development of regional capital markets, growing demand for sophisticated asset management solutions, and the robust deal environment across the UAE and broader Arab region.

Management will continue to execute on the cost rationalisation programme, directing resources towards the Group's highest-return activities and away from legacy non-core exposures. The Group's leaner operating structure, combined with the elimination of bond-related finance costs, provides a meaningful platform for margin expansion. The Board expects the Group to build on the return to profitability achieved in 2025 and to make further progress towards its longer-term objective of delivering consistent, sustainable value for shareholders.

The Board would also like to take this opportunity to thank all existing and future shareholders, investors, and stakeholders for their continued support, patience, and confidence in the Company throughout what has been a period of significant challenge and transformation. The Board and management team remain fully committed to the execution of the Group's strategic objectives and to delivering long-term value for all stakeholders.

Directors

Badr Al-Olama	Chairman
Hamda AlMheiri	Vice Chairman
Darwish Alketbi	Director
Asad Hussaini	Director
Issa Khoory	Director

Auditors

Crowe Mak were appointed as external auditors and conducted an audit of the consolidated financial statements for the year ended 31 December 2025. The Board of Directors has recommended Crowe Mak as the auditors for 2026 for approval by the shareholders at the forthcoming annual general meeting.

On behalf of the Board



Badr Al-Olama
Chairman
24 March 2026

Ref: BN/B3171/March 2026

Independent Auditor's Report

To,
The Shareholders
SHUAA Capital P.S.C

Report on the audit of the consolidated financial statements**Qualified Opinion**

We have audited the consolidated financial statements of SHUAA Capital P.S.C. (the "Parent") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Qualified Opinion

As disclosed in Note 12 to the consolidated financial statements, the Group's investment in associates includes an investment in Eshraq Investments PJSC amounting to AED 349 million (31 December 2024 (restated): AED 368.2 million). The associate holds an investment in an open-ended fund (the "Fund") measured at fair value, amounting to AED 817 million as at 31 December 2025. The auditors of the associate issued a qualified opinion, as they were unable to obtain sufficient and appropriate audit evidence regarding the fair value of the underlying investments in the Fund and the related fair value gain as at and for the year ended 31 December 2025 and were also unable to determine whether the valuation methodology and inputs used in determining the fair value of the Fund were appropriate. Consequently they were unable to determine whether any adjustments were necessary in respect of those amounts. As part of our group audit procedures, we reviewed the work performed by the associate's auditors, including the basis for their qualification.

Due to the significance of the matter and because we were unable to obtain sufficient appropriate audit evidence by alternative means in relation to the valuation of the Fund's underlying investments, we were unable to determine whether any adjustments were necessary to the Group's share of profit or loss of the associate for the year ended 31 December 2025 and to the carrying amount of the investment in Eshraq Investments PJSC as at that date. ,

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report

Key audit Matters	How our audit addressed the key audit matter
<p>Impairment of goodwill</p> <p>The Group consolidated financial statements includes goodwill of AED 516 million as at 31 December 2025 (2024: AED 516 million) representing 45% of total assets. The goodwill is allocated to Cash Generating Units (CGUs) in accordance with IAS 36, Impairment of Assets which has been tested for annual impairment.</p> <p>(Refer Note 4 and 15 to the Consolidated Financial Statements).</p> <p>Impairment assessment of goodwill requires significant management judgement and estimates such as projected cash flows, discount rates, growth rates over the projection period and terminal growth rates.</p> <p>Given the significance of judgement, subjectivity and sensitivity of the estimates used in the assessment of testing the estimates and the materiality of the amount to the overall financial position, we have considered the matter to be key audit matter.</p>	<p>Our audit procedures includes the following:</p> <ul style="list-style-type: none"> Assessing the principles and methods used for determining the recoverable amounts of the CGU to which the goodwill is allocated and assessing that the methods used are in accordance with the requirements of IAS 36; Assessed the reasonableness of the cashflow projections by testing the key management assumptions and estimates used in the impairment analysis and evaluated the consistency of the cashflow projections with the budgets approved by the Board of Directors. Evaluated the sensitivity analysis performed by management on the growth rates and discount rates to determine whether reasonable changes in these key assumptions would result in the carrying amounts of individual CGUs to exceed their recoverable amounts. Assessed the adequacy of the disclosures in the Consolidated Financial Statements related to goodwill in line with requirement of IFRS.
<p>Assessment of Going Concern and Impact of Mandatory Convertible Bond Issuance and Bank Term Loan</p> <p>(Refer Note 2.2 and 29 to the consolidated financial statements)</p> <p>As disclosed in Note 17 to the consolidated financial statements, At 31 December 2025, the Group was in breach of the waiver agreement obtained in December 2024 relating to its bilateral facility ("Term Loan") of AED 213 million. The loan had been classified as repayable within twelve months as at 31 December 2024 due to breaches of financial covenants. Although a waiver for certain default events under this facility was obtained in 2025, it remained valid only until 21 December 2025. Subsequent to year-end, the Group obtained an extension of the waiver until 31 March 2026, while discussions with its senior lender regarding a restructuring agreement continue.</p> <p>As disclosed in note 2.2 to the consolidated financials statements, the group successfully issued Mandatory Convertible Bond (MCBs) amounting to AED 274.4 million to its existing noteholders and the remaining noteholders will be settled in cash at 80% discount. Furthermore, the group has raised AED 85 million through the issuance of MCB to new investors, with a portion of these proceeds designated to facilitate the settlement of the non-converting noteholders.</p> <p>We identified the assessment of the Group's going concern status and the impact of the mandatory convertible bond issuance as a key audit matter due to the significant transactions involved during the year.</p>	<p>Our audit procedures performed in relation to the mandatory convertible bond included:</p> <ul style="list-style-type: none"> Evaluating management's assessment of going concern, including the reasonableness of key assumptions in cash flow forecasts, such as revenue growth, cost management. We have also reviewed the breach of covenant on its bilateral facility and reviewed the waiver agreement of the bank As part of our audit procedures, we requested all communications, waiver extensions, settlement agreements, or restructuring agreements relating to this bank facility Evaluating the adequacy of disclosures in the consolidated financial statements concerning the Group's going concern assessment and the mitigating impact of the outstanding bilateral facility. Reviewed the documentation related to the issuance process of the Mandatory Convertible Bond (MCB), including Board of Directors approvals and respective agreements with the investors. We have reviewed and traced the receipts of the subscription amount from the new investors in relation to the MCB. We have reviewed the number of equity shares converted to each bondholder with the rate specified in General meeting resolution who have opted for conversion. Evaluating the adequacy of disclosures in the consolidated financial statements concerning the Group's going concern assessment and the mitigating impact of the mandatory convertible bond issuance.

Other Information

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

Further, as required by the U.A.E. Federal Decree Law No. 32 of 2025, we report that:

- i) We have obtained all the information we considered necessary for the purposes of our audit,
- ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the U.A.E. Federal Decree Law No. 32 of 2025,
- iii) The Group maintained proper books of account,
- iv) The financial information included in the report of the Board of Directors is consistent with the books of account of the Group,
- v) As disclosed in note 22.1 to the consolidated financial statements the Group has not purchased or invested in shares during the year ended 31 December 2025,
- vi) Note 21 of the consolidated financial statements discloses material related party transactions, and the terms under which they were concluded,
- vii) Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December, 2025 any of the applicable provisions of the U.A.E. Federal Decree Law No. 32 of 2021, or in respect of the company, its Articles of Association which would materially affects its activities or its consolidated financial position as at 31 December, 2025, And
- viii) Note 6 to the consolidated financial statements discloses the social contribution made during the year ended 31 December 2025.

For Crowe Mak



Basil Naser
Partner
Registration Auditor No. 5507
Dubai, United Arab Emirates
24 March 2026



SHUAA CAPITAL PSC

Consolidated statement of profit or loss for the year ended 31 December 2025

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

Revenues		31 December 2025 Audited	31 December 2024 Audited (Restated)*
	Notes		
Management and performance fees		60,045	80,899
Advisory fees		17,248	386
Trading and custody		4,607	6,722
Others		51	843
Total revenues		81,951	88,850
Expenses			
General and administrative expenses	6	(91,422)	(106,908)
Depreciation and amortisation	13,14	(9,563)	(9,848)
Fee and commission expense		(6,848)	(6,197)
Total expenses		(107,833)	(122,953)
Operating loss		(25,882)	(34,103)
Finance cost		(32,441)	(76,675)
Net foreign exchange (loss) / gain		(897)	244
Provision for impairment losses on financial assets	7	(32,141)	(65,659)
Gain on mandatory convertible bonds		214,776	-
Interest income		106	640
Other income	8	45,957	42,097
Change in fair value loss from financial assets at fair value through profit or loss (FVTPL)	22.1	(17,894)	(55,492)
Share of net profit / (loss) of investments in associates accounted for using the equity method	12	14,141	(118,439)
Pre-tax profit / (loss)		165,725	(307,387)
Income tax (loss) / credit for the year	27	(13,359)	12,103
Net profit / (loss)		152,366	(295,284)
Attributable to:			
Owners of the Parent		156,481	(273,598)
Non-controlling interests		(4,115)	(21,686)
		152,366	(295,284)
Earnings / (losses) per share attributable to Owners (in AED)	20	0.04	(0.11)

* Refer to note 28 for changes to the presentation of the consolidated statement of profit or loss.

