

**Rooted Vision
& Firm Principle**



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With Continuity..



We pursue leadership & excellence

About Musharaka Capital

Licensed by the Capital Market Authority (CMA) (license no. 13169-27) on 07/10/2013, with a paid capital of (65.000.000) Saudi Riyal, Musharaka Capital is a diversified dealing, investment management and funds operating, arranging, advisory and securities custody service, Musharaka shapes solutions customized to maximize wealth potential and meet the investment needs and risk appetites of both the individual and corporate investors.

Musharaka provides high-end innovative investment products and services that are designed to meet challenges and access opportunities in today's transforming global economy.

Powered by the expertise of a world class team of investment professionals and aligned with Saudi Arabia's Vision 2030, Musharaka delivers targeted Shari'ah compliant investment opportunities.

In its efforts to reach various investor segments, the Company decided to expand its activities and engage in brokerage, to be provided by the Company using its state of the art systems which assure users an outstanding and safe experience. The brokerage activity is scheduled to effectively commence in the first half of 2022.

Geographical Scope

Musharaka Capital manages its activities and operations out of its Head Office in Khobar in the Eastern Region of the Kingdom of Saudi Arabia. Musharaka plans to open a branch in Riyadh in the first half of 2022. The opening of the Riyadh branch will allow the Company to expand its clients base, and to directly and effectively communicate with clients, partners and the business community in the City of Riyadh.

Our Services and Activities

Asset Management

Musharaka is a leading asset manager for individuals and institutions.

Our investment professionals provide strategies that span the full spectrum of asset classes, structuring a wide range of world class Shari'ah-compliant investments that generate attractive risk-adjusted returns and give our clients access to liquid investment products with higher returns.

Investment Banking

Musharaka's Investment banking team brings global experience.

Local know how and technical expertise to deliver a suite of extensive financial and investment services. Our Investment banking services include Project and Corporate Financing, Capital Market Advisory and strategies such as Capital Raising, and Mergers and Acquisitions.

Custody

Musharaka offers a turnkey custody solution with a range of CMA compliant custody services that protect client assets and ensure seamless support with all investment regulatory requirements, documentation and reporting. With Musharaka Custody services you can rest assured that investment operations are conducted in full compliance and to the highest standards of transparency.



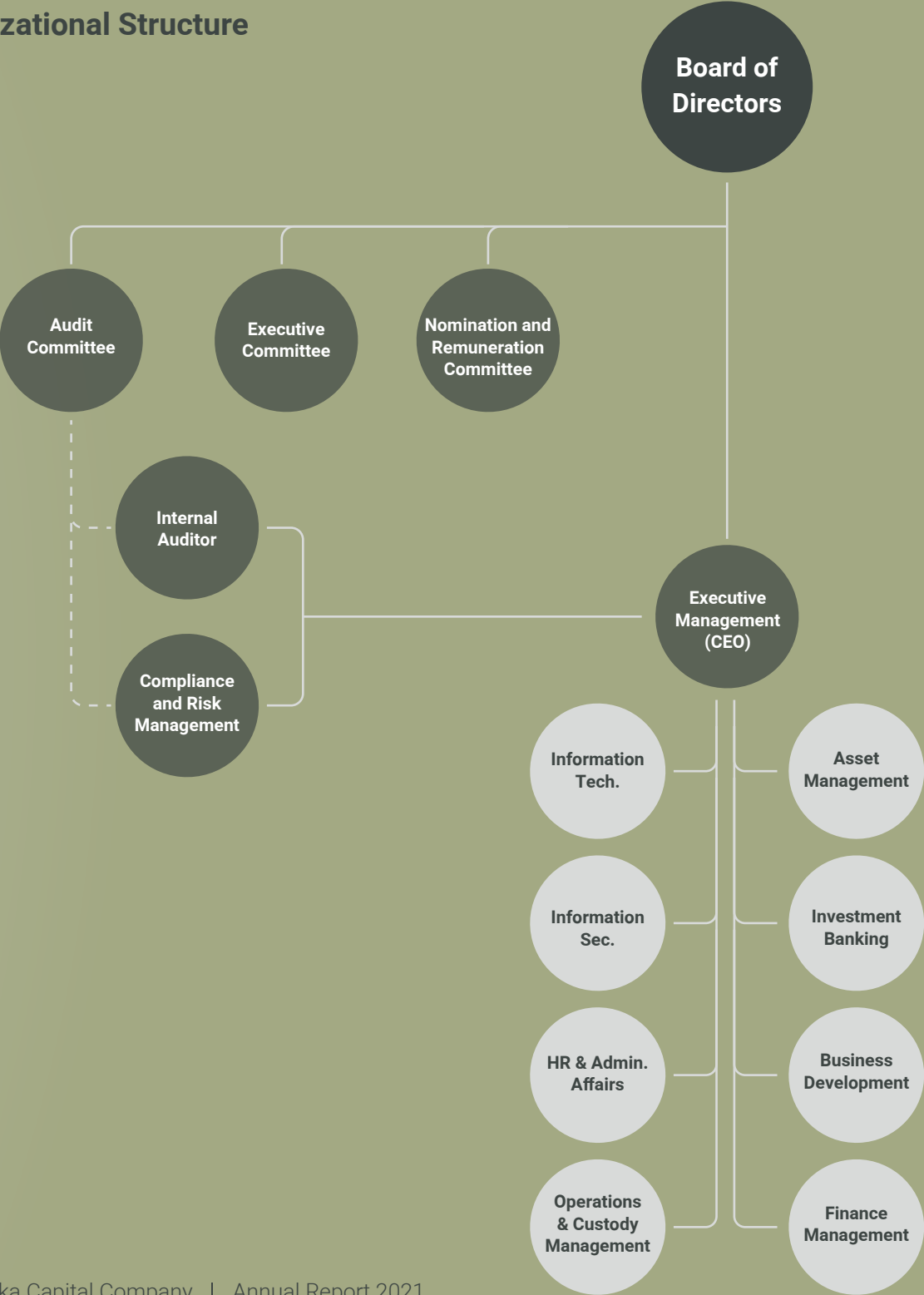
Our Vision

To be the preferred asset management and investment banking partner for creative, customized financial solutions and one of the top ten firms in the region.

Our Mission

It is our mission to leverage our extensive expertise and the latest technologies to provide unique investment solutions and services that exceed our clients' expectations while upholding the highest standards of ethics, integrity and confidentiality. To support the achievement of Vision2030 by aligning strategy with Environmental, social and governance factors and provide a positive working environment conducive to creativity and innovation.

Organizational Structure





Our Values

- **Innovation** In a dynamic global economy Musharaka remains agile, responding and adapting to change to better serve our clients’ needs. We think differently, creatively shaping strategies that find solutions to to-morrow’s challenges and ensure our clients have a financially healthy future.
- **Integrity** We are guided by a moral compass in everything we do, growing our relationships on a foundation of honesty and ethical business practices.
- **Reliability** We are committed to our clients’ sustainable financial success and remain steadfast in our promises regardless of changing business landscapes and economic climates.

- **Knowledgeable** We remain abreast of market and industry activity and ensure our clients are fully equipped with the knowledge they need to make informed investment decisions.
- **Transparency** We maintain the highest levels of transparency in every client interaction and provide regular reports and updates on the performance of their investments.
- **Efficiency** We manage our business and serve our clients with optimal efficiency by streamlining our processes and procedures and aligning our people in order to leverage the full spectrum of their creative potential.

Board Directors



Mr. Ayedh Farhan Alqahtani
Chairman
Non-Executive Member

Mr. Fahad Sulaiman Alrajhi
Vice Chairman
Non-Executive Member

Mr. Ibrahim Fahad Alassaf
Executive Member
CEO

Mr. Ibrahim Mohammad Al Alshaikh
Non-Executive Member



Mr. Fahad Mohammad Alamoudi
Non-Executive Member

Mr. Khalid Saleh Alakeel
Independent Member

Mr. Mohammad Sulaiman Alharbi
Independent Member

Mr. Ziad Bassam Albassam
Independent Member

* The appointment of Mr. Ziad Albassam to succeed Dr. Sami Salman was approved at the general assembly meeting held on April 27, 2021

Board Message

Dear Distinguished Shareholders,

The prudent leadership of the Kingdom of Saudi Arabia in dealing with COVID-19 pandemic challenges led to a faster recovery in the national economy despite the global economic slowdown, allowing greater flexibility for the public and private sectors in the Kingdom to achieve their goals for growth and development and continue their active participation in pursuing investment opportunities and contributing to the GDP.

Saudi economy grew remarkably by 3.3% in 2021 in a rate that exceeded expectations. This growth reflects the success of the economic measures taken by the Kingdom, which led to great achievements in various sectors.

In alignment with this growth, we succeeded in achieving our goals for the year 2021. The company expanded its investments according to plans. We increased the assets under management (AUM) by about 10% and created a wider customer base, which contributed to expanding the

company's business and enhancing the confidence in its products and services, the efficiency of its staff, and the soundness of its balance sheet.

The company continued making achievements over the past year in the financial services sector. All funds offerings that have been made at the beginning of the year were completed, further consolidating the company's position and its successful leadership and advanced technical and technological skills and capabilities that enabled Musharaka to launch many investment products and to further enhance its experience in offering and managing investment funds.

The company's investment operations also included enhancing the real estate properties of the "Musharaka REIT Fund" by completing the acquisition of a distinguished hotel property in Riyadh, the city that is witnessing a huge growth in the real estate and financial sectors, This acquisition is aligned with Riyadh present and future hospitality strategy.

Musharaka is committed to continuously develop its business processes to be properly positioned for the next challenge. Musharaka has invested in new sectors such as Fintech to establish an advanced digital base to avail opportunities in digital economy. The company also invested in upgrading its digital infrastructure to be aligned with the current and future e-business requirements such as the launch of new human resources management system to allow employees to easily complete all administrative procedures any time and anywhere via their smart phones or laptops, and the upgrade of Musharaka asset management system.

During 2021 our asset management team has successfully concluded the structuring of new funds in different sectors, such as infrastructure, health care, and real estate development, which the company is working to offer during the year 2022.

In addition, the company further strengthened its investment activities where the investment banking department has also succeeded in concluding several financial advisory agreements with clients for IPO advisory and debt arranging.

Musharaka has always kept careful review and monitor for changes in the investment environment and aligned its strategy with Saudi Vision 2030, considering growth prospects and setting plans that are commensurate with ambitions and aspirations. As result, challenges were met by competent and ambitious team members who worked collectively to overcome challenges and successfully achieve agreed targets.

We turned the page of a successful year, and we started a new year that carries a lot of hope and expectations. We believe in the ability and competence of our team to not only make these hopes and expectations a reality, but to achieve greater results with collective efforts that contributed to our track record of achievements. Our team proved that they are the greatest asset for the company and its shareholders who, in turn, trusted their ability and determination in facing the challenges and achieving prosperity for the company, its staff and clients.

Board of Directors



Main Achievements
in 2021

Offering and Operating a Number of Private Real Estate Investment Funds

The Company successfully placed and starting operating Al Majediah Real Estate Fund, a closed-ended private real estate investment fund, which aims to generate capital gain by investing in the development of housing units (apartments) in the City of Riyadh. Nasser and Abdulsalam Abdulrahman Al-Majid Real Estate Company were appointed as Fund Developer.

The Fund completed the acquisition of a plot of land at Salahuddin District in Riyadh and started construction on it. It also acquired a plot of land at Al-Izdihar District in Riyadh and is currently in process of obtaining building permits.

Musharaka also successfully placed and commenced operating Arsh Real Estate Fund, a closed-ended private real estate investment fund. The Fund's objective is to generate capital gain by buying and selling undeveloped land. The Fund successfully acquired a number of land plots in the Eastern Region, and sold them with a comfortable profit margin.

During the year, the Fund also started operating La Perla Fund, a closed-ended private real estate Fund which acquired a high quality unique plot of raw land, at a prime strategic location on the north side of Corniche Road in the City of Khobar in the Eastern Region, with a total area of 180,000 square meters.



**Musharaka REIT's
Continued Success**

During 2021, the Company managed Musharaka REIT Fund efficiently and effectively. In spite of the challenges the real estate sector had to endure during the year, the Fund maintained its excellent cash distribution level at SAR 0.60 per share in 2021.

Musharaka REIT continued to pursue outstanding acquisitions during the past period, and has completed the acquisition of the Gardino Hotel, a four star hotel in Riyadh, leased to a local operator for a term of ten years. The Fund also continues to source high quality properties to be added to its Portfolio.

**Musharaka Saudi Equity
Fund Exceptional Performance**

The Fund transformed its investment strategy in 2020 from its limited focus on initial public offerings (IPOs), to a comprehensive Saudi equities strategy, giving the Fund broader investment horizons. This change, as well as other administrative and strategic modifications and market growth, resulted in improving the Fund's performance and enhancing its attractiveness. In 2021, the Fund declared a high annual return of 28%, compared to 9% year-to-year.

Musharaka Saudi Equity Fund Performance



Several Investment Banking Agreements Signed

In 2021, the Investment Banking Department successfully signed agreements with a number of clients to arrange extending banking facilities to them. In addition, a number of agreements were also signed for placement and listing on the Parallel Market ("NOMU").

Musharaka's Investment Banking provides clients with a diverse range of finance and investment services, including project financing, corporate financing, capital markets advising and strategy building, such as capital increases and mergers and acquisitions.

Diversification of the Company's Investments

In line with its vision and strategy of diversifying its direct investments in the most promising sectors, Musharaka managed to invest in new and promising sectors in 2021. The Company invested in the Financial Technology ("FinTech") sector in Securrency, a leading US blockchain-based financial markets infrastructure company. Securrency is driving change at the core of financial services via a fully-interoperable distributed identity and compliance framework with state-of-the-art infrastructure designed to issue, trade and service digital securities and other digital assets with unprecedented ease.

An investment agreement was also signed with a prominent cardio-pulmonary specialist clinic in the Kingdom of Saudi Arabia.





Authentic History
**with Contemporary
Achievements**



Our 2022 **Aspirations**

Our 2022 Aspirations

In light of the economic recovery following COVID-19 pandemic, we expect that this year will be full of challenges and promising opportunities in accordance with the global economic trends post the pandemic. We will continue our endeavors to seize opportunities that support the interests of our clients and add value in the long term. We are also committed to developing innovative products and services that serve our customers' needs.

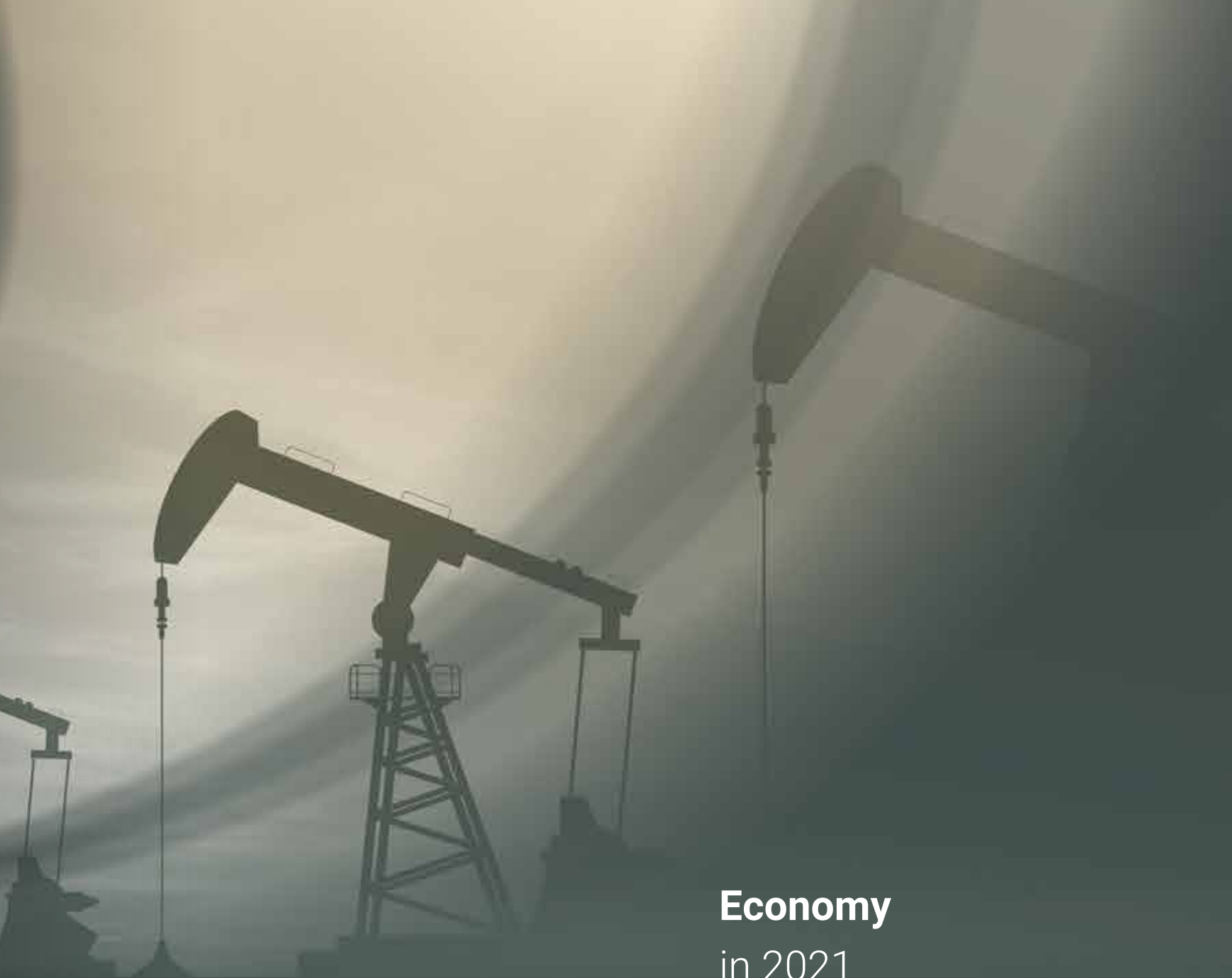
With regards to the challenges of our growth, and with the opening of the company's branch in Riyadh, we aspire to further expand our presence and activities and be closer to our clients in Riyadh region, as part of our strategy to expand our services and create a wider client base in the long term. Therefore, the company intends to launch brokerage services in 2022 to increase

its business base, use the brokerage activity to diversify the company's income, and attract new clients.

In 2022, the company will continue its plans to invest in the training and development of its people so they can be ready for the next stage of the company's growth and expansion of client base. The company will enhance communication with its people in order to achieve their investment ambitions in light of the economic developments.

We will continue our efforts to develop the company's businesses and explore new investment opportunities by launching new and promising products in various sectors, while striving to increase the volume of assets under management, committing to governance in all its activities, and applying best practices in management and investor services.



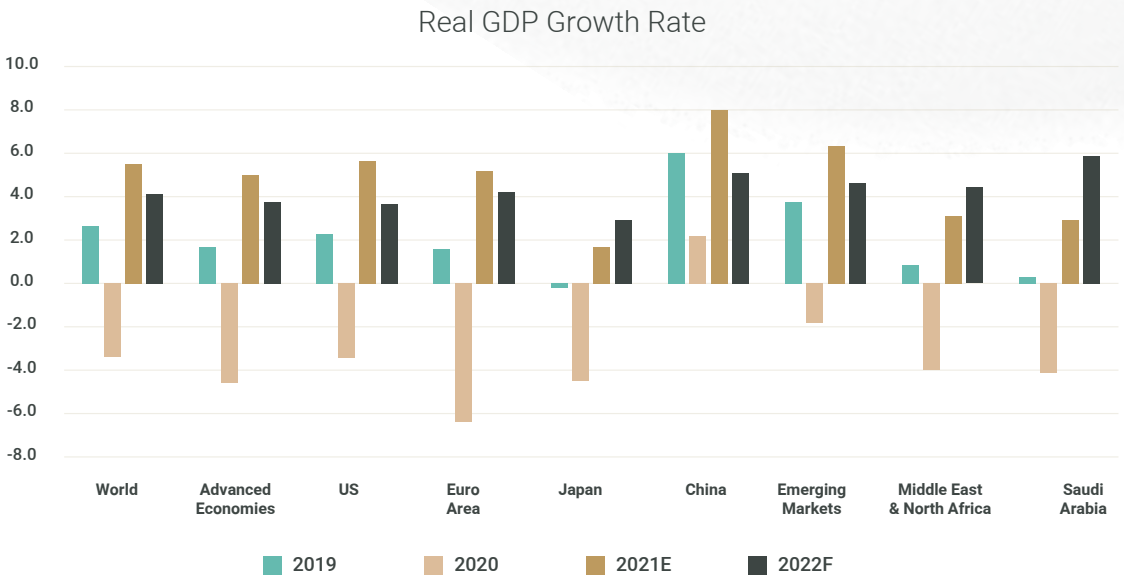


Economy in 2021

Global Economy

Global growth is estimated to have climbed to 5.5 percent in 2021, its strongest post-recession pace in decades, as a relaxation of pandemic-related lockdowns in many countries helped improve demand. Global growth is expected to decelerate to 4.1 percent in 2022, reflecting continued COVID-19 concerns, diminished fiscal support, and persistent supply bottlenecks. Moreover, emerging market and developing economies are experiencing notably weaker recoveries compared to those in advanced economies because of slower vaccination progress, a more limited policy response, and the pandemic's scarring effects Which refers

to the medium and long term damage done to the economy. Among the weakest countries, the impact of the pandemic will remain several years of income losses. Recent data point to solid but moderating global growth. Persistent supply bottlenecks have weighed on global production and trade. In advanced economies, high vaccination rates and sizable fiscal support have helped reduce some of the adverse economic impacts of the pandemic. In emerging market, however, the pace of recovery has been further dampened by waning policy support and a tightening of financing conditions.

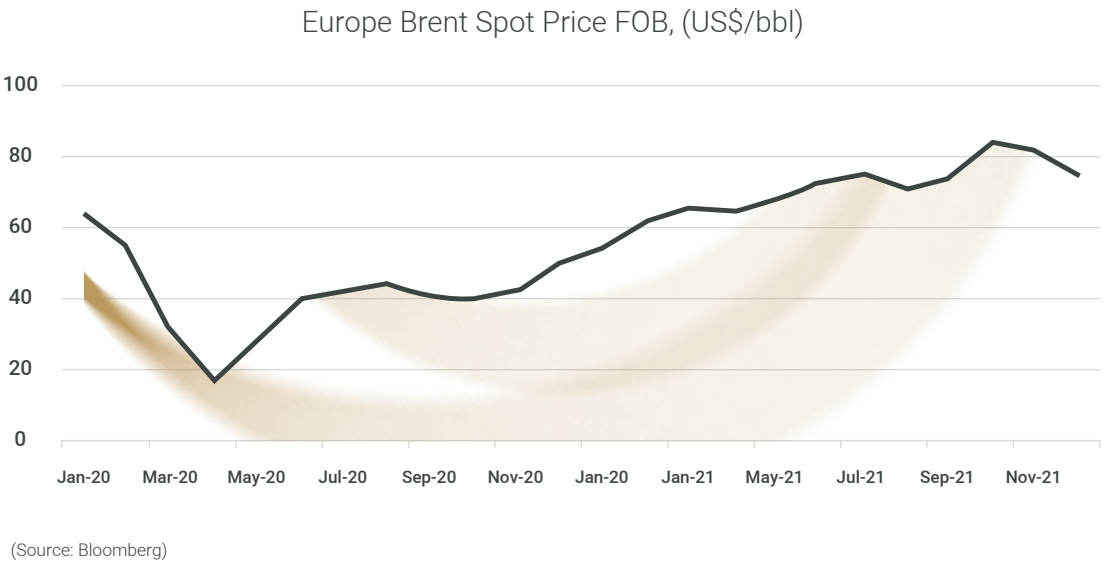


(Source: World Bank)

Commodity Price Cycle

Commodity prices rocketed in 2021 following the broad-based decline in early 2020, with prices of several commodities reaching all-time highs. In part, this reflected the strong rebound of demand from the 2020 global recession. Energy and metal prices generally move in line with global economic activities, and this tendency has strengthened in recent years. furthermore, global macroeconomic developments and commodity supply factors will likely continue to cause frequent commodity price swings. For many commodities, these may be magnified by the transition away from fossil fuels. To reduce

the associated macroeconomic fluctuations, the almost two thirds of emerging markets that are commodity exporters need to strengthen their policy frameworks and reduce their reliance on commodity-related revenues by diversifying exports and, more importantly, shaping national asset portfolios. Dependence on commodities is particularly high among oil exporters. On average, oil exports accounted for 33 percent of total goods exports by oil exporters over the period of (2017-2020) considerably more than the 20 percent share for metals and the 15 percent share for agricultural commodities.



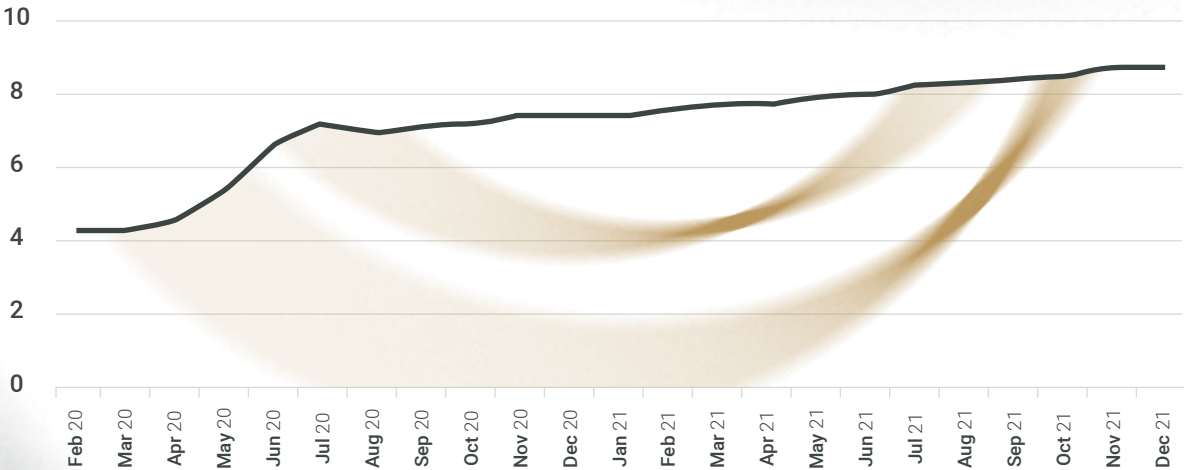
(Source: Bloomberg)

Monetary Policy

Given high and rising global debt, financial markets and institutions have become increasingly exposed to financial stress. The pandemic has increased exceptional debt booms in most countries, which have lasted longer and featured greater fiscal deteriorations. From the beginning of the pandemic to mid-2021, emerging market and developing economy, governments, households, and corporations cumulatively increased their borrowing by 45 percent of pre-pandemic GDP. Many unanticipated developments could precipitate financial stress. For instance, an inadequately forewarned acceleration in the tapering of long-term asset purchases by major central banks could disturb financial markets and quickly

raise longer-term interest rates. This tightening of financial conditions could make debt financing more difficult for many borrowers, including emerging market and developing economy, governments facing reduced fiscal space. Another possibility is a more protracted or severe pandemic: this could further damage business and consumer confidence, dampen corporate profits and strain the ability of many companies to stay solvent, resulting in bankruptcies that could spill over to bank balance sheets. In many Markets, weak government fiscal positions and high sovereign debt levels mean that there is now much more limited scope for an effective public sector response to private sector debt crises.

Total Assets on the Fed's Balance Sheet (USD Trillion)



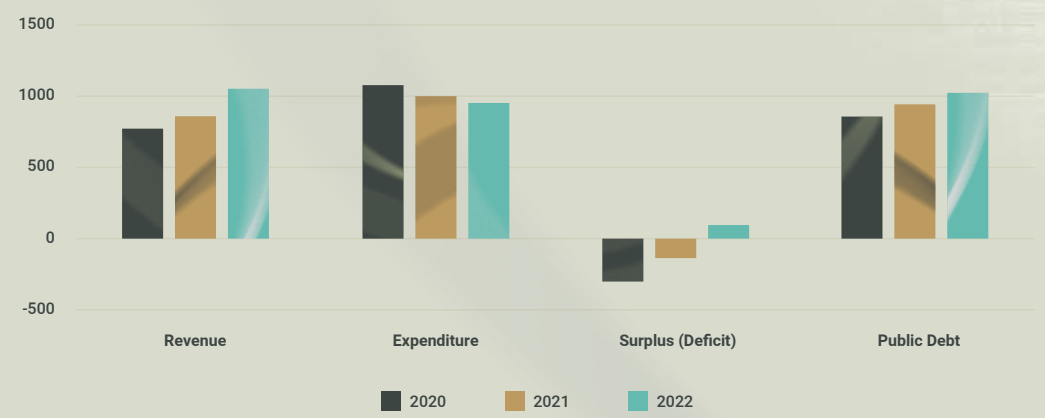
(Source: Federal Reserve Economic Data)

Saudi Economy

The Saudi economy is on-track to record a strong level of growth this year (2.9 percent), and it's expected to increase next year to 5.9 percent as a result of sizably higher oil sector growth and robust levