SHUAA

Detailed analysis of accumulated losses

Date	**14 November 2024**
Name of the Listed Company	**SHUAA Capital psc**
Define the period of the financial statements	**Q3 2024**
Value of the Accumulated losses	**AED 967 million**
Accumulated losses to capital ratio	**38.13%**
The main reasons leading to these accumulated losses and their history	**The losses are mainly due to the following:** ▪ Fair value losses due to impairment of investments, goodwill, and receivable write-offs associated with the company's investments in the UK. ▪ Impairment of investment and receivable write-offs associated with company's legacy real estate assets. ▪ Losses arising from company's associate due to valuation adjustments of its underlying asset. ▪ Recognition of a deferred tax liability due to the implantation of corporate tax law in the UAE. ▪ Receivables write-off associated with a revision of land valuation in the UAE. ▪ Fair value losses arising from the company's investment in public market securities and managed investments. ▪ Accrued coupon related to the outstanding USD 150 million bonds issued by an affiliated special purpose vehicle (SPV).

Measures to be taken to address accumulated losses:	**The company has taken and currently working on the following initiatives:** A. **Capital optimization:** The company has secured an agreement with Noteholders to amend the terms of its USD 150 million bonds issued by an affiliated special purpose vehicle (SPV). The agreement offers bondholders the opportunity to convert a portion of their bonds into equity through the issuance of Mandatory Convertible Bonds (MCB). Subsequently, any outstanding (non-converting) bonds may be settled at a discount in cash, subject to a successful equity raise of the same amount on or before 31 March 2025. The agreement and equity raise are subject to regulatory and shareholder approvals. Given the aforementioned agreement, the Company expects its accumulated losses to capital ratio to decrease below the 20% threshold, driven by an increase in its share capital and a decrease in its accumulated losses. B. **Future Business Performance:** Management has devised a 5-year plan to revamp the business for growth and value creation via the launch of new investment funds and re-activating the investment banking platform via deal sourcing and securing new mandates. In addition, the company expects a lean operating structure should contribute to cost efficiencies permeating through the bottom line.

Authorized Signatory	**Wafik Ben Mansour**
Designation	**CEO**
Signature	

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