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

SHUAA CAPITAL PSC

Consolidated statement of comprehensive income for the year ended 31 December 2025

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

		31 December 2025 Audited	31 December 2024 Audited
Profit / (loss) for the year	Notes	152,366	(295,284)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	19	836	(11,407)
Net loss on cash flow hedges			
- Cash flow hedges	19	-	(8,458)
- Share of other comprehensive income from investment in associates	12	-	6,316
Other comprehensive income / (loss) for the year		836	(13,549)
Total comprehensive income / (loss) for the year		153,202	(308,833)
Attributable to:			
Owners of the Parent		161,230	(283,996)
Non-controlling interests		(8,028)	(24,837)
		153,202	(308,833)

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


SHUAA CAPITAL PSC**Consolidated statement of financial position
as at 31 December 2025**

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

		31 December 2025	31 December 2024
	<i>Notes</i>	<i>Audited</i>	<i>Audited (Restated)*</i>
Assets			
Cash and cash equivalents	9	50,104	43,176
Receivables and other debit balances	10	94,819	112,381
Loans, advances and finance leases	11	59,261	83,600
Financial assets at fair value	22.1	18,583	41,359
Investments in associates	12	349,804	368,415
Property and equipment	13	10,052	10,548
Goodwill and other intangible assets	14	536,060	537,775
Total assets		1,118,683	1,197,254
Liabilities			
Payables and other credit balances	15	157,841	157,163
Other financial liabilities	16	86,836	144,687
Borrowings	17	320,469	854,526
Total liabilities		565,146	1,156,376
Equity			
Share capital	18	3,659,023	2,535,720
Share premium		52,579	52,579
Statutory reserve		49,631	49,631
Other reserves	19	(2,234,631)	(1,475,534)
Accumulated losses		(945,707)	(1,102,188)
Equity attributable to Owners		580,895	60,208
Non-controlling interests (NCI)	26	(27,358)	(19,330)
Net equity		553,537	40,878
Total equity and liabilities		1,118,683	1,197,254

* The comparative information has been restated as a result of a prior period error discussed in Note 28.

The consolidated financial statements were approved by the Board of Directors and authorized for issue on 24 March 2026.


Badr Al-Olama
Chairman


Nabil Al Rantisi
Group Chief Executive Officer

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

SHUAA CAPITAL PSC

Consolidated statement of changes in equity for the year ended 31 December 2025

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

	Share capital	Share premium	Statutory reserve	Other reserves	Accumulated losses	Equity attributable to owners of the Parent	Non - controlling interests	Net Equity
Balance at 1 January 2024	2,535,720	52,579	49,631	(1,465,136)	(828,590)	344,204	5,507	349,711
Loss for the year	-	-	-	-	(299,162)	(299,162)	(22,029)	(321,191)
Other comprehensive loss for the year	-	-	-	(10,398)	-	(10,398)	(3,151)	(13,549)
Total comprehensive loss for the year	-	-	-	(10,398)	(299,162)	(309,560)	(25,180)	(334,740)
Balance at 31 December 2024 (Audited)	2,535,720	52,579	49,631	(1,475,534)	(1,127,752)	34,644	(19,673)	14,971
Restatement of prior period error (Note 28)	-	-	-	-	25,564	25,564	343	25,907
Balance at 31 December 2024- As Restated	2,535,720	52,579	49,631	(1,475,534)	(1,102,188)	60,208	(19,330)	40,878
Profit for the year	-	-	-	-	156,481	156,481	(4,115)	152,366
Other comprehensive income for the year	-	-	-	4,749	-	4,749	(3,913)	836
Total comprehensive income for the year	-	-	-	4,749	156,481	161,230	(8,028)	153,202
Mandatory Convertible Bond conversion	1,123,303	-	-	(763,846)	-	359,457	-	359,457
Balance at 31 December 2025	3,659,023	52,579	49,631	(2,234,631)	(945,707)	580,895	(27,358)	553,537

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

SHUAA CAPITAL PSC

Consolidated statement of cash flows for the year ended 31 December 2025

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

		31 December 2025 Audited	31 December 2024 Audited
Cash flows from operating activities	Notes		
Pre-tax profit / (loss) for the year		165,725	(307,387)
Adjustments for (non-cash items):			
Foreign exchange loss / (gain)		897	(244)
Mandatory Convertible Bond		(214,776)	-
Settlement of Other Financial Liabilities		(37,839)	-
Finance cost		32,441	76,675
Net interest income		(106)	(640)
Fair value loss on financial assets at FVTPL		19,077	91,431
Share of (gain) / loss from investments in associates	12	(14,141)	150,444
Employees' end of service benefit charge		1,689	2,454
Provisions and allowances for impairment - net	7	32,141	65,659
Depreciation and amortization	13,14	9,563	9,848
Others		(4,575)	(20,878)
Operating cash flows before movements in working capital		(9,904)	67,362
Decrease in deposit held with bank		-	5,835
Increase in receivables and other debit balances		(9,922)	(3,596)
Decrease in loans and advances		11,339	24,372
Decrease in payables and other credit balances		(716)	(28,842)
Decrease in other financial liabilities		(25,666)	(1,339)
Net cash (used in) / generated from operations		(34,869)	63,792
Employees' end of service benefit paid		(923)	(10,207)
Net cash (used in) / generated from operating activities		(35,792)	53,585
Cash flows from investing activities			
Disposal of property and equipment		-	325
Proceeds from sale / (payments for purchase) of investments		3,699	(1,920)
Proceeds from disposal of investments		32,752	50,479
Distributions from associates	12	-	2,410
Net interest received		106	640
Net cash generated from investing activities		36,557	51,934

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

SHUAA CAPITAL PSC

Consolidated statement of cash flows for the year ended 31 December 2025 (continued)

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

		31 December 2025 Audited	31 December 2024 Audited
Cash flows from financing activities			
Issuance of mandatory convertible bond		85,000	-
Repayment of borrowings		(47,501)	(7,234)
Lease rentals paid		(8,158)	(5,984)
Finance cost paid		(23,178)	(76,468)
		<hr/>	<hr/>
Net cash generated from / (used in) financing activities		6,163	(89,686)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		6,928	15,833
Cash and cash equivalents at beginning of the year	9	41,926	26,093
		<hr/>	<hr/>
Cash and cash equivalents at end of the year	9	48,854	41,926
		<hr/> <hr/>	<hr/> <hr/>

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

Group structure

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

<u>Name of the entity</u>	<u>Place of incorporation</u>	<u>Principal activity</u>	<u>Effective ownership interest %</u> 31 December 2025	<u>Effective ownership interest %</u> 31 December 2024
<u>Material subsidiaries</u>				
AD CapManage Ltd. (BVI)	B.V.I.	Commercial enterprise investment, institution & management	100.0%	100.0%
ADCM Ltd	Cayman Islands	Investment management	100.0%	100.0%
ADCM Resources Ltd*	Cayman Islands	Investment advisory	100.0%	100.0%
ADCM Emp Carry Ltd	B.V.I.	Special Purpose Vehicle	100.0%	100.0%
AD Power Limited	Cayman Islands	Investment holding	100.0%	100.0%
BBD Partners GP (i)	Cayman Islands	Investment management	100.0%	100.0%
Horizon Investments- Sole Prop LLC	U.A.E.	Investment holding	100.0%	100.0%
Integrated EE Holdings	Montenegro	Project management	100.0%	100.0%
Gulf Finance Corporation CJSC*	Saudi Arabia	Financing	100.0%	100.0%
Gulf Finance Corporation PJSC*	U.A.E.	Financing	100.0%	100.0%
SHUAA Capital PSC	U.A.E.	Financial services and investments holding	100.0%	100.0%
SHUAA Capital Saudi Arabia CJSC	Saudi Arabia	Financial services	100.0%	100.0%
Integrated Capital PJSC	U.A.E.	Financial services	96.00%	96.00%
Asia for Economic Consultancy LLC	Jordan	Consultancy	94.30%	94.30%
Amwal International Investment Company KSCP	Kuwait	Financial services	87.20%	87.20%
Qannas Investments Ltd	Cayman Islands	Investment holding	80.80%	80.80%
Spadille Limited	Jersey	Investment holding	85.00%	85.00%

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

1. LEGAL STATUS AND ACTIVITIES (continued)

Group structure (continued)

Material subsidiary (continued)

<u>Name of the entity</u>	<u>Place of incorporation</u>	<u>Principal activity</u>	<u>Effective ownership interest %</u> 31 December 2025	<u>Effective ownership interest %</u> 31 December 2024
Northacre Limited	UK	Development management	83.90%	83.90%
Squadron Properties (ii)	Cayman Islands	Investment holding	33.00%	33.00%
Astrea Asset Management Limited (ii)	UK	Property management	33.00%	33.00%
Eagle T2	Cayman Islands	Investment holding	100.00%	100.00%
Northacre Capital Ltd	BVI	Investment Manager	100.00%	100.00%

<u>Name of the entity</u>	<u>Place of incorporation</u>	<u>Principal activity</u>	<u>Effective ownership interest %</u> 31 December 2025	<u>Effective ownership interest %</u> 31 December 2024
Material Associates				
Eshraq Investments PJSC	U.A.E.	Investments holding	21.37%	24.59%
City Engineering LLC *	U.A.E.	Contracting	-	-
SHUAA Hospitality Fund I L.P. (iii)	Cayman Islands	Investment holding	-	33.10%
SHUAA Saudi Hospitality Fund I (iii)	Saudi Arabia	Investment holding	-	33.20%
ADCORP Limited *	U.A.E.	Islamic financial institution	24.80%	24.80%

* These subsidiaries and associates are under liquidation except for City Engineering LLC where the investment has been disposed of in 2022.

