ANNUAL REPORT 2024 ALKHABEER CAPITAL

الخبير المالية
Alkhabeer Capital

Annual Report

2024


In the Name of Allah, the Merciful,
the Compassionate

King Salman bin Abdulaziz Al Saud

Custodian of the Two Holy Mosques

HRH Prince

Mohammed bin Salman bin Abdulaziz Al Saud

Crown Prince and Prime Minister

Table of Content

DISCLAIMER

CORPORATE OVERVIEW

Alkhabeer Capital is a specialized asset management and brokerage services firm providing a suite of innovative investment products and solutions with a sustained value to institutions, family offices, and individual investors. Alkhabeer's Shariah-compliant operations are distinguished by a deep understanding of client needs and the overall risk climate.

Alkhabeer Capital is regulated by the Capital Market Authority and licensed for the following activities of: Dealing, Custody, Managing Investments and Operating Funds, Arranging, Advising, and Brokerage with license No. (07074-37) and CR No. 4030177445.

The company aspires to become the partner of choice for shariah-compliant investment products and services. Its approach to investing and client servicing is, above all, collaborative, and that is why it continues to seek partnerships with its clients. These partnerships - with shareholders and clients - are instrumental to Alkhabeer's investment activity, and are fortified by the company's investment of its own capital in identified opportunities through a capable team with a wealth of experience.

Alkhabeer capitalizes on its proven track record to reap the benefits of investment opportunities arising from economic and regulatory developments. The company's investments are diversified by sector and geography across the Kingdom of Saudi Arabia, the wider GCC region and extends to global markets including the United States of America and Europe.

Alkhabeer's Asset Management division provides varied investment opportunities in private equity, capital markets, and real estate, accessible through the private and public offering of investment funds. Real estate investments focus on the acquisition of income-generating real estate assets in major cities across the Kingdom of Saudi Arabia, while private equity investments target defensive sectors such as education, healthcare, and the car rental sector.

Alkhabeer's Brokerage department is responsible for structuring brokerage operations, delivering services to clients, and providing the latest technologies and best trading tools. This is achieved through strategic partnerships aimed at supporting clients' needs across various markets, whether in the local market through the main market, the parallel market, or the bond, sukuk, and derivatives markets.

The company is headquartered in Jeddah, with a branch in Riyadh, Kingdom of Saudi Arabia.

Our Vision

To shape our industry by offering innovative investment solutions that will accelerate the financial well-being of all stakeholders

Our Values

- **Integrity**. Take pride in upholding the highest ethical standards and placing the interests of our clients first.
- **Thought Leadership**. Anticipate the changing needs of our stakeholders and creatively explore solutions to meet those needs.
- **Passionate Ownership**. Empower people to embrace responsibility and own our commitments to shareholders and clients.
- **Teamwor**k. Encourage teamwork and collaboration to maximize the potential of our team.
- **Citizenship**. Assume responsibility and commitment towards communities in which we work.

20
Years of Success

40
Launched Funds

17
Exited Funds

115
Expert

11
Years Best Workplace

51
Awards

AWARDS

Alkhabeer Capital amassed multiple prestigious awards in 2024. This was largely enabled by the Corporate Communications Department's proactive efforts to highlight the company's achievements, talent, and capabilities. Following a thorough evaluation, the company was recognized by several renowned industry professionals for its strong performance and its carefully curated portfolio of unique investment opportunities.

- **3rd Best Workplaces in KSA 2024**
- **29th Best Workplace for Millennials - GCC 2024**
- **13th Best Workplace in Asia 2024**
- **12th Best Workplace in the Middle East 2024**
- **19th Best Workplace for Women™ - GCC 2024**
- **11th as the Best Workplace for Saudi Nationals in 2024.**
- **Best Innovative Investment Fund within Saudi Stock Exchange Investment Funds Awards for 2024**

Best Workplaces™ Great Place To Work. KSA 2024

SANADEQ INVESTMENT FUNDS AWARDS 2024

HISTORY OF ACHIEVEMENTS

2024

History of achievements

- Alkhabeer Diversified Income Traded Fund 2030 was successfully launched with an initial capital of ⃁ 305.5 million.
- The Alkhabeer Murabaha Sukuk Certificate Issuance Programme was launched with a total size of ⃁ 350 million.
- Alkhabeer Private Equity Fund Saudi 1 successfully acquired a 51% stake in Hanaa Group Trading Company, a renowned catering business.
- The company ranked 24th in terms of trading value among 33 brokerage firms for the Main Market equities.
- The company ranked 18th among 26 brokerage firms for Main Market equities - Internet trading.

2023

A New Age of Trading

- Alkhabeer Capital generates operating profits in excess of ⃁ 100 million.
- Almujtama Alraida Medical Company, the underlying asset of Alkhabeer Saudi Equity Fund II, is listed on the Saudi Parallel Market (NOMU).
- Launched Tadawul Service on Global Markets.
- Launched Margin Trading Service.
- Launched Alkhabeer Murabaha Fund.
- Increased the capital of Saudi Innova Healthcare, an underlying asset of Alkhabeer Saudi Private Equity Fund I, for the second consecutive year.

2022

Alkhabeer Capital joined the group of licensed brokerage firms operating in the market to offer brokerage services

- Alkhabeer Capital signs an agreement with "Wamid" as part of its preparations to launch Alkhabeer Brokerage Platform
- Listed Alkhabeer Growth and Income Traded Fund on the Saudi Stock Exchange.
- Listed AME Company for Medical Supplies Limited on the Parallel Market (NOMU), to become the first listed company owned by a private equity fund managed by Alkhabeer Capital.

2021

The Company's strategic transformation

- Implementing the Company's strategic transformation plan, which is based on an acquisition approach aimed at increasing offerings in the capital market.
- Offering additional Units in Alkhabeer Real Estate Investment Traded Fund ("Alkhabeer REIT").
- Listing of Alkhabeer Diversified Income Traded Fund.

2020

Establishment of the Brokerage Department

- Launched a traded income fund, the first of its kind in the Kingdom.
- Established the Brokerage Department in the Company.
- Exited from a real estate fund.

2019

Income-Generating Funds

- Launched a public Waqf fund and exited from 4 funds.
- Won first place as the Best Workplace within the financial services sector.

2018

Real Estate Traded Funds

- Launched the first real estate investment traded fund "Alkhabeer REIT", with total assets exceeding one billion ⃁.
- Won the first place as Best Workplace within the financial sector.
- Won two awards:" Best Private Equity Investment Company", and "Best Asset Manager".

2017

Investing in the Hospitality Sector

- Coinciding with the launch of the Saudi Vision 2030, we continued to focus on implementing our strategy targeting investment opportunities in the hospitality sector.
- Exited a private equity fund that invests in the industrial sector.

2016

Income Generating Real Estate Assets

- Launched the first real estate investment income-generating fund and launched the first fund in the Hospitality sector.
- Exited a real estate fund.
- Won two awards:" Best Workplace in Saudi Arabia" and "Best Workplace in Asia".

2015

Investing in the Education Sector

- launched the first private equity fund that invests in the education sector.
- Exited real estate investment fund.
- Won first place for Best Workplace within the financial sector.

2014

Investing in the Health Sector

- Launched the first private equity fund that invests in the health sector.
- Launched the first real estate investment fund in the United States.
- First exit from a fund.

2013

Portfolio Management

- Began providing portfolio management services to the Company's clients by the Capital Markets Department.
- Won the "Best Employers in the Middle East" award.

2012

The First Private Equity Fund

- Launched the first private equity investment funds (industrial) and the first real estate investment fund in London, United Kingdom.
- Won the "Best Company for Islamic Portfolio Management" award.

2011

Entered the Capital Markets

Launched two funds to invest in the capital markets, namely, Alkhabeer GCC Equity Fund and Alkhabeer Global Commodity Fund.

2010

First Real Estate Fund

- Entered the real estate investment field by launching four real estate investment funds in the Kingdom of Saudi Arabia.

2008

The Beginning

- The Company obtained a license from the Capital Market Authority to deal in securities as an underwriter, managing, arranging, advising, and custodian services, and became known as "Alkhabeer Capital".

2004

Incorporation

In 2004, a group of professional bankers, led by Mr. Ammar Ahmed Shata, established a consulting office specialized in the development of Sharia-compliant investment products, in addition to providing financial advisory and offering services, including debt and equity securities offerings.

FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Earnings

(⃁ '000)	2024	Change*	Percentage*	2023	2022	2021	2020
Total Operating Income	**308,940**	19,860	6.87%	289,080	262,056	237,578	200,550
Total Operating Expenses	**(142,178)**	5,745	4.21%	(136,433)	(127,634)	(119,130)	(103,106)
Murabaha and Financing Expenses	**(47,272)**	1,846	4.06%	(45,426)	(40,112)	(38,119)	(40,532)
Net Income After Zakat and Income Tax	**114,280**	11,421	11.10%	102,859	91,391	73,271	61,629
Earnings per share	**1.28**	0.13	11.30%	1.15	1.02	0.82	0.69

Financial Position

(⃁ '000)	2024	Change*	Percentage*	2023	2022	2021	2020
Shareholder's Equity	**1,161,154**	64,842	5.91%	1,096,312	1,038,267	982,871	909,484
Total Assets	**2,002,634**	36,005	1.83%	1,966,629	1,893,477	1,842,370	1,982,536
Investments	**1,617,529**	17,971	1.10%	1,635,500	1,586,811	1,409,203	1,428,153
Total Liabilities	**841,480**	28,837	3.31%	870,317	855,210	859,499	1,073,052
Assets Under Management	**9,581,751**	1,406,157	17.20%	8,175,594	8,083,517	7,076,747	5,469,925

Profitability

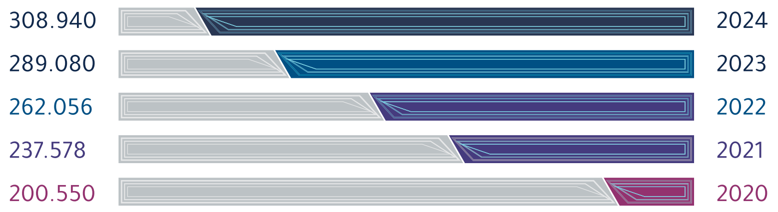
	2024	Change*	Percentage*	2023	2022	2021	2020
Operating Expenses-to-Income ratio	**46.0%**	1.2%	2.49%	47.20%	49%	50%	51%
Net Income Margin	**39.1%**	1.6%	4.25%	37.53%	36%	34%	32%
Return on Average Assets	**6.1%**	0.5%	8.35%	5.62%	5%	4%	3%
Return on Equity	**10.1%**	0.5%	5.06%	9.64%	9%	8%	7%
Return on Capital invested**	**14.1%**	1.4%	11.10%	12.65%	11%	9%	8%
Share Value based on inception date	**14.28**	0.8	5.91%	13.48	12.77	12.09	11.18

* The value and percentage change between 2023 and 2024

** According to the founding capital

Revenues 308.9

Total revenue in 2024 increased by 6.87% to ⃁ 308.9 million.

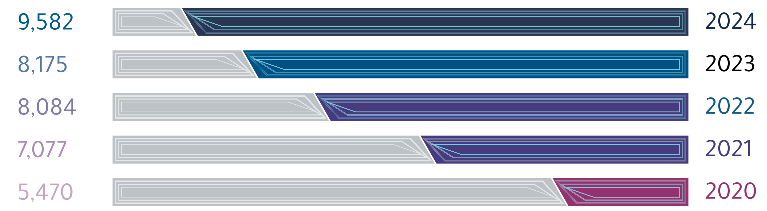


Net Income after Zakat and Income tax 114.3

Net income after Zakat and income tax also increased by 11.10% compared to 2023, reaching ⃁ 114.3 million.

Assets Under Management 9.582

As of 31 December 2024, the Company assets under management of ⃁ 9.582 billion, increased by 17% compared to the end of 2023.



INVESTMENT PORTFOLIO 2024

INVESTMENT PORTFOLIO 2024

CURRENT INVESTMENTS

	PRODUCT NAME**	TYPE	INCEPTION DATE	GEOGRAPHY	TARGETED EXIT YEAR	AUM SIZE*
REAL ESTATE						
1	Alkhabeer Real Estate Opportunity Fund I		7-Dec-14	Saudi Arabia	2025	526.48
2	Alkhabeer Real Estate Residential Development Fund II		31-Dec-14	Saudi Arabia	2025	44.15
3	Alkhabeer Hospitality Fund I		22-Dec-16	Saudi Arabia	2024	94.15
4	Alkhabeer GCC Opportunity company		27-Dec-17	Saudi Arabia	2024	324.84
5	Alkhabeer Real Estate Opportunity Fund II		28-Dec-17	Saudi Arabia	2025	0.39
6	Alkhabeer REIT Fund		16-Dec-18	Saudi Arabia	2017	2,033.95

	PRODUCT NAME**	TYPE	INCEPTION DATE	GEOGRAPHY	TARGETED EXIT YEAR	PRODUCT SIZE*
PRIVATE EQUITY						
1	Alkhabeer Education Private Equity Fund I		31-Dec-15	Saudi Arabia	2025	235.72
2	Alkhabeer Education Private Equity Fund II		30-Dec-18	GCC	2025	300.81
3	Alkhabeer Education Private Equity Fund III		31-Dec-18	GCC	2025	267.14
4	Alkhabeer Education Private Equity Fund IV		31-Dec-18	GCC	2025	244.64
5	Alkhabeer Education Private Equity Fund 5		15-Oct-20	GCC	2025	283.60
6	Alkhabeer Education Private Equity Fund 6		28-Dec-20	GCC	2025	382.03
7	Alkhabeer Education Private Equity Fund 7		27-Dec-20	GCC	2025	220.92
8	Alkhabeer Industrial Private Equity Fund 4		14-Nov-21	GCC	2026	643.54
9	Alkhabeer Saudi Private Equity Fund 1		29-Dec-21	Saudi Arabia	2026	923.12
10	Alkhabeer Saudi Private Equity Fund 2		01-Dec-21	Saudi Arabia	2026	1.23
11	Alkhabeer Car Rental Private Equity Fund		21-Dec-22	Saudi Arabia	2027	465.49

	PRODUCT NAME**	TYPE	INCEPTION DATE	GEOGRAPHY	TARGETED EXIT YEAR	PRODUCT SIZE*
CAPITAL MARKET						
1	Alkhabeer Waqf Fund I		14-Jan-20	Saudi Arabia	NA	--
2	Alkhabeer Diversified Income Traded Fund		07-Jan-21	International	NA	486.03
3	Alkhabeer Private Multi Asset Income Fund I		05-Dec-21	International	2026	378.04
4	Alkhabeer Growth & Income Traded Fund		27-Apr-22	International	NA	805.74
5	Alkhabeer Saudi Riyal Murabaha Fund		1-Jun-23	Saudi Arabia	NA	83.97
6	Alkhabeer Diversified Income 2030 Traded Fund		17-Jul-24	International	NA	315.73

Private Funds   Public Funds - Open-Ended   Private Funds - Open-Ended   Traded Funds

* The AUM as of 31 December is under the funds' auditor review and may be subject to change.

EXITED INVESTMENTS

	PRODUCT NAME**	TYPE	INCEPTION DATE	GEOGRAPHY	EXIT DATE	TOTAL DISTRIBUTIONS (⃁ MILLIONS)	RETURN ON INVESTMENT
REAL ESTATE							
1	Alkhabeer Land Development Fund I		01-Jul-10	Saudi Arabia	10-Mar-14	306.5	85.10%
2	Alkhabeer Real Estate Fund I		1-Nov-10	Saudi Arabia	19-Oct-15	121.2	40.54%
3	Alkhabeer Real Estate Fund II		1-Nov-10	Saudi Arabia	30-May-16	165.6	65.65%
4	Alkhabeer Central London Residential Fund I		19-Nov-12	UK	19-Nov-18	101.8	***
5	Alkhabeer Saudi Real Estate Income Fund I		8-Dec-16	Saudi Arabia	20-Mar-19	40,40	-2.27%
6	Alkhabeer Land Development Fund II		7-Dec-11	Saudi Arabia	31-Jul-19	164,80	44.66%
7	Alkhabeer Residential Real Estate Development Fund I (MASAKEN I)		29-Dec-12	Saudi Arabia	29-Dec-20	71.40	***
8	Alkhabeer US Real Estate Income Fund		2-Jul-14	US	30-Jun-22	81.17	***
PRIVATE EQUITY							
1	Alkhabeer Industrial Private Equity Fund II		29-Dec-13	UAE	24-Dec-17	201.1	54.72%
2	Alkhabeer Industrial Private Equity Fund I		31-Dec-12	UAE	31-Dec-19	140,51	8.08%
3	Alkhabeer SME Fund I		28-Dec-14	Saudi Arabia	31-Dec-19	2,39	***
4	Alkhabeer Healthcare Private Equity Fund I		31-Dec-14	Saudi Arabia	10-Jan-22	18.86	26.66%
5	Alkhabeer Industrial Private Equity Company III		26-Dec-17	GCC	02-Apr-23	--	***

	PRODUCT NAME	TYPE	INCEPTION DATE	GEOGRAPHY
CAPITAL MARKETS				
1	Alkhabeer GCC Equity Fund		03 Jul 2011	GCC
2	Alkhabeer Liquidity Fund "Hasseen"		12 Feb 2012	GCC
3	Alkhabeer Saudi Equity Fund		01 Jul 2013	Saudi Arabia
4	Alkhabeer IPO Fund		03 Dec 2015	GCC, MENA

Private Funds   Public Funds - Open-Ended   Private Funds - Open-Ended   Traded Funds

** These are Closed-Ended investment products which are established and offered by way of private placement, in compliance with the implemented regulations issued by the CMA.

*** The Fund remains under liquidation.

BOARD OF DIRECTORS REPORT SUMMARY

BOARD OF DIRECTORS REPORT SUMMARY

Esteemed Shareholders,

Your Company, Alkhabeer Capital, achieved an exceptional fiscal year in 2024, marked by record-breaking financial results and key operational milestones, reflecting the strength of the Company's strategy and the effectiveness of its implementation. Alkhabeer made remarkable progress toward the Board of Directors' objectives for its current term, which commenced on 3 January 2022.

It is my pleasure, on behalf of the Board of Directors, to present to you the Company's Annual Financial Report for the year 2024.

Financial Performance

Alkhabeer Capital recorded unprecedented results in 2024. Operating revenues grew by 7% year-on-year to ⃁ 309 million, while Net Income Before Zakat and Income Tax increased by 11% year-on-year to ⃁ 120.8 million.

The Company's investments saw a slight year-on-year decrease of 1%, reaching ⃁ 1.62 billion. Shareholders' Equity increased by 6% to ⃁ 1.161 billion, and Book Value per Share reached ⃁ 14.28 based on initial capital. Earnings per Share rose by 11.30% year-on-year to ⃁ 1.28 as of year-end 2024.

Given this outstanding financial performance, the Board of Directors, during its 79th meeting held on 19 March 2025, resolved to recommend to the General Assembly to pay dividend distributions to shareholders for 2024 totaling ⃁ 52,500,000, equivalent to ⃁ 0.58 per share, an increase of 4.8% year-on-year. This increase affirms management's continued confidence in the Company's future performance.

Results of Operations and Maximizing Shareholder Equity

By the end of 2024, and with the end of the Board's term starting on 3 January 2022 and ending on 2 January 2025, Alkhabeer Capital had successfully delivered on its strategic objectives for the three-year term (2022-2024), aimed at maximizing Shareholders' Equity in particular, and enhancing the interests of clients, other partners and the society it serves in general. These objectives for the Shareholders were as follows:

1. Increase Assets under Management by more than 50% to exceed ⃁ 10 billion, and net earnings by over 40% to surpass ⃁ 100 million, while targeting a return on equity of more than 10%.
2. The Board continued to optimize Zakat costs in coordination with the relevant supervisory authorities, aiming to establish an appropriate methodology for calculating the cost of Zakat related to the nature of the activity of capital market institutions.
2. Achieve sustainability in cash dividend distributions, with Management targeting a payout of up to 50% of annual net income to Shareholders starting from 2022.
3. Prepare the Company for a public offering on the Main Market of the Saudi Exchange, aiming to be among the first capital market institutions to go public.

With the concerted efforts of the Board of Directors and Executive Management, the Company achieved all the objectives that were defined by the Board in collaboration with Executive Management, culminating in these targets. Net Income after Zakat surpassed ⃁ 120 million, while AUM reached ⃁ 9.6 billion—a 17% increase over the three-year period. The Company successfully optimized Zakat costs and maintained cash dividend sustainability, distributing a total of ⃁ 131.4 million to shareholders during the Board's three-year term.

In a significant step forward, the Board of Directors resolved in Q1 2025 to appoint Aldukheil Financial Group as financial advisor to lead the regulatory process for the Company's public offering and listing on the Saudi Exchange (Tadawul). This strategic decision reflects the Company's commitment to its long-term vision, aligned with the Capital Market Authority's Rules for Offer of Securities and Continuing Obligations.

Environmental, Social, and Governance (ESG) Practices

The Company's governance framework underwent a comprehensive review in collaboration with the CEO and senior management, resulting in the identification of opportunities to further strengthen governance practices. These improvements have directly contributed to the Company's operational success and enhanced investor confidence.

The Nomination and Remuneration Committee independently supervised the nomination process for Board membership for the upcoming term starting 3 January 2025. The process adhered to approved standards, including the updated Corporate Governance Manual and Nominations Procedures Manual, and aligned with international best practices and CMA requirements. The Committee, composed of both Board and non-Board members, ensured the selection of qualified, experienced, and independent nominees to enhance Board effectiveness in the next phase.

The Board also continued enhancing its technical and governance mechanisms to align with local and global capital market developments. In 2024, the Board reviewed its 2023 performance and completed a project to assess client satisfaction with the Company's offerings and evaluate brand recognition in the market.

The Risk Committee oversaw the finalization of the Company's Risk Appetite Report as part of its role in supporting the Board's oversight of risk in alignment with strategic and operational objectives.

As part of its commitment to Corporate Social Responsibility (CSR), the Company supported several charitable initiatives in 2024, including contributions to two specialized associations, one supporting orphans and the other serving children with cancer.

In addition, some Board members played an active role in supporting entrepreneurship and sustainable economic development by offering financial and professional guidance to young Saudi entrepreneurs, helping them develop the skills and capabilities needed to launch and grow successful ventures.

On the environmental front, the Company continued its efforts under the "Saudi Green Initiative," completing the second phase of its project to plant 1,000 trees in Jeddah, in support of environmental sustainability and climate resilience.

This integrated ESG approach reflects the Company's strong commitment to enhancing transparency, strengthening governance, supporting human capital development, and adopting responsible environmental practices to create long-term value for all stakeholders.

Outlook

While the outlook remains positive, the Board recognizes the challenges posed by potential market volatility, liquidity constraints, regulatory changes, trade hindrance, and regional and global geopolitical risks. In response, the Board is working closely with Executive Management to ensure the Company remains agile, with flexible strategies to navigate emerging risks and safeguard financial stability.

Looking ahead to 2025 and beyond, the Board adopts a forward-looking mindset rooted in confidence, adaptability, and proactive planning. Continued collaboration between the Board and Executive Management will serve as a strong foundation for achieving strategic goals, delivering sustainable value to shareholders, and driving the Company's growth and expansion in line with its long-term aspirations.

Thanks and Appreciation

In conclusion, and on behalf of the Board of Directors, I extend my sincere appreciation to the leadership and government of the Custodian of the Two Holy Mosques for their ongoing support. I would also like to thank our valued shareholders and stakeholders for their trust and loyalty throughout a year filled with opportunities and challenges.

My gratitude also goes to the Company's Executive Management team and all employees of Alkhabeer Capital. Your professionalism, dedication, and teamwork are the true driving force behind the Company's continued success and outstanding accomplishments.

Ammar Ahmed Saleh Shata
Chairman of the Board of Directors

CHIEF EXECUTIVE OFFICER'S REPORT

CHIEF EXECUTIVE OFFICER'S REPORT

Alkhabeer Capital sustained its strong performance and continued to advance its development in 2024, driven by its unwavering adherence to clearly defined objectives, which reflected favorably on its financial results and market position. This positive momentum has contributed to the consolidation of the Company's standing as a prominent financial institution in the Kingdom of Saudi Arabia. We highlight below the achievements and figures that contributed to the Company's outstanding performance this year.

Financial Results

In 2024, Alkhabeer Capital achieved a 7% year-on-year increase in operating revenues, reaching ⃁ 309 million, compared to ⃁ 289 million in 2023. This growth was accompanied by a moderate 4% rise in total costs, which amounted to ⃁ 142 million, up from ⃁ 136 million the previous year. Net income after Zakat and Income Tax rose by 11% to ⃁ 120.8 million, compared to ⃁ 108.5 million in 2023. Assets under Management (AUM) also recorded robust growth, increasing by 17% to ⃁ 9.6 billion from ⃁ 8.2 billion at the end of the previous year. Earnings per Share (EPS) advanced by 11.3% to ⃁ 1.28, up from ⃁ 1.15 in 2023. Meanwhile, the Company's investments saw a slight decline of 1%, settling at ⃁ 1.62 billion compared to ⃁ 1.64 billion a year earlier.

Results of Operations

In 2024, Alkhabeer achieved a number of important milestones through the strategic transformation plans adopted over the past few years. These initiatives have strengthened Alkhabeer's position in the Saudi capital market, expanded and diversified its investment offerings through innovation, delivered comprehensive financial solutions, and optimized capital deployment. These achievements, across all operations and business lines, are supported by tangible performance indicators that reflect the success of the Company's forward-looking vision.

Driven by its ambitious investment strategy, the Private Equity Department delivered several notable accomplishments in 2024, highlighting its ability to seize promising opportunities and implement diversification strategies aimed at maximizing investor returns. Among these was the successful acquisition of Al-Hanaa Trading Group by Alkhabeer Saudi Private Equity Fund I, which enhanced the Fund's portfolio and supported its exit strategy.

During the year, Alkhabeer filed a listing application for Al Jazira Rent A Car, a company owned by Alkhabeer Car Rental Private Equity Fund, on the Saudi Tadawul. This strategic move aims to boost the asset's liquidity and generate attractive exit returns. In addition, Tadawul approved the listing of Al Tanmiya Integrated Education and Training Company, owned by Alkhabeer Private Equity Education Funds I to VII, on the Main Market of the Saudi Exchange. The application is currently under review by the Capital Market Authority, underscoring the asset's readiness to capture market opportunities.

As part of Alkhabeer Private Equity Industrial Fund IV's approved exit plan, a significant milestone was achieved through the integration of the Fund's assets and the conversion of Takamol Industrial Company from a limited liability company to a closed joint stock company, paving the way for a potential listing on the Main Market of the Saudi Exchange.

In the capital markets, Alkhabeer achieved a historic milestone in the Saudi market by launching the Alkhabeer Diversified Income Traded Fund 2030, the first Shari'a-compliant, publicly traded closed-ended fund with a specified exit term of six years. The Fund is structured to invest in income-generating assets such as Sukuk, trade finance contracts, Ijarah transactions, asset-backed debts, structured income instruments, income funds, and Murabaha transactions, offering investors semi-annual dividend distributions.

Additionally, the Capital Markets Department launched a program focused on trade finance certificates, an innovative solution designed to optimize risk-adjusted returns and meet the needs of investors seeking Shari'a-compliant fixed income alternatives.

Real estate remains a core component of the Company's investment portfolio. In 2024, the Real Estate Department continued to implement its strategy of developing income-generating real estate products managed to a high standard of professionalism, reflecting the Company's commitment to delivering attractive periodic returns.

In this regard, Alkhabeer distributed ⃁ 59.8 million in cash dividends to Alkhabeer REIT unitholders during the year, underscoring the strength and stability of the Fund's assets. The Department also continued the phased exit strategy of Alkhabeer Real Estate Residential Development Fund II by selling residential units and beginning to return capital to investors.

The Business Development and Placement Division made a significant contribution to the company's performance in 2024, playing a key role in expanding the investor base. The number of asset management clients increased by 8% year-on-year, while recurring business accounted for 23% of total funds raised, demonstrating deeper client relationships and enhanced business sustainability. The Division successfully raised over⃁ 1.14 billion through multiple placements, highlighting the effectiveness of its marketing efforts and its ability to engage a broader segment of investors both locally and regionally. These efforts directly supported the Company's strategic growth objectives.

The Brokerage Department also delivered a strong performance in 2024, with significant growth across key indicators. The number of clients increased by 444.39% year-on-year, and trading volume rose by 187.14% to ⃁ 9.73 billion, reaffirming client confidence in the effectiveness of Alkhabeer's platform and the quality of its services.

In line with Alkhabeer's ongoing efforts to enhance capital structure and diversify funding sources, the Corporate Finance Department successfully restructured and arranged Shari'a-compliant financing totaling ⃁ 345 million for Alkhabeer Capital and its investment funds. The Department also arranged a financial hedging agreement worth ⃁ 170 million to mitigate SAIBOR rate fluctuations and reinforce the financial stability of the Company's assets and funds, within the framework of risk management in accordance with best practices in the financial sector.

Alkhabeer remains deeply committed to governance and compliance. In line with guiding frameworks issued by the Capital Market Authority, Saudi Tadawul, and the National Cybersecurity Authority, the Company has prioritized cybersecurity in its digitization strategy to ensure the protection of systems and data and reinforce trust with clients and investors.

The Information Technology Department successfully achieved key operational milestones during the year, including the upgrade of Oracle systems, the completion of Phase 2 of e-invoicing compliance, and the implementation of the Security Information and Event Management (SIEM) platform. These initiatives enhanced the efficiency of the technology infrastructure and improved overall risk management.

Other developments included the upgrade of the IT infrastructure, migration to cloud-based systems, development of a cloud call center, and implementation of a comprehensive ticketing system aimed at enhancing client experience through faster and more efficient service delivery.

Alkhabeer firmly believes that human capital is the cornerstone of sustainable growth and development. In 2024, the Company maintained a high Saudization rate of 83%, reaffirming its commitment to nurturing national talent and creating a motivating work environment to support professional development and enable Saudi staff.

The Company's efforts in talent development and organizational culture were recognized with several awards, including being ranked the Third-Best Workplace in Saudi Arabia and the Thirteenth-Best Workplace in Asia, affirming its commitment to fostering a positive workplace culture and institutional excellence both locally and regionally.

In line with our corporate social responsibility, and as part of the Saudi Green Initiative, Alkhabeer completed the second and final phase of its "Plant 1,000 Trees" initiative by planting 700 trees in collaboration with Jeddah University.

To support community education and awareness, and in order to further joint cooperation between Alkhabeer Capital and King Abdulaziz University, the Capital Markets Department organized a lecture focusing on the application of Islamic Shari'a principles in global equity markets. The event was attended by Saudi and international students, including participants from IE University in Spain.

Outlook

We remain confident in our long-term strategy and continue to look to the future with optimism, underpinned by our strong reputation, deep market expertise, and qualified talent base.

The Company will continue to expand its brokerage offerings and invest in state-of-the-art solutions to grow its client base and strengthen its business lines. With the growing demand for access to local, regional, and international capital markets, Alkhabeer will remain focused on delivering innovative products and investment solutions that meet the needs and aspirations of its clients. This approach will reinforce the role of brokerage in driving Alkhabeer's sustainable growth in alignment with its long-term strategic plan.

We will also pursue our expansionary investment strategy. The Real Estate Department will develop new funds aligned with sector developments, while Private Equity will continue to identify promising investment opportunities with the goal of future listings on the main market or Parallel Market - Nomu of the Saudi Exchange.

Meanwhile, the Capital Markets Department will continue to design innovative investment products and expand fund offerings and listings to generate long-term capital growth and stable income.

In parallel, we will continue to invest in technology and cybersecurity infrastructure, and remain committed to attracting and retaining top-tier talent by offering a supportive environment and providing the best workplace, with the aim of attracting professional talent to achieve the Company's objectives.

In conclusion, I would like to extend my sincere thanks to our clients for their continued loyalty to Alkhabeer's investment products and brand, to our Board of Directors for their guidance, to the Executive Management team for their tireless dedication, and to all our employees for their passion and commitment. We remain firmly committed to achieving our strategic goals, guided by the highest standards of governance and social responsibility.

Ahmed Saud Hamza Gouth
Chief Executive Officer

MARKET OVERVIEW

MARKET OVERVIEW

In 2024, Saudi Arabia achieved remarkable economic and developmental milestones, reflecting its Vision 2030 transformation agenda. Among these were securing the bid to host the 2034 FIFA World Cup and the inauguration of the Riyadh Metro system, a key infrastructure project enhancing urban mobility. The Kingdom also advanced its sovereign wealth and economic diversification efforts, exemplified by the transfer of 8% of Saudi Aramco shares to the Public Investment Fund (PIF) and a secondary public offering of 0.64% of Aramco's shares.

Additionally, the valuation of Saudi Arabia's untapped critical mineral resources doubled to an estimated $2.5 trillion, reinforcing its potential as a global mining hub. Furthering its sustainability goals, the Kingdom launched a renewable energy geographical survey project to bolster its transition to clean energy.

The broader economic environment was shaped by external factors, including three interest rate cuts by the US Federal Reserve, totaling 100 basis points, which brought rates to a range of 4.25%-% to 4.50%. Domestically, Saudi Arabia played a pivotal role in global energy markets, with OPEC+ extending its production cut agreement through 2025.

Global credit rating agencies have acknowledged Saudi Arabia's resilience and progress in economic diversification. In November 2024, Moody's upgraded the Kingdom's sovereign credit rating to "Aa3" from "A1," citing significant strides in reducing oil dependency through Vision 2030 initiatives, which prioritize investments in infrastructure, tourism, sports, and manufacturing. Despite fiscal adjustments necessitated by lower oil revenues, Moody's maintained a stable outlook, highlighting persistent uncertainties in global economic conditions and oil markets. Similarly, S&P revised Saudi Arabia's outlook to positive in September 2024, underlining robust growth in the non-oil sector and the Kingdom's sustained economic resilience.

ECONOMIC GROWTH OUTLOOK: BALANCING OIL CUTS AND ECONOMIC DIVERSIFICATION

The International Monetary Fund (IMF), in its January 2025 update, adjusted Saudi Arabia's 2024 GDP growth forecast to 1.4%, slightly lower than its October 2024 estimate of 1.5%, reflecting the impact of extended OPEC+ oil production cuts. For 2025, the IMF now projects growth at 3.3%, aligning with the Kingdom's ongoing economic diversification efforts. This revision follows a December 2024 an agreement by eight OPEC+ member nations in December 2024 to extend voluntary crude production cuts of 2.2 million barrels per day until March 2025, with a gradual phase-out planned through September 2026.

While overall GDP experienced a slight contraction of 0.8% in 2023 due to fluctuations in oil revenues, Saudi Arabia's non-oil sector reached a significant milestone, expanding to account for 50% of GDP. This achievement highlights the Kingdom's steady progress in Vision 2030 reforms, fostering a more diversified and resilient economy. Meanwhile, oil prices remain below USD 80 per barrel, presenting opportunities for continued fiscal planning to support Saudi Arabia's ambitious transformation initiatives.

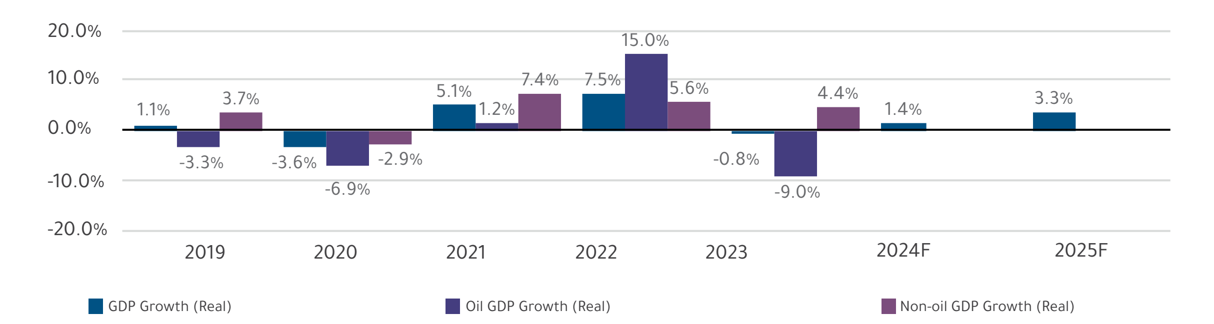
BUDGET 2025 REFLECTS DISCIPLINED TRANSFORMATION, BALANCING GROWTH WITH FISCAL PRUDENCE

Saudi Arabia's 2025 budget reflects a continued commitment to economic transformation while maintaining fiscal discipline, projecting a deficit of approximately ⃁101 billion, or 2.3% of GDP. The budget framework outlines total expenditure of ⃁ 1.28 trillion against anticipated revenues of ⃁ 1.18 trillion, with spending levels maintained at around 30% of GDP over the next three years.

The government has affirmed its dedication to Vision 2030 initiatives despite revenue pressures from lower oil prices and production cuts. Finance Minister Mohammed Al Jadaan emphasized that strategic spending on transformation projects will continue, particularly on essential infrastructure and new economic sectors such as tourism and manufacturing. This comes as the Kingdom expects its economy to accelerate from an estimated 1.4% growth in 2024 to 3.3% in 2025, driven primarily by non-oil activities.

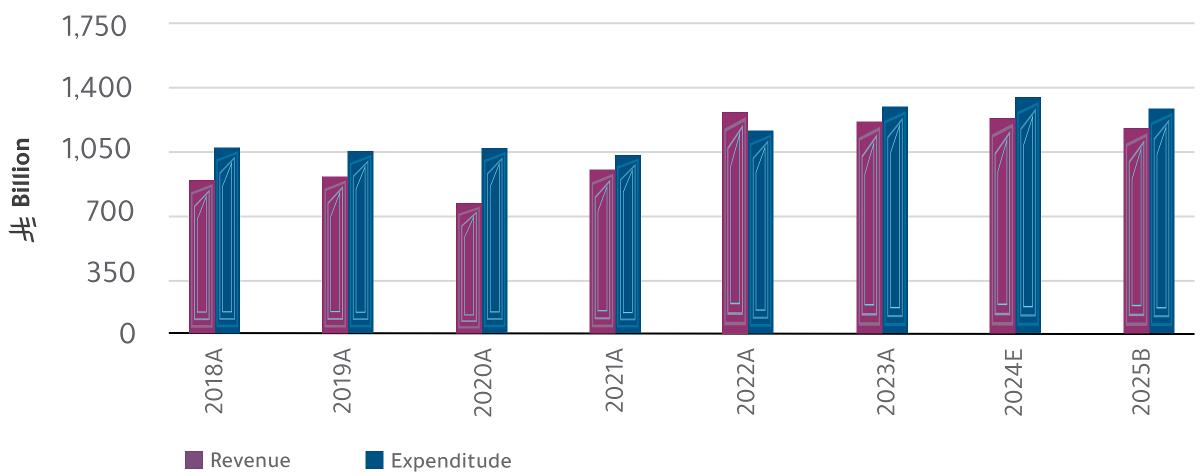
To finance the projected deficit and debt obligations, the National Debt Management Center has outlined funding requirements of ⃁ 139 billion for 2025. The financing strategy encompasses diverse channels, including sovereign debt issuance, export credit agency financing, and infrastructure project funding. Public debt is expected to reach ⃁1.3 trillion in 2025, remaining just below 30% of GDP.

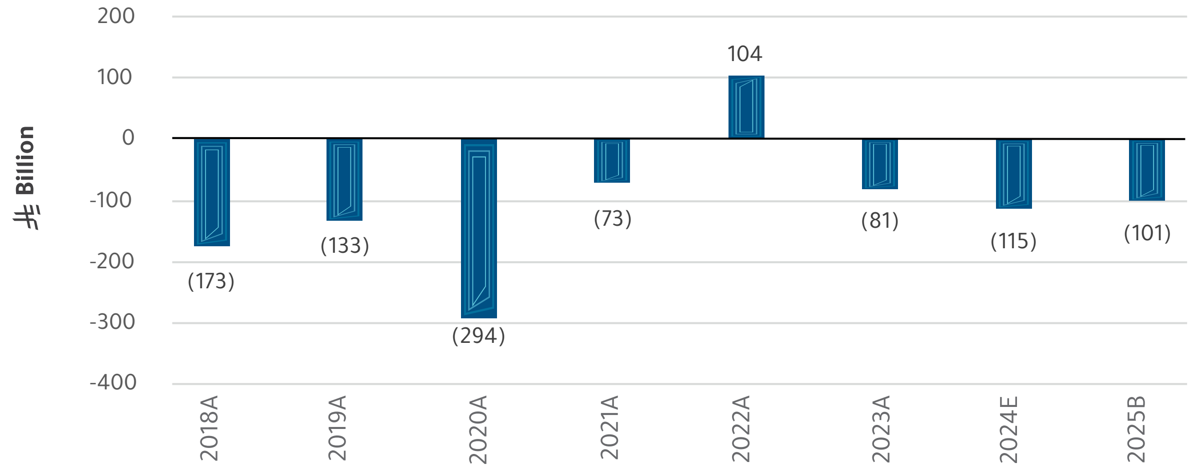
Notably, the government has initiated a comprehensive spending review of Vision 2030 projects, leading to the recalibration of certain projects, with some projects proceeding as planned, but some might get delayed or scaled down. This strategic realignment, particularly evident in the phasing of the megacity NEOM construction project, has been positively received by international observers, contributing to Moody's recent credit rating upgrade for the Kingdom.

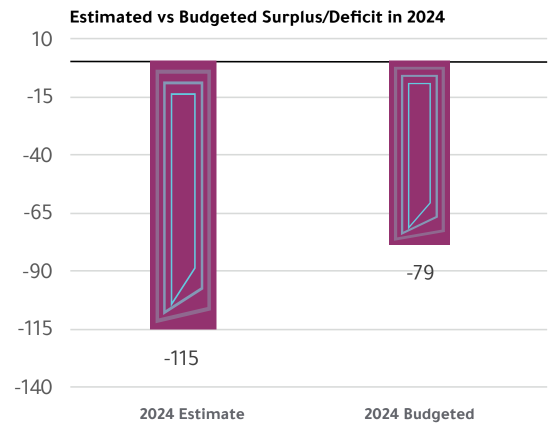


Source: General Authority for Statistics (GASTAT), and IMF Forecasts (Jan 2025)
F -Forecast, 2023 data based on GASTAT

BUDGETED REVENUE AND EXPENDITURE







Source: Ministry of Finance

The Riyad Bank Saudi Arabia PMI for December 2024 stood at 58.4, reflecting a significant improvement in non-oil private sector conditions. This marked a strong conclusion to the year, driven by a notable surge in new orders fueled by high domestic demand and growing exports. Business activity and inventory levels saw considerable increases, with the volume of total sales growing at its fastest pace in a year. Growth was most pronounced in the wholesale and retail sectors, supported by favorable economic conditions, strong customer demand, and effective marketing campaigns. The PMI has remained above the neutral 50-point threshold since September 2020, indicating sustained economic expansion.

AVERAGE ANNUAL INFLATION REMAINED BELOW 2.0% IN 2024

During 2024, the US Federal Reserve implemented three interest rate cuts, reducing rates by a total of 100 basis points (bps) across its September, November, and December meetings. These cuts brought the federal funds target range to between 4.25% and 4.50%. In response to these moves by the US Fed, the Saudi Central Bank (SAMA) also revised its monetary policy by lowering its benchmark interest rate to 5.0%. This marked SAMA's third rate cut of the year, in alignment with the US Fed's decision to reduce rates. These actions were taken to maintain monetary stability amid shifting global economic conditions and to support economic growth, particularly as inflationary pressures began to ease.

In December 2024, Saudi Arabia's Consumer Price Index (CPI) rose 1.9% YoY, primarily driven by an 8.9% rise in housing, water, electricity, gas, and other fuels, along with a 2.2% rise in personal goods and services. Food and beverage prices also increased by 0.8%, while transportation prices decreased by 2.5%. The wholesale price index (WPI) rose by 1.2% in December 2024, with the largest increases attributed to transportable goods, including a notable 12.0% rise in refined petroleum products and a 7.9% increase in furniture and other transportable goods.

For 2024, the average annual inflation rate stood at 1.7%, up from the previous year. This rise was primarily due to the 8.8% increase in housing and fuel prices, which had the most significant impact on overall inflation. Food and beverage prices also contributed, rising by 0.8%. On the other hand, sectors such as transportation, clothing, and health saw price declines, which helped moderate inflationary pressures. These fluctuations in various categories resulted in a moderate overall increase in the cost of living during the year.

RESILIENT BANK GROWTH: LIQUIDITY TIGHTENS AMID RAPID CREDIT GROWTH

According to the Saudi Central Bank, SAMA, Saudi banks reported a 24% profit growth to ⃁ 7.7 billion (USD 2.05 billion) in October 2024, driven by strong non-interest income and favorable market conditions. YTD (through October) profits amounted to ⃁ 73.28 billion, up from ⃁ 64.47 billion in 2023. The sector's resilience is attributed to robust asset quality, prudent risk management, and strategic diversification of funding sources, including a record USD 13 billion in debt issuance. Saudi banks maintained healthy profitability and asset quality, supported by Vision 2030's growth-driven demand for corporate financing. With a low impaired financing ratio and solid capital buffers, Saudi banks are well-positioned to navigate global monetary changes and continue their strong growth trajectory.

The loan-to-deposit ratio among Saudi Arabia's 10 largest banks rose to 100.1% in Q3 2024, up from 97.8% in Q2 2024. This increase was driven by rapid credit expansion and the financing of giga-projects valued at $1.25 trillion. Heightened competition for deposits has emerged amid a challenging economic environment marked by subdued foreign investment inflows and persistently weak oil prices.

Corporate and wholesale lending surged 4.4% in Q3, outpacing consumer borrowing's 2.7% growth, with the 10 largest banks accounting for 93% of total assets as of December 2023 (AGBI, S&P Global). Time deposits rose 4.1% to ⃁ 1.05 trillion, now 38.5% of total deposits, while net interest income grew 5.6% quarter-over-quarter, the strongest gain since Q3 2023. However, rising funding costs, climbing from 3.4% to 3.5% in Q3, and a 30.4% increase in impairments to ⃁ 2.4 billion weighed on profitability. Despite these challenges, non-interest income grew 15.2%, driving net profits up 5.3% to ⃁ 20.5 billion, supported by higher lending volumes and improved non-performing loan ratios.

