SHUAA

SHUAA Capital – Q1 2022 Earnings Call – DFM Brief

SHUAA Capital psc's ("SHUAA") Q1 2022 Earnings Call was held on Thursday 12th May 2022 at 5:00pm and was presented by a member of SHUAA Capital's senior management:

- Joachim Mueller, Group Chief Financial Officer

During the call, SHUAA's Q1 2022 financial performance was reviewed. An update on SHUAA's strategic agenda and several key growth initiatives, particularly with regards to SHUAA's recent activity was also provided.

Attendees were encouraged to go to the investor relations section of SHUAA's website (www.shuaa.com), where the presentation material and financial statements which were discussed during the call are available.

Summary of the Presentation

The below is a summary of the key points discussed throughout the presentation and provides an overview of the slides that were discussed and included in the presentation.

Strong underlying profitability and significant strengthening of balance sheet

- **Continued profitability:** Q1 2022 net profit attributable to shareholders of AED 6 million versus AED 25 million in Q1 2021. Profitability was affected by a one-off accelerated write-down of Intangible Assets of net AED 31 million, excluding this effect adjusted net profit was AED 37 million.
- **Strong EBITDA delivery maintained:** Q1 2022 EBITDA generation was positive AED 83 million versus a loss in Q4 2021 of AED 18 million, highlighting the recurring earnings capacity of the Group with from our core funds business and principal investments.
- **Stability from recurring revenues:** Q1 2022 revenues of AED 89 million, ahead of Q4 2021, despite a reduction in performance fee revenues which are concentrated in the 4th quarter. Market-driven higher management fees in our flagship funds as well as a record contribution from our consolidated NCM business contributed to performance.
- **Continued cost discipline:** Cost discipline maintained despite continued investments into the platform including additional headcount; Q1 2022 operating expenses at AED 118 million, down 2% quarter-on-quarter with cost-income ratio[1] at 73% broadly in line with our medium and long-term targets.
- **AuM affected by foreign exchange fluctuations:** AuM at USD 12.7 billion, down 3% from Q4 2021 of USD 13 billion mainly due to the weakness in Sterling affecting UK real estate assets and exits of historic assets.

- **Significant progress on leverage ratio:** Q1 2022 saw a 22%-point improvement in debt-to-equity ratio to 112%, down from 198% in Q1 2021 driven by both strategic and balance sheet measures.

Setting up platform for future success

- **Public markets:** Continued strong year-to-date and since inception* performance against benchmarks in our flagship fund Goldilocks. Eshraq Investments transaction to transform fund into true permanent capital vehicle offering significant revenue potential for SHUAA as asset manager of the fund.
- **Private markets:** Thalassa fund acquired Allianz Marine and Service Holding, further enhancing value creation potential for investors.
- **Debt:** SHUAA Venture Partners to provide alternative capital solutions to high growth companies across the GCC. We expect first close at end of Q2 2022/ beginning of Q3 2022.
- **Real Estate:** Re-vamp of global strategy to be announced in Q2 2022 will significantly strengthen value proposition of vertical.
- **Investment Banking:** Successful pricing of a USD 100 million SPAC on NASDAQ broadening the product space within Investment Banking.

After the conclusion of the presentation, the call was opened to analysts to ask questions directly to senior management there were, however, no questions asked.

**The return since inception formula comprise the performance of the fund investment strategy since its initial date of implementation as a pooled investment which predates the fund inception date and its launch to investors on June 4, 2017. The fund portfolio was migrated to Goldilocks Investment Company Limited on June 4 2017. Prior to the migration, the portfolio of assets was managed as Goldilocks' strategy in the form of a pooled investment portfolio for the investors under Integrated Capital PJSC. The cumulative returns since inception include returns from the launch of pooled portfolio. Investing involves risk including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values. Past performance does not guarantee future results. Consult your financial professional before making any investment decision.*

indicated in the forward-looking statements include, among others, the following: Our ability to maintain adequate revenue levels and cost control; economic and financial conditions in the global markets and regional markets in which we operate, including volatility in interest rates, commodity and equity prices and the value of assets; the implementation of our strategic initiatives, including our ability to effectively manage the redeployment of our balance sheet and the expansion of our strategic businesses; the reliability of our risk management policies, procedures and methods; continued volatility in the capital or credit markets; geopolitical events; developments and changes in laws and regulations, including increased regulation of the financial services industry through legislative action and revised rules and standards applied by our regulators.

Any forward-looking statement made by us in this document and presentation is based only on information currently available to us and speaks only as of the date on which it is made. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. We undertake no obligation to publicly update any forward-looking statement whether as a result of new information, future developments or otherwise.

Please remember that past performance may not be indicative of future results.