- (i) Effective ownership interest of 50% in BBD Partners GP is held through a subsidiary.
- (ii) Based on the concept of 'control' as stipulated in *IFRS 10*, ADFG concluded that although it has less than 50% voting rights in the above-mentioned entities, it has 'de facto' control based on respective size of its holding of voting rights relative to the holdings of other vote holders and its representation on the investee's Board of Directors. In addition, the Group has determined that it has control and therefore consolidates the Fund, as it is exposed to its variable returns and has the key decision-making powers necessary to affect the amount of those returns in its capacity as investment manager. Accordingly, the above-mentioned entities have been consolidated in these financial statements.
- (iii) SHUAA Hospitality Fund I L.P., a closed ended private equity investment fund registered as an exempted limited partnership in the Cayman Islands. As a consequence of cross investment holdings by this fund the Group indirectly owns 26.3% of SHUAA Saudi Hospitality Fund I, a closed ended investment fund regulated by the Capital Markets Authority in Saudi Arabia. Both investments exited in 2024.

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

2. BASIS OF PREPARATION

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and applicable provisions of Federal Decree Law No 32 of 2025, as amended of the United Arab Emirates. The consolidated financial statements are presented in thousands of United Arab Emirates Dirhams since that is the currency of the country in which the parent (ADFG), is domiciled and the majority of the Group's business is transacted.

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

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

2.2 Going concern

The Group has incurred a profit of AED 152 million (31 December 2024: loss of 295 million) for the year ended 31 December 2025 which has resulted in accumulated losses of AED 946 million (31 December 2024: 1,102 million) as at that date.

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

Further, the Group has AED 302 million of borrowings repayable within the next twelve months from the date of approval of these consolidated financial statements, including bilateral facilities ("Term Loan") of AED 213 million due to a bank. The Group remained in close engagement with its senior lender during the year. Following the covenant waiver secured in 2024, the Group continued to progress discussions toward a comprehensive restructuring agreement. A further extension of the waiver to 31 March 2026 was subsequently secured, with negotiations ongoing.

The Group has successfully finalised its Mandatory Convertible Bonds ("MCBs") amounting to AED 274.4 million (equivalent to USD 74.7 million) to its existing Noteholders. These MCB holders were converted into ordinary shares at AED 0.32 per share which resulted in 857.5 million ordinary shares issued during the year. Remaining Noteholders, whose holdings total USD 75.3 million received a settlement equivalent to 20% of their principal amount, paid on 28 March 2025 (USD 15.1 million). This transaction resulted in a gain of AED 214.8 million.

In addition, the Group raised AED 85 million through the issuance of MCBs to new investors and these MCBs were converted into ordinary shares at AED 0.32 per share resulting in 265.6 million shares were issued during the year.

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 New and revised IFRS adopted in the consolidated financial statements

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after 1 January 2025, have been adopted in these financial statements. The application of these revised IFRSs Accounting Standards, except where stated, have not had any material impact on the amounts reported for the current and prior year.

Title	Key requirements	Effective Date
IFRS 18 - Presentation and disclosure in financial statements	This new standard contains requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.	1 January 2025
Amendments to IFRS 9 & IFRS 7 and IAS 7	Classification and Measurement of Financial Instruments	1 January 2025
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 19 - Subsidiaries without Public Accountability: Disclosures	This new standard permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures.	1 January 2025
Standards and interpretations issued but not yet effective		
IFRS 1, 7, 9, 10 and IAS 7	Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
Amendments to IFRS 9 & IFRS 7 and IAS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS 9 & IFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Basis of consolidation

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

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

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

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

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

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

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

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.3 Property and equipment

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

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

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

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

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

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

3.4 Impairment of non-financial assets

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

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

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

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

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Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.5 Finance cost

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

3.6 Inventories

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

3.7 Income statement presentation policy

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

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

3.8 Revenue recognition

The Group recognises revenue from contracts with customers in accordance with IFRS 15 Revenue from Contracts with Customers. Revenue is recognised by applying the following five-step model:

- Step 1 — Identify the contract with a customer
- Step 2 — Identify the performance obligations in the contract
- Step 3 — Determine the transaction price
- Step 4 — Allocate the transaction price to the performance obligations
- Step 5 — Recognise revenue when (or as) the performance obligation is satisfied

Revenue is recognised over time when one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Where revenue is recognised over time, the Group applies an appropriate method to measure progress towards complete satisfaction of the performance obligation, typically the input method (based on costs or efforts incurred) or the output method (based on milestones or units delivered), whichever best depicts the transfer of control to the customer.

Where none of the above criteria are met, revenue is recognised at the point in time at which control transfers to the customer. The Group assesses each revenue arrangement to determine whether it acts as principal or agent, recognising revenue on a gross or net basis accordingly.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Revenue recognition

Net fee and commission income

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

Fee income is accounted for as follows:

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

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

Advisory income

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

Interest income

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

Carried interest

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

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

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Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.8 Revenue recognition (continued)

Income from finance lease

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

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

Processing fee

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

Dividend income

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

3.9 Provisions

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

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

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

3.10 Employee benefits

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.11 Foreign currencies

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

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

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

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

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

3.12 Financial instruments

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

Initial recognition – financial assets

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial Instruments (continued)

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

Computation of fair value is based on valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees, are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period (Note 22.1).

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

Classification- financial assets

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

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

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

Subsequent measurement – financial assets

For purposes of subsequent measurement

- Financial assets at AC (debt financial assets): Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss (P&L) when the asset is derecognised, modified or impaired.
- For assets that are purchased or originated credit impaired ("POCI") at initial recognition, the effective interest rate is adjusted for credit risk, i.e. it is calculated based on the expected cash flows on initial recognition instead of contractual payments.
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt financial assets): For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in consolidated statement of other comprehensive income (OCI). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to P&L.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Classification- financial assets (continued)

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

Impairment - financial assets

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

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

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

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

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

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

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Impairment - financial assets (continued)

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

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

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

No impairment loss is recognised on equity investments.

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

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

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

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

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

Write-off - financial assets

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Derecognition - financial assets

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

Modification - financial assets

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

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

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

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

Initial recognition and classification - financial liabilities

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

Subsequent measurement - financial liabilities

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

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Subsequent measurement – financial liabilities (continued)

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

Financial guarantee contract liabilities

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

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

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

Derecognition of financial liabilities

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

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

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

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3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. The Group's risk management strategy and how it is applied to manage risk are explained in Note 23.

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

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

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

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

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

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

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

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

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

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.12 Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

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

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

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

Equity instruments

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

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

3.13 Cash and cash equivalents

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

3.14 Investment in associates

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

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.14 Investment in associates (continued)

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

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

3.15 Leases

Group as a Lessor

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

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

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

Group as a Lessee

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

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

3.16 Goodwill

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.16 Goodwill (continued)

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

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

3.17 Intangible assets acquired in a business combination

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

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

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

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

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

3.18 Non-controlling interests

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

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

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

3.20 Segmental information

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.21 Treasury shares

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

3.22 Taxation

The income tax expense represents the sum of current and deferred income tax expense.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination or for transactions that give rise to equal taxable and deductible temporary differences) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.22 Taxation (continued)

Current tax and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical judgement in applying Group's accounting policies

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

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

Business model assessment

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

Assessment of Significant Increase in Credit Risk

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

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

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

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

Carried interest

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

Consolidation - Control assessment

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

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

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

Notes to consolidated financial statements for the year ended 31 December 2025

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

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

4.2 Key sources of estimation uncertainty

Calculation of ECL

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

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

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

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

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

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

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

Notes to consolidated financial statements for the year ended 31 December 2025

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

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

4.2 Key sources of estimation uncertainty (continued)

Fair value measurement of financial assets at FVTPL and FVTOCI

Fair values for the Group's financial assets at FVTPL and FVTOCI (level 3) are measured using market or income approaches. Considerable judgment may be required in developing estimates of fair value, particularly for financial instruments classified as Level 3 in the fair value hierarchy as such estimates incorporate market unobservable inputs that require management to use its own assumptions. The Group's valuation techniques for Level 3 financial instruments remained unchanged in 2025.

The uncertainty in those assumptions have been incorporated into the Group's valuations of Level 3 financial instruments primarily through updated cash flows and discount rate, as applicable. See note 22.1 for details of the Group's Level 3 financial instruments. Additional volatility in the fair values of Level 3 financial instruments may arise in future periods if actual results differ materially from the company's estimates. If no market data is available, the Group may value its investments using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry, such as the Discounted Cash Flow (DCF) and Net Asset Value (NAV) method, in which case the Group would exercise judgement and estimates on the quantity and quality of the cash flows and fair values, respectively, of the underlying investment.

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

Impairment assessment on Investment using equity accounting

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

Impairment of goodwill

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the recoverable amount using value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units taking into account all conditions existing as at the end of reporting period and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The future cash flows of the CGUs are sensitive to the cash flows projected for the periods for which detailed forecasts are available and to assumptions regarding the long-term pattern of sustainable cash flows thereafter. Forecasts are compared with actual performance and verifiable economic data, but they reflect management's view of future business prospects at the time of the assessment. The rates used to discount future expected cash flows can have a significant effect on the value in use ("VIU"), and are based on the costs of equity assigned to individual CGUs. The cost of equity percentage is generally derived from a capital asset pricing model and market implied cost of equity, which incorporates inputs reflecting a number of financial and economic variables, including the risk-free interest rate in the country concerned and a premium (Beta) for the risk of the business being evaluated. These variables are subject to fluctuations in external market rates and economic conditions beyond management's control. Key assumptions used in estimating the Goodwill VIU are described in Note 14.