SAUDI ARABIA'S STRATEGIC RESILIENCE: SHAPING STABILITY AMIDST GLOBAL OIL MARKET SHIFTS

In 2024, Brent crude oil futures averaged USD 80 per barrel and intraday prices traded within a range of USD 68 to USD 93, the tightest since 2019 and, inflation-adjusted, the smallest since 2003. Strong production growth and subdued demand exerted downward pressure, while geopolitical risks and OPEC+ cuts provided upward support, maintaining price stability within this range.

Global oil consumption in 2024 grew by less than 1 million barrels per day, lagging the pre-pandemic average growth of 1.5 million barrels per day. This subdued demand, combined with robust supply growth and geopolitical complexities, shaped a challenging yet dynamic year for the oil market.

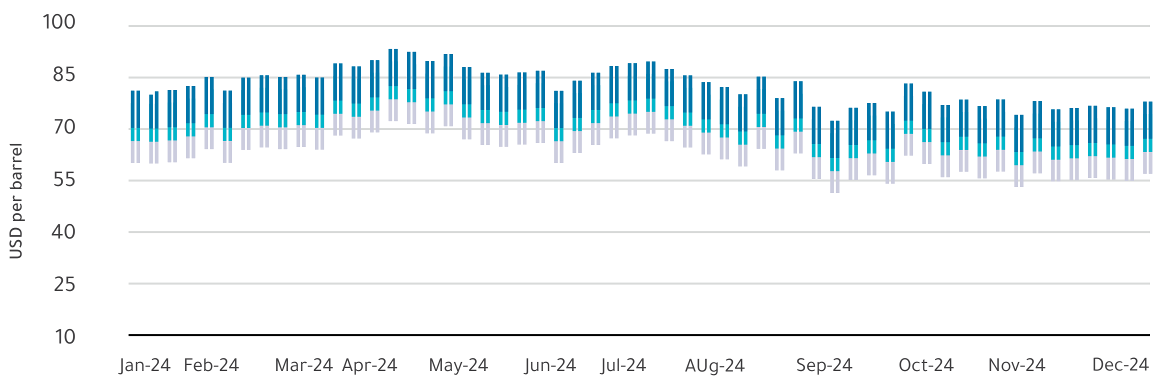
Brent crude oil prices averaged USD 83 per barrel from the start of 2024 through August, reflecting a modest 3% year-on-year increase driven by geopolitical concerns. This rise was underpinned by voluntary production cuts from OPEC+ members, particularly Saudi Arabia, alongside steady global demand. Despite this increase, year-to-date prices declined by nearly 5% due to growing supply from U.S. producers and weaker demand growth in China. In response to these dynamics, OPEC+ delayed planned production hikes for the latter part of the year, signaling adaptability to market conditions.

Saudi Arabia, a key player within OPEC+, has reduced output by two million barrels per day since late 2022, reaffirming its commitment to stabilizing oil prices. However, the Kingdom has also indicated a willingness to prioritize market share over price targets, supported by its robust financial buffers, including foreign reserves and access to debt markets. Currently, OPEC+ accounts for 48% of the global oil supply, with Saudi Arabia contributing less than 10%, while the US has expanded its share to 20%.

The US Energy Information Administration (EIA) projects continued downward pressure on oil prices over the next two years due to higher production growth relative to demand. Brent crude oil prices are forecasted to average USD 74 per barrel in 2025, an 8% decline from 2024, and further decrease to USD 66 per barrel in 2026, reflecting an 11% drop. This trend highlights a market environment driven by surplus, tempered by potential geopolitical risks.

The EIA expects global oil production to grow significantly, increasing by 1.8 million barrels per day in 2025 and 1.5 million barrels per day in 2026. The gradual unwinding of OPEC+ production cuts and robust output from non-OPEC+ producers will drive this expansion. While OPEC+ is forecast to increase production, it is anticipated to remain below its stated targets to avoid oversupply. Geopolitical developments, such as additional US sanctions on Russia's oil sector, could further disrupt supply dynamics.

Brent Crude Oil Spot Prices



Source: Factset

TASI ENDS 2024 WITH A MODEST GAIN

The Saudi Stock Market (Tadawul) demonstrated resilience in 2024, with the TASI index closing at 12,037 points, registering a modest 0.6% gain despite significant intra-year volatility. The market experienced a strong start with a 3.6% gain in Q1, followed by a challenging Q2 that saw a 5.8% decline. While Q3 brought a recovery with a 4.7% increase, the market settled with a 1.5% decline in Q4. Market activity was robust, with trading values surging 40% YoY to ⃁ 1.86 trillion, while transaction volume jumped by 37% YoY to 128.6 million.

The market's sectoral performance was notably divergent, with capital goods leading gains at 52.8%, followed by utilities at 38.6%, while energy, consumer staples, and REITs faced headwinds, declining 14.8%, 13.5%, and 13.5%, respectively. Among large caps, ACWA Power and Al Rajhi Bank posted substantial gains of 57% and 9%, respectively, while Saudi Aramco and SNB declined by 15% and 14%. The market's performance was influenced by multiple macroeconomic factors, including three Federal Reserve rate cuts totaling 100 basis points, which were matched by the Saudi Arabian Monetary Agency (SAMA), and oil prices that fluctuated between USD 68 and USD 93 per barrel.

Looking at individual stock performance, the reinsurer Saudi Re was the top performer with a 190% gain, while Arabian Drilling saw the steepest decline at 42%. The REIT sector faced challenges, with 16 out of 19 REITs declining during the year, led by Derayah REIT's 28% drop, underscoring the broader pressures on real estate-linked investments due to the high-interest rate environment globally.

IPO MARKET THRIVES WITH 14 IPOS OVER USD 100M EACH, DIVERSIFIED SECTORS, AND STRONG POST-LISTING GAINS

The Saudi IPO market has shown remarkable resilience and growth, with 14 IPOs raising over ⃁ 375 million each since the start of 2024. Notable IPOs include Dr Soliman Abdel Kader Fakeeh Hospital Co., which raised approximately ⃁ 2.9 billion, and high performers like Miahona, Rasan Information Technology Co., and Al Majed for Oud Co. The market's success is attributed to strategic IPO pricing and increased participation from foreign institutional investors, positioning Saudi Arabia as a vibrant hub for diverse sector offerings.

The Saudi IPO market has diversified beyond its traditional petrochemicals and banking sectors, offering investors exposure to new economic areas, largely driven by Vision 2030 initiatives. Since the start of 2024, 14 IPOs have raised over ⃁ 375 million each, with an average post-listing gain of 35%. Eleven of these companies are trading above their IPO price, with nine up more than 10%, despite a near-flat main index over the past year. Conservative IPO valuations have provided post-listing upside potential, further enhancing investor confidence.

The net inflow of foreign direct investment (FDI) in the Kingdom reached ⃁ 16.0 billion during Q3 2024. This represents a 24% decrease compared to the ⃁ 21.1 billion recorded in the third quarter of 2023. However, it also marks a 37% increase from the ⃁ 11.7 billion recorded in the second quarter of 2024.

Budgeted Revenue and Expenditure

SHAPING SAUDI's FUTURE: REAL ESTATE AS A CATALYST FOR VISION 2030

In 2024, Saudi Arabia's real estate market saw transactions surpass USD 533 billion (⃁ 2.5 trillion), covering over 622,000 deals and 5.8 billion square meters, with more than 520,000 properties traded, according to the Saudi Ministry of Justice. This robust performance highlights the sector's pivotal role in the economy, driven by the Kingdom's economic boom and successful hosting of global events. Experts predict continued growth in 2025, fueled by increased investment, large-scale projects, and a focus on sustainability and innovation. Standard & Poor's forecasts the sector's GDP contribution to rise from 5.9% to 10.0% by 2030, supported by a significant increase in real estate financing.

In November, Saudi Arabia's residential mortgage market reached its highest level since August 2022, with 13,142 new mortgages issued, totaling ⃁ 10.1 billion, a 51% YoY increase. Year-to-date, nearly ⃁ 80 billion has been loaned, surpassing the 2023 total of ⃁ 78 billion but still below the 2021 peak of 152.5 billion. Apartment financing led the market in 2024, with ⃁ 24.6 billion in mortgages. Despite rising interest rates, 107,008 new mortgage approvals were recorded, exceeding 2023's figures. Vision 2030 aims to boost home ownership to 70% by 2030, supported by revamped mortgage laws and financial schemes. The first half of the year saw a 38% increase in real estate transactions and a 50% rise in total deal value to ⃁ 127.3 billion.

LABOR MARKET GROWS WITH REFORMS, RISING EXPAT NUMBERS, AND INCREASED FEMALE PARTICIPATION

According to the General Authority for Statistics (GASTAT), the unemployment rate among Saudis increased to 7.8% in Q3 2024, a 0.7% rise from Q2 2024, but a 1.0% decrease from Q3 2023. The overall labor force participation rate grew to 66.6%, driven by a 0.7% increase among Saudis to 51.5%. Saudi women's participation reached 36.2%, up 0.8 points, with their employment-to-population ratio increasing to 31.3%. Young Saudi women (aged 15-24) experienced a 1-point increase in labor force participation, reaching 18%, while their employment-to-population ratio rose to 13.6%. Among Saudi men, labor force participation climbed to 66.9%, with an employment-to-population ratio of 63.7%. These figures reflect steady progress in workforce engagement across genders and age groups despite a slight quarterly rise in unemployment.

Notably, the number of expatriates in Saudi Arabia's labor market grew to nearly 9 million in H1 2024, up from 8.1 million at the end of 2023. This increase was broad-based across sectors, with 31% of new net hires concentrated in construction, which saw a robust 4% YoY growth, driven by ongoing giga-project developments.

As part of Saudi Arabia's Vision 2030 to enhance the Kingdom's labor market, the Ministry of Human Resources and Social Development (MHRSD) announced significant amendments in August 2024 to the Labor Law of 2005, approved by the Saudi Council of Ministers. Effective from 18 February 2025, these amendments aim to create a more attractive employment framework. The new provisions prioritize job stability, safeguard contractual rights for all parties, and foster human resource development. They emphasize improved training opportunities for workers while promoting increased employment prospects for Saudi citizens.

The amendments expand chapters on leave and contracts, introduce definitions for "resignation" and "outsourcing," and outline new procedures for resignation. Key updates include revised worker grievance processes, penalties for unlicensed recruitment, and a mandate for employers to implement training and qualification policies to enhance workforce skills. Significant updates have also been made to the maritime labor chapter, reflecting broader efforts to modernize labor regulations.

Saudi Arabia's labor market has benefited from robust non-oil GDP growth. Localization efforts and sectoral expansions, particularly in manufacturing, tourism, and transportation, are set to create more job opportunities for Saudis, including a notable rise in female employment.

TOURISM SECTOR SEES EXCEPTIONAL GROWTH IN 2024, RANKING THIRD GLOBALLY IN TOURIST ARRIVALS GROWTH

In 2024, Saudi Arabia's tourism sector saw exceptional growth, with domestic bookings rising by 44% and international tourist arrivals increasing by 61% compared to 2019. Notably, Saudi Arabia ranked third globally in terms of international tourist arrivals growth, underscoring its emergence as a major player in the global tourism landscape. This growth was driven by a surge in family and group bookings, rising interest in emerging destinations like Abha and Jizan, and a shift toward more budget-friendly accommodations. In addition, Saudi Arabia's continued investments in tourism infrastructure and its goal to welcome 127 million visitors by 2025 are central to its economic diversification strategy. The planned introduction of a VAT refund system for tourists in 2025 is expected to further boost the Kingdom's appeal, driving higher visitor spending and reinforcing its competitive position in the global tourism market.

KINGDOM TO HOST HISTORIC 2034 FIFA WORLD CUP

Saudi Arabia has been awarded the right to host the 2034 FIFA World Cup, making it the first nation to solely host the expanded 48-team tournament. Matches will be played across five cities: Riyadh, Jeddah, Khobar, Abha, and Neom, with the new King Salman International Stadium in Riyadh serving as the centerpiece. The event is part of Saudi Arabia's Vision 2030 strategy to boost economic growth, and it is expected to further enhance the Kingdom's reputation as a global sports hub. The tournament promises to attract international tourism, with fans enjoying world-class stadiums, vibrant cultural experiences, and modern infrastructure.

PIF: POWERING SAUDI ARABIA'S ECONOMIC RENAISSANCE

The Public Investment Fund (PIF) of Saudi Arabia has been awarded the prestigious 2024 Middle East Project Management Office (PMO) of the Year Award. This honor recognizes PIF's exceptional contributions to advancing the Kingdom's Vision 2030 transformation. Throughout 2024, the Public Investment Fund (PIF) made numerous strategic investments and deals, in addition to establishing new companies to bolster and diversify the Kingdom's economy. Among the notable investments were:

1) Aramco Share Transfer: The Saudi government strategically transferred 8% of Aramco shares to PIF portfolios. This adjustment brought the government's ownership to 82.186%, enhancing PIF's investment capabilities.
2) Alat Co. Launch: Crown Prince Mohammed bin Salman established Alat Co. to transform Saudi Arabia into a global hub for sustainable tech manufacturing. The company will focus on advanced industries, including semiconductors, smart devices, health technologies, and the development of next-generation infrastructure. This initiative aligns with Saudi Arabia's broader economic diversification goals.
3) Contractor Financing Program (CFP): PIF and the National Infrastructure Fund introduced CFP to strengthen the construction sector through targeted financing solutions. The program aims to create a more integrated and dynamic construction ecosystem while improving contractor cashflows.
4) Neo Space Group (NSG): PIF created NSG to establish Saudi Arabia as a significant player in the global space economy. The company will develop local capabilities across satellite communications, earth observation, navigation systems, and space-focused venture capital investments.

5) Renewable Energy Joint Ventures: PIF's Renewable Energy Localization Company established three strategic partnerships to manufacture solar and wind power components within Saudi Arabia. These agreements support the Ministry of Energy's mission to localize renewable energy production and strengthen domestic manufacturing capabilities.
6) Smart Accommodation for Residential Complexes (SARCC): SARCC will develop and manage staff housing for major construction projects across Saudi Arabia. The company addresses the growing demand for worker accommodation while maintaining high standards in residential complex operations.
7) Adeera for Hospitality: PIF launched Adeera to elevate Saudi Arabia's hospitality sector through world-class hotel brand development and management. The company will blend international standards with authentic Saudi hospitality while focusing on local talent development through partnerships with global hospitality specialists.
8) PIF and Google Cloud to Establish AI Hub: The PIF and Google Cloud are partnering to create a global AI hub in Saudi Arabia's Eastern Province. This hub is projected to add USD 71 billion to the Kingdom's GDP over the next eight years and create thousands of jobs. The focus will be on Arabic-language AI models, applications, and digital upskilling, supporting Saudi Arabia's goal to expand its ICT sector by 50%.

ECONOMIC OUTLOOK: CAUTIOUS PROSPECTS AMID FISCAL PRESSURES

Saudi Arabia's economic landscape for 2025 reflects a period of careful fiscal management amid evolving global conditions. In alignment with the collaborative OPEC+ agreements, adjustments to oil production timelines are expected to stabilize crude output at 9.2 million barrels per day (bpd), reflecting a measured approach to balancing market dynamics. These considerations, alongside global demand trends and supply shifts, are being thoughtfully integrated into the Kingdom's revenue planning.

While oil revenues—a cornerstone of Saudi Arabia's economy—are being prudently managed, the fiscal breakeven price for 2025 highlights the importance of adaptive strategies. Concurrently, non-oil exports continue to demonstrate resilience, rising by 13% in recent reports, signaling progress toward diversification goals. Foreign direct investment trends, although moderated by 21%, remain a key focus area as the Kingdom advances reforms to enhance its investment ecosystem in line with its long-term objectives.

Saudi Arabia remains steadfast in its commitment to Vision 2030, prioritizing strategic investments in transformative sectors to secure sustainable growth. Economic experts acknowledge the balancing act between fiscal prudence and developmental imperatives, noting the government's focus on optimizing expenditure efficiency and maintaining a manageable fiscal deficit of 2-3% of GDP. This disciplined approach underscores efforts to reduce oil dependency while fostering economic stability.

Looking ahead, Saudi Arabia's medium- to long-term outlook remains robust, anchored by accelerating diversification and a thriving non-oil sector projected to grow by 4-5% annually (per Moody's). These strides position the Kingdom as a regional leader in innovation and economic resilience. By prioritizing fiscal sustainability, strategic investments, and inclusive development, Saudi Arabia continues to chart a forward-looking path, demonstrating adaptability and resolve in a dynamic global environment. This trajectory reaffirms the nation's dedication to achieving enduring prosperity for its citizens and stakeholders.

REVIEW OF ACTIVITIES AND OPERATIONS

ASSET MANAGEMENT DIVISION

Alkhabeer Capital's Asset Management Division (AMD) focuses on staying informed about economic conditions and market investment opportunities, while continually assessing changing client needs to develop new investment solutions that cater to those needs. The division manages client investments in compliance with Shari'a principles and adheres to the highest levels of governance.

AMD aims to deliver strong investment performance and generate competitive and attractive returns in the long term across all the Company's investment offerings, including our public and private investment funds and discretionary management portfolios. Alkhabeer Capital's current portfolio comprises 23 funds and investment companies.

In 2024, the Company recorded a 17% increase in assets under management (AUM), reaching ⃁ 9.582 billion, compared to ⃁ 8.175 billion at the end of the previous year.

2024 KEY HIGHLIGHTS

- In terms of the private equity department, a request was successfully submitted to list Al-Jazira Tajeer Car Rental Company, an asset owned by the "Alkhabeer Private Equity Car Rental Fund," on the Saudi Main Market (Tadawul).
- "Alkhabeer Saudi Private Equity Fund 1" successfully acquired a new asset, Al-Hanaa Trading Group, in addition to its previously owned asset, Innova Saudi Healthcare Company.
- An application has been submitted to the Capital Market Authority (CMA) to list the shares of "AlTanmeyah AlMutakamelah for Education and Training", the asset owned by "Alkhabeer Private Equity Educational Funds", 1 to 7, the Main Market of the Saudi Exchange.
- The Real Estate Department continued the partial exit of "Alkhabeer Real Estate Residential Development Fund II" through the sale of residential villas and started capital distributions.
- ⃁ 59.2 million was distributed to Alkhabeer REIT Unitholders in 2024 as part of Management's fulfillment of its commitment to investors.

During 2024, the Capital Markets Department successfully launched the following products:

- Alkhabeer Diversified Income Traded Fund 2030 was successfully launched with an initial capital of ⃁ 305.5 million. Which is the first of its kind in the Kingdom, with a defined exit period of six years.
- Alkhabeer Trade Finance DPM Program - Certificates.

PRIVATE EQUITY DEPARTMENT

The Private Equity Department is working to strengthen Alkhabeer Capital's position by investing in private equity in diverse sectors. This was manifested in several achievements in 2024.

The value of the Assets Under Management (AUM) of the Private Equity Department is estimated at more than ⃁ 3.04 billion, spread across 11 investment funds.

2024 KEY HIGHLIGHTS

- A request was successfully submitted in December 2024 to list Al-Jazira Tajeer Car Rental Company, an asset owned by the "Alkhabeer Private Equity Car Rental Fund," on the Main Market of the Saudi Exchange. This achievement was accomplished within two years of the fund's inception.
- Also, "Alkhabeer Saudi Private Equity Fund 1" has successfully acquired a new asset, Al-Hanaa Trading Group, in addition to its previously owned asset, Innova Saudi Healthcare Company. This acquisition aligns with the fund's board strategy to diversify investments and maximize returns for unitholders upon the planned exit for both assets, through the Main Market of the Saudi Exchange.
- An application has been submitted to the Capital Market Authority (CMA) to list the shares of "AlTanmeyah AlMutakamelah for Education and Training", the asset owned by "Alkhabeer Private Equity Educational Funds", 1 to 7, on the Main Market of the Saudi Exchange.

CAPITAL MARKETS DEPARTMENT

In Q4 2024, the Assets Under Management (AUM) in the Capital Markets Department increased by 25% to ⃁ 3.9 billion as compared to ⃁ 2.8 billion in Q4 2023. This growth is driven by the launch of the Alkhabeer Diversified Income Traded Fund 2030 and the introduction of the Trade Finance Certificates DPM Program.

The Capital Markets Department (CMD) provides investment management services for investment funds and discretionary portfolio management through a dedicated platform, generating competitive returns compared to similar investment products offered in the market. CMD boasts a diverse client base and an outstanding track record in this field.

CMD also continues to collaborate with global and regional investment managers to develop innovative new investment products.

2024 KEY HIGHLIGHTS

- Assets Under Management (investment funds and DPMs) reached ⃁ R 3.9 billion in 2024.

During 2024, the Capital Markets Department launched the following products:

- "Alkhabeer Diversified Income Traded Fund 2030" with an initial capital of ⃁ 305.5 million. The Fund is a Shari'a-compliant, closed-ended investment Fund listed on the Saudi Exchange (Tadawul). It is the first-of-its-kind fund in the Kingdom with a defined exit period of six years., offering a traded, diversified portfolio of income-generating assets combined with a fixed maturity. The Fund aims to distribute income from its investments to Unitholders on a semi-annual basis. The Fund invests across a range of asset classes, including Sukuk, Trade Finance, Leasing, Structured Income Notes, Senior Secured Loans, and Murabaha Transactions.
- Alkhabeer Trade Finance DPM Program - Certificates: Alkhabeer Trade Finance DPM aims to generate consistent income for investors by investing in selected short-term global trade finance transactions. The DPM offers investors the opportunity to achieve targeted returns, which are distributed monthly over 12 months, with the invested capital recovered at the end of the term.Fund aims to distribute income from its investments to Unitholders on a semi-annual basis. The Fund invests across a range of asset classes including Sukuk, Trade Finance, Leasing, Structured Income Notes, Senior Secured Loans and Murabaha Transactions.
- Alkhabeer Trade Finance DPM Program - Certificates: Alkhabeer Trade Finance DPM aims to generate consistent income for investors by investing in selected short-term global trade finance transactions. The DPM provides investors with an opportunity to achieve targeted returns, which are distributed monthly over a twelve-month period, with the invested capital recovered at the end of the term.

REAL ESTATE DEPARTMENT

The Real Estate Investments Department is considered one of the key pillars of the Company's investment portfolio. It focuses on offering and professionally managing unique real estate investment products, with the aim of achieving strong performance and delivering competitive returns through direct property ownership. This is made possible by the Company's deep expertise in the real estate sector and its disciplined investment approach.

The Real Estate Department seeks to meet the needs of investors with different tolerances for risks and different goals in achieving returns, based on the philosophy of real estate investment management that is based on a deep understanding of the different needs of investors.

It is worth mentioning that income-generating investment opportunities are seized after conducting due diligence studies and conducting an accurate evaluation of the different investment rationales.

Real estate investments constitute a large proportion of the investment portfolio of Alkhabeer Capital as the value of assets under management in the real estate investment department is over ⃁ 3.0 billion distributed among five real estate investment funds.

2024 KEY HIGHLIGHTS

- Continued the partial exit of "Alkhabeer Real Estate Residential Development Fund II" through the sale of residential villas and started capital distributions.
- The Real Estate Department continued its strategy and approach based on offering and professionally managing distinct income generating real estate investment products.
- ⃁ 59.2 million was distributed to Alkhabeer REIT Unitholders in 2024 as part of Management's fulfillment of its commitment to investors.

