

Board of Directors' Report

For the Fiscal Year ending
31 December 2024



In the Name of Allah, the Most Gracious, the Most Merciful

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1. Introduction

The Board of Directors is pleased to present The **Annual Report** of SICO Capital (SC) for the year ended 31 December 2024.

This year has been marked by strong performance, strategic expansion, and enhanced collaboration, reinforcing SC's position as a trusted investment partner in the Kingdom. SC's Assets Under Management (AUMs) grew 20% from SAR 6.91 billion at the end of 2023 to SAR 8.29 billion as of 31 Dec 2024. This substantial Increase reflects clients' confidence in our investment strategies and asset management capabilities.

The SICO Capital GCC Dividend & Growth Fund celebrated its fifth anniversary, delivering an outstanding 125% total return, significantly outperforming its benchmark return of 18% - a remarkable achievement that underscores SC's investment expertise in GCC markets and outstanding performance.

In line with its diversification strategy, SC successfully launched the Sharia-compliant Flow MENA Real Estate Residential Fund 1, a closed-ended, privately placed fund targeting an AUM of SAR 1.1 billion. This initiative demonstrates the firm's commitment to innovation and meeting the evolving demands of the Saudi Real Estate Market.

SC also deepened its strategic collaboration with its parent, SICO BSC, leading to greater operational synergies and enhanced client solutions. This strengthened partnership has been a key driver of growth, enabling SC to expand its capabilities and further solidify its market leadership.

SC remains committed to sustained growth, value creation, and innovation, ensuring that we continue to deliver exceptional financial solutions and investment opportunities to our stakeholders. The following sections provide a deeper dive into our achievements, strategic initiatives, and outlook.

2. Main Activities of the Company

SICO Capital Company (the "Company") is a Saudi Closed Joint Stock Company, established and registered in Riyadh, Kingdom of Saudi Arabia under commercial registration No. 1010259328 on June 20, 2009. The principal activities of the Company are arranging, advising, custody, dealing, managing investments and operating funds as per the license

number 37-08096 dated 03/03/1429H (corresponding to 11 March 2008) and the commencement letter dated 26 Muharram 1431H (corresponding to 12 January 2010) granted by the Capital Market Authority ("CMA").

3. Real Estate Investment Funds

During 2024, SICO Capital successfully launched Flow MENA Residential Real Estate Fund 1 bringing the total managed public funds during the year to four as listed below:

1- Flow MENA Residential Real Estate Fund 1 is a Sharia compliant closed ended privately placed real estate fund with the objective of acquiring newly developed and/or semi-completed residential complexes with amenities and facilities. The Fund would fully develop, improve, lease and operate the properties and then exit through sale at an appreciated value during the Fund's term. The Fund has an original term of 4 years with the option to extend it for 3 additional years.

2- SICO Saudi REIT (formerly Al Mashaer REIT) is listed on Tadawul with the objective to invest in income generating real estate assets located in the holy cities of Makkah and

Medina. This geographic restriction was later removed allowing it to invest across Saudi Arabia and internationally, enhancing its flexibility and ability to seize investment opportunities.

3- Riyadh Real Estate Fund is a close-ended private fund setup with an objective to invest in income-generating real estate assets in Riyadh to achieve capital growth and rental income for investors. The Fund's term ended in December 2024 with all assets successfully exited.

4-SICO Al Qasr Real Estate Fund is a close-ended private fund focused on investing in residential income-generating real estate assets in Saudi Arabia, with the objective of delivering capital appreciation and rental income for investors.

4. Equity Asset Management

SICO Capital 's equity asset management unit manages two public funds and several discretionary portfolios that invest in the Saudi and wider MENA markets.

The team adopts a fundamentally driven approach to identifying undervalued securities which offer decent upside. The investment process is research-based where all decisions are made considering in-depth equity research and analysis in collaboration with the research team at SICO BSC . The fund manager regularly visits companies to gain a better understanding of their business dynamics. Investment decisions are made on a regular basis to decide on the model allocations.

- **SICO Capital GCC Dividend Growth Fund:** The fund aims to achieve dividend income and long-term capital appreciation by investing in shariah compliant dividend-growth stocks listed on GCC markets with profit growth at least during the last two years.

- **SICO Kingdom Equity Fund:** The fund aims to achieve long term capital appreciation by investing in Saudi equities listed in the main Saudi stock market and the parallel market, Nomu.