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

5. SEGMENTAL INFORMATION

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

Asset Management unit manages real estate funds and projects, investment portfolios and funds in the regional equities, fixed income and credit markets. It also provides investment solutions to clients with a focus on alternative investment strategies.

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

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

	31 December 2025			Total
	Asset Management	Investment Banking	Corporate	
Management and performance fees	57,812	-	2,233	60,045
Advisory fees	-	17,248	-	17,248
Trading and custody	1,064	3,543	-	4,607
Others	-	-	51	51
Total revenues	58,876	20,791	2,284	81,951
General and administrative expenses	(56,047)	(21,390)	(13,985)	(91,422)
Depreciation and amortisation	(5,755)	(3,705)	(103)	(9,563)
Fee and commission expense	(5,851)	-	(997)	(6,848)
Total expenses	(67,653)	(25,095)	(15,085)	(107,833)
Operating loss	(8,777)	(4,304)	(12,801)	(25,882)
Finance cost	(3,173)	(979)	(28,289)	(32,441)
Net foreign exchange loss	(625)	(245)	(27)	(897)
Provision for impairment losses on financial assets	-	-	(32,141)	(32,141)
Interest income	-	-	106	106
Gain on mandatory convertible bond	-	-	214,776	214,776
Other income	6,201	2,601	37,155	45,957
Change in fair value loss from financial assets at fair value through profit or loss (FVTPL)	-	-	(17,894)	(17,894)
Share of loss from investments in associates	-	-	14,141	14,141
Pre-tax (loss)/profit	(6,374)	(2,927)	175,026	165,725
Income tax loss for the year	-	-	(13,359)	(13,359)
Net (loss)/profit	(6,374)	(2,927)	161,667	152,366
Non-controlling interests	122	-	3,993	4,115
(Loss)/profit for the year attributable to Owners	(6,252)	(2,927)	165,660	156,481
Revenue generated from external customers (fee & commission)	58,729	236	2,283	61,248

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

5. SEGMENTAL INFORMATION (continued)

	31 December 2025			
	Asset Management	Investment Banking	Corporate	Total
Assets	<u>357,011</u>	<u>295,520</u>	<u>466,152</u>	<u>1,118,683</u>
Liabilities	<u>53,464</u>	<u>28,773</u>	<u>482,909</u>	<u>565,146</u>
	31 December 2024			
	Asset Management	Investment Banking	Corporate	Total
Management and performance fees	78,105	-	2,794	80,899
Advisory fees	-	386	-	386
Trading and custody	-	5,970	752	6,722
Others	-	-	843	843
Total revenues	<u>78,105</u>	<u>6,356</u>	<u>4,389</u>	<u>88,850</u>
General and administrative expenses	(68,328)	(16,102)	(22,478)	(106,908)
Depreciation and amortisation	(5,110)	(4,634)	(104)	(9,848)
Fee and commission expense	(5,190)	-	(1,007)	(6,197)
Total expenses	<u>(78,628)</u>	<u>(20,736)</u>	<u>(23,589)</u>	<u>(122,953)</u>
Operating loss	<u>(523)</u>	<u>(14,380)</u>	<u>(19,200)</u>	<u>(34,103)</u>
Finance cost	(9,839)	(2,793)	(64,043)	(76,675)
Net foreign exchange (loss)/gain	(1,175)	(105)	1,524	244
Provision for impairment losses on financial assets	(41,135)	-	(24,524)	(65,659)
Interest income	-	-	640	640
Other income	3,188	3,324	35,585	42,097
Change in fair value gain/(loss) from financial assets at fair value through profit or loss (FVTPL)	28,849	-	(84,341)	(55,492)
Share of loss from investments in associates	-	-	(118,439)	(118,439)
Pre-tax loss	<u>(20,635)</u>	<u>(13,954)</u>	<u>(272,798)</u>	<u>(307,387)</u>
Income tax credit for the year	<u>-</u>	<u>-</u>	<u>12,103</u>	<u>12,103</u>
Net loss	<u>(20,635)</u>	<u>(13,954)</u>	<u>(260,695)</u>	<u>(295,284)</u>
Non-controlling interests	1,240	-	20,446	21,686
Loss for the year attributable to Owners	<u>(19,395)</u>	<u>(13,954)</u>	<u>(240,249)</u>	<u>(273,598)</u>
Revenue generated from external customers (fee & commission)	<u>78,105</u>	<u>2,904</u>	<u>3,784</u>	<u>84,793</u>

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

5. SEGMENTAL INFORMATION (continued)

	31 December 2024			
	Asset Management	Investment Banking	Corporate	Total
Assets	<u>370,771</u>	<u>279,176</u>	<u>547,307</u>	<u>1,197,254</u>
Liabilities	<u>111,625</u>	<u>42,269</u>	<u>1,002,482</u>	<u>1,156,376</u>

6. GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2025	31 December 2024
Staff cost	(42,025)	(53,889)
Professional fees	(25,278)	(28,427)
Administration, technology and communication	(12,214)	(13,993)
Office costs	(3,903)	(3,485)
Directors' fee	(3,212)	(1,500)
Corporate marketing and branding costs	(169)	(269)
Business travel expenses	(121)	(466)
Others	(4,500)	(4,879)
	<u>(91,422)</u>	<u>(106,908)</u>

There is no payment for social contribution in 2025 and 2024.

7. PROVISION FOR IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

	31 December 2025	31 December 2024
Charge of provision of impairment for doubtful receivables and other assets (Note 10)	(19,141)	(65,155)
Charge on Loans, advances and finance leases (Note 11b)	(13,000)	(504)
	<u>(32,141)</u>	<u>(65,659)</u>

8. OTHER INCOME/EXPENSE (NET)

	31 December 2025	31 December 2024
Loss on reduction of investment in associate (Note 12)	(4,859)	(6,564)
Gain on liability settlement (a)	37,839	-
Others	12,977	48,661
	<u>45,957</u>	<u>42,097</u>

(a) During the year, the Group entered into a legally binding settlement agreement with a creditor, pursuant to which the outstanding indebtedness was reduced by 37,839, representing the difference between the face value of the debt and the agreed settlement consideration. The resulting gain on extinguishment has been recognised in the current year.

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

9. CASH AND CASH EQUIVALENTS

	31 December 2025	<i>31 December 2024</i>
Cash on hand	109	120
Balances held with banks	49,995	43,056
	<u> </u>	<u> </u>
Cash and deposits with banks (a)	50,104	43,176
Less: Restricted deposits	(1,250)	(1,250)
	<u> </u>	<u> </u>
Cash and cash equivalents	48,854	41,926
	<u> </u>	<u> </u>

The rate of interest on the deposits held during the year ended 31 December 2025 ranged from 0.01% to 5.25% (31 December 2024: 0.01% to 5.25%) per annum.

(a) Cash and deposits with banks include deposits 1,250 (31 December 2024: 1,250) with banks, which are held as collateral against the Group's banking facilities. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are stated net of these deposits.

10. RECEIVABLES AND OTHER DEBIT BALANCES

	31 December 2025	<i>31 December 2024</i>
Trade receivables – net of loss allowance (Note 10.1)	44,204	40,029
Advances and deposits	4,707	3,393
Prepayments	5,753	4,728
Accrued income	7,333	9,910
Deferred tax asset	7,522	12,155
Others (Note 10.2)	25,300	42,166
	<u> </u>	<u> </u>
	94,819	112,381
	<u> </u>	<u> </u>
Trade receivables and managed funds – net of loss allowance		
Trade receivables and managed funds	167,495	161,045
Loss allowance	(123,291)	(121,016)
	<u> </u>	<u> </u>
	44,204	40,029
	<u> </u>	<u> </u>
Movement in loss allowance:		
Opening balance	(121,016)	(55,861)
Charge/written off during the year	(2,275)	(65,155)
	<u> </u>	<u> </u>
Closing balance	(123,291)	(121,016)
	<u> </u>	<u> </u>

10.1 Included in trade receivables is an amount of 498 (31 December 2024: 498) due from related parties (Note 21).

10.2 This includes 42,166 (31 December 2024: 42,166) receivable from the disposal of a subsidiary in 2022. During the year, the Group has taken a provision against this receivable amounting to 16,866.

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

11. LOANS, ADVANCES AND FINANCE LEASES

	31 December 2025	31 December 2024
Loans and advances - net of provision for impairment (a)	44,000	57,000
Finance leases – net of provision of impairment (b)	15,261	26,600
	59,261	83,600

(a) Loans and advances

	31 December 2025	31 December 2024
Total loans and advances	230,489	230,489
Provision for impairment	(186,489)	(173,489)
	44,000	57,000
Movement in cumulative provision for impairment:		
Opening balance	(173,489)	(173,489)
Charge for the year	(13,000)	-
Closing balance	(186,489)	(173,489)

As at 31 December 2025, the underlying collateral for loans and advances were valued at 44,000 (31 December 2024: 57,000). Provisions are made for the uncovered portion of the impaired loans and advances

(b) Finance leases

	31 December 2025	31 December 2024
Current finance lease receivables	15,261	23,441
Non-current finance lease receivables	-	3,159
	15,261	26,600

There is no charge in finance leases for the year 2025 (31 December 2024: 504).