BROKERAGE DEPARTMENT

As part of the Company's commitment to providing clients with the best investment services and solutions, through offering comprehensive and diverse investment products that meet their needs and support them in achieving their investment goals, the Brokerage Department accomplished several key milestones in 2024.

2024 KEY HIGHLIGHTS

- The number of Brokerage clients increased by 444.39%, compared to 2023.
- Trading volume increased by 187.14%, YoY, to reach ⃁ 9.73 billion as at the end of 2024.
- Alkhabeer Capital ranked 24th in terms of trading value by the end of 2024 among 33 brokerage firms for the Main Market, after it was ranked 28th at the end of 2023 among 32 brokerage firms.
- Alkhabeer Capital also ranked 18th among 26 brokerage firms for the Main Market - Internet by the end of 2024, after it was ranked 21st among 24 brokerage firms, at the end of 2023.
- The final stages of preparing the Co-location service of Wamid, the innovation-focused company part of Tadawul Group, have been completed, with a launch scheduled for the first quarter of 2025. This aims to enhance the efficiency of "Tadawul" services.
- Awaraq Digital service will be launched, which is a system for managing negotiated deals bids and offers, during the second quarter of 2025, as it provides a complete digital solution for negotiating deals between the buyer and the seller and the negotiation will be easily managed online in one platform.
- Margin trading products in the US market will be launched in the second quarter of 2025.

CORPORATE FINANCE DEPARTMENT

As part of the Company's growing focus on meeting client needs and providing them with comprehensive financing services, the Corporate Finance Department plays a key role in supporting the growth of the Company's investments. It leverages its expertise to deliver innovative and tailored capital-raising structures, along with specialized financial advisory services.

The Department also focuses on providing Sharia-compliant finance structures by capitalizing on its relationships with a multitude of financiers and investors, including banks, investment funds, sovereign entities, private equity companies, and family offices. The Department is also reviewing cash flow forecasts and requirements, in addition to supporting clients in structuring and securing credit facilities by negotiating with lenders, debt bondholders, and following up with relevant committees and authorities.

2024 KEY HIGHLIGHTS

- The Corporate Finance Department of Alkhabeer Capital restructured and arranged Sharia-compliant financing for Alkhabeer Capital and some of its Funds, with a total value of ⃁ 345 million.
- Moreover, the Corporate Finance Department arranged Profit Rate Swap facilities for ⃁ 170 million to hedge for SIBOR fluctuation.

BUSINESS DEVELOPMENT & PLACEMENT DIVISION

The Business Development and Placement Division aims to strategically create long-term added value for Alkhabeer Capital by leveraging its relationships, diverse client base, and extensive market knowledge.

The Division also has extensive experience in offering Alkhabeer Capital products in the Kingdom of Saudi Arabia and the GCC countries to a broad client base of high-net-worth retail investors, family offices, institutional investors, corporations, and experienced investors.

The Division aims to strengthen the Company's distinguished investment relationships with clients and reinforce channels of communication by introducing them to new products and deals offered by the Company. It maintains continuous and regular engagement to keep clients informed of the latest developments in their investment portfolios. In addition, it provides periodic reports that highlight updates in local, regional, and global investment markets, prevailing investment climates, and emerging opportunities across various markets.

2024 KEY HIGHLIGHTS

- The client base grew by 8% across both individual and corporate client segments.
- Recurring services increased by 23% as of the end of 2024, which reflects the satisfaction of existing clients.
- The Division also contributed to the launch of several funds for clients in the market, including:
    - Alkhabeer Car Rental Private Equity Fund.
    - Alkhabeer Saudi Riyal Murabaha Fund.
    - Alkhabeer Trade Finance Program.
    - Alkhabeer Murabaha Sukuk Certificate Program.

A record total of ⃁ 1,144,000,000 was raised.

REVIEW OF SUPPORT FUNCTIONS

CORPORATE COMMUNICATIONS DEPARTMENT

The Corporate Communications Department in Alkhabeer Capital is responsible for the development of communications and marketing plans for new investment products and funds, and the launching of marketing campaigns for IPOs and subsequent offerings, as well as other campaigns to build Alkhabeer Capital's brand.

The Corporate Communications Department is also responsible for the development and implementation of the internal and external communication and digital marketing strategies, building relations with various media, organizing and managing business related annual or periodic events, including the ordinary general assembly and board meetings of Alkhabeer's investment funds, as well as other important events at Company personnel level.

In terms of internal communications, Management keenly seeks to organize effective internal communications structures to enable the Company's employees to measure performance and keep abreast of the Company's internal developments and external issues affecting its business, by way of publishing periodic progress reports, economic reports, quarterly business reviews, press releases and other content to consolidate ties between Company employees and ensure the achievement of common objectives.

On the digital front, management plans Alkhabeer's social media pages and the company's official website and runs them as effective platforms for the company's marketing campaigns and to post the latest company advertisements and updates, as well as to publish written or advertising material.

2024 KEY HIGHLIGHTS

CELEBRATING THE 20th ANNIVERSARY OF THE COMPANY'S FOUNDING

Marking a significant milestone in our Company's journey, the Department organized a celebration of Alkhabeer Capital's 20th anniversary. The event included a word from the CEO, during which he recounted the various stages of growth that the company has witnessed, and shared insights and inspiration on what the future may hold as the Company continues on its mission and strategy.

BROKERAGE SERVICES CAMPAIGN

- The Department also supported the Brokerage team in formalizing a strategic cooperation agreement with AWRAAQ Digital, a leading provider of innovative digital solutions for private trading transactions. This collaboration aims to enhance the automation and operational efficiency of private deal execution on the Alkhabeer Tadawul platform. The newly developed system streamlines broker registration and transaction management, offering secure and expedited access to critical information and documentation.
- The Department facilitated strategic communications for the Alkhabeer Diversified Income Traded Fund 2030, a flagship income-focused investment product. A coordinated media and marketing effort helped attract over 144,000 subscribers and raise more than ⃁300 million during the offering period. This campaign further reinforced Alkhabeer's position as a market innovator in Shariah-compliant investment solutions.
- The Corporate Communications Department arranged for an interview with Mr. Ayman Bajsair, Head of Capital Markets, on Asharq News TV about launching Alkhabeer Diversified Income Traded Fund 2030.
- Also, the Department circulated a press statement on Argaam platform highlighting the benefits of Alkhabeer Diversified Income Traded Fund 2030 and the method of subscribing to the fund.
- The Corporate Communications Department concluded an agreement with "Walaa Plus" Company, which specializes in managing discounts and benefits programs for companies. To provide the services to company staff members. A portal and application have been allocated for the company's staff members, to benefit from the program featvures, such as discounts and offers provided by "Walaa Plus".

Saudi Capital Market Forum

- Alkhabeer Capital continued to strengthen its market presence by participating as a main sponsor of the Saudi Capital Market Forum 2024 in Riyadh. This high-profile engagement reflects the Company's role as a key contributor to the Kingdom's financial sector development and its commitment to active industry dialogue.

Client Satisfaction Survey

- In partnership with the Business Development and Placement team, a client satisfaction survey was conducted through a leading independent research firm. The initiative provided valuable insights into client expectations, service experience, and brand perception, forming the basis for targeted enhancements to Alkhabeer's client servicing.

INFORMATION TECHNOLOGY DEPARTMENT

In 2024, the Information Technology (IT) Department achieved remarkable progress, driving technological innovation, enhancing operational efficiency, and aligning with organizational goals. This has directly supported Alkhabeer`s growth and resilience by implementing key projects and initiatives that strengthened service delivery, optimized resources, and fortified cybersecurity measures.

STRATEGIC OUTLOOK

The IT department's 2025-2027 strategy provides a forward-looking roadmap for digital transformation, emphasizing scalability, operational efficiency, and enhanced customer experience. Key initiatives include implementing advanced AI-driven analytics to support data-driven decision-making, depending on cloud infrastructure to meet growing operational demands, and deploying enhanced cybersecurity frameworks to proactively address evolving threats and maintain compliance. These projects will ensure alignment with business goals while positioning the department as a leader in technological innovation. By adopting innovative technologies and aligning with organizational objectives, the department is well-positioned to adapt to evolving market demands and drive sustained success.

2024 KEY HIGHLIGHTS

- Operational Achievements: The IT Department focused on modernization and efficiency, completing projects such as the Oracle platform upgrade, E-Invoice Phase II compliance, and the deployment of a Security Information and Event Management (SIEM) solution. These efforts enhanced system reliability, strengthened regulatory compliance, and ensured optimal resource utilization, resulting in a measurable improvement in service uptime and operational efficiency.
- Technology Innovations: Major technological advancements included modernizing the data infrastructure, migrating to cloud systems, and deploying a Cloud Call Center and Ticketing System integrated with CRM, which streamlined operations, enhanced data accessibility, and improved customer service efficiency by ensuring quicker response times and seamless ticket management. Key projects, such as the Sukuk Solution, Performance Employee Appraisal Solution, and WAMID Colocation, established WAMID as the primary colocation provider for DirectFN services, with Oracle Cloud Infrastructure serving as the disaster recovery site. The department also upgraded the Backup solution and replaced aging storage systems. The technical requirements necessary to enhance compliance with data protection regulations issued by the Saudi Data and Artificial Intelligence Authority (SDAIA) and the National Cybersecurity Authority (NCA) have been successfully implemented. This was achieved using advanced Microsoft systems to discover and classify various data types and monitor their movement to safeguard data and strengthen compliance. The department implemented a comprehensive 24/7 monitoring and management initiative, leveraging advanced Network Operations Center (NOC) and Security Operations Center (SOC) capabilities, along with real-time system monitoring tools, to ensure an enhanced cybersecurity posture and uninterrupted operations.
- Governance and Compliance: The IT department maintained adherence to the regulatory frameworks established by the Capital Market Authority (CMA), Tadawul, the National Cybersecurity Authority (NCA), and the SDAIA Personal Data Protection Law. This highlights its commitment to protecting personal data, complying with cybersecurity and privacy regulations, and attaining zero critical observations during the annual IT audit, demonstrating a strong dedication to governance.
- Employee Development: The IT Department invested in workforce development through targeted training programs, collaborations with technology providers, and participation in industry seminars. These efforts enhanced team capabilities, fostering a culture of continuous improvement and innovation.

HUMAN CAPITAL DEPARTMENT

Human cadres are the most important assets of Alkhabeer Capital, as the department seeks to attract the best expertise and competencies, while creating a comfortable and stimulating work environment to foster achievement and bolster the Company's competitive advantage.

The Human Capital Department has taken deliberate steps to ensure that optimal levels of employment are achieved in all Company departments, at both business and support levels.

2024 KEY HIGHLIGHTS

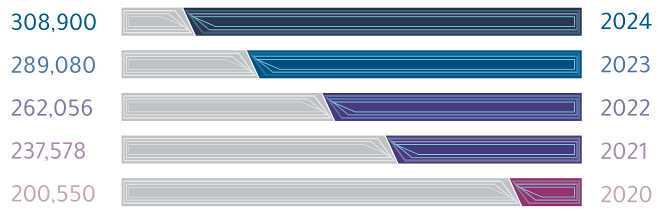
- The Human Capital Department started implementing its education allowance policy, which was launched in 2021 to coincide with the commencement of Academic Year 2024-2025. This policy applies to all qualified employees, regardless of grade level.
- The Human Capital Department continued its intensified investments in training, development, guidance, and cultural change management through its human capital assessment program, which helps develop performance evaluation metrics under four basic categories, namely: achieving goals, implementing Company values, requisite leadership concepts, and future capabilities.
- The total number of the company's employees in 2024 reached 115, compared to 105 employees in 2023. The Saudization rate remained high at 83%, while the percentage of female employees stayed steady at 32% of the total workforce.

FINANCIAL REVIEW

FINANCIAL REVIEW

This review provides a summary and analysis of Alkhabeer Capital's financial performance for the year ended 31 December 2024. The Notes of the Financial Statements provide additional relevant information.

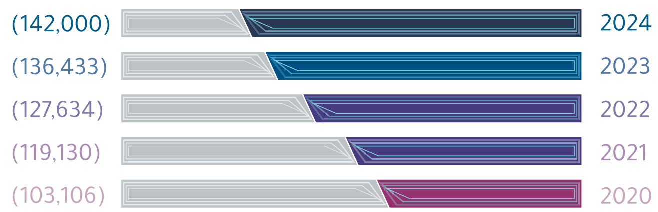
Revenues 308.9



Total revenue in 2024 increased by 6.87% to ⃁ 308.9 million compared with ⃁ 289.1 million for the previous year mainly driven by an increase in return on investments to reach ⃁ 231.3 million, reflecting an increase of 14% from ⃁ 203.2 million in 2023, due to higher gain from Investments at fair value during 2024.

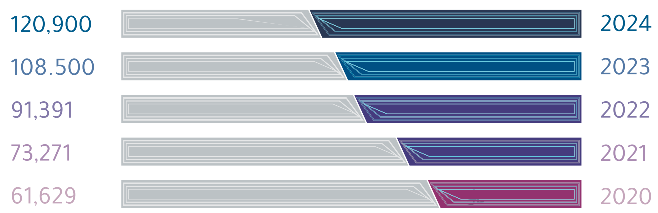
Moreover, the contribution from management fees increased by 1% to ⃁ 77.1 million from 76.6 million in 2023.

Operating Expenses 142.0



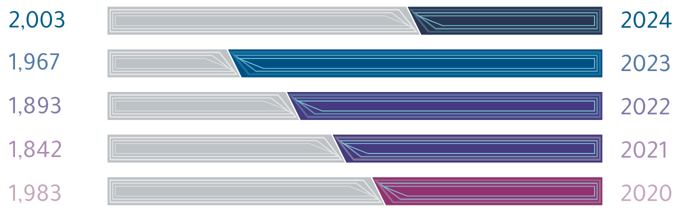
Total operating expenses increased by 4% to ⃁ 142 million compared with ⃁ 136 million for the previous year. The operating expenses-to-income ratio also decreased to 46% compared with 47% in 2023.

Earnings 120.9



Profits after Zakat and income tax recorded a growth of 11.41%, reaching ⃁ 120.9 million, compared to ⃁ 108.5 million in 2023. This growth had a positive impact on earnings per share, which increased to ⃁ 1.28, compared to ⃁ 1.15 in the previous year.

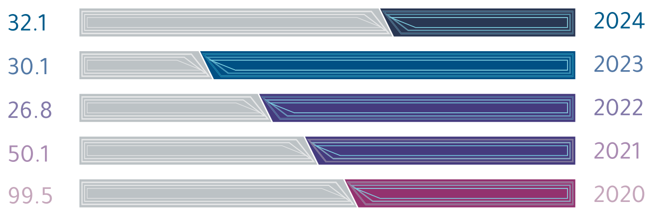
Assets 2.003



As of 31 December 2024, total assets stood at 2.003 billion, increased by 1.83% over ⃁ 1.967 billion at the end of 2023. mainly due to higher amount due from related parties.

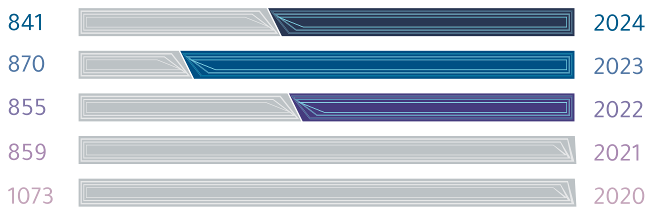
The Investments portfolio decreased by 1.1% to ⃁ 1.618 billion in 2024 from ⃁ 1.636 billion in the previous year 2023.

Cash and Cash Equivalents 32.1



Cash and cash equivalents comprise balances with banks. The cash at banks' balance increased by 7% to ⃁ 32.1 million in 2024 from ⃁ 30.1 million in 2024.

Liabilities 841



Total liabilities decreased approximately by ⃁ 28.8 million to ⃁ 841 million in 2024, from ⃁ 870 million in the previous year by 3%, due to the decrease in the volume of credit facilities.

In 2024, Alkhabeer Capital had a Shari'a-compliant financing balance of ⃁ 293.7 million decreased from ⃁ 308.8 million by 5% compared to 2023 balance. Murabaha investments declined to ⃁ 237 million in 2024, representing a 29% decrease compared to ⃁ 334 million in 2023.

During 2024, the Company introduced a Sukuk Murabaha Certificate Program for investors, with a total face value of up to ⃁ 350 million. Certificates totaling ⃁ 83 million were issued, carrying a profit rate of 7.50%, payable on a quarterly basis. The face value of the certificates will be redeemed at the maturity date upon dissolution.

Dividend distributed:

Dividends distributed during the year 2024 amounted to ⃁ 50.1 million, with an increase of 12% compared to the year 2023.

Financing for FY 2024

The following table shows information related to Shari'a-compliant financing extended to the Company as of 31 December 2024: (in ⃁, unless otherwise stated)

(Saudi Riyal)	
Term of Financing	7.5 years
Principal Amount of Financing	349,509,615
Repaid Amount during 2024	39,509,615
Outstanding Amount	293,681,824

For details on the debt as at the end of FY 2024, please refer to the notes related in the audited financial statements.

Shareholders' Equity

At the end of 2024, Shareholders' Equity increased by 6% to ⃁ 1.161 billion from ⃁ 1.096 billion at the end of 2023. The increase was a result of the higher returned earnings in Shareholders Equity due to high Net Profit for 2024.

Capital Adequacy

The Company's objectives when managing capital is to comply with the capital requirements set by the Capital Market Authority (CMA) to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base.

The Capital Market Authority (CMA) has issued Prudential Regulations (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under Pillar I.

The CMA issued amendments to the Prudential Rules that came into effect on 1 April 2023 (corresponding to 10 Ramadhan 1444H). The requirements for Capital Adequacy as per the latest amendment differ from the prior requirements. Accordingly, the Company has calculated its minimum capital required and capital adequacy ratios for the year ended 2023 and 2024 as follows:

Capital Adequacy

(⃁ '000)	2024	2023
Capital Base/ Tier-1 capital	1,160,809	1,096,312
Total minimum capital required	10,608,282	9,204,637

Capital Adequacy Ratio

(⃁ '000	2024	2023
Tier 1 Ratio	10.94%	11.91%
Surplus in capital	312,146	359,941

RISK MANAGEMENT REVIEW

RISK MANAGEMENT REVIEW

RISK AND GOVERNANCE DIVISION

The Risk and Governance Division is responsible for the day to-day oversight of the various risks to which Alkhabeer Capital is exposed, including credit, market, operational, regulatory, compliance and money laundering risks.

The division employs a wide range of risk assessment, analysis and reporting tools and state-of-the-art risk management models. Independent systems including Mubasher system and World-Check system for reporting anti-money laundering and regulatory compliance. In addition, an internal capital adequacy assessment model has been developed and implemented in line with CMA requirements. The Company's capital adequacy is monitored monthly covering historic and forecasted figures in order to ensure that the Company maintains adequate capital coverage.

COMPLIANCE AND MLR DEPARTMENT

While the ultimate responsibility of compliance lies with Alkhabeer Capital's Board of Directors, the Compliance and MLR Department is responsible for the day-to-day activities of compliance functions and is also responsible for setting the strategy and the action plan of the Compliance and MLR Department.

It is important to stress that compliance with regulatory and internal requirements is mandatory for all employees. The Executive Management ensures that all employees are aware of this duty and infuses a culture of commitment among all employees. It also ensures that compliance with regulatory requirements and adherence to the highest standards of professional conduct is observed at all times.

RISK DEPARTMENT

The Risk Department is responsible for monitoring and approving counterparty limits, as well as the daily oversight of identifying, measuring, and monitoring the company's exposure to market risks (including liquidity risk). The department is also responsible for updating all policies and procedures across the company's departments and implementing additional control measures to ensure that transactions are executed properly in line with approved policies and procedures, in order to avoid any regulatory and operational risks.

On the Managed funds level, the Risk Department also monitors closely and sets the proper controls and measures to ensure that the Fund managers are managing the funds in line with the approved investment strategies and approved limits.

RISK AND GOVERNANCE FRAMEWORK

Alkhabeer's Board of Directors manages risks through Board Committees and Alkhabeer's Risk and Governance Division and the Compliance and MLR Department.

POTENTIAL RISKS AND RISK MANAGEMENT POLICY

Risk of varying depth and complexity is inherent in Alkhabeer Capital's activities, and is managed through a process of ongoing identification, measurement, and monitoring, and setting proper limits and controls.

CREDIT RISK

Credit risk refers to the risk where the counterparty may default on its contractual obligation resulting in a potential loss to the Company. Alkhabeer is not engaged in lending money in the form of loans or advances to its clients including margin

Therefore, the only credit risk Alkhabeer may be facing at present is in relation to counterparties, including banks and companies, as well as its investments in Alkhabeer's managed private funds. Alkhabeer adopts a credit strategy for monitoring and controlling the counterparty risk by setting limits for each counterparty in line with CMA's Prudential Rules and Alkhabeer's internal approved policies.

As a result of economic changes in the region, geopolitical risks may negatively affect the performance of companies and their ability to fulfill their obligations. These effects, at the core of the domestic economy, may be undetectable, but may have ripple effects, including the deterioration of corporate credit ratings, particularly for small and medium enterprises.

MARKET RISK

Market risk is the risk that results from the changes in market prices, interest rates / profit rates, equity prices and other Capital Markets securities. Alkhabeer invests in multiple asset classes that involve market risk due to their susceptibility to fluctuation in prices. Alkhabeer also invests in money markets, capital markets, real estate and private equity. Since Alkhabeer's business model is to seed its managed funds, the market risk exposure to such investments is monitored and managed by the Company through a disciplined investment policy set by the Board in which limits, parameters, processes and proper governance are detailed.

on the other hand, heightened geopolitical risks have affected the markets and increased the volatility levels and this market volatilities are expected to continue. As for interest rates / profit rates, their continued rise will also have an adverse effect, especially on the cost of funds at Alkhabeer's corporate level, as well as at the level of managed funds and their underlying assets. AKC monitors closely the profits rates and takes appropriate measure to hedge the rates and mitigate such fluctuations.

LIQUIDITY RISK

Liquidity risk emerges as a result of the inability to manage unplanned shortage(s), changes to financing sources, or the failure to address market changes that affect the ability to liquidate assets quickly and with minimal loss. The efficient management of liquidity risk begins with the development of sound written policies and procedures, including the policy of minimal acceptable levels of liquidity. Liquidity risk management is performed by continuous liquidity monitoring, measuring and reporting to the management's Assets and Liabilities Committee, which applies various tools and engineering to ensure that the Company has sufficient liquidity levels to meet its future obligations.

OPERATIONAL RISKS

Operational risk relates to the potential for losses stemming from inadequate or failed internal control processes, human resources, systems, or external events. Operational risk includes exposure to legal risk, such as incurring fines, penalties or punitive damages resulting from regulatory actions against the Company or private settlements reached by the Company.

Alkhabeer uses a set of tools to identify, measure and rectify operational incidents. In addition, Alkhabeer has a professional indemnity insurance policy that covers any loss resulting from unintentional lapses or system breakdowns.

Regarding regulatory risks, the company applies, during the daily conduct of its business, all regulatory and/or executive regulations issued by the supervisory authorities, and is keen to limit the occurrence of any violations during the business cycle and/or those discovered during the periodic inspection tours carried out by the Capital Market Authority, as the supervisory authority over the company's business. Accordingly, the necessary corrective measures are taken in the event of any violations. It is worth noting that the outputs of the results of the last inspection cycle have not been received, and the company seeks to cooperate with the Authority in this matter.

CORPORATE GOVERNANCE REVIEW

CORPORATE GOVERNANCE REVIEW

Alkhabeer Capital's governance policy includes the principles that regulate the following aspects:

- Management and supervision of operations.
- Promotion of ethical and responsible decision-making.
- Timely submission of disclosures.
- Recognition of the legitimate rights of all stakeholders.
- Definition and management of risks.
- Encouragement and rewarding of improved performance in an equitable and responsible manner.

GOVERNANCE FRAMEWORK

Alkhabeer Capital's Corporate Governance framework consists of a code of business conduct, conflict of interest policy, strategy statement, compliance, succession planning, policies and operating procedures, internal control and risk management processes, internal and external auditing procedures, effective communications, disclosure and transparency.

CODE OF BUSINESS CONDUCT

Alkhabeer Capital has developed its code of business conduct to govern the conduct of its directors, executive management, and employees and to ensure that all procedures, actions, and behaviors are totally ethical, legal, and transparent.

CONFLICT OF INTEREST

During the ordinary course of its business, Alkhabeer Capital engages with related parties. The Company and its Board of Directors believe that transactions with related parties are conducted on the same terms as those with other parties. Such transactions are subject to the limits stipulated by the regulations and instructions issued by the relevant regulatory authorities in the Kingdom of Saudi Arabia. In addition, the Company adheres to best practices in corporate governance, which it follows as a guiding framework in conducting its business. The annual financial statements include disclosures regarding financial transactions with related parties.

During the financial year ended December 31, 2024, the Ordinary General Assembly, in its tenth meeting held on June 26, 2024, approved the signing of a one-year consultancy contract, effective from January 3, 2024, with Mr. Ammar Ahmed Shata, Chairman of Board. The Nomination and Remuneration Committee reviewed the mentioned consultancy contract to ensure that it does not include any preferential terms or benefits, in accordance with the authority granted to it by the Company's Board of Directors. It is worth noting that the value of the contract amounted to ⃁ 1,200,000 inclusive of value-added tax (VAT).

DISCLOSURE AND TRANSPARENCY

Alkhabeer Capital adopts comprehensive policies and procedures to ensure full compliance with the regulations of the Capital Market Authority of Saudi Arabia, and the laws and regulations issued by regulatory authorities in all jurisdictions where the Company conducts its activities. The Compliance Committee is responsible for ensuring compliance with relevant laws, and legal and administrative requirements.

STRATEGY STATEMENT

To support Alkhabeer Capital's continued growth and development, and in light of regional and global market changes, Alkhabeer's strategy clearly specifies the objectives of growth for revenues and profits, development of new business and products, geographic distribution of investments, and required professional competencies to achieve these objectives.

SUCCESSION PLANNING

The People Management Committee reviews and endorses the Company's succession plan on an annual basis. The objective of this plan is to identify, develop and promote staff to ensure that there are no disruptions to the functioning of Alkhabeer Capital in the event of personnel leaving the Company.

CONTROL FUNCTIONS

INTERNAL AUDIT UNIT

The Internal Audit Unit is an independent unit reporting to the Board's Audit Committee and consists of three members, two of whom are independent members. To raise the independence and effectiveness of the function, the Unit has an agreement with Protiviti Member Firm Saudi Arabia to execute the audits and report the results to the Audit Committee. The approved audit plan is implemented throughout the year, and all its recommendations are applied. The Audit Committee, Board of Directors and Executive Management are kept informed of the progress of implementation of the audit plan. The Internal Audit Unit also conducts special reviews or inquiries, as and when required.

RESULTS OF THE INTERNAL AUDIT OF THE COMPANY'S INTERNAL AUDIT SYSTEM

The Internal Audit Unit audited Alkhabeer Capital's operations during 2024, in accordance with the annual Audit Plan that was approved by the Audit Committee, to verify the effectiveness of the Company's internal control systems, to safeguard the Company's assets, and to evaluate the suitability of the Company's performance in mitigating risks. As a result of these audits and reviews, there were no fundamental weaknesses uncovered in the internal control systems of the Company.

The Internal Audit Unit has completed all planned audits for 2024. Additionally, follow up and closing of the findings identified during the reviews was one of the important tasks that the Internal Audit Unit focused on during the year.

AUDIT COMMITTEE'S OPINION ON THE ADEQUACY OF THE INTERNAL AUDIT SYSTEM

The Audit Committee has reviewed the books and records, internal audit reports, along with various meetings' minutes and data as relevant to our duties. The Audit Committee have found the Company's internal controls system and processes to be sound and effective, and did not uncover any fundamental weaknesses. It also found that the internal audit function was executed without any lapses. It also did not note any event of fraud during the year ended 31 December 2024.

COMPLIANCE AND MLR

The Compliance and MLR Department is responsible for the day-to-day activities of the Compliance functions and is also responsible for setting the strategy and planning the Compliance work. It is important to stress that all employees have a duty in respect of compliance. The Management must ensure that all employees are aware of this duty and that a commitment to compliance exists throughout Alkhabeer. At all levels, compliance with all regulatory requirements and observance of the highest standards of business conduct are followed.

RISK DEPARTMENT

The Risk Department is responsible for the day-to-day identification, measurement and monitoring of the Company's exposure to credit, operational and market (including liquidity) risk, the update of all policies and procedures for all departments within the Company, and the development of additional controls to ensure the proper execution of transactions in line with approved policies and procedures, in order to avoid any operational regulatory risks. In addition, the Department is responsible for following up on all the Company's investment decisions by creating different controls to manage the quality of execution, reporting any exceptions and streamlining the workflow of many processes to ensure their timely and proper execution.

LEGAL

The Legal Department plays a pivotal role in ensuring the integrity of the Company's operations and products, and protecting its rights and those of its clients, internally and externally, while also ensuring the implementation of best legal practices. The Department's functions include, without limitation, the provision of accurate legal advice on Alkhabeer's investment and management activities; follow-up on the progress of disputes, settlements and legal proceedings in courts at all levels and with any other agencies having legal jurisdiction; preparation of legal studies of interest to the Company; drafting agreements between the Company and other entities; and organizing periodic seminars for Company employees to familiarize them with laws and new legislations and assist them in their implementation.

FINANCE AND ACCOUNTING

The Finance and Accounting Department is responsible for financial planning and periodic reporting, financial control and protection of Company assets, payments, recording and bookkeeping, follow up of Zakat and income tax, and coordination with various external entities including the external auditors. The Department also monitors the implementation of the Company's strategic plan on a monthly basis to ensure that the actual financial performance is in line with the business plan of each area of operation. Any deviations from the plan are detected at an early stage, and appropriate remedial action is proposed and followed up.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Commitment to social responsibility is one of Alkhabeer Capital's priorities, and our commitment is characterized by diversity and inclusion, aiming to make a positive impact on society through three basic axes: people (individuals), knowledge, and the environment. We seek to contribute to promoting a rich environment, in a positive way in the communities in which we work. And aligning company practices with our responsibility towards society.

And because we realize the power of education and innovation in bringing a positive change; Therefore, our commitment to social responsibility remains steadfast, and has a lasting impact on society as a whole.

Our CSR efforts includes: initiatives to promote education and technical advancement within our communities. In this endeavor, we cooperate with universities and educational institutes. To create opportunities for learning and skills development. As we invest in programs that enhance skills and professional development in the financial and investment fields for the rising generations; which ensures that they have the empowering tools and the needed support to create a developed and successful society. So, we participate in improving the communities in which we work in.

2024 KEY HIGHLIGHTS

Completion of the third OF the third and final stage of "Planting 1,000 Trees" Initiative by planting 700 trees at The University of Jeddah, on Saturday, 13 January 2024.

BOARD OF DIRECTORS' REVIEW

BOARD OF DIRECTORS' REVIEW

Alkhabeer Capital Board of Directors is comprised of an elite group of prominent leaders in the business sector, who demonstrate their passion by leveraging their collective knowledge, combined experiences and broad network of relationships to serve the Company's objectives and strategic initiatives, endeavoring to bolster the success of its activities and projects. The composition of the Board of Directors reflects a unique harmony between executive, non-executive and independent members, ensuring an effective balance and comprehensive vision.

The Board of Directors held four meetings in 2024. The board performs a vital role in determining the Company's strategic direction and ensuring appropriate implementation, within a defined framework of controls and incentives. The Board includes several permanent committees including: The Investment Committee, the Audit Committee, the Nomination and Remuneration Committee, the Risk Committee and the Compliance Committee.

Directors' Responsibilities in Relation to Financial Statements

The Board of Directors assures shareholders and other stakeholders of the following, to the best of its knowledge in all material respects:

- Alkhabeer Capital has properly maintained sound accounting records.
- The internal control system was properly prepared and effectively implemented.
- There is no doubt that Alkhabeer Capital has the capacity to continue its business activity.

Board Members' Profiles

Ammar Ahmed Shata

Chairman of the Board

Member of the Board's Investment Committee

Ammar Ahmed Shata is the founder of Alkhabeer Capital. Ammar founded Alkhabeer Capital after holding a number of leadership positions in blue chip market sector companies including National Commercial Bank (rebranded Saudi National Bank) and Islamic Development Bank.

Ammar has more than 30 years of experience in corporate banking, Islamic finance, asset management and private equity. He began his investment banking career in 1990 taking on the key role of innovatively converting conventional finance products into Shari'ah compliant products.

Ammar has an outstanding track record of successful experience in global capital markets, and is renowned in economic and banking circles for his creative thinking, futuristic vision and ability to foresee domestic and global economic transformation and its present and future effects on the markets.

Member of the Advisory Council to the Islamic Economics Institute at King Abdulaziz University in Jeddah. He holds a Bachelor Degree in Electrical Engineering and a Master's Degree in Financial and Economic Planning from the University of Southern California, USA. He is also a Chartered Financial Analyst (CFA) Charter Holder.

Musaad Mohammad Aldrees

Vice Chairman

Member of the Board's Investment Committee

Musaad Mohammad Saad Aldrees is a renowned businessman. He has played a leading role in developing and expanding a group of family companies in various business sectors. He was an active member of the board of executive directors at the Saudi American Glass Factory, which was acquired by Dubai Investment Company.

He was also a member of the boards of executive directors of Mohammad Saad Aldrees and Sons Limited Company (which later became a public joint stock company and was listed on the Saudi Stock Exchange), Mohammad Saad Aldrees Sons Limited Company, Mohammad Saad Al Drees Sons Holding Company and Aldrees Industrial & Trading Company (ALITCO), a closed joint stock company.

In addition to completing various training courses in KSA, the USA and the UK, Musaad is a graduate of the Institute of Public Administration in Riyadh, Saudi Arabia.

Saeid Mohamed Binzagr

Member

Chairman of the Board's Investment Committee

Saeid Mohamed Binzagr has over 23 years of experience in commerce and industry. He is the Chairman of the Board of Directors of Avon Beauty Arabia LLC, the Chairman of the Board of Directors of Binzagr Barwil Marine Transport Company, the President and Chief Operating Officer of Abdullah & Saeid M.O. Binzagr Company Limited, the CoPresident of Binzagr Factory for Insulation Materials Company.

He is also a Board member of Said M.O. Binzagr & Partners Company Limited, Binzagr Limited, Binzagr Unilever Limited and the International Marketing & Communications Company Limited and a Board member and the founder of Diyar Al-Khayyal Company.

Saeid holds a Bachelor of Science from Linfield College, Oregon, USA.

Board Members' Profiles

Mohanad Haydar Binladin

Member

Member of the Audit Committee

Member of the Board's Compliance Committee

Mohanad Haydar Binladin is an executive officer, currently holding the position of Assistant General Manager of Administration and Finance, as well as Acting General Manager of Investments Division at Mohammed Binladin Company. Previously, he served as Chief Accountant for Binladin Industrial Co. Mohanad is the owner of Cultural Thought Est. and the founder and partner in Nutrition Zone L.L.C and Zileej DMCC, an Emirati company specialized in the development Islamic cultural products and content. He is also a Board member of Makani Bayn Alkhotoot, a Saudi company specialized in parking management and services.

Mohanad holds a Master's Degree in Innovation and Technology Management from the Grenoble Graduate School of Business, France, and a Bachelor's Degree in Finance from King Fahad University of Petroleum & Minerals, KSA.

Saleh Yahya Romeih

Member

Member of the Board's Investment Committee

Saleh is the Global Managing Partner for Safanad, a subsidiary of Sara Group Holding. He leads all capital formation activities of the Company and chairs its operating partners group. He is based in Dubai and spends significant time in New York and Riyadh. Saleh has over 30 years of experience in diverse fields, including investment banking at Deutsche Bank and Goldman Sachs, and most recently as the Managing Partner responsible for the Softbank Vision Fund. At the Vision Fund, he was a member of the investment committee and head of the operating group (over 250 companies). He also closely managed the firm's strategic relationships in Saudi Arabia and the UAE. He also served as a Board Member of SoftBank Investment Advisors. Saleh also serves as a director and member of the executive committee of Beyon (Batelco) and is a member of the Board of Advisors of Georgetown McDonough School of Business.

Saleh is a graduate of Georgetown University and holds an MBA from the University of Pennsylvania, U.S.A.

Dr. Issam Zaid Mohammed Al Tawari

Independent Member

Chairman of the Audit Committee

Dr. Issam Zaid Mohammed Al Tawari is an Islamic finance expert and currently serves as the Managing Partner of Newbury Economic Consulting which he founded in Kuwait. He is also Chairman of the Board of the International Investor Company in Kuwait. He is the Founder of Rasameel Structured Finance Company in Kuwait, where he served as the Chairman and the Managing Director. Dr. Issam has held several senior positions in various prominent institutions, including the Chairman of the Board of Ain Takaful Insurance Company and Sorooh Investment Company, as well as a Board member at Dubai Wire Company and Kuwait Catalyst Company, among others.

Dr. Issam holds a Bachelor Degree in Economics and Business Administration from the University of Kuwait, an MBA from University of Hull's School of Business in the United Kingdom and a PhD in Business Administration from Durham University in the United Kingdom.

Board Members' Profiles

Mohammed Abdulrahman Moumena

Independent Member

Member of the Board's Risk Committee

Member of the Nomination & Remuneration Committee

Mohammed Abdulrahman Moumena is an accomplished senior executive with valuable experience in a wide range of challenging business sectors. With more than 20 years of experience, he has established his reputation as a business leader and thinker in Saudi Arabia and the wider Middle East. Mohammed currently holds the position of Managing Partner at Edward W Kelley & Partners. He is an independent Board director and the Chairman of the Risk Management Committee at Fransa Invest Bank. He is also an independent Board member and the Chairman of the Nomination and Remuneration Committee of the Middle East Healthcare Company (the Saudi-German Hospital in KSA), and at Initial Saudi Arabia Company. Mohammed also acts in a non-executive capacity for several other companies and charitable organizations.

Mohammed holds a Bachelor's Degree in Marketing from King Fahad University of Petroleum and Minerals, KSA.

Dr. Lama Abdulaziz Al Solaiman

Independent Member

Chairman of the Board's Compliance Committee

Dr. Lama Al Solaiman is a shareholder and Vice Chairman of Rolaco Holding SA in Luxemburg, Vice Chairman of Kingdom Holdings Investments, Board Member of the Committee for the Development of Jabal Al Laith, Member of Coutts Bank Advisory Board in the United Kingdom, Member of the Advisory Board of Effat University and Board Member of the Saudi Tennis Federation.

Prior to that, she was a Board Member of Club Med, France, a former Board Member of Foras Investment, Saudi Arabia, Board Member of Saudi General Entertainment Authority and Member of the B20 Executive committee hosted in Saudi Arabia 2020. She was also the Vice Chair and a Board Member of Jeddah Chamber of Commerce in Jeddah, Saudi Arabia, as well as a Board Member of the Khadijah Bint Khuwailed Lobbying Center for Women.

She holds a PhD and Master in Health and Nutrition from King's College of London, and a Bachelor in Biochemistry from King Abdulaziz University.

Ahmed Saud Hamza Ghouth

Member & Chief Executive Officer

Member of the Board's Investment Committee

Member of the Board's Risk Committee

Member of the Board's Compliance Committee

Ahmed Saud Ghouth is the Chief Executive Officer of Alkhabeer Capital. He has 22 years of experience in investment banking, asset management, and Islamic corporate banking, which he gained in leadership roles in Alkhabeer Capital, as well as the experience gained during his employment at National Commercial Bank (rebranded Saudi National Bank), a leading financial institution in the Kingdom of Saudi Arabia.

Ahmed is currently a member or chairman of the boards of 26 investment funds, investing in real estate, private equity and capital markets, with assets under management exceeding ⃁ 8 billion. He is also the Chairman of Saudi Innova Healthcare Company and Vice Chairmen of Vice Chairman of AME Company for Medical Supplies. He was previously an independent member of the Investment Committee of NEOM Energy and Water Company (ENOWA).

He holds a Bachelor in Accounting from King Fahad University of Petroleum and Minerals, Dhahran, Saudi Arabia.

Composition of the Board of Directors and Classification of its Members

The table below shows the composition of Alkhabeer Capital's Board of Directors and the classification of its members as at the end of 2024, in addition to the names of the companies in which Alkhabeer's Board member is also a board member:

Member's Name	Member's Classification	Membership in Boards of Directors of Other Companies (Listed or Non-Listed) or Management Position(s) Held
Mr. Ammar Ahmed Shata (Chairman of the Board)	Non Executive	Chairman of the Board, AME Company for Medical Supplies Member of the Board of Directors, Saad Hussain Bin Dajam Group Chairman of the Board, Ghutra Digital Company Chairman of the Board, Tarteeb Professional Consulting Company Chairman of the Board, Integrated Development Company for Education and Training Chairman of the Board, Ash Professional Consulting Company Independent Director, Mohammed Sweilem Al-Shareef sons Building Materials Company Chairman of the Board, Muqaranah for Digital Brokerage Co. Ltd.
Mr. Musaad Mohammad Saad Aldrees (Vice Chairman)	Non Executive	Not a member of the board of directors of any other listed or non-listed company.
Mr. Saeid Mohamed Binzagr	Non Executive	President and Chief Operating Officer, Abdullah & Saeid M.O. Binzagr Company Chairman of the Board, Avon Beauty Arabia Company Chairman of the Board, Binzagr Barwil Marine Transport Company Member of the Board, General and Life Insurance Company, Oman Member of the Board, Binzagr Co-Ro Company Member of the Board, Binzagr Unilever Limited Member of the Board, Abdullah & Saeid M.O. Binzagr Company Limited Member of the Board, Binzagr Factory for Insulation Materials Company Member of the Board, Binzagr Company Member of the Board and Founder, Diyar Al-Khayyal Company Member of the Board, International Marketing & Communications Company Limited Member of the Board, Binzagr Company for Industrial and Commercial Investments Limited
Mr. Mohanad Haydar Binladin	Non Executive	Manager, Zileej DMCC Manager, Makani Bayn Alkhotoot Director, First Specialists for Energy Systems LLC Member of the Board, Sky Steel Systems

Member's Name	Member's Classification	Membership in Boards of Directors of Other Companies (Listed or Non-Listed) or Management Position(s) Held
Mr. Saleh Yahya Romaih	Non Executive	Not a member of the board of directors of any other listed or non-listed company.
Dr. Issam Zaid Mohammed Al Tawari	Independent	Director and Partner, Newbury Economic Consulting LLC Director and Partner, Newbury International Real Estate Company LLC Member of the Board, 19 Cleveland Square Limited Member of the Board, Kuwait Catalyst Co.
Mr. Mohammed Abdulrahman Moumena	Independent	Independent Chairman of the Board, Vad International Company (Joint Stock Closed) Independent Director, Middle East Healthcare Company (Public Joint Stock Company) Member of the Board, Al-Wedad Charity Foundation Member of the Board, Samir Trading and marketing Company (Joint Stock Closed) Member of the Board, Al Mahmal Facilities Services Company LLC Partner and Executive Director, Edward W. Kelley & Partner LLC
Dr. Lama Abdulaziz Al Sulaiman	Independent	Shareholder, Vice Chairman and Member of the Board, Rolaco Holding SA Vice Chairman, Kingdom Holding Investments Member of the Board and Founder, The Business Family House Management Advisory Company Member of the Board, Saudi Tennis Federation Member of the Board, International Chamber of Commerce
Mr. Ahmed Saud Ghouth	Executive	Chairman of the Board, Saudi Innova Healthcare Company Chairman of the Board, Aljazirah Rent a Car Chairman of the Board, Al-Jawad Plastic and Flexible Packaging Factory. Vice Chairman, AME Company for Medical Supplies, Saudi Arabia Member of the Board, Express Publishing and Investment Member of the Board, Integrated Development Company for Education and Training

Attendance of Board Meetings

The Board of Directors held four meetings during 2024. The following table shows the attendance of each of these meetings:

Member's Name	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Total
	21st March	26th June	28th October	24 ديسمبر	4
Mr. Ammar Ahmed Shata	◆ Attended	◆ Attended	◆ Attended	◆ Attended	4
Mr. Musaad Mohammad Aldrees	◆ Attended	◆ Attended	◆ Attended	◆ Attended	4
Mr. Saeid Mohamed Binzagr	◆ Attended	◆ Attended	◆ Attended Electronically	◆ Attended	4
Mr. Mohanad Haydar Binladin	◆ Attended	◆ Attended	◆ Attended	◆ Excused Absence	3
Mr. Sahel Yahya Romaih	Not a Board Member*	◆ Attended	◆ Attended Electronically	◆ Excused Absence	2
Mr. Samer Sami Al Solh	◆ Attended Electronically	Not a Board Member*			1
Dr. Issam Zaid Al Tawari	◆ Attended Electronically	◆ Attended	◆ Attended	◆ Attended	4
Mr. Mohammed Abdurahman Moumena	◆ Attended	◆ Attended	◆ Attended	◆ Attended	4
Dr. Lama Abdulaziz Al Sulaiman	◆ Attended	◆ Attended	◆ Excused Absence	◆ Attended	3
Mr. Ahmed Saud Ghouth	◆ Attended	◆ Attended	◆ Attended	◆ Attended	4

◆ Attended ◆ Attended Electronically ◆ Excused Absence

* On 26 June 2024, the General Assembly approved the appointment of Mr. Saleh Yahya Romaih as member of the Board of Alkhabeer Capital (non-executive), representing the shareholder Sara Group Holding Company, to replace Non-Executive Director Mr. Samer Sami Al Solh.

Shareholding of Board Members, Top Executives and Related Persons

The following table shows any interest in Alkhabeer Capital owned by the Board Members, Top Executives and any person related to them, and any change in such interest during FY 2024:

Name	Classification	Related Person	Number of Shares as at the Beginning of 2024	Percentage Shareholding as at the Beginning of 2024	Number of Shares as at the end of 2024	Percentage Shareholding as at the End of 2024
Mr. Ammar Ahmed Shata	Chairman of the Board	-	968,757	1.08%	968,757	1.08%
Mr. Mosaad Mohammad Aldrees	Vice Chairman of the Board	-	1,720,000	1.92%	1,720,000	1.92%
Mr. Saeid Mohamed Binzagr	Director	(Father) Mr. Mohammed Obeid Saeid Binzagr **	2,337,500	2.61%	2,337,500	2.61%
Mr. Saeid Mohamed Binzagr	Director	Abdullah & Saied M.O. Binzagr Company ***	6,875,000	7.68%	6,875,000	7.68%
Mr. Ahmed Saud Ghouth	Chief Executive Officer	-	269,385	0.30%	269,385	0.30%

* Includes (2,337,500) shares owned by (the father) Mr. Mohammed Obeid Saeid Binzagr.

** Includes (6,875,000) shares owned by Abdullah & Saeid M.O. Binzagr Company, in which Mr. Saeid Mohamed Obeid Binzagr and his father Mr. Mohammed Obeid Saeid Binzagr jointly own an indirect interest of 12.79% through their ownership of a share in Binzagr Company for Industrial and Commercial Investments Ltd.

Business, Contracts and Transactions with Related Parties

During its ordinary business cycle, Alkhabeer Capital transacts business with related parties. The Company and the Board of Directors find that transactions with related parties are executed on similar terms as transactions with other parties. Transactions with related parties are subject to the limits provided in the laws, regulations and instructions issued by the regulatory authorities concerned in the Kingdom of Saudi Arabia, as well as the best corporate governance practice adopted by the Company in the performance of its business activities. The annual financial statements contain a note on financial transactions with related parties.

During the fiscal year ending 31 December 2024, the Shareholders' Ordinary General Assembly, held on 26 June 2024, approved authorizing the Company to sign an advisory contract with Ash Professional Consulting Company for a term of one year, starting as of 3 January 2024, stipulating that Mr. Ammar Ahmed Shata, the Chairman of the Board, has a direct interest in this contract in his capacity as Chairman of the Board. The Board's Nomination and Remuneration Committee with the authority vested in it by the Board of Directors, has reviewed the advisory contract to ascertain that it did not contain any preferential conditions and benefits, by the authority vested in it by the Board of Directors. The value of the aforementioned advisory contract totaled ⃁ 1.2 million, inclusive of value added tax (VAT).

Apart from that, the Board acknowledges that there are no business activities or contracts to which the Company was a party. Moreover, neither the Chairman nor any member of the Board Directors, the Chief Executive Officer or any person related to any of them, has or had any direct and/or indirect material interest in any such business activities, contracts or transactions, other than what was disclosed in the statement of transactions with related parties.

Board Committees

In order to strengthen good governance and ensure that our Company's strategic objectives are achieved, a number of Board committees were formed to focus on specific fields which directly contribute to supporting executive and management decision-making. The Board committees ensure the effective and efficient implementation of policies and procedures, and the submission of periodic reports to the Board of Directors on developments and results of operations.

The Board of Directors has five main committees, comprised of Board members. These committees are: the Audit Committee, the Nomination and Remuneration Committee, the Investment Committee, the Risk Committee and the Compliance Committee. The following is a short description of the competencies and tasks of the Board's committees, as well as the structure of their membership and the number of meetings they held during 2024.

Board Investment Committee

This Committee performs the important task of assisting the Board in carrying out its responsibilities in relation to the review and approval of the Company's investment policies, strategies and operations, as well as in monitoring the Company's financial performance and the performance of its investments. The Committee also oversees the Company's capital and financial resources.

The Committee also reviews and analyzes available investment opportunities, provides recommendations to the Board of Directors on new investment opportunities which fall within the limits of its authority. It also monitors the current investment portfolio to ensure expected returns are realized and risks are minimized. The Committee held four meetings during 2024. The following table lists the attendance in each meeting:

Member's Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Total
		19th March	28th May	30th September	12th December	4
Mr. Saied Mohamed Binzagr	Chairman	◆ Attended Electronically	◆ Attended Electronically	◆ Attended Electronically	◆ Attended Electronically	4
Mr. Ammar Ahmed Shata	Member	◆ Attended Electronically	◆ Attended Electronically	◆ Attended Electronically	◆ Attended Electronically	4
Mr. Mosaad Mohammad Aldrees	Member	◆ Attended Electronically	◆ Attended Electronically	◆ Attended Electronically	◆ Attended Electronically	4
Mr. Saleh Yahya Romaih	Member	Not a Committee member *	Not a Committee member *	◆ Excused Absence	◆ Attended Electronically	1
Mr. Samer Sami Al Solh	Member	◆ Attended Electronically	Not a Committee member *	Not a Committee member *	Not a Committee member *	1
Mr. Ahmed Saud Ghouth	Member	◆ Attended	◆ Attended	◆ Attended	◆ Attended	4

◆ Attended ◆ Attended Electronically ◆ Excused Absence

* On 26 June 2024, the General Assembly approved the appointment of Mr. Saleh Yahya Romaih as member of the Board of Alkhabeer Capital (non-executive), representing the shareholder Sara Group Holding Company, to replace Non-Executive Director Mr. Samer Sami Al Solh. The Board of Directors re-formed the Committee.

Audit Committee

The Audit Committee seeks to ensure the Company's financial transparency by monitoring financial transactions and internal audit. It also seems to ensure the Company's compliance with recognized accounting and audit standards, focusing on the evaluation of the effectiveness of the internal audit system and submission of periodic reports to the Board of Directors on the effectiveness of these systems. In addition, the Committee supports the Board's supervisory functions in ensuring the integrity of financial statements, the qualification and independence of the independent external auditors and the sound performance of the Company's Internal Audit function. The Audit Committee held four meetings during 2024. The following table lists the attendance in each meeting:

Member's Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Total
		17th March	26th June	27th October	23rd December	4
Dr. Issam Zaid Al Tawari	Chairman	Attended Electronically	Attended	Attended	Attended	4
Mr. Mohanad Haydar Binladin	Member	Attended Electronically	Attended	Attended	Attended	4
Mr. Othman Mohammed Bafaqih	Member	Excused Absence	Attended Electronically	Attended	Attended	3

◆ Attended ◆ Attended Electronically ◆ Excused Absence

Nomination and Remuneration Committee:

The Board's Nomination and Remuneration Committee is responsible for overseeing the development and implementation of a clear and fair policy for remunerating the members of the Board of Directors and the Executive Management. The Committee also oversees the performance evaluation of the Board of Directors and Board committees. In addition, the Nomination and Remuneration Committee monitors disclosures related to remuneration granted in accordance with regulatory requirements, using annual reports and statements. Moreover, the main responsibilities of the Committee include recommending nominations and re-nominations for membership of the Board of Directors and Board committees. The following table lists the attendance of the Committee meetings in 2024:

Member's Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Fourth Follow Up Meeting	Total
		20th March	24th June	16th September	24th October	25th October	5
Mr. David Huntley	Chairman - Independent Non-Board Member	Attended	Attended	Attended	Attended	Attended Electronically	5
Mr. John Bladen	Independent Non-Board Member	Attended	Attended	Attended	Attended	Attended Electronically	5
Mr. Mohammed Abdulrahman Moumena	Member	Attended	Attended	Attended	Attended	Attended Electronically	5

◆ Attended ◆ Attended Electronically ◆ Excused Absence

Board's Risk Committee

The Board's Risk Committee oversees the risk management function in the Company and ensures Management's awareness and understanding of the Company's material risk exposures. It also develops a strategy to ensure implementation of comprehensive and effective policies and procedures capable of managing these risks and associated operations in order to maintain an acceptable risk level, subject to authority limits as may be defined by the Board of Directors. The Committee also reviews action taken to ensure the implementation of a complete risk management organization structure. The Committee held four meetings during 2024. The following table lists the attendance in each meeting:

Member's Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Total
		18th March	24th June	22nd October	23rd December	4
Mr. Abdulkader Thomas	Chairman - Independent Non Board Member	Attended	Attended	Attended	Attended	4
Mr. Mohammed Abdulrahman Moumena	Member	Attended	Attended	Excused Absence	Attended Electronically	3
Mr. Ahmed Saud Ghouth	Member	Attended	Attended	Attended	Attended	4
Mr. Tariq Hussain Linjawi	Member	Attended	Attended Electronically	Attended	Attended Electronically	4

◆ Attended ◆ Attended Electronically ◆ Excused Absence

Board Compliance Committee

The main purpose of the Board's Compliance Committee is to assist the Board in overseeing the compliance program in respect of compliance with the laws and regulations issued by the Capital Market Authority and Saudi Tadawul Group, provide good advice to Management on best compliance practices, as well as ensure that Alkhabeer Capital's internal policies and procedures are in line with applicable regulations. The Committee held four meetings during 2024. The following table lists the attendance in each meeting:

Member's Name	Position	First Meeting	Second Meeting	Third Meeting	Fourth Meeting	Total
		24th January	7th May	20th August	23rd October	4
Dr. Lama Abdulaziz Al Sulaiman	Chairman	Attended	Attended	Attended	Attended	4
Mr. Mohanad Haydar Binladin	Member	Attended	Attended Electronically	Attended	Excused Absence	3
Mr. Ahmed Saud Ghouth	Member	Attended	Attended	Attended	Attended	4
Mr. Ibrahim Shukri Saad	Member	Attended	Attended	Attended	Attended	4
Mr. Ziad Adeeb Elias	Member	Attended	Attended	Attended	Attended	4

◆ Attended ◆ Attended Electronically ◆ Excused Absence

Composition of the Board of Directors in its First Term of Three Years starting 3 January 2025

In its 13th meeting (1st meeting) held on 24 Jumada Thani 1446H, corresponding to 25 December 2024G via audiovisual conferencing using Zoom, the Shareholders Ordinary General Assembly of Alkhabeer Capital voted for the nominees and elected the members of the Board of Directors, including five non-executive directors, three independent directors and one executive director, for the Board's new term of three years starting 3 January 2025 and ending on 2 January 2028.

Accordingly, the Company's Board of Directors held a meeting in the new term on 25 December 2024 to decide procedures. The Board unanimously approved the appointment of the Chairman and Deputy Chairman and the formation of the Board's committee. The composition of the Board of Directors for the new terms of three years starting on 3 January 2025 and ending of 2 January 2028, is as follows:

Name	Membership	المنصب
Mr. Ammar Ahmed Shata	Non-Executive	Chairman of the Board
Mr. Musaad Mohammad Aldrees	Non-Executive	Board Member
Mr. Saeid Mohamed Binzagr	Non-Executive	Board Member
Mr. Samer Mohamed Alkhawashki	Non-Executive	Board Member
Mr. Saleh Yahya Romaih	Non-Executive	Board Member
Dr. Issam Zaid Al Tawari	Independent	Board Member
Mr. Tariq Abdullah Al Shohaib	Independent	Board Member
Mr. Tariq Hussain Linjawi	Independent	Board Member
Mr. Ahmed Saud Ghouth	Executive	Board Member and Chief Executive Officer

Shari'a Supervisory Board

Shariyah Review Bureau W.L.L. oversees the Shari'ah advisory activities at Alkhabeer Capital, and advises on product offerings and structuring, issues compliance certificates (fatwa) and conducts Shari'ah supervisory audits. Shariyah Review Bureau employs around 33 reputable Shari'ah scholars in various countries, including the Kingdom of Saudi Arabia, Malaysia, Algeria, Egypt, UAE, Sudan and Kingdom of Bahrain.

The Shari'ah Supervisory Board provides the Company with Shari'ah guidelines and approvals in relation to the products which the Company asks the Shari'ah Supervisory Board to review and express Shari'ah opinion. The Shari'ah Supervisory Board also provides Shari'ah compliant consultation and solutions to cater to the Company's strategic business needs.

Remuneration and Compensation

The table below shows the details of the remuneration and compensation paid to the members of the Board of Directors, and five of the senior executives who received the highest remuneration and compensation, including the Chief Executive Officer, Deputy Chief Executive Officer and the Chief Financial Officer:

Description	Board Executive Directors ⃁	Board Non-Executive Directors ⃁	Board Independent Directors
Allowance for attending committees	0	-	-
Allowance for attending Board sessions	0	-	-
Periodic and annual remuneration	0	1,420,000	735,891
Incentive plans	0	-	-
Any other compensation or in-kind benefits payable monthly or annually	0	-	-
Total	0	1,420,000	735,000

Description	Five of the senior executives who received the highest remuneration and compensation, including the Executive Director, Chief Executive Officer and the Chief Financial Officer ⃁
Salaries and compensation	6,718,836
Allowances	2,396,164
Periodic and annual remuneration	12,544,700
Incentive plans	4,551,800
Commissions	-
Any other compensation or in-kind benefits payable monthly or annually	-
Total	26,211,500

The data listed in the above table includes the following:

- Salaries and Compensation: Includes basic salary and fixed incentives.
- Allowances: Include housing allowance and transportation allowance.
- Periodic and Annual Remuneration: Includes annual incentives paid in cash.
- Incentive Plans: Include deferred remuneration, in accordance with the Company's Remuneration Policy.
- Any other compensation or in-kind benefits payable monthly or annually: Includes non-cash benefits payable to the employee.

Any arrangement or agreement by which any Board Member or senior executive assigns any remuneration or compensation

The Company has no knowledge of any arrangements or agreements pertaining to any assignment of salaries, remuneration or compensation by any Board member or senior executive.

Executive Management Committee

The Executive Management is supported by the following Management Committees:

Investment Committee

The Investment Committee (IC) has an overall responsibility for reviewing and approving investment proposals within the authority levels as mandated via Alkhabeer's authority matrix, and ensures that up-to-date policies and procedures are in place.

The Investment Committee's Sub-committees are:

- Assets and Liabilities Management Committee.
- Product Development Committee.
- Capital Markets Investment Committee.

Assets and Liabilities Management Committee

The Assets and Liabilities Management Committee (ALMC) is the committee responsible for recommending the development of policies relating to the management of all assets and liabilities (balance sheet structure, funding structure and hedging and investment limits) under the overall risk management framework. ALMC plays a crucial role in the liquidity risk management within Alkhabeer.

Product Development Committee

The purpose of the Product Development Committee is to assist Alkhabeer's business lines in making enlightened decisions with regards to the introduction of new products or services, improvement of existing products or services and supervision of the product development process.

Capital Markets Investment Committee

The primary responsibility of the Capital Markets Investment Committee is to contribute to the review and analysis of the domestic and global economic environment, the analysis of domestic and world capital markets, the management of all fund investments and the review of discretionary portfolio management products.

Enterprise Risk Management Committee

The primary responsibility of the Enterprise Risk Management Committee is to ensure that sound policies, procedures and practices are in place for the enterprise-wide management of the Company's credit, market and operational risks.

Human Resources Management Committee

The Human Resources Management Committee is responsible for periodically reviewing and monitoring the development of Alkhabeer's Human Capital. The Committee also identifies key critical positions, and ensures that a succession plan is developed and put in place, and that the scale of remuneration is in line with the marketplace.

Information Technology Committee

The Information Technology Committee is a management committee whose primary purpose is to approve the Company's IT strategy and supervise its implementation. The Committee is also responsible for supervising the IT functionality from a business and risk management point of view, and ensuring proper segregation of duties (Chinese Walls) in line with compliance requirements. Additional responsibilities include ensuring that the IT policy and procedures are regularly updated, supervising the management of critical information in line with the Business Continuity Plan (BCP) and ensuring that the Disaster Recovery Plan (DRP) is tested at least once a year.

Business Continuity Management Committee

The Business Continuity Management Committee's main objective is to ensure the effectiveness of the Company's Business Continuity Plan and the safety of the Company's employees in case of a disaster (God forbid). In addition, the Committee is responsible for implementing a yearly emergency drill for evacuation of the Company's head office, in line with CMA's instructions.

Cybersecurity Committee

The main objective of the Cybersecurity Committee is to develop the cybersecurity strategy, supervise its implementation, monitor electronic functions, protect electronic systems, networks and data against cyberthreats and prevent hacks and breaches to ensure the integrity of Alkhabeer Capital's information technology assets.

Corporate Social Responsibility Committee

The primary responsibility of the Corporate Social Responsibility Committee is to develop a clear and practical strategy for implementing social responsibility programs adopted by the Company, and to supervise the implementation of this strategy.

ADMINISTRATION EXECUTIVE

ADMINISTRATION EXECUTIVE

Ahmed Saud Ghouth
Chief Executive Officer

Hisham Baroom
Deputy Chief Executive Officer

Tamer Abdelraheem
Chief Financial Officer

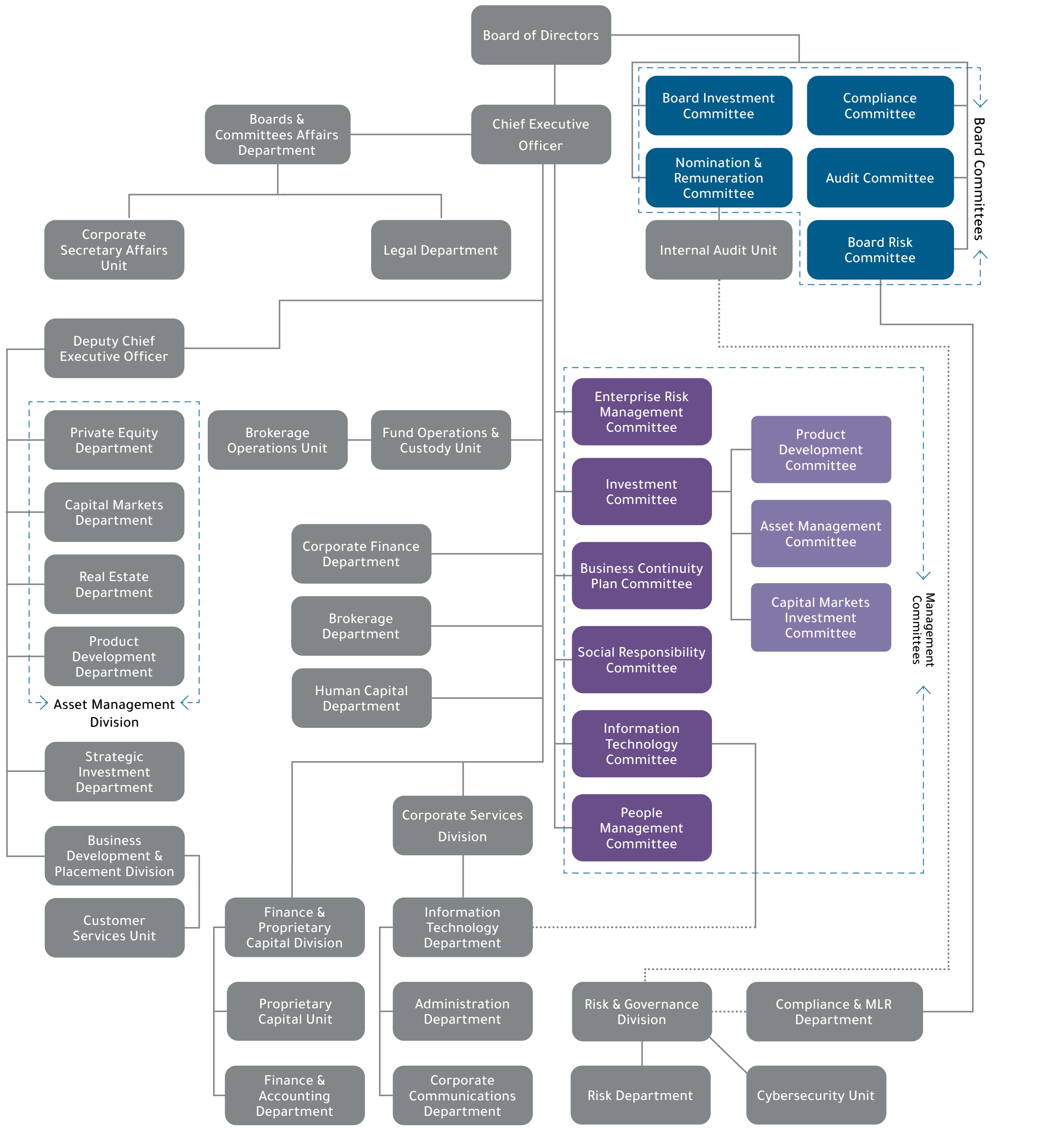
Ziad Nawfal
Chief Investment Officer

Ibrahim Saad
Chief Risk Officer

ORGANIZATIONAL STRUCTURE

ORGANIZATIONAL STRUCTURE

Alkhabeer Capital's flat and flexible organizational structure encourages a collaborative environment for internal teams and clients alike. This has, in turn, enabled us to build strong enduring relationships that form the bedrock of company our business philosophy.



Division: more than one department
Department: two employees or more
Unit: less than two employees

Board Committees — Management Committees - Including Members of the Board of Directors — Management Committees — Management Subcommittees — Direct Reporting — Administrative Reporting

SHARI'A REVIEW REPORT

SHARI'A REVIEW REPORT

بسم الله الرحمن الرحيم

Annual Shari'a Committee's Report to the Shareholders of Alkhabeer Capital

Praise be to Allah, Lord of the worlds, and peace and blessings be upon Mohammed, the leader of Prophets and Messengers, and upon his family and Companions, and upon those who follow his Guidance until the Day of Judgment.

It is our pleasure to present to you the Shari'a Committee's Report for Alkhabeer Capital (hereinafter 'Company'). In compliance with the letter of appointment we the undersigned have reviewed the Company's business & activities for the year ended 31st December 2024.

The prime responsibility for ensuring compliance with Shari'a standards and rules in all activities and business operations lie with the Company management. It is our responsibility to present an independent opinion of the Company's operations and to communicate it to the Shari'a Committee.

We have reviewed all products, transactions, agreements and pertinent documentation adopted by the Company during year ended 31st December 2024 and an audit was conducted upon Company's activities as detailed in the Shari'a Audit report which was performed to ensure that the Company's activities were in compliance with the set rules, principles and guidelines in addition to soliciting all information, documentations that were deemed necessary to reach to sound conclusions.

Based on the above and taking in consideration the recommendations set out in the Shari'a Audit report, it is our opinion that the reviewed transactions, related documentation & processes, business activities and dealings entered into by the Company during the year ended 31st December 2024 are in compliance with the Islamic Shari'a Rules, Principles and Guidelines.

May Allah bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the Hereafter, and forgive our mistakes.