- **Discretionary Portfolios:** This service provides clients with customized solutions to cater to their investment needs and risk profiles. Portfolios are managed by a dedicated team of asset management professionals, supported by in-depth research to guide investment decisions. The portfolios primarily focus on equities in the Saudi and broader MENA markets.

5. Fixed Income Asset Management

SICO Capital manages public and private funds and offers other fixed income products as detailed below:

- **SICO Capital Money Market Fund:** The fund aims to provide stable returns with capital preservation by investing in shariah compliant money market instruments like Murabaha placements and Sukuks. The fund manager aims to capitalize on its strong track record.

- **Discretionary Portfolios Managed Accounts:** This service provides clients with customized solutions to cater to their investment needs. SICO Capital also structures and manages private investment portfolios of debt securities and multiple asset classes.

- **Non-Discretionary Portfolios Managed Accounts:** SICO Capital provides clients with executionary services in both Islamic and Conventional Fixed Income and money market products. The company ensures adherence to best execution practices, leveraging on its outreach to various financial institutions in the Kingdom and GCC countries.

- **Placements (shariah compliant investments):** The company invests funds for clients in shariah compliant placements and notes with reputable rated and unrated financial institutions in the Kingdom and GCC countries with varying maturities according to the terms and conditions agreed upon with clients.

6. Brokerage & Margin Lending Services

Brokerage Services: SICO remains one of the most established and trusted providers of brokerage services in the region. We offer clients access to a wide range of asset classes across local and international markets through multiple trading channels designed to meet diverse investment needs. Clients can place orders via direct

communication with our experienced brokerage team, who execute trades efficiently and respond to inquiries with professionalism.

To enhance accessibility and convenience, SICO also offers a secure and user-friendly digital trading platform available on

smartphones and tablets. We continue to invest in the ongoing development of our brokerage services, ensuring they evolve in line with client expectations and market dynamics. Clients also benefit from SICO's renowned research capabilities, with a strong focus on GCC markets, helping inform smarter, more strategic trading decisions.

Margin Lending: SICO Capital offers margin lending facilities, allowing customers to leverage their investments in local shares in compliance with CMA regulations.

7. Securities Business & Investment Banking

Securities Business - In the securities business, our focus is to provide custody services to fund managers in different asset classes including real estate, private equity and venture capital.

Investment Banking - Investment Banking offers a range of financial advisory services including Mergers & Acquisitions (M&A) Advisory, Debt Advisory, Initial Public Offering (IPOs), Cross-listing, Private Placements and Business Valuation.

8. Board of Directors

The following table provides the names of the members of the SICO Capital Board of Directors as of 31 December 2024. The company has a seven-member board including

two independent members appointed by the Company's general assembly and approved by the CMA.

Name	Membership
Hassan Bin Abdullah Bin Mansour AlShuaiby	Chairman of the Board of Directors and an independent member (non-executive)
Najla Mohammed Qasim AlShirawi	Vice Chairperson and Non-Executive Member
Ali Abdulrahman Ali Abdulla Jasim Marshad	Member of the Board of Directors
Bassam Abdulaziz Mohamed Noor	Member of the Board of Directors and Chief Executive Officer (15 May – 31 December 2024)
Fawaz AlBawardi	Independent Member of the Board of Directors (15 May – 31 December)
Khalid Abdulaziz Abdulla Aljassim	Member of the Board of Directors
Mohamed bin Samir bin Amin Ghonaim	Independent Member of the Board of Directors
Sulaiman bin Abdulaziz bin Sulaiman AlThekair	Independent Member of the Board of Directors (1 January - 15 May 2024)
Fadhel Ahmed Ali Makhloq	Executive Member of the Board of Directors, Acting CEO and MD (1 January - 15 May 2024)
Anantha Narayanan	Non-Executive Member of the Board of Directors (1 January - 15 May 2024)
Jitesh Kaliath Gopi	Non-Executive Member of the Board of Directors (1 January - 15 May 2024)

8.1. Membership Of Other Boards

Names of companies inside and outside the Kingdom of Saudi Arabia in which a member of the board of directors is a member of its boards of directors or one of its directors.

Name	Membership	Management position in other companies
Hassan Bin Abdullah AlShuaiby	<ul style="list-style-type: none"> Vice Chairman, Apex Fundrock Investment Company 	<ul style="list-style-type: none"> General Manager of Registration & Licensing – General Authority of Awqaf
Najla Mohammed AlShirawi	<ul style="list-style-type: none"> Vice Chairperson, SICO Capital CJSC Board Director, Bahrain Economic Development Board Board Director, ESKAN Bank Board Director, Bahrain Institute of Banking & Finance Board Director, Deposits & URIA Protection scheme Board Board Director, Future Generation Reserve Fund Board Director, Bahrain Credit Facilities Company Chairperson, SICO Funds Company BSC (c)– Bahrain Chairperson, SICO Funds Company III BSC (c) – Bahrain Chairperson, SICO Funds Company IV BSC (c) – Bahrain Chairperson, SICO Funds Company VI BSC (c) – Bahrain Chairperson, SICO Ventures Company W.L.L. – Bahrain Board Director, SICO Fund Company VIII B.S.C.(C) – Bahrain Board Director, SICO Fund Company IX B.S.C. (C) – Bahrain Board Director, Sahem Limited – Cayman Islands Board Director, SICO Fund Company X B.S.C. (C) – Bahrain 	<ul style="list-style-type: none"> Group Chief Executive Officer of SICO BSC(c) – Bahrain
Ali Abdulrahman Marshad	None	<ul style="list-style-type: none"> Group Head of Fixed Income Asset Management of SICO BSC (c) - Bahrain
Bassam Abdulaziz Noor	<ul style="list-style-type: none"> Board Director, AWJ Holding 	None

Name	Membership	Management position in other companies
Fawaz Albawardi	<ul style="list-style-type: none"> • Board Member, Albawardi Group Holding • Board Member, Saudi Development and Export Services • Board Member, The Eastern Gateway • Board Member, Alderley • Board Member, Wetan Realestate Development • Board Member, First Coffee Group • Board Member, KMB Holding • Board Member, Masader Al Inshaiyah • Board Member, Shumo Al Amal • Board Member, Al Muhaidib Council • Board Member, Almuheidib Social Foundation • Board Member, Almuheidib Trust • Board Member, Albawardi Grain Terminal • Board Member, Albawardi Building Material 	<ul style="list-style-type: none"> • Senior Vice President, Albawardi Group Holding • Head, Albawardi WPF • Managing Director, Bena Steel Industries
Khalid Abdulaziz Aljassim	<ul style="list-style-type: none"> • Board Director, Bahrain Islamic Bank • Board Director, Coffee and Burger Restaurant W.L.L. • Board Director, Furas Consultancy W.L.L. • Board Director, Durrat Resort Management • Board Director, ARK Proventus, UAE • Director, Afkar Vision W.L.L -Bahrain • Director, Afkar Vision Saudi Arabia 	None
Mohamed bin Samir Ghonaim	<ul style="list-style-type: none"> • Board Director, Sabbar • Board Director, Sharaka Fintech Fund • Board Director, Sharaka Bwatech Fund 	<ul style="list-style-type: none"> • Chief Executive Officer, D360 Bank (until June 2024)
Sulaiman bin Abdulaziz bin Sulaiman AlThekair	<ul style="list-style-type: none"> • Managing Director, Modern Building Systems Company -Saudi Arabia • Board Director, Tharawat Tuwaiq – Saudi Arabia 	None
Fadhel Ahmad Abdullah Ali Makhloq	<ul style="list-style-type: none"> • Board Director, SICO Invest L.L.C. • Board Director, SICO Ventures Company W.L.L. – Bahrain 	<ul style="list-style-type: none"> • Group Chief Capital Markets Officer of SICO BSC (c) – Bahrain
Jithesh Kaliath Gopi	None	<ul style="list-style-type: none"> • Group Head of Strategy & Treasury of SICO BSC (c) - Bahrain
Anantha Narayanan	<ul style="list-style-type: none"> • Vice Chairman, SICO Invest L.L.C • Board Director, SICO Fund Company BSC (c)- Bahrain • Board Director, SICO Fund Company III BSC (c) – Bahrain • Board Director, SICO Fund Company IV BSC (c) – Bahrain • Board Director, SICO Fund Company VI BSC (c) – Bahrain • Board Director, SICO Fund Company VIII B.S.C.(C) – Bahrain • Board Director, SICO Fund Company IX B.S.C. (C) – Bahrain • Board Director, SICO Fund Company X B.S.C. (C) – Bahrain 	<ul style="list-style-type: none"> • Group Chief Operating Officer of SICO BSC (c) - Bahrain

8.2. Board Meetings

The Board of Directors of SICO Capital held four meetings by the Board during the year. The dates of the meetings and the

members present are as follows:

Board of Directors				
Meeting No.	15	16	17	18
Date	1 Jul 2024	8 Aug 2024	17 Nov 2024	10 Dec 2024
Hassan AlShuaiby (Chairperson)	Present	Present	Present	Present
Najla Al Shirawi (Vice Chairperson)	Present	Present	Present	Present
Ali Marshad	Present	Present	Present	Present
Bassam Noor	Present	Present	Present	Present
Fawaz AlBawardi	Present	Present	Present	Present
Khalid AlJassim	Present	Present	Present	Present
Mohamed Ghonaim	Present	Present	Present	Present

8.3. Terms of Reference of the Committees

Details of the various Board committees and a summary of their responsibilities as dictated in their respective charters

are as follows:

Board Audit Committee

The main objective of the Board Audit Committee includes:

- Reviewing SICO Capital's accounting practices.
- Reviewing the integrity of SICO Capital's financial and internal controls and financial statements;
- Recommending the appointment, compensation and oversight of the SICO Capital's external auditors;
- Recommending the appointment of the Head of Internal audit, the Head of Risk and the Head of Compliance and AML of SICO Capital;
- Reviewing SICO Capital's compliance procedures and regulatory matters;

- Reviewing SICO Capital's risk management framework and ensure that the risk policies and limits are consistent with the company's risk appetite and risk strategy, including the cyber risk management framework;
- Recommend the appointment of the internal auditors and review internal audit observations and recommendations; and
- Meeting with the regulatory authorities upon request.

The Board Audit Committee held three meetings during the year. The dates of the meetings and the members present are as follows:

Board Audit Committee			
Meeting No.	11	12	13
Date	17 & 25 Mar 2024	5 Aug 2024	5 & 6 Nov 2024
Fawaz AlBawardi (Chairperson)	Not Applicable	Present	Present
Ali Marshad	Not Applicable	Present	Present
Maryam AlMohri	Not Applicable	Present	Present
Mohamed Ghonaim	Not Applicable	Present	Present
Anantha Narayanan (Chairperson)	Present	Not Applicable	Not Applicable
Suleiman AlThekair	Present	Not Applicable	Not Applicable
Joseph Thomas	Present	Not Applicable	Not Applicable
Fadhel Makhloq	Absent	Not Applicable	Not Applicable

Board Investment Committee

The primary objective of the Board Investment Committee includes:

- Assisting the management and Board in discharging their responsibilities in areas relating investments, credit exposures, and strategic business plans and budget;

- Approve transactions in line with the delegated authority limits; and
- Monitoring and evaluating financial performance.

The Board Investment Committee held three meetings during the year. The dates of the meetings and the members present are as follows:

Board Investment Committee			
Meeting No.	6	7	8
Date	1 Aug 2024	30 Sep 2024	6 Nov 2024
Hassan AlShuaiby (Chairperson)	Present	Present	Present
Najla AlShirawi (Vice Chairperson)	Present	Present	Present
Ali Marshad	Present	Present	Present
Bassam Noor	Present	Present	Present

Nominations and Remuneration Committee

The primary objectives of this committee include:

- Identifying qualified people to become members of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Board Secretary and any other officers of the company considered appropriate by the Board, with the exception of appointment of the Head of Internal Audit, Compliance Officer and Risk Officer which shall be the responsibility of the Board Audit Committee;
- Recommending candidates for board membership to the Board of Directors to ensure appropriate Board composition maintaining an appropriate mix of skills, experience,

expertise and diversity;

- Ensuring annually that independent members remain independent, establishing clear policies for the compensation;
- Recommending the remuneration of the Board members and senior executives, and that performance standards are followed in their formulation.

The Board Nomination and Remuneration Committee held four meetings during the year. The dates of the meetings and the members present are as follows:

Board Nomination and Remuneration Committee				
Meeting No.	8	9	10	11
Date	7 Aug 2024	16 Sep 2024	6 Nov 2024	9 Dec 2024
Khalid Al Jassim (Chairperson)	Present	Present	Present	Present
Fawaz AlBawardi	Present	Present	Present	Present
Mohamed Ghonaim	Present	Present	Present	Present

8.4. Remuneration Paid to the Directors and Five Senior Executives

The following table provides full details of the Board of Directors' remuneration and compensation:

Description	Executive Board Members	Non-Executive Board Members	Independent Board Members (Amounts in SAR)
Attendance allowance for the Board meetings	-	-	100,000
Attendance allowance for committee meetings	-	-	69,000
Periodic and annual bonuses	-	-	-
Incentive Plans	-	-	-
Any other compensation or benefits	-	-	-
In kind paid monthly or annually	-	-	275,000
Total			444,000

The following table provides details of compensation and senior management:

Description	Five top executives who received the highest bonuses and compensation, plus the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), if not included (Amounts in SAR)
Salaries and Wages (Basic Salary)	4,850,706.06
Allowances (Housing, Transportation, etc.)	2,691,099.84
Periodic and annual bonuses	1,233,200.00
Incentive Plans	0
Commissions	245,067.32
Any compensation or other benefits in kind paid on a monthly or annual basis	1,180,752.39
Total	10,200,825.61

8.5. Waiver of Remuneration by a Board Member or a Senior Executive

There were no waivers from the members of the Board of Directors or senior executives of any bonuses and compensation.

9. SICO Capital Subsidiaries

The company does not have any subsidiary or branch either inside or outside the Kingdom.

10. Operational Review

10.1 Corporate Governance

SICO Capital and its Board of Directors are committed to upholding the highest standards of corporate governance, ensuring full compliance with all applicable laws and regulations, including those issued by the Capital Market Authority "CMA". The Board is responsible for SICO Capital's overall strategy, financial operation and regulatory compliance. To maximize operational efficiencies and

leverage group-wide expertise, the Board has taken proactive measures to strengthen synergies with its parent company, SICO BSC. These efforts include enhancing the service level agreement between the two entities, facilitating greater integration, seamless knowledge sharing, and operational alignment to drive strategic objectives.

10.2 Organizational Restructuring

The Board approved an updated organizational structure, aligning with the Company's strategic direction and governance framework. To strengthen operational capabilities, enhance governance and improve service

delivery, the company onboarded experienced professionals across key business and support functions, ensuring the necessary expertise to meet evolving market demands.

10.3 Policies and Procedures (P&Ps)

SICO Capital continued to develop and implement comprehensive policies and procedures (P&Ps) across its business and support functions. These initiatives have strengthened internal controls, streamlined operational

processes, and ensured full compliance with all applicable regulations, reinforcing the company's commitment to governance and operational excellence.

10.4 IT Infrastructure Implementation

The company is in the process of implementing a comprehensive Technology Platform designed to enhance front and back-end processing, covering client onboarding, trading, operations and customer relationship management (CRM). This initiative is expected to increase operational efficiency and enhance clients' trading experience.

The IT department successfully executed several key enhancements, including implementation of "PTTP 2" as per the requirements of Tadawul, integration of AML system with internal systems.

10.5 Implementation of AML Solution

During the year, SICO Capital introduced an enterprise-level end-to-end Anti Money Laundering (AML) solution that provides various features that cater to the Know Your Customer, Risk Profiling, Transaction Monitoring and

Reporting requirements. The Compliance function actively utilizes this system to strengthen regulatory adherence and internal governance.

11. Business Outlook and Strategic Plans

SICO capital remains committed to expanding its business on a solid foundation, backed by robust systems, strong risk controls, and industry-leading market practices. The company continues to pursue opportunities across asset

management, brokerage, margin lending, and securities services, leveraging technological advancements and strategic partnerships to drive sustainable growth.

11.1 Asset Management: Real Estate

SICO Capital is in the process of launching several real estate funds with strategic partners across various real estate sectors and geographies. The company aims to leverage its expertise to expand its portfolio under the private real estate funds and SICO Saudi REIT by acquiring income generating

assets to boost funds' returns and diversification. To support these initiatives, SICO Capital is further strengthening its real estate investment team with additional industry professionals.

11.2 Asset Management: Equity And Fixed Income

The company remains optimistic about the regional equity markets in 2025 and expects positive performance. In Saudi Arabia, where strong earnings growth supports a positive investment outlook. The Saudi equity market continues to offer attractive valuations, currently trading at a discount to historical averages.

The company seeks to grow its equity and fixed income business through increased marketing efforts, expanding market research, and targeting institutional and individual investors across various sectors.

11.3 Brokerage & Margin Lending

SICO Capital is in the advanced stages of launching an enhanced electronic trading platform, offering seamless multi-channel trading access to clients. This will also

facilitate offering a suite of margin lending tailored to meet the evolving needs of the market and enhance trading flexibility for investors.

11.4 Securities Business

The company aims to grow its custody business targeting fund managers in real estate, private equity funds and venture capital. We will also focus on technological solutions

to elevate service standards and enhance the overall client experience.

12. Penalty or Restriction Imposed on the Company

The company received a SAR 100K penalty from Capital Market Authority due to non-compliance with subparagraph (1) of paragraph (a) of article 80 of the CMIR for the period from 27/04/2022 till 21/08/2022 and Non-compliance with subparagraph 3 of paragraph (c) of article 59 of the CMIR for the same period. Corrective actions have been taken, and the company is following these regulations.

In addition, there was a non-monetary penalty regarding the delay in submitting the CAM report and a warning regarding the delay in publishing the Net Asset Value (NAV) of the SICO Capital Money Market Fund.

A corrective plan has also been implemented to address all violations and avoid their occurrence in the future.

13.1 Results of the Internal and External Audit of the Company

13.1 Internal Audit

Internal audit is one of the processes by which the board ensures that all functions of the company are independently examined, and internal control weaknesses are identified, and corrective action are taken. The company's internal auditors completed the audit/dedicated reviews of the following functions during the year: Equity & Fixed Income Asset management (Discretionary & non-discretionary portfolios) (Q1), Real Estate Asset Mgt Department (Q2), Human Capital Department (Q2), Client Relations Dept (Q4). and certain areas of Financial Control Dept (Q4).

Such reviews include review of client onboarding processes, AML processes and risks and controls, relevant

risk management monitoring, regulatory reporting, framework and controls in place to ensure compliance with relevant CMA regulations, client reporting, financial controls etc. Internal Auditors have highlighted several observations from the aforementioned audits with varying implementation priorities (High, Medium and Low), which the relevant functions are in the process of implementing. Internal audit has a dedicated frequent and periodic follow up process by which it follows up, traces, tracks and reports implementation status of previously issued findings and recommendations.

The internal audit team that was appointed by the audit committee consists of a team of qualified and experienced internal auditors with specific expertise in brokerage, asset

management, anti-money laundering controls etc. and include persons with multi-national experience in the GCC.”

13.2 Opinion of the Board Audit Committee

Based on the periodic reports presented by the internal audit, compliance, risk management and external auditors during 2024, the Board Audit Committee would like to confirm its satisfaction with the quality of these reports

and that it is working closely with the related departments to ensure excellence and integrity in the internal control framework.

13.3 Major Observations in the External Auditor’s Report

In addition to the internal audit, the company’s financial statements were subjected to quarterly reviews and annual audits by the external auditors (E&Y) of the company. Their

report and the audited financial statements are published on the company’s web site. The auditor’s report did not contain any reservation on the annual financial statements.

14. Major Risks Faced by the Company

Some of the major risks faced by the company are stated below.

14.1 Credit Risks

The company is not engaged in any lending activity, however some of the financial assets are subject to credit risk such as bank placements, investment in sukuks, funds and other debtors. The company places funds only with reputed local banks that are subject to periodic credit review. Sukuks have

Saudi sovereign risk and investment funds are managed by SC. For other debtors and receivables, the company conducts regular aging analysis to identify past dues and action is taken accordingly. The company did not have any margin lending exposure as of 31 December 2024.

14.2 Market Risks

This represents the risk of loss resulting from fluctuations in the level and volatility of market prices for financial instruments. The company did not have any trading exposure to bonds, equities and as a policy the company does not

invest in commodities or derivatives. The company’s non-trading investments exposures as of 31 December 2024 comprise of Saudi sukuks amounting to SAR 20.58 million and SC managed funds amounting to SAR 14.06 million.

14.3 Operational Risks

Operational risk could rise from inadequate computer systems (technology risk), insufficient internal controls, incompetent management, fraud, human error, and natural disasters. At a high level this risk can be defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. During the year SICO Capital has taken various measures to

mitigate operational risks. Operations and IT Departments have been streamlined with the hiring of experienced staff, Board approved policies have been implemented in various business and support functions. As a matter of policy all operational risk events are reported to the Board Audit Committee with corrective actions and target dates.

14.4 Liquidity Risks

Liquidity risk is the risk that SICO Capital may not be able to meet its financial obligations when they become due or fulfil those obligations at materially disadvantageous terms due to insufficient liquidity. The company closely monitors the liquidity position and sufficient liquidity is maintained in

cash or cash equivalent positions including bank placements and Saudi Government Sukuks. The company keeps a close watch on future liquidity needs versus operating cash inflows.

15. Five Years Financial Results and Assets & Liabilities of the Company

Five years' financial results, assets, and liabilities of the company are presented below:

All in SAR	2024	2023	2022	2021	2020	2019
Total value of assets under management – million	8,295	6,912	3,553	3,953	3,462	5,227
Gross revenues – thousands	36,605	26,756	24,109	27,170	15,149	23,967
Total operating expenses – thousands	44,498	32,744	26,407	19,058	14,738	19,158
Net Profit/ (loss) – thousands	(7,893)	(5,988)	-2,896	6,037	116	4,809
Return on Equity (%)	-14.44%	-9.00%	-4.23%	8.45%	0.14%	5.99%
Total Assets - thousands	70,508	76,485	87,218	131,149	113,147	114,421
Total Liabilities – thousands	15,848	13,932	18,677	59,712	32,747	34,137
Shareholders' equity – thousands	54,660	62,553	68,541	71,437	80,401	80,284

16. Significant Differences in the Results from the Previous Year

SICO Capital reported a net loss of SAR 7.89 million for the year 2024 as compared to a net loss of SAR 5.99million in

the previous year. The net loss is attributed to an increase in staff costs, as well as enhancement of IT infrastructure.

17. Related Party/Person Transactions

The company has not entered any significant transactions (business or contracts) with any member of the Board, senior executives, Chief Financial Officer, or any person related to any of them other than those stated in the related party transaction section below.

None of the Board members or their related parties own any share or debt instrument issued by the company either directly or indirectly.

The company would like to disclose the following transaction with the related parties as disclosed in the financial statements published on the company's website:

RELATED PARTY TRANSACTIONS

In the ordinary course of its activities, the Company does business with related parties.

Transactions with related parties are carried out on mutually agreed terms approved by management of the Company.

Related parties include:

- Shareholders and their affiliated companies.
- Funds managed by the Company;
- Board of Directors; and
- Key management personnel.

The following are the details of the mutual funds that are managed by the company:

Public funds:

SICO Saudi REIT Fund
SICO Capital GCC Dividend Growth Fund
SICO Capital Money Market Fund
SICO Kingdom Equity Fund

Private funds:

Riyadh Real Estate Fund
SICO Al Qasr Real Estate Fund
SICO Capital Khairat Fund
Flow Mena Residential Real Estate Fund 1

Nature of transaction	Relationship	For the year ended	
		31 December 2024 (Audited) (SR)	31 December 2023 (Audited) (SR)
Management fee expenses	Shareholder of parent company	(1,779,076)	(2,163,230)
Discretionary portfolio management fee	Shareholder of parent company	2,966,754	2,175,296
Asset management fee from mutual funds	Mutual Fund	13,868,172	2,684,665
Discretionary portfolio admin fee expense	Parent	(300,083)	(289,520)
Board remuneration	Board of Directors	(815,185)	(341,318)
Murabaha profit from deals placed with parent	Parent	-	73,540
Professional fee expense	Parent company	(250,000)	-

The significant transactions with the related parties are as follows:

	31 December 2024 (Audited) (SR)	31 December 2023 (Audited) (SR)
Investment in SICO Money Market Fund	3,821,820	14,266,754
Investment in Riyadh Real Estate Fund	53,082	3,191,750
Investment in Flow Mena Residential real estate fund	10,000,000	-
Accrued fees from mutual funds under management	11,977,312	822,740
Accrued discretionary portfolio management fee from shareholders of parent	319,434	1,173,879
Receivables from funds	683,065	68,126
Board Remuneration payable	(525,000)	(325,000)
Admin fee payable to parent company	(165,512)	(95,657)
Professional fee payable to parent company	(250,000)	-

Compensation paid to key management personnel	31 December 2024 (Audited) (SR)	31 December 2023 (Audited) (SR)
Salaries and short-term benefits	11,845,368	5,095,182
Post employment benefits	1,723,190	513,727

18. Details of Loans of the Company

The company does not have any loans as of 31st Dec 2024.

SICO Capital

Chairman of the Board of Directors

Hassan Bin Abdullah Bin Mansour Alshuaiby