Leasing arrangements – the Group as lessor

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

	<i>Minimum lease payments</i>		<i>Present value of minimum lease payments</i>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Not later than one year	6,236	6,128	6,236	6,128
Later than one year and not later than five years	-	2,641	-	2,641
	6,236	8,769	6,236	8,769
Less: unearned finance income	-	-	-	-
Present value of minimum lease payments receivable	6,236	8,769	6,236	8,769

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

11. LOANS, ADVANCES AND FINANCE LEASES (continued)

(b) Finance Lease (continued)

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

As at 31 December 2025, the underlying collateral for finance leases was valued at Nil (31 December 2024: Nil). Provisions are made for the impaired portion of the lease, net of collateral.

The effect of collateral on assets is as follows:

31 December 2025

	Over collateralized Carrying value of the assets	Value of collateral	Under collateralized Carrying value of the assets	Value of collateral
Loans and advances	44,000	44,000	-	-
Finance leases	9,025	149,499	-	-
	<u>53,025</u>	<u>193,499</u>	<u>-</u>	<u>-</u>

31 December 2024

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

12. INVESTMENTS IN ASSOCIATES

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

	Eshraq	ADCORP Limited	Total
Movement			
As at 1 January 2025	368,202	213	368,415
Share of profit from associates	14,141	-	14,141
Disposal	(32,541)	-	(32,541)
Impairment	-	(211)	(211)
As at 31 December 2025	<u>349,802</u>	<u>2</u>	<u>349,804</u>

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

12. INVESTMENTS IN ASSOCIATES (continued)

The table below shows the movement in associates during 2024.

	Eshraq	ADCORP Limited	Total
Movement			
As at 1 January 2024	521,313	7,725	529,038
Restatement for prior period error (Note 28)	25,907	-	25,907
Share of loss of associates	(139,244)	(5,102)	(144,346)
Share of other comprehensive income of associates	6,316	-	6,316
Disposal	(14,085)	-	(14,085)
Loan settlement	(32,005)	-	(32,005)
Dividends and distributions	-	(2,410)	(2,410)
	<u>-----</u>	<u>-----</u>	<u>-----</u>
As at 31 December 2024-restated	368,202	213	368,415
	<u>=====</u>	<u>=====</u>	<u>=====</u>

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

31 December 2025

	Eshraq	ADCORP Limited	Total
Summarised statement of financial position			
Assets			
- Current	1,404,506	3,802	1,408,308
- Non-current	368,355	-	368,355
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total assets	1,772,861	3,802	1,776,663
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Liabilities			
- Current	28,903	1,944	30,847
- Non-current	113,336	-	113,336
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total liabilities	142,239	1,944	144,183
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Net Assets	1,630,622	1,858	1,632,480
	<u>=====</u>	<u>=====</u>	<u>=====</u>
Summarised statement of comprehensive income			
Revenue	97,620	-	97,620
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Profit / (Loss) for the year	64,040	(104)	63,936
Other comprehensive loss for the year	(7,738)	-	(7,738)
	<u>-----</u>	<u>-----</u>	<u>-----</u>
Total comprehensive income / (loss) for the year	56,302	(104)	56,198
	<u>=====</u>	<u>=====</u>	<u>=====</u>

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

12. INVESTMENTS IN ASSOCIATES (continued)

31 December 2024

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

13. PROPERTY AND EQUIPMENT

	31 December 2025							
	<i>Leasehold Improvements</i>	<i>Office equipment</i>	<i>Motor vehicles</i>	<i>Furniture and fixture</i>	<i>Land & buildings</i>	<i>Artworks and painting</i>	<i>Right-of-use assets</i>	<i>Total</i>
Cost								
Balance at beginning of the year	12,509	5,038	133	2,523	2,551	1,356	62,294	86,404
Additions	-	-	-	-	-	-	6,938	6,938
Disposals	(605)	(1,798)	-	(117)	-	-	-	(2,520)
	-----	-----	-----	-----	-----	-----	-----	-----
Balance at end of the year	11,904	3,240	133	2,406	2,551	1,356	69,232	90,822
	-----	-----	-----	-----	-----	-----	-----	-----
Accumulated depreciation								
Balance at beginning of the year	10,692	3,269	106	1,895	301	3	59,590	75,856
Charge for the year	1,234	450	-	10	-	-	6,154	7,848
Disposals	(674)	(2,244)	(3)	(135)	-	-	122	(2,934)
	-----	-----	-----	-----	-----	-----	-----	-----
Balance at end of the year	11,252	1,475	103	1,770	301	3	65,866	80,770
	-----	-----	-----	-----	-----	-----	-----	-----
Net book value								
Balance at end of the year	652	1,765	30	636	2,250	1,353	3,366	10,052
	=====	=====	=====	=====	=====	=====	=====	=====

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

13. PROPERTY AND EQUIPMENT (continued)

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

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Notes to consolidated financial statements for the year ended 31 December 2025

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

13. PROPERTY AND EQUIPMENT (continued)

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

	31 December 2025	31 December 2024
Buildings (*)	69,232	62,294
Total right-of-use assets at cost (Note 13)	<u>69,232</u>	<u>62,294</u>

(*) The Group has sub-let a portion of the leased property to third parties which have been adjusted against the recognised right-of-use assets (Note 13).

13.2 The depreciation charge for right-of-use assets pertains mainly to office premises (Note 13).

	31 December 2025	31 December 2024
Buildings	6,154	6,326
Total depreciation of right-of-use assets (Note 13)	<u>6,154</u>	<u>6,326</u>

14. GOODWILL AND OTHER INTANGIBLE ASSETS

	31 December 2025				
	<i>Goodwill</i>	<i>Trademark/ Brand</i>	<i>Customer Relationships</i>	<i>Trade Licenses</i>	<i>Total</i>
Cost					
Balance at beginning of the year	516,051	7,993	34,249	7,607	565,900
Impact of foreign currency translation	-	-	-	-	-
Balance at end of the year	<u>516,051</u>	<u>7,993</u>	<u>34,249</u>	<u>7,607</u>	<u>565,900</u>
Accumulated amortization					
Balance at beginning of the year	-	2,486	25,632	7	28,125
Charge for the year	-	481	1,234	-	1,715
Balance at end of the year	<u>-</u>	<u>2,967</u>	<u>26,866</u>	<u>7</u>	<u>29,840</u>
Net book value as at 31 December 2025	<u>516,051</u>	<u>5,026</u>	<u>7,383</u>	<u>7,600</u>	<u>536,060</u>

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Notes to consolidated financial statements for the year ended 31 December 2025

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

14. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

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

The Group performs impairment tests on Goodwill annually or earlier if an impairment trigger has been identified. Management assessed the recoverable amount for the cash-generating units ("CGUs") using the higher of fair value less cost to sell and value in use ("VIU"). VIU calculations were determined using cash flow projections from financial budgets approved by the Group's senior management covering a five-year period. The discount rate applied to the cash flow projections represent the cost of capital adjusted for an appropriate risk premium for these cash-generating units. The Group reassessed the discount rates based on updated market data that adequately reflects the business risks associated with each CGU. Based on the assessment, no impairment was recognized in 2025.

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

14. GOODWILL AND OTHER INTANGIBLE ASSETS (continued)

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

The carrying amount of Goodwill, Trade licenses and Customer relationships as at 31 December 2025 allocated to each CGU along with the key inputs used for VIU calculations and sensitivity analysis are summarized as follows:

CGU	31 December 2025							Change in Discount rate of +1% to VIU	Change in Growth rate of -1% to VIU
	Goodwill	Customer relationship	Trademarks / Brand	Trade licenses	Discount rate	Growth rate			
Asset Management – Real Estate	267,183	-	2,377	3,300	6.37%	2.50%	(107,569)	(89,796)	
Investment Banking	162,215	-	1,813	4,000	6.60%	2.50%	(62,849)	(54,852)	
Fixed Income Trading	58,746	7,383	836	-	6.60%	2.50%	(96,840)	(84,892)	
Investment Solutions	27,907	-	-	300	6.60%	2.50%	(52,845)	(46,241)	
	<u>516,051</u>	<u>7,383</u>	<u>5,026</u>	<u>7,600</u>					
CGU	31 December 2024							Change in Discount rate of +1% to VIU	Change in Growth rate of -1% to VIU
	Goodwill	Customer relationship	Trademarks/ Brand	Trade licenses	Discount rate	Growth rate			
Asset Management – Real Estate	267,183	-	2,552	3,300	6.37%	2.50%	(131,977)	(114,048)	
Investment Banking	162,215	-	1,947	4,000	6.60%	2.50%	(167,861)	(144,575)	
Fixed Income Trading	58,746	8,617	1,008	-	6.60%	2.50%	(22,003)	(19,004)	
Investment Solutions	27,907	-	-	300	6.60%	2.50%	(34,477)	(29,822)	
	<u>516,051</u>	<u>8,617</u>	<u>5,507</u>	<u>7,600</u>					

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Notes to consolidated financial statements for the year ended 31 December 2025

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

15. PAYABLES AND OTHER CREDIT BALANCES

Payables and other credit balances comprise the following:

	31 December 2025	<i>31 December 2024</i>
Payable to clients	3,232	3,214
Customer deposits	9,208	9,030
Accruals	20,963	11,025
Lease liabilities (Note 15.1)	8,462	15,711
Payables against acquisitions	11,391	15,798
FVTPL liabilities (Note 22.1)	3,055	7,007
End of service benefits	6,851	6,085
Provisions (Note 15.2)	374	374
Deferred revenue	2,078	1,255
Corporate Tax	8,226	-
Deferred tax liability	40,854	40,906
Other payables*	43,147	46,758
	157,841	157,163

* Other payables mainly comprise of amount due to suppliers.

15.1 Lease liabilities

	31 December 2025	<i>31 December 2024</i>
Current	8,462	7,230
Non-current	-	8,481
	8,462	15,711

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

15.2 Movement in provisions

	31 December 2025	<i>31 December 2024</i>
As at 1 January	374	371
Charged to profit or loss	-	3
As at 31 December	374	374

All other balances above, except as disclosed in note 23, are expected to be settled within 12 months after the end of the reporting period.

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

16. OTHER FINANCIAL LIABILITIES

	31 December 2025	31 December 2024
Repayable within twelve months	39,293	87,411
Repayable after twelve months	47,543	57,276
	86,836	144,687

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

17. BORROWINGS

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

	31 December 2025	31 December 2024
Secured		
Due to banks	212,585	207,857
Due to other financial institutions (Note 17.1)	33,464	31,074
Others	56,066	53,917
	302,115	292,848
Unsecured		
Due to banks (Note 17.2)	-	12,668
Bonds and Sukuk payable	18,354	549,010
	18,354	561,678
	320,469	854,526

17.1 These include borrowings amounting to 33,464 (31 December 2024: 31,074) due to related parties with an interest rate of 8% p.a. (2024: 8% p.a.).

17.2 This includes 4,897 related to funding received by a subsidiary from its regulator to finance and support Small and Medium-Sized Entities (SME) lending activity of the subsidiary in 2024 and subsequently settled in 2025.

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

	31 December 2025	31 December 2024
Secured		
Repayable within twelve months	302,115	292,846
	302,115	292,846
Unsecured		
Repayable within twelve months	-	543,323
Repayable after twelve months	18,354	18,357
	18,354	561,680
	320,469	854,526

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Notes to consolidated financial statements for the year ended 31 December 2025

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

17. BORROWINGS (continued)

17.3 Summary of borrowing arrangements:

31 December 2025				
Facility type	Facility Amount	Original Tenor	Effective interest/profit rate	Collateral
Term Loan	268,651	Between 0 to 7 years	1.5%-9.75%	44,000
Sukuk	18,354	Between 1 to 5 years	8.25%	-
Murabaha facility	33,464	Between 0 to 1 year	8%	-
	<u>320,469</u>			<u>44,000</u>
31 December 2024				
Facility type	Facility Amount	Original Tenor	Effective interest/profit rate	Collateral
Term Loan	274,440	Between 0 to 7 years	1.5%-9.75%	161,729
Bond and Sukuk	549,012	Between 1 to 5 years	7.50%-8.25%	-
Murabaha facility	31,074	Between 0 to 1 year	8%	-
	<u>854,526</u>			<u>161,729</u>

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

In March 2025, the Company completed a restructuring of its USD 150 million bond obligation. Under the terms of the restructuring agreement, bondholders accepted a settlement consisting of:

1. Cash payment of USD 15.1 million for the bond holders representing only 20% of the original principal of USD 75.3 million in full and final settlement of this portion; and
2. Conversion of the remaining USD 74.7 million into Mandatory Convertible Bonds.

The Group obtained a waiver from the bank in 2025 in respect of default events under its banking facility, which was valid until 21 December 2025. A further extension of the waiver to 31 March 2026 was subsequently secured, with negotiations ongoing.

17.4 Reconciliation of liabilities arising from financing activities

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

	At 1 January 2025	Acquisitions on business combination	Financing cash flows (i)	Other charges (ii)	Non-cash changes		At 31 December 2025
					Disposal of subsidiaries	Liability transferred to equity	
Due to banks	220,525	-	(12,668)	4,728	-	-	212,585
Due to other financial institutions	31,074	-	-	2,390	-	-	33,464
Bonds payable	549,010	-	(49,356)	-	-	(481,300)	18,354
Others	53,917	-	-	2,149	-	-	56,066
	<u>854,526</u>	<u>-</u>	<u>(62,024)</u>	<u>9,267</u>	<u>-</u>	<u>(481,300)</u>	<u>320,469</u>

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

17. BORROWINGS (continued)

17.4 Reconciliation of liabilities arising from financing activities (continued)

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

(i) Net cash flows from proceeds and repayment of borrowings.

(ii) Other charges include interest accruals, repayments and discontinued operations adjustments.

18. SHARE CAPITAL

	Number of shares	Value
31 December 2025	<u>3,659,023</u>	<u>3,659,023</u>
31 December 2024	<u>2,535,720</u>	<u>2,535,720</u>

Authorised, issued and fully paid share capital comprises 3,659,022,945 shares (31 December 2024: 2,535,720,000 shares) of AED 1 per share (31 December 2024: AED 1 per share). Each share carries one vote and the right to receive dividends.

During the year, the Group successfully finalized the conversion of Mandatory Convertible Bonds ("MCBs") totalling AED 274.4 million (equivalent to USD 74.7 million) held by existing Noteholders. These MCBs were converted into 857.5 million ordinary shares at a conversion price of AED 0.32 per share.

Additionally, the Group raised AED 85 million through the issuance of MCBs to new investors, which were converted into 265.6 million ordinary shares at AED 0.32 per share in Q1 2025.

As a result of these transactions, the Group issued a total of 1,123 million ordinary shares in Q1 2025. The par value of each share is AED 1. The difference between the issue price and the par value amounted to AED 0.68 per share (AED 763.8 million in total), has been recorded as a negative share premium reserve (Note 20).

At 31 December 2025, the Company had Nil (31 December 2024: Nil) treasury shares outstanding. During the year, the Company sold NIL treasury shares (2024: Nil) for total proceeds of Nil (2024: Nil). The cost of these shares was Nil.

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

19. OTHER RESERVES

	Merger reserve (19.1)	Investmen t revaluatio n reserve	Cash flow hedge reserve (19.2)	Translatio n reserve	Mandator y Convertib le Bond	Total
As at 1 January 2025	(1,410,720)	(64,860)	9,203	(9,157)	-	(1,475,534)
Mandatory convertible bond conversion	-	-	-	-	(763,846)	(763,846)
Cash flow hedge						
Translation of operations of foreign subsidiaries	-	-	-	836	-	836
NCI share				3,913		3,913
Other Comprehensive (loss)/income	-	-	-	4,749	-	4,749
As at 31 December 2025	<u>(1,410,720)</u>	<u>(64,860)</u>	<u>9,203</u>	<u>(4,408)</u>	<u>(763,846)</u>	<u>(2,234,631)</u>
As at 31 December 2024	<u>(1,410,720)</u>	<u>(64,860)</u>	<u>9,203</u>	<u>(9,157)</u>	<u>-</u>	<u>(1,475,534)</u>

19.1 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).

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

20. 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

	31 December 2025	31 December 2024
Profit / (loss) attributable to the Owners	<u>156,481</u>	<u>(273,598)</u>
Weighted average number of ordinary shares	<u>3,659,023</u>	<u>2,535,720</u>
Earnings / (loss) per share	<u>0.04</u>	<u>(0.11)</u>

Diluted earnings per share as of 31 December 2025 and 31 December 2024 are equivalent to basic earnings per share.

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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21. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

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

	31 December 2025	<i>31 December 2024</i>
Receivables and other debit balances		
Associates	498	498
	<u> </u>	<u> </u>
Borrowings		
Associates	33,464	31,074
	<u> </u>	<u> </u>
Other financial liabilities		
Associates	14,041	13,059
	<u> </u>	<u> </u>
Other related parties	31,128	28,951
	<u> </u>	<u> </u>

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

	31 December 2025	<i>31 December 2024</i>
Directors remuneration	2,676	1,500
	<u> </u>	<u> </u>
Key management compensation:		
Salaries, bonuses and other benefits	12,471	7,826
Post-employment benefits	409	505
	<u> </u>	<u> </u>
	12,880	8,331
	<u> </u>	<u> </u>
Revenue earned from related parties		
Other related parties	-	-
	<u> </u>	<u> </u>
Finance cost on the borrowings		
Associates	2,390	3,335
	<u> </u>	<u> </u>
Interest paid on borrowings		
Associates	-	1,195
	<u> </u>	<u> </u>

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Notes to consolidated financial statements for the year ended 31 December 2025

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22. FINANCIAL INSTRUMENTS (continued)

22.1 Fair value of financial instruments (continued)

During the year, the Group recognized fair value loss amounting to (17,894) (31 December 2024: loss amounting to (55,492)), on investments carried at FVTPL. The Group purchased investments of 1,543 (2024: 1,920) during the financial year ended 31 December 2025.

FVTPL and FVOCI investments include securities with nil market value (31 December 2024: 161,729) which are pledged against borrowings (Note 17).

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

Financial assets recorded at fair value

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

At fair value through profit or loss:

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

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

22. FINANCIAL INSTRUMENTS (continued)

22.1 Fair value of financial instruments (continued)

At fair value through other comprehensive income:

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

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Effect of changes in underlying assumptions		Sensitivity analysis	Relationship of unobservable inputs to fair value
	31/12/25	31/12/24				2025	2024		
<u>FVTPL</u>									
Equity investments	-	9,009	3	NAV ²	Net asset value	-	+/-450	± 5% change in NAV, impacts fair value	The higher the discount rate, the lower the fair value
Fund investments	4,321	20,374	3	Discounted cash flow ¹ and NAV ²	Net asset value adjusted with market risk	+/-216	+/-1,019	± 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
<u>FVOCI</u>									
Fund investments	-	562	3	NAV ²	Net asset value	-	+/-28	± 5% change in NAV, impacts fair value	The higher the market risk, the lower the fair value

SHUAA CAPITAL PSC

Notes to consolidated financial statements for the year ended 31 December 2025

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

22. FINANCIAL INSTRUMENTS (continued)

22.1 Fair value of financial instruments (continued)

Significant unobservable inputs in Level 3 instruments valuations

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

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

Movements in level 3 financial assets measured at fair value

During the period, there were no transfers between levels.

The following table shows a reconciliation of the opening and closing balance of level 3 financial assets which are recorded at fair value:

	Balance at 1 January 2025	Acquired on business combination	Additions	Disposal	Loss through P&L	Loss through OCI	Level 2 to Level 3	Balance at 31 December 2025
FVTPL								
Equity Investments	9,009	-	-	-	(9,009)	-	-	-
Fund Investment	20,374	-	-	-	(16,053)	-	-	4,321
FVOCI								
Fund Investment	562	-	-	-	-	(562)	-	-
	<u>29,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,062)</u>	<u>(562)</u>	<u>-</u>	<u>4,321</u>
	<u>Balance at 1 January 2024</u>	<u>Acquired on business combination</u>	<u>Additions</u>	<u>Disposal</u>	<u>Loss through P&L</u>	<u>Loss through OCI</u>	<u>Level 2 to Level 3</u>	<u>Balance at 31 December 2024</u>
FVTPL								
Equity Investments	16,642	-	-	-	(7,633)	-	-	9,009
Fund Investment	271,596	-	-	-	(251,222)	-	-	20,374
FVOCI								
Fund Investment	562	-	-	-	-	-	-	562
	<u>288,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(258,855)</u>	<u>-</u>	<u>-</u>	<u>29,945</u>

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Notes to consolidated financial statements for the year ended 31 December 2025 (continued)

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

22. FINANCIAL INSTRUMENTS (continued)

22.1 Fair value of financial instruments (continued)

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

	31 December 2025	<i>31 December 2024</i>
Realised and unrealised losses	<u>(25,062)</u>	<u>(258,855)</u>

23. FINANCIAL RISK MANAGEMENT

Introduction

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

Risk management structure

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

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

Credit risk

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

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

Credit risk management

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

Credit risk grading

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

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Notes to consolidated financial statements for the year ended 31 December 2025 (continued)

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

23. FINANCIAL RISK MANAGEMENT (continued)

Credit risk grading (continued)

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

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

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

Definition of default and credit-impaired assets

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

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

Significant increase in credit risk

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

Collateral and other credit enhancements

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

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

Maximum exposure to credit risk

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

	Gross maximum exposure 31 December 2025	<i>Gross maximum exposure 31 December 2024</i>
Cash and deposits with banks	50,104	43,176
Receivables and other debit balances	94,819	112,381
Loans, advances and finance leases	59,261	83,600
Total credit risk exposure	204,184	239,157

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Notes to consolidated financial statements for the year ended 31 December 2025 (continued)

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

23. FINANCIAL RISK MANAGEMENT (continued)

Credit risk consideration

The Group does not have significant credit risk exposure to any single counterparty or group of counterparties that have similar credit risk. The Group does not have any exposure to Russian and/or Ukrainian markets. The geographical concentration of the Group's financial assets at 31 December 2025 and 2024 is set out below:

31 December 2025							
Assets	UAE	GCC*	MENA**	North America	Europe	Asia	Total
Cash and deposits with banks	27,368	9,658	-	-	13,078	-	50,104
Receivables and other debit balances	93,356	1,463	-	-	-	-	94,819
Loans, advances and finance leases	50,236	9,025	-	-	-	-	59,261
	<u>170,960</u>	<u>20,146</u>	<u>-</u>	<u>-</u>	<u>13,078</u>	<u>-</u>	<u>204,184</u>
31 December 2024							
Assets	UAE	GCC*	MENA**	North America	Europe	Asia	Total
Cash and deposits with banks	18,460	17,969	-	-	6,747	-	43,176
Receivables and other debit balances	109,727	1,745	-	-	909	-	112,381
Loans, advances and finance leases	65,769	17,831	-	-	-	-	83,600
	<u>193,956</u>	<u>37,545</u>	<u>-</u>	<u>-</u>	<u>7,656</u>	<u>-</u>	<u>239,157</u>

* GCC region excluding UAE

** MENA region excluding GCC and UAE

Credit quality analysis and measurement of ECL

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

Under receivables and other debit balances AED 42 million (31 December 2024: AED 42 million) is related to the consideration receivable from the disposal. This amount has been long-outstanding with high credit risk and therefore the corresponding ECL of AED 17 million has been recognized in 2025 (Note 10.2).

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 consolidated financial statements for the year ended 31 December 2025 (continued)

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

23. FINANCIAL RISK MANAGEMENT (continued)

Credit quality analysis and measurement of ECL (continued)

	31 December 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total
<u>Loans and advances</u>					
Performing	-	-	230,489	-	230,489
Non-performing	-	-	-	-	-
	-----	-----	-----	-----	-----
Gross loans and advances	-	-	230,489	-	230,489
Allowance for impairment	-	-	(186,489)	-	(186,489)
	-----	-----	-----	-----	-----
Carrying amount	-	-	44,000	-	44,000
	=====	=====	=====	=====	=====

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

	31 December 2025				
	Stage 1	Stage 2	Stage 3	POCI	Total
<u>Finance leases</u>					
Performing	15,261	-	-	-	15,261
Non-performing	-	-	-	-	-
	-----	-----	-----	-----	-----
Finance leases	15,261	-	-	-	15,261
Allowance for impairment	-	-	-	-	-
	-----	-----	-----	-----	-----
Carrying amount	15,261	-	-	-	15,261
	=====	=====	=====	=====	=====

	31 December 2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
<u>Finance leases</u>					
Performing	26,600	-	-	-	26,600
Non-performing	-	-	-	-	-
	-----	-----	-----	-----	-----
Finance leases	26,600	-	-	-	26,600
Allowance for impairment	-	-	-	-	-
	-----	-----	-----	-----	-----
Carrying amount	26,600	-	-	-	26,600
	=====	=====	=====	=====	=====

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Notes to consolidated financial statements for the year ended 31 December 2025 (continued)

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23. FINANCIAL RISK MANAGEMENT (continued)

Loans and advances provision movement

	31 December 2025				31 December 2024
	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances					
Balance at 1 January	(56,941)	-	(116,548)	-	(173,489)
Allowance for impairment – Charge for the year	-	-	(13,000)	-	(13,000)
Closing balance at 31 December	<u>(56,941)</u>	<u>-</u>	<u>(129,548)</u>	<u>-</u>	<u>(173,489)</u>

Finance leases provision movement

There is no provision on finance lease for year 2025 and 2024.

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Notes to consolidated financial statements for the year ended 31 December 2025

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23. FINANCIAL RISK MANAGEMENT (continued)

Collateral and other credit enhancements

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

	Loans, advances and finance leases	
	31 December 2025	31 December 2024
Against individually impaired:		
Properties	44,000	57,000
Closing balance at 31 December	44,000	57,000

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

	0-30 days	31-180 days	>180 days	Total 31 December 2025	Total 31 December 2024
Trade receivables and managed funds					
Gross carrying amount	3,894	22,264	141,337	167,495	161,045
ECL	-	-	(123,291)	(123,291)	(121,016)
	<u>3,894</u>	<u>22,264</u>	<u>18,046</u>	<u>44,204</u>	<u>40,029</u>

Liquidity risk

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

Liquidity risk management

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

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

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

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

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

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

23. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk management (continued)

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

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

	31 December 2025			Total
	Less than 12 Months	1 - 5 years	More than 5 years	
Borrowings *	302,115	18,354	-	320,469
Payables and other credit balances	99,596	58,245	-	157,841
Other financial liabilities	39,293	47,543	-	86,836
	<u>441,004</u>	<u>124,142</u>	<u>-</u>	<u>565,146</u>

	31 December 2024			Total
	Less than 12 Months	1 - 5 years	More than 5 years	
Borrowings	836,169	18,357	-	854,526
Payables and other credit balances	93,554	63,609	-	157,163
Other financial liabilities	87,411	57,276	-	144,687
	<u>1,017,134</u>	<u>139,242</u>	<u>-</u>	<u>1,156,376</u>

* In March 2025, the Company completed a restructuring of its USD 150 million bond obligation. Under the terms of the restructuring agreement, bondholders accepted a settlement consisting of:

- Cash payment of USD 15.1 million for the bond holders representing only 20% of the original principal of USD 75.3 million in full and final settlement of this portion; and
- Conversion of the remaining USD 74.7 million into Mandatory Convertible Bonds. Refer to note 2.2 for further details.

Market risk

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

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

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

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Notes to consolidated financial statements for the year ended 31 December 2025

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

23. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

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

31 December 2025					
Financial instrument	Net exposure	Effect on profit or loss for 0.75% increase in sensitivity	Effect on profit or loss for 0.75% decrease in sensitivity	Effect on other components of equity for 0.75% increase in sensitivity	Effect on other components of equity for 0.75% decrease in sensitivity
Borrowings	<u>320,469</u>	<u>(2,404)</u>	<u>2,404</u>	<u>-</u>	<u>-</u>
31 December 2024					
<i>Financial instrument</i>	<i>Net exposure</i>	<i>Effect on profit or loss for 0.75% increase in sensitivity</i>	<i>Effect on profit or loss for 0.75% decrease in sensitivity</i>	<i>Effect on other components of equity for 0.75% increase in sensitivity</i>	<i>Effect on other components of equity for 0.75% decrease in sensitivity</i>
Borrowings	<u>854,526</u>	<u>(6,409)</u>	<u>6,409</u>	<u>-</u>	<u>-</u>

The sensitivity of the consolidated statement of income is the effect of the assumed changes in interest rates on the finance cost for one year, based on the variable rate non-trading financial liabilities held at 31 December 2025. There is no impact on the Group equity, other than the implied effect on profits.

Foreign exchange risk

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

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

The table below indicates the currencies to which the Group had significant exposure as at 31 December 2025. The analysis indicates the effect on profit of an assumed 5% change in the UAE Dirham value against other currencies from levels applicable at 31 December 2025, with all other variables held constant.

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Notes to consolidated financial statements for the year ended 31 December 2025

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23. FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange risk (continued)

Foreign currency	31 December 2025			Effect on profit or loss for 5% increase in sensitivity	Effect on profit or loss for 5% decrease in sensitivity
	Assets	Liabilities	Net exposure		
Sterling	91	17	74	4	(4)
Qatar Riyal	1,819	-	1,819	91	(91)
Egyptian Pound	345	189	156	8	(8)
Kuwait Dinar	446	153	293	15	(15)
Euro	2,170	2,148	22	1	(1)
Saudi Riyal	3,315	3,701	(386)	(19)	19
	<u>8,186</u>	<u>6,208</u>	<u>1,978</u>	<u>100</u>	<u>(100)</u>

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

Price risk

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

Financial instrument	31 December 2025				
	Net exposure	Effect on profit or loss for 5% increase in sensitivity	Effect on profit or loss for 5% decrease in sensitivity	Effect on other components of equity for 5% increase in sensitivity	Effect on other components of equity for 5% decrease in sensitivity
<u>EVTPPL</u>					
Equity Investment	8,641	432	(432)	-	-
Fixed Income	5,074	254	(254)	-	-
Fund Investment	4,868	243	(243)	-	-
<u>FVOCI</u>					
Fund Investment	-	-	-	-	-
	<u>18,583</u>	<u>929</u>	<u>(929)</u>	<u>-</u>	<u>-</u>

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Notes to consolidated financial statements for the year ended 31 December 2025

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

23. FINANCIAL RISK MANAGEMENT (continued)

Price risk (continued)

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

Below table highlights the geographical allocation of investments:

<i>31 December 2025</i>							
<i>Assets</i>	<i>UAE</i>	<i>GCC</i>	<i>MENA</i>	<i>North America</i>	<i>Europe</i>	<i>Asia</i>	<i>Total</i>
<i>FVTPL</i>							
Equity Investment	8,641	-	-	-	-	-	8,641
Fixed Income	3,571	1,503	-	-	-	-	5,074
Fund Investment	4,320	-	-	-	548	-	4,868
<i>FVOCI</i>							
Fund Investment	-	-	-	-	-	-	-
	<u>16,532</u>	<u>1,503</u>	<u>-</u>	<u>-</u>	<u>548</u>	<u>-</u>	<u>18,583</u>

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

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Notes to consolidated financial statements for the year ended 31 December 2025

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23. FINANCIAL RISK MANAGEMENT (continued)

Operational risk

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

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

Capital risk management

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

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

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

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

	31 December 2025	<i>31 December 2024 (Restated)</i>
Borrowings	320,469	854,526
Payable to client	3,232	3,214
Customer deposits	9,208	9,030
Lease liabilities	8,462	15,711
Payable against acquisition	11,391	15,798
FVTPL liabilities	3,055	7,007
Other financial liabilities	86,836	144,687
	<hr/>	<hr/>
Total debt	442,653	1,049,973
	<hr/>	<hr/>
Net equity	553,537	40,878
	<hr/>	<hr/>
Debt to equity ratio	0.80	25.68
	<hr/>	<hr/>

24. COMMITMENTS AND CONTINGENT LIABILITIES

	31 December 2025	<i>31 December 2024</i>
Contingent liabilities	515	515
	<hr/>	<hr/>

As at 31 December 2025, the Group has capital commitments of Nil (2024: Nil) with respect to the project development

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Notes to consolidated financial statements for the year ended 31 December 2025

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

25. CLIENTS' FUNDS UNDER MANAGEMENT

A subsidiary of the Group is licensed as a financial services company regulated by the Central Bank of the United Arab Emirates. As at 31 December 2025, clients' assets amounting to AED 5.9 billion (31 December 2024: AED 7.8 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.

26. INTEREST IN MATERIAL SUBSIDIARIES

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

	SHUAA Capital Group	Spadille Group	Squadron Group
Summarized statement of financial position			
Assets	72,423	21	1,398
Liabilities	(77,568)	(1,134)	(1,364)
Net assets	<u>(5,145)</u>	<u>(1,113)</u>	<u>34</u>
Summarized statement of comprehensive income			
Revenue	-	-	-
Loss for the year	(11,757)	(652)	(138)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	<u>(11,757)</u>	<u>(652)</u>	<u>(138)</u>
NCI - 1 January 2025	(34,490)	2,845	12,315
NCI movement in 2025	(3,948)	(2,450)	(1,630)
NCI - 31 December 2025	<u>(38,438)</u>	<u>395</u>	<u>10,685</u>
Summarised cash flows			
Cash flows generated used in from operating activities	(20,270)	(516)	(109)
Cash flows generated from investing activities	27,686	-	(2,483)
Net increase / (decrease) in cash and cash equivalents	<u>7,416</u>	<u>(516)</u>	<u>(2,592)</u>

27. TAXATION

	31 December 2025	31 December 2024
Corporate tax:		
Current tax expense	8,226	-
Adjustment in respect of prior year	552	-
Deferred tax:		
Deferred tax income	4,633	(12,155)
Deferred tax expense	(52)	52
Total tax expense / (income)	<u>13,359</u>	<u>(12,103)</u>

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Notes to consolidated financial statements for the year ended 31 December 2025

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27. TAXATION (continued)

The standard rate of corporation tax applied to reported profit of the Group is 9 % (2024: 9 %).

The group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the group neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

The movement in the current tax payable is given below:

	31 December 2025	31 December 2024
At the beginning of the year	-	-
Charge for the year	8,778	-
Paid during the year	(552)	-
	<hr/>	<hr/>
At the end of the year	8,226	-
	<hr/> <hr/>	<hr/> <hr/>

28. RESTATEMENT OF PRIOR PERIOD ERROR

In 2024, the Group's associate understated its investment at fair value through profit or loss for the year ended 31 December 2024. The error resulted from incorrect profit figures provided by the associate, understating the share of profit and the carrying amount of the investment by 25.907 million. The error has been corrected by restating the 2024 comparative amounts.

In accordance with the requirements of 'IAS 1 Presentation of Financial Statements' and 'IAS 8 Accounting policies, Changes in Accounting Estimates and Errors', the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2024 have been restated to reflect the revised carrying values of this investment in associates. The restatement has been incorporated in the current condensed consolidated interim financial information, and the comparative amounts as at 31 December 2024 have been restated accordingly. The restatement has an impact on the reported net loss and loss per share attributable to owner for the year ended 31 December 2024.

Consolidated statement of financial position as at 31 December 2024

Financial statement line item	As previously reported	Restated	Adjustment
Investment in associates	342,508	368,415	25,907
Accumulated losses	(1,127,752)	(1,102,188)	25,564
Non-controlling interest (NCI)	(19,673)	(19,330)	343

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

Financial statement line item	As previously reported	Restated	Adjustment
Share of net loss of investment in associates accounted for using the equity method	(144,346)	(118,439)	25,907
Net loss	(321,191)	(295,284)	25,907
Losses per share attributable to owners (in AED)	(0.12)	(0.11)	(0.01)

The restatement does not affect periods prior to 2024, so a third statement of financial position as at 1 January 2024 is not required.

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Notes to consolidated financial statements for the year ended 31 December 2025

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29. SUBSEQUENT EVENTS

The Group remained in close engagement with its senior lender during the year. Following the covenant waiver secured in 2024, the Group continued to progress discussions toward a comprehensive restructuring agreement. A further extension of the waiver to 31 March 2026 was subsequently secured, with negotiations ongoing.

In light of the geopolitical conditions, the management has assessed that the Group's core operations continue without any material interruption and that the Group remains financially sound. The Group also continues to adhere to prudent governance standards, disciplined risk management practices, and full compliance with all applicable regulatory requirements. The management confirms that as at the date of approval of these consolidated financial statements, no material financial impact has resulted from this incident.

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

In 2024, the Group revised the presentation of the consolidated statement of profit or loss to better reflect its business operations. This update does not affect any previously disclosed or published results, nor have any material reclassification or effect in the consolidated financial statements.

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

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