Sh. Muhammad Ahmad Sultan
Chairperson - Shari'a Scholar
May 21, 2025

FINANCIAL REPORT

AUDITOR'S REPORT

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of AlKhabeer Capital Company (A Saudi Closed Joint Stock Company) (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)
As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. 356

Jeddah 25 March 2025
25 Ramadan 1446H

ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)
Paid-Up Capital (SR 5,500,000 - Five Million Five Hundred Thousand Saudi Riyal)
King's Road Tower, 13th Floor
King Abdul Aziz Road (Malek Road)
P.O. Box 1994 - Jeddah 21441
Kingdom of Saudi Arabia
Head Office – Riyadh

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Fax: +966 12 664 4408
ey.ksa@sa.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of AlKhabeer Capital Company (A Saudi Closed Joint Stock Company)

Opinion
We have audited the financial statements of AlKhabeer Capital Company (A Saudi Closed Joint Stock Company) (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, and the applicable provisions of the Regulations for Companies and the Company's By-Laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance i.e, the Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia 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 financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AlKhabeer Capital Company (A Saudi Closed Joint Stock Company)

Opinion

We have audited the financial statements of AlKhabeer Capital Company (A Saudi Closed Joint Stock Company) (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs that are endorsed in the Kingdom of Saudi Arabia").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants, and the applicable provisions of the Regulations for Companies and the Company's By-Laws, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

for Ernst & Young Professional Services

Ahmed Ibrahim Reda

Certified Public Accountant

License No. 356

Jeddah 25 March 2025

25 Ramadan 1446H

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 ⃁ '000	2023 ⃁ '000
ASSETS			
CURRENT ASSETS			
Cash at banks		**32,154**	30,056
Murabaha placements	5	**1,858**	2,558
Accounts receivable, prepayments and other receivables	6	**9,032**	6,780
Due from related parties	7	**296,945**	243,784
Investments at fair value through profit or loss ("FVTPL")	8	**135,125**	150,120
TOTAL CURRENT ASSETS		**475,114**	433,298
NON-CURRENT ASSETS			
Investments at fair value through profit or loss ("FVTPL")	8	**1,322,864**	1,330,644
Right of use assets	9	**3,106**	3,884
Investment property	29	**159,540**	154,736
Property and equipment	10	**42,010**	44,067
TOTAL NON-CURRENT ASSETS		**1,527,520**	1,533,331
TOTAL ASSETS		**2,002,634**	1,966,629
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payables, accrued and other liabilities	11	**140,899**	139,609
Murabaha contracts	12	**196,627**	211,479
Sharia compliant financing	13	**40,890**	37,604
Sukuk certificate	14	**17,307**	-
Lease liability	9	**866**	825
TOTAL CURRENT LIABILITIES		**396,589**	389,517
NON-CURRENT LIABILITIES			
Accounts payables, accrued and other liabilities	11	**61,720**	61,720
Murabaha contracts	12	**40,000**	122,800
Sharia compliant financing	13	**252,792**	271,225
Sukuk Certificate	14	**66,000**	-
Employees' benefits liabilities	15	**21,520**	21,330
Lease liability	9	**2,859**	3,725
TOTAL NON-CURRENT LIABILITIES		**444,891**	480,800
TOTAL LIABILITIES		**841,480**	870,317
SHAREHOLDERS' EQUITY			
Share capital	18	**894,523**	894,523
Statutory reserve	19	**71,787**	60,359
Retained earnings		**194,499**	141,740
Actuarial gain / (losses), net	15	**345**	(310)
TOTAL SHAREHOLDERS' EQUITY		**1,161,154**	1,096,312
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2,002,634**	1,966,629

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024 ⃁ '000	2023 ⃁ '000
INCOME			
Income from investments at fair value through profit or loss, net	8	**231,311**	203,228
Fee income	20	**77,163**	76,601
Dividend income		**117**	9,207
Income from Murabaha placements		**349**	44
TOTAL OPERATING INCOME		**308,940**	289,080
OPERATING EXPENSES			
Selling and marketing	21	**(9,632)**	(9,966)
General and administrative	22	**(132,546)**	(126,467)
TOTAL OPERATING EXPENSES		**(142,178)**	(136,433)
NET OPERATING INCOME		**166,762**	152,647
Murabaha and financing expenses	23	**(47,272)**	(45,426)
Finance cost on leased liabilities	9	**(175)**	(213)
Other income		**1,560**	1,487
PROFIT BEFORE ZAKAT		**120,875**	108,495
Zakat	16	**(6,595)**	(5,636)
PROFIT FOR THE YEAR		**114,280**	102,859
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to the profit or loss			
Gain / (loss) on re-measurement of employees' benefits liabilities	15	**655**	(88)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**114,935**	102,771
BASIC AND DILUTED EARNINGS PER SHARE			
Weighted number of shares (in thousands)	18	**89,452**	89,452
Basic and diluted earnings per share (in SR)	30	**1.28**	1.15

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2024

	Share capital ⃁ '000	Statutory reserve ⃁ '000	Retained earnings ⃁ '000	Actuarial (loss)/ gain, net ⃁ '000	Total ⃁ '000
Balance at 1 January 2023	894,523	50,073	93,893	(222)	1,038,267
Profit for the year	-	-	102,859	-	102,859
Other comprehensive loss (note 15)	-	-	-	(88)	(88)
Total comprehensive income			102,859	(88)	102,771
Transfer to statutory reserve (note 19)	-	10,286	(10,286)	-	-
Dividends (note 17)	-	-	(44,726)	-	(44,726)
Balance at 31 December 2023	894,523	60,359	141,740	(310)	1,096,312
Profit for the year	-	-	**114,280**	-	**114,280**
Other comprehensive income (note 15)	-	-	-	**655**	**655**
Total comprehensive income	-	-	**114,280**	**655**	**114,935**
Transfer to statutory reserve (note 19)	-	**11,428**	**(11,428)**	-	-
Dividends (note 17)	-	-	**(50,093)**	-	**(50,093)**
Balance at 31 December 2024	**894,523**	**71,787**	**194,499**	**345**	**1,161,154**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 ⃁ '000	2023
OPERATING ACTIVITIES			
Profit before zakat		**120,875**	108,495
Adjustments to reconcile profit before zakat to net cash flows:			
Income from investments at fair value through profit or loss, net	8	**(231,311)**	(203,250)
Depreciation of property and equipment	10	**3,501**	3,404
Depreciation of right of use assets	9	**778**	776
Provision for employees' benefits liabilities	15	**3,782**	3,477
Finance cost on leased liabilities	9	**175**	213
Murabaha and financing expenses		**47,272**	45,426
Disposal of property and equipment		**(75)**	2
		(55,003)	**(41,457)**
Changes in operating assets and liabilities			
Accounts receivable, prepayments and other receivables	6	**(2,252)**	(341)
Due from related parties	7	**(53,161)**	(25,238)
Accounts payable, accrued and other liabilities	11	**(7,510)**	(59,086)
Purchase of investments at FVTPL	8	**(149,414)**	-
Proceeds from disposal of investments at FVTPL	8	**403,500**	161,759
Cash from operations		**136,160**	35,637
Employees' benefits liabilities paid	15	**(2,937)**	(2,419)
Zakat and income tax paid	16	**(5,679)**	(3,011)
Net cash from operating activities		**127,544**	30,207
INVESTING ACTIVITIES			
Purchase of property and equipment	10	**(1,444)**	(994)
Proceeds from sale of property and equipment		**75**	-
Murabaha placements issued	7	**(71,100)**	(7,000)
Proceeds from Murabaha placements	7	**71,800**	8,161
Additions to investment properties		**(4,804)**	(7,198)
Net cash used in investing activities		**(5,473)**	(7,031)
FINANCING ACTIVITIES			
Murabaha contracts issued		**279,900**	292,000
Murabaha contracts paid		**(400,778)**	(322,392)
Sharia compliant financing paid		**(62,873)**	(39,094)
Sharia compliant financing received		**24,100**	88,500
Sukuk certificates issued		**83,000**	-
Sukuk certificates financing cost paid		**(113)**	-
Payment of principal portion of lease liabilities	9	**(1,000)**	(1,000)
Dividend paid	17	**(42,209)**	(37,957)
Net cash used in financing activities		**(119,973)**	(19,943)
Net increase in cash at banks		**2,098**	3,233
Cash at banks at the beginning of the year		**30,056**	26,823
Cash at banks at the end of the year		**32,154**	30,056
NON-CASH SUPPLEMENTARY INFORMATION			
Gain / (loss) on re-measurement of employees' benefits liabilities	15	**655**	(88)
Dividend shares	8	**-**	22

NOTES TO THE FINANCIAL STATEMENTS

At 31 DECEMBER 2024

1 ORGANIZATION AND ACTIVITIES

AlKhabeer Capital Company ("AKC", or "the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030177445 dated 14 Rabi Awal 1429H (corresponding to 22 March 2008). The Commercial Registration of the Company was amended on 14 Shawal 1430H (corresponding to 5 October 2009) by virtue of which the name of the Company was amended from AlKhabeer Merchant Finance Corporation to AlKhabeer Capital Company.

The Company is engaged in the following activities in accordance with the Capital Market Authority's Resolution no. H/T/919 dated 3 Rabi a' Thani 1429H (corresponding to 9 April 2008) and License No. 07074-37:a)
Arranging

b) Managing
c) Advising
d) Custody
e) Underwriting; and
f) Dealing

The Company's registered office is located at the following address:

AlKhabeer Capital
Al-Madina Road, P.O. Box 128289
Jeddah
Saudi Arabia

As at 31 December 2024, the Company operates through a branch with commercial registration 1010439273 registered in Riyadh (31 December 2023: same). The accompanying financial statements include the assets, liabilities and results of this branch.

The new Companies Law issued through Royal Decree number M/132 on 1/12/1443H (corresponding to June 30, 2022) (hereinafter referred as "the Law") came into force on 26/6/1444H (corresponding to January 19, 2023). The Company has amended its by-laws to comply with the provisions of the new companies law in Saudi Arabia. The new by-laws were approved by the Company's shareholders in the Extraordinary General Assembly meeting dated 4/11/1444H (corresponding to 24 May 2023).

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), and in compliance with the applicable provisions of the Regulations for Companies and the Company's By-Laws.

The Company has multiple unrelated investors and holds and/or manages multiple investments in various funds and companies managed by the Company (hereinafter referred as 'investee entities'). Ownership interests of the Company in investee entities are in the form of equity/ownership stake. The Company has been deemed to meet the definition of an investment entity as per IFRS 10 "Consolidated Financial Statements" as the following conditions exist;

a) The Company has obtained funds for purpose of providing investors with professional investment management services;
b) The Company's business purpose is investing for capital appreciation and investment income; and
c) The investments are measured and evaluated on a fair value basis.

Since the Company meets the definition of an investment entity as per the guidance given in IFRS 10 "Consolidated Financial Statements" (note 3), it is exempted from consolidating the investee entities and from the application of IFRS 3 "Business Combinations" when it obtains control of another entity. Such unconsolidated investee entities are, instead, measured and classified by the Company as 'financial asset at fair value through profit or loss' in accordance with IFRS 9 "Financial Instruments".

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention, except for investments measured at fair value through profit or loss and actuarial valuation of employees' benefits liabilities which are calculated using "Projected Unit Credit Method".

2.3 Functional and presentation currency

These financial statements have been presented in Saudi Riyals (SR) which is the Company's functional and presentation currency of the Company. Financial information, presented in Saudi Riyals, has been rounded off to the nearest thousand, unless otherwise stated.

2.4 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most relevant effect on the amounts recognised in the financial statements.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, these financial statements have been prepared on a going concern basis.

Determining the lease term of contracts with renewal and termination options - Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Generally, the Company enters into lease contracts which include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. The Company included the renewal period as part of the lease term for leases due to the significance of leased assets to its operations.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when these financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value estimation of investments at fair value through profit or loss

Management uses a standard and consistent valuation technique to ascertain the fair values. In all cases, management uses the reported net asset values (NAV) of the investee entities as their fair valuation. However, the NAV of the investee entities are assessed based on the fair values estimates using various techniques as deemed necessary including but not limited to discounted cash flows, comparable transactions, earning multiples, recent sales transactions, etc. If necessary, adjustments to the NAV are made to obtain the best estimate of fair value. In addition to the NAV, the valuation is based on management's best estimate considering recent purchase or sale transactions, available financial information or other suitable indicators of the fair value.Impairment charge for expected credit losses of financial assets

The Company uses a provision matrix to calculate ECLs for financial assets. The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions as well as the available security. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Company's financial assets is disclosed in note 24.

Impairment of non-financial assets

The carrying amounts of the non-financial assets are reviewed at the end of each reporting date or more frequently to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using the pre-zakat discount rate that reflects the current market assessments of time value of money and the risks specific to the asset. The fair value less cost to sell is based on observable market prices or, if no observable market prices exist, estimated prices for similar assets or if no estimated prices for similar assets are available, then based on discounted future cash flow calculations.

Useful lives of property and equipment

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. These estimates are determined after considering the expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.

Actuarial valuation of employees' benefits liabilities

The cost of the end of service benefits ("employees' benefits") under defined unfunded benefit plan is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, and mortality rates. Due to the complexity of the valuation and its long-term nature, a defined unfunded benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed on an annual basis or more frequently, if required.

Provisions

Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Investment entity

An investment entity is an entity that: (a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services; (b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company's objective by investing the investee entities remain to be earning fee and capital appreciation. All investments are reported at fair values. The Company has a clearly documented exit strategy for all of its investments. The Company meets the definition the additional characteristics of an investment entity, in that it has more than one investment; the investments are predominantly in the form of units, shares and similar securities; it has more than one investor and its investors are not related parties. Management has concluded that the Company meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any, if these criteria or characteristics change.

Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the profit rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of profit that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market profit rates) when available and is required to make certain entity-specific estimates.

2.5 Impact of new standards, interpretations and amendments adopted by the Company

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Company's financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Company's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Company's financial statements.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information adopted for the preparation of these financial statements are as follows:

3.1 Foreign currencies

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised as profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment in a foreign operation. These are recognised as other comprehensive income (OCI) until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

3.2 Current versus non-current classification

Assets

The Company presents assets and liabilities in the statement of financial position based on current/noncurrent classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

3.3 Fair value measurement

The Company measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each statement of financial position date.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of accounts receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Accounts receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and profit (SPPP)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) Financial assets at amortised cost
b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
d) Financial assets at fair value through profit or loss (FVTPL)

a) Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective 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 profit on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective profit rate (EPR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes cash at banks and accounts receivable, prepayments and other receivables.

b) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the 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 OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Currently, the Company does not have any financial assets at fair value through OCI.

c) Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Company 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 profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company 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 fair value through OCI are not subject to impairment assessment.

Currently, the Company does not have any financial assets at fair value through OCI.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including consolidated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and profit are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial assets classified as fair value through profit or loss comprise investments in a short term discretionary portfolio and the investee entities, are acquired principally for the purpose of selling or repurchasing in the short term.

For securities that are traded in organised financial markets, the fair value is determined by reference to exchange quoted market bid prices at the close of the business on the reporting date.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the underlying Net Asset Value (NAV) of the of the respective investee entity, which is reflective of the fair value of these securities.

Business model assessment

The Company makes an assessment of the objective of a business model under which an asset is held, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for financial assets and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual profit revenue, maintaining a particular profit rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the financial assets are evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward. Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessments whether contractual cash flows are solely payments of principal and profit ("SPPP" criteria)

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Profit' is the consideration for the time value of money, the credit and other basic placement risk associated with the principal amount outstanding during a particular period and other basic financing costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and profit, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and features that modify consideration of the time value of money- e.g. periodical reset of profit rates.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financing, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of financing and payables, net of directly attributable transaction costs. The Company's financial liabilities include accounts payable, other liabilities, Shariah compliant financing and Murabaha contract.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Amortised cost

After initial recognition, long term payables are subsequently measured at amortised cost using the EPR method. Gains and losses as a result of unwinding of profit cost through EPR amortization process and on de-recognition of financial liabilities are recognized in the statement of profit or loss. 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 EPR. The EPR amortisation is included as finance costs in the statement of profit or loss.

iii) Derecognition

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.5 Impairment of financial and non-financial assets

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and a loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter into bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as economic conditions that correlate with defaults.

The Company recognises an allowance for ECLs for all financial assets not held at fair value through profit or loss. For accounts receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company also take into account the underlying securities as well as its rights to claim. In all cases, the Company has a priority claim as asset manager over the cash flows generated by the respective investee entity. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when payments are not made as per contractual terms which may vary from obligor to obligor. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The fair value less costs of disposal is determined by taking into account recent market transactions. If no such transactions can be identified, an appropriate valuation model is used. The value in use is assessed by discounting the estimated future cash flows to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a pro rata basis. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

3.6 Investment properties

Investment property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Company. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, in accordance with the requirements of Capital Market Authority (CMA) Regulations, the company policy is to measure investment properties using the cost model.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement for profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

3.7 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. Freehold land and capital work in progress are not depreciated. The cost less estimated residual value of other property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Leasehold improvements/assets are depreciated on a straight-line basis over the shorter of the useful life of the improvement/assets or the term of the lease.

Expenditure for repairs and maintenance are charged to income. Improvements that increase the value or materially extend the life of the related assets are capitalized. Gains or losses on sale or retirement of property and equipment are included in the statement of profit or loss.

The estimated useful lives of the principal classes of assets are as follows:

	Years
Building	25
Leasehold improvements	4 and 11
Office and computer equipment	3-4
Furniture and fixtures	4
Vehicles	5

3.8 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company, and accordingly, are not included in the statement of financial position. Details of these assets are disclosed in note 26 of the financial statements.

3.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.10 Leases

The Company 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.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use) if it is significant. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the profit rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of profit and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The unwinding component of finance cost is included in the statement of profit or loss.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term in the statement of profit or loss.

3.11 Employee benefits liabilities

The Company operates an employees' end of service benefits scheme benefits.

End of service benefits, as required by Saudi Arabia Labour Law, are required to be provided based on the employees' length of service.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return of the services in the current and prior periods. The benefits are discounted to determine its present value and any unrecognized past service cost.

The discount rate used is the market yield on government bonds at the reporting date that has maturity dates approximating the terms of the Company's obligations. The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method to determine the Company's present value of the obligation by a qualified actuary. Defined benefits liability comprises of the following:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net profit expense / income; and
- Remeasurement gains/(losses).

The Company recognizes and presents the first two components of the defined benefit costs in profit or loss. Gains / (losses) due to re-measurement of employee benefits liabilities are recognized in other comprehensive income immediately. Curtailment gains / (losses) are accounted for as past service cost in the profit or loss in the period of plan amendment.

The companies in KSA are also required to contribute towards a state-owned benefit plan, General Organization for Social Insurance ("GOSI"), where the Company's obligation under the plan is to make specified monthly contribution based on specified percentage of payroll cost as stipulated under the regulation. These contributions are recognized as an expense when employees have rendered the service entitling them to the contributions. Any unpaid amounts are classified as accruals.

A liability is also recognized for benefits accruing to the employees in respect of wages and salaries, annual leaves and other related benefits in the period the related services are rendered at the undiscounted amount of the benefits expected to be paid and are classified as accruals.

3.12 Revenue recognition

Revenue is the gross inflow of economic benefits arising from the ordinary operating activities of the Company when those inflows result in increase in equity, other than increases relating to contributions from equity participants. Revenue is measured at fair value of consideration received or receivable. Revenue is recognized to the extent that it is probable that any future economic benefit associated with the item of revenue will flow to the Company, the revenue can be reliably measured, regardless of when the payment is being made and the costs are identifiable and can be measured reliably.

The Company applies a five-step model to determine when to recognize revenue and at what amount.

- Step:1 Identify the contract with the 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 in the contract
- Step:5 Recognize revenue when or as the entity satisfies a performance obligation

Accordingly, the Company recognizes revenue when or as a performance obligation is satisfied. i.e. when control of the services pertaining to the respective performance obligation is transferred to the customer.

The specific recognition criteria described below must also be met before revenue is recognised.

- Fixed fees received under financial services agreements are non-refundable. These are initially recorded as unearned income and subsequently earned when the related milestones have been met or the agreement is terminated.
- Success fees are recognized when the related financing has been successfully raised for the client.
- Management and custody fees are recognized on a time apportioned basis.
- Finance income on Murabaha placements is recognised on a time apportioned basis.
- Dividend income is recognised when the right to receive payment is established.

3.13 Expenses

Selling and distribution expenses are those that specifically relate to marketing expenditure. All other expenses are classified as general and administration expenses.

3.14 Zakat and income tax

The Company is subject to zakat in accordance with the regulations of the General Authority of Zakat, Tax and Customs Authority ("ZATCA") and is charged to the statements of profit or loss. Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Withholding tax

The Company companies withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations, which is not recognized as an expense being the obligation of the counter party on whose behalf the amounts are withheld.

3.15 Dividend distributions

The Company recognizes a liability to make cash dividends distribution to shareholders when the dividends are authorised and no longer at the discretion of the Company. The corresponding amount is directly recognized in statement of changes in shareholders' equity.

3.16 Value added tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability - Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The amendments are not expected to have a material impact on the Company's financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted. This amendment is not applicable for the Company.

5. MURABAHA PLACEMENTS

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Murabaha placement	**1,858**	2,558

Murabaha placements are primarily with investee entities, carry profit rate of 7.0% to 7.75% per annum (31 December 2023: 6.25% to 7% per annum) and are subject to 0.10% per annum (31 December 2023: 0.10% per annum) management fee.

6. ACCOUNTS RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Prepayments	**4,791**	2,542
Advances to suppliers	**1,440**	2,677
Accounts receivable, net of provision	**1,026**	46
Other receivables	**1,775**	1,515
	9,032	6,780

7. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent directors and key management personnel of the Company, investee entities, controlled/managed or significantly influenced by the Company or by such parties. The pricing and terms are approved by the management of the Company.

a) Significant related party transactions are conducted with investment funds and investee entities during the year and their balances at yearend are described below:

Nature of transactions	Amount of transactions for the year ended		Balances as at	
Transactions with investee entities as follows:	31 December ⃁ '000	31 December 2023 ⃁ '000	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Investments at fair value through profit or loss	2024		1,440,260	1,463,526
Investments acquired during the year (note 8)	149,414	-		
Investment disposed during the year (note 8)	(403,500)	(161,759)		
Gain/ (loss) recorded on investments at fair value through profit or loss, net	230,820	203,228		
Advances and expenses incurred on behalf of investee entities	24,724	15,194	75,547	57,325
Management, custody, subscription, performance fees and structure fees (note 20)	75,251	75,291	221,398	186,459
			296,945	243,784
Murabaha placement during the year and their balances with the investee entities	71,100	7,000		
Murabaha placements matured during the year with the investee entities	(71,800)	(6,200)	200	900

b) The Company being the Asset Manager, incurs expenses on behalf of the investee entities in the normal course of business.

c) The Company has issued a corporate guarantee on behalf of a related party (note 27).

d) Key management personnel including members of the Board of Directors of the Company and key members of the management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation is as follows:

	2024 ⃁ '000	2023 ⃁ '000
Salaries and other short-term expenses	18,861	18,864
Post-employment benefits	1,210	1,192
	20,071	20,056

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company meets the definition of an "investment entity". Accordingly, its investments in investee entities are carried at their fair value through profit or loss as "investments at fair value through profit or loss".

The movement in the investments at fair value through profit or loss for the year ended 31 December is as follows:

:

	2024 ⃁ '000	2023 ⃁ '000
Opening balance	1,480,764	1,439,273
Purchased during the year (note 7)	149,414	-
Dividends shares	-	22
Sold during the year (note 7)	(403,500)	(161,759)
Fair value gains	231,311	203,228
	1,457,989	1,480,764
Less: included in the current assets	(135,125)	(150,120)
Long term	1,322,864	1,330,644

a) The details of the Company's holding in the investee entities are as follows:

Name of Investee Entities	31 December 2024 %	31 December 2023 %
Real Estate		
Alkhabeer Real Estate Opportunity Fund I - Investing in Land Development in Western Province, Kingdom of Saudi Arabia (KSA)	38%	38%
Alkhabeer Real Estate Opportunity Fund II - Investing in Land Development in Western Province, KSA	100%	100%
Alkhabeer Hospitality Fund I - Investing in Land Development in Western Province, KSA	75%	75%
Alkhabeer Real Estate Residential Development Fund II - Investing in Land Development in Western Province, KSA	8%	8%
Alkhabeer GCC Opportunity Company - Investing in income generating properties in Eastern Province, KSA	0.05%	0.05%
Private Equity		
Industrial sector		
AlKhabeer Saudi Private Equity Fund 1 - Investing in medical sector in Central Province, KSA	100%	100%
AlKhabeer Saudi Private Equity Fund 2 - Investing in medical sector in Western Province, KSA	12.3%	12.3%
AlKhabeer Industrial Private Equity Fund IV - Investing in manufacturing facilities in Eastern Province, KSA	31.8%	20%
Alkhabeer Car Rental Private Equity Fund - Investing in car rental sector in KSA	2.3%	44.5%
Education Sector		
Alkhabeer Education Private Equity Fund I - Investing in Schools in Central Province, KSA	0.10%	0.10%
Alkhabeer Education Private Equity Fund II - Investing in Schools in KSA and UAE	84%	84%
Alkhabeer Education Private Equity Fund III - Investing in Schools in Central Province, KSA	5%	83%
Alkhabeer Education Private Equity Fund IV - Investing in Schools in Western Province, KSA	0.33%	98%
Alkhabeer Education Private Equity Fund V - Investing in Schools in Central Province, KSA	0.06%	0.06%
Alkhabeer Education Private Equity Fund VI - Investing in Schools in Central Province, KSA	78%	100%
Alkhabeer Education Private Equity Fund VII - Investing in Schools in Western and Central Province, KSA	0.99%	11.63%
Capital Markets		
Alkhabeer Saudi Riyal Murabaha Fund- invests in Murabaha transactions, KSA	6%	0%
Alkhabeer Diversified Income Traded Fund 2030- Invests in a diversified income portfolio, KSA	16.4%	0%

c) Breakdown of fair value gain/loss by sector is as follows:

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Investment in:		
Real Estate	252,838	255,006
Private Equity	1,145,422	1,208,520
Capital Market	59,729	17,238
	1,457,989	1,480,764

c) Breakdown of fair value gain/loss by sector is as follows:

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Investment in:		
Real Estate	(1,468)	(10,603)
Private Equity	245,864	215,985
Capital Market	(13,085)	(2,154)
	231,311	203,228

9. RIGHT OF USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Opening asset balance	3,884	4,660
Less: depreciation for the year	(778)	(776)
As at 31 December	3,106	3,884

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Opening lease liability	4,550	5,337
Payment of principal portion of lease liabilities during the year, net of profit cost	(825)	(787)
Closing lease liability	3,725	4,550
Included in current liabilities	(866)	(825)
Long term portion of lease liability	2,859	3,725

The following are the amounts recognized in profit or loss:

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Depreciation expense of right-of-use assets	778	776
Finance cost on leased liabilities	175	213
Total amount recognized in profit or loss	953	989

10. PROPERTY AND EQUIPMENT

	Building	Land	Leasehold improvements	Office and computer equipment	Furniture and fixtures	Vehicles	Capital work in progress (Note a)	31 December 2024
	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000
Cost								
At the beginning of the year	6,966	41,169	8,976	12,950	2,276	905	1,388	74,630
Additions	-	-	-	844	33	171	396	1,444
Disposals	-	-	-	(15)	-	(313)	-	(328)
At the end of the year	6,966	41,169	8,976	13,779	2,309	763	1,784	75,746
Accumulated depreciation								
At the beginning of the year	-	11,578	4,971	11,655	1,898	461	-	30,563
Depreciation (note 22)	-	1,642	812	712	229	106	-	3,501
Relating to disposals	-	-	-	(15)	-	(313)	-	(328)
At the end of the year	-	13,220	5,783	12,352	2,127	254	-	33,736
Net book amounts								
At 31 December 2024	6,966	27,949	3,193	1,427	182	509	1,784	42,010

	Building	Land	Leasehold improvements	Office and computer equipment	Furniture and fixtures	Vehicles	Capital work in progress	31 December 2023
	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000
Cost								
At the beginning of the year	6,966	43,569	10,961	21,107	2,223	396	2,037	87,259
Additions	-	130	-	297	58	509	-	994
Transfer	-	-	-	649	-	-	(649)	-
Disposals	-	(2,530)	(1,985)	(9,103)	(5)	-	-	(13,623)
At the end of the year	6,966	41,169	8,976	12,950	2,276	905	1,388	74,630
Accumulated depreciation								
At the beginning of the year	-	12,460	6,149	20,108	1,667	396	-	40,780
Depreciation (note 22)	-	1,648	807	648	236	65	-	3,404
Relating to disposals	-	(2,530)	(1,985)	(9,101)	(5)	-	-	(13,621)
At the end of the year	-	11,578	4,971	11,655	1,898	461	-	30,563
Net book amounts								
At 31 December 2023	6,966	29,591	4,005	1,295	378	444	1,388	44,067

11. ACCOUNT PAYABLES, ACCRUED AND OTHER LIABILITIES

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Remuneration payable to employees	**40,139**	39,442
Accrued expenses	**37,497**	38,912
Dividend payable	**20,748**	12,864
Accounts payable	**18,851**	15,589
Zakat (note 16)	**13,394**	12,478
Other provisions	**3,348**	11,205
Payable against investment purchased	**1,512**	1,512
Other payables	**5,410**	7,607
Total current amount	**140,899**	139,609
Non-current portion		
Other provisions	**61,720**	61,720
Total	**202,619**	201,329

12. MURABAHA CONTRACTS

This represent commodity Murabaha contracts executed with investors through Discretionary Portfolio Managers (DPMs). The Murabaha contracts are unsecured, carry profit rate ranging from 5.25% to 8.00% per annum (31 December 2023: 5.25% to 7.50% per annum) and are subject to nil (31 December 2023: nil to 0.5% per annum) management fee.

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Murabaha contracts	**236,627**	334,279
Less: included in current liabilities	**(196,627)**	(211,479)
Long-term	**40,000**	122,800

13. SHARIA COMPLIANT FINANCING

During 2022, the Company obtained a Sharia compliant financing from a local bank with approved limit of SR 350 million. As at 31 December 2024, the Company has no undrawn amount (2023: SR 24.1 million). The facility is repayable semi-annually over a period of seven years starting from September 2023. The financing carry agreed profit margin and is secured against "investments property" (see note 29) and certain "investments at fair value through profit or loss" and all returns generated from respective investments.

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Sharia compliant financing	**293,682**	308,829
Less: included in current liabilities	**(40,890)**	(37,604)
Long-term included in non-current liabilities	**252,792**	271,225

14. SUKUK CERTIFICATES

During 2024, the Company introduced a Sukuk Murabaha Certificate Programme for investors, with a total face value of up to SR 350 million. Certificates totaling SR 83 million were issued, carrying a profit rate of 7.50%, payable on a quarterly basis. The face value of the certificates will be redeemed at the maturity date upon dissolution.

	31 December 2024 ⃁ '000
Sukuk certificate issued	83,307
Less: included in current liabilities	(17,307)
Included in non-current liabilities	66,000

15. EMPLOYEES' BENEFITS LIABILITIES

Changes in the present value of defined benefit obligation are as follows:

	2024 ⃁ '000	2023 ⃁ '000
Balance at the beginning of the year	21,330	20,184
Current service cost	2,770	2,565
Profit cost	1,012	912
Benefits paid	(2,937)	(2,419)
Actuarial (gain)/ loss, net	(655)	88
Balance at the end of the year	21,520	21,330

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Discount rate	5.50%	4.75%
Salary increase rate	2.75%	2.75%
Staff withdrawal rate	8.00%	8.00%

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employees' benefits liabilities by the amounts shown below:

	Increase/(decrease)	
	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Discount rate		
+1% increase	(1,205)	(1,233)
-1% decrease	1,345	1,379
Future salary growth		
+1% increase	1,201	1,393
-1% decrease	(1,459)	(1,268)

The weighted average duration of end of service liability is 6 years (2023: 6 years). Significant actuarial assumptions for the determination of the employees' benefits liabilities are discount rate, expected salary increase and mortality. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

16. ZAKAT AND INCOME TAX

Zakat provision was estimated as follows:

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Equity	1,161,154	993,763
Other adjustments	384,951	399,692
Book value of long-term assets	(1,524,076)	(1,672,590)
Saudi Shareholders' share of adjusted income for the year	22,029	(279,135)
(see note below)	(231,210)	(82,432)
Adjusted zakat base	(209,181)	(361,567)

During 2023, ZATCA issued a guide for the purpose of clarifying some of the treatments related to the application of the regulatory provisions in effect in relation to calculation of Zakat for investors in investment funds. The guide aimed to regulate the mechanism for calculating zakat for investors in investment funds in order to qualify zakat and taxpayers subject to the provisions of the regulation to include their investment units owned in these funds as deductions from the components of the zakat base in their zakat declarations, if the conditions for the deduction are met. ZATCA requested from all investment funds to register with ZATCA and to submit the information only return annually.

Accordingly, the Company has deducted the investments from the zakat base for 2023 and 2024. The zakat charge for the year ended 31 December 2024 and 2023 includes the Zakat on the Company's units in the investment funds.

The differences between the financial and the zakatable results are mainly due to certain adjustments in accordance with relevant fiscal regulations.

Movement in provision during the year

The movement in zakat provision for the year was as follows:

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Balance at the beginning of the year	12,478	9,853
Charge for the current year	6,595	5,636
Paid during the year	(5,679)	(3,011)
Balance at the end of the year (see note 11)	13,394	12,478

Status of assessments

ZATCA raised an assessment with an additional liability amounting to SR 9.36 million for the year ended 31 December 2010. The Company filed an objection against the ZATCA assessment. ZATCA referred the objection to the General Secretariat of Tax Committees (GSTC), and the Second Circuit for Adjudication of Income Tax Violations and Disputes reduced the additional liability to SR 9.18 million. The decision was appealed before the Appeal Committee, and the Company is waiting for a hearing and discussion session to be scheduled.

The ZATCA has issued an assessment for the year ended 31 December 2015 and raised an additional tax and Zakat liability amounting to SR 33.48 million. The additional liability is principally on account of disallowed investments. The Company filed an objection against the ZATCA assessment. The Company registered the case with GSTC and provided comments on the ZATCA's response. The GSTC accepted Company's objection on withholding tax items and applied the delay fine of 1% and rejected the other items. The Company has escalated its objection to the Appeal Committee during 2022. The Appeal Committee accepted the Company's objection on several expenses, the difference in retained earnings, foreign investments and investment in a subsidiary, and rejected the other items. The decision reduced the additional zakat and tax liability to SR 23.40 million. The Company submitted a petition to reconsider the decision and currently waiting for a decision by the Appeals Committee.

Moreover, ZATCA has issued an assessment for the year ended 31 December 2016 and 2018 and raised an additional tax and Zakat liability amounting to SR 28.8 and SR 38.6 million, respectively. The additional liability is principally on account of disallowed investments. The Company has submitted a petition for reconsideration of the decision, and is still awaiting the decision of the appellate circuit.

Pursuant to the clarification issued by ZATCA, the Company's management expects a favourable decision regarding the above appeals. The Company has filed its tax and zakat returns up to the financial year ended 31 December 2023 with ZATCA and obtained restricted Zakat certificate valid until 30 April 2025.

17. DIVIDEND

During 2024, the Shareholders of the Company in their Annual General meeting held on 26 June 2024 approved final cash dividend of 5.6% of paid up capital amounting to SR 50.093 million.

During 2023, the Shareholders of the Company in their Annual General meeting held on 24 May 2023 approved final cash dividend of 5% of paid up capital amounting to SR 44.726 million.

18. SHARE CAPITAL

The share capital of the Company, amounting to SR 894,523,230 is divided into 89,452,322 shares of SR 10 each (31 December 2023: 89,452,322 shares of SR 10 each).

The Company is owned 100% by Saudi shareholders and GCC shareholders (31 December 2023: same).

19. STATUTORY RESERVE

In accordance with the Company's amended By-laws, the Company must set aside 10% of its net income (after adjusting the accumulated losses) until it has built up a reserve equal to 30% of the capital. This reserve is not available for distribution.

20. FEE INCOME

	2024 **⃁ '000**	2023 ⃁ '000
Management, custody, and subscription	**74,789**	71,708
Brokerage fee	**2,174**	1,310
Performance and structure fee	**-**	3,189
Advisory fees	**200**	394
	77,163	76,601

21. SELLING AND MARKETING EXPENSES

	2024 **⃁ '000**	2023 ⃁ '000
Salaries and benefits	**4,498**	4,474
Other	**5,134**	5,492
	9,632	9,966

22. GENERAL AND ADMINISTRATIVE EXPENSES

	2024 **⃁ '000**	2023 ⃁ '000
Employees' salaries and related expenses	**86,505**	81,645
Due diligence, legal and professional fees	**17,462**	21,245
Information technology expense, software and licenses	**9,274**	8,376
Lead manager and receiving fees	**3,680**	-
Depreciation (note 10)	**3,501**	3,404
Business travel expense	**3,385**	2,822
Board of director's expenses	**2,906**	2,880
Maintenance, hospitality and cleaning	**1,417**	1,387
Utilities	**1,033**	902
Depreciation on right of use assets (note 9)	**778**	776
Other	**2,605**	3,030
	132,546	126,467

23. MURABAHA AND FINANCING EXPENSES

	2024 ⃁ '000	2023 ⃁ '000
Finance cost on Murabaha Contracts	**23,226**	23,403
Finance cost and amortisation of upfront fee on Shariah Compliant financing	**23,626**	22,023
Finance cost on Sukuk Certificates (note 14)	**420**	-
	47,272	45,426

24. RISK MANAGEMENT

The Company's objective in managing risk is the creation and protection of shareholders' value. Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposure relating to his or her responsibilities. These limits reflect the business strategy and market environment of the Company as well as the level of the risk that the Company is willing to accept. The Company is exposed to market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fluctuation of fair value or future cash flows of a financial instrument as a result of changes in market prices, rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Company's market risk comprises of three types of risks: Profit rate risk, currency risk and equity price risk.

Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of markets profit rates on the fair value of financial assets and liabilities as well as reported income/losses due to changes in future cash flow. The Company is exposed to profit rate cash flow risk arising from the variable rate Shariah compliant borrowings that expose the Company to cash flow profit rate risk. The sensitivity of the Company's profit before tax to a reasonably possible change in profit rates by 100 basis points on shariah compliant financing and Sukuk certificates is SR 2.94 million (2023: SR 3.09 million) and SR 0.8 million (2023: Nil), respectively. The Company's manages its rate risk on a dynamic basis keeping in view overall rate bearing assets and liabilities and the Company requirements.

The Company's Murabaha placements are of long and short term nature carrying fixed rate. As of the statement of financial position date, a change of 1% in the applicable profit rates for Murabaha placements would result in SR 0.02 million (2023: SR 0.03 million) lower/higher fair value gain/loss.

The Company's Murabaha contracts are of long term nature carrying fixed rate. However, certain Murabaha contracts, though carry fixed rate, were of short term nature and had a history of frequent rollover and could expose the Company to cash flow rate risk. As of the statement of financial position date, a change of 1% in the applicable profit rates would result in SR 2.37 million (2023: SR 3.34 million) lower/higher profit for the year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company invests in various special purpose entities and other investments that are denominated in currencies other than the Saudi Riyal which are pegged to the Saudi Riyal accordingly the Company is not exposed to significant foreign exchange risk.

Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equity as the result of changes in the levels of equity indices and the value of individual shares. The equity price risk exposure arises from the Company's investments in equity securities. The Company is not exposed in equity price risk as none of the investment are quoted.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. The Company is exposed to credit risk on its cash at banks, Murabaha placements, accounts receivable and due from related parties.

An allowance for expected credit losses is maintained which in the judgment of management, is adequate to provide for potential losses on delinquent receivables.

At each reporting date, all cash at banks are assessed to have low credit risk as they are held with reputable and high credit rating domestic and international banking institutions and there has been no history of default with any of the cash at banks. Therefore, the probability of default based on forward looking factors and any loss given default are considered negligible.

Murabaha placement are unsecured and receivable from related parties. As of the reporting date, there are no past due.

Due from related parties are unsecured, yield free and have no fixed repayment. No receivable balance from related parties at the reporting date are past due, taking into account the historical default experience and the future prospects of the industries in which the related parties operate, the management considers that related party balances are not impaired.

In calculating the expected credit loss allowance for accounts receivable and due from related parties, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates.

The Company's maximum undiscounted exposure to credit risk for the components of the statement of financial position and respective expected credit loss is as follows:

	31 December 2024		31 December 2023	
Financial assets	**Exposure at default**	**Expected credit loss**	Exposure at default	Expected credit loss
	⃁ '000	**⃁ '000**	⃁ '000	⃁ '000
Murabaha placements (note 5)	**1,858**	**-**	2,558	-
Due from related parties (note 7)	**296,945**	**-**	243,784	-
Accounts and other receivables	**2,106**	**1,080**	1,126	1,080

At the reporting date, the aging of financial assets is as follows:

	31 December 2024					
	Current	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000
Murabaha placements (note 5)	1,858	-	-	-	-	1,858
Due from related parties (note 7)	69,800	26,454	56,595	41,217	102,879	296,945
Accounts and other receivables	46	-	-	-	1,080	2,106

	31 December 2023					
	Current	< 1 Year	1-2 Years	2-3 Years	> 3 Years	Total
	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000	⃁ '000
Murabaha placements (note 5)	2,558	-	-	-	-	2,558
Due from related parties (note 7)	62,991	16,721	49,428	36,310	78,334	243,784
Accounts and other receivables	46	-	-	-	1,080	1,126

In its capacity as asset manager, the Company has first right to recover the balance due from investee entities under management in respect of outstanding fees and subsequently Murabaha placements. As at the date of financial statements, underlying entities have positive net assets value and management estimated that expected credit losses, if any, would not be material.

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities or redeem its shares earlier than expected.

The efficient management of liquidity risk begins with the development of written policies and procedures, including the policy of minimal acceptable levels of liquidity. Liquidity risk management is performed by continuous liquidity monitoring, measuring and reporting.

The Company's financial liabilities are payable within 12 months from the statement of financial position date except certain long-term Murabaha contracts, Sharia compliant financing, Sukuk certificates and lease liabilities which have maturity of more than 12 months from the statement of financial position date.

25. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction.

The Company's financial assets consist of cash at banks, accounts receivable, Murabaha placements, investments at fair value through profit or loss, due from related parties and financial liabilities consist of accounts payable, shariah compliant financing, sukuk certificates, Murabaha contracts and lease liabilities.

The fair values of investments in investee entities is obtained from net asset values of those entities or recent sales transactions. In real estate entities, the fair value of underlying real estate investments is based on the valuation provided by independent valuers.

As at the date of statement of financial position, all financial assets and financial liabilities falls under level 3 of fair value hierarchy. The fair values of financial instruments carried at amortised cost are not materially different from their carrying values (31 December 2023: same). During the year, there was no movement between fair value hierarchy levels.

26. ASSETS HELD UNDER FIDUCIARY CAPACITY

The Company holds assets on behalf of its customers. As the Company acts in a fiduciary capacity, these assets are not included in the statement of financial position. As at 31 December 2024, the Company holds assets under management amounting to SR 8,141 million (31 December 2023: SR 6,473 million) on behalf of, and for the beneficial interest of, its customers.

Legal title of the underlying assets of the Company's investee entities are held by the custodian through certain special purpose vehicles. Since, the Company has ownership interest in these special purpose vehicles as trustee, the financial information and related share of results of these entities are not included in these financial statements. In the ordinary course of business, the Company also holds certain banks accounts on behalf of the investee entities.

27. CONTINGENCIES AND CAPITAL COMMITMENTS

a) Certain legal claims have been filed by third parties against the Company in the normal course of business. Based on the legal advice from the independent legal advisor, the Company's management expects a favourable outcome of these claims and no provision is required to be made in these financial statements unless already recorded.

b) The Board of Directors has authorised future capital expenditure, amounting to SR 4,3 million (31 December 2023: SR 5.2 million) in connection with leasehold improvements and construction under progress.

c) The Company issued a corporate guarantee on behalf of a related party in 2019, and it has an outstanding amount of SR 75.78 million (31 December 2023: SR 84.2 million). The related party simultaneously issued a back-to-back corporate guarantee to the Company. Subsequent to the yearend, the corporate guarantee was cancelled.

28. REGULATORY CAPITAL REQUIREMENTS AND CAPITAL ADEQUACY RATIO

The Company's objectives when managing capital is to comply with the capital requirements set by the Capital Market Authority (CMA) to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base.

The Capital Market Authority (CMA) has issued Prudential Regulations (the "Rules") dated 30 December 2012 (corresponding to 17 Safar 1434H). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under Pillar I.

The CMA issued amendments to the Prudential Rules that came into effect on 1 April 2023 (corresponding to 10 Ramadhan 1444H). The requirements for Capital Adequacy as per the latest amendment differ from the prior requirements. Accordingly, the Company has calculated its minimum capital required and capital adequacy ratios for the year ended 2023 and 2024 as follows:

	31 December 2024 ⃁ '000	31 December 2023 ⃁ '000
Capital base		
Tier-1 capital	**1,160,809**	1,096,312
Minimum capital requirement		
Credit risk	**7,215,021**	7,362,599
Market risk	**279**	274
Operational risk	**492,946**	441,074
Concentration risk	**2,900,036**	1,400,690
Total minimum capital required	**10,608,282**	9,204,637
Capital Adequacy Ratio		
Tier 1 ratio	**10.94%**	11.91%
Surplus in capital	**312,146**	359,941

29. INVESTMENT PROPERTY

Investment property comprised of land and cost improvement amounting to SR 159.54 million (2023: SR 154.74 million).

In previous years, the Company received property as a result of distribution of the assets by an investee entity. The property is carried at cost of SR 159.54 million. The fair value of the investment property on 31 December 2024 was SR 157.19 million (2023: SR 154.74 million). The property is registered in the name of "Alfuras Almustadama Real Estate Company" which has provided an undertaking that property is held by it on behalf of the Company.

The fair value of the Company's investment properties has been arrived on the basis of the valuation exercise carried out by management's independent external consultant namely "Abaad for Real Estate Valuations" (2023: "Abaad for Real Estate Valuations"), who holds recognised relevant professional qualification and have recent experience in the location of the property owned by the Company and is accredited by Taqeem (Saudi Authority for Accredited Valuers). The valuation methodology conforms to International Valuation Standards. The fair value of the land was determined based on the market comparable approach that reflects recent transaction or market prices for similar properties. Furthermore, the cost improvement represents the actual cost incurred on the site.

Under the comparable market approach, the Valuation Experts obtained land prices in the neighbouring districts and adjusted them for difference in specification of the Company's properties. Such values are based on significant unobservable inputs and the fair value measurement was classified as Level 3.

At the reporting date, the investments property amounting to SR 159.54 million (2023: SR 154.74 million) is pledged against Sharia Compliant borrowings (note 13).

As at the reporting date, a 5% change in fair value of the comparable would have increase/decrease the fair value of the investment property by SR 8.0 million (2023: SR 7.7 million).

30. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the year by the weighted average number of ordinary shares in issue outstanding during the year (note 18).

The diluted EPS is same as the basic EPS as the Company does not have any dilutive instruments in issue.

31. COMPARATIVE FIGURES

Certain prior year amounts have been reclassified to conform to the current year presentation. However, there was no impact of such reclassifications on the statement of profit or loss and other comprehensive income, and statement of changes in shareholders' equity.

32. BOARD OF DIRECTORS' APPROVAL

The financial statements were approved by the Board of Directors on 19 March 2025 (corresponding to 19 Ramadan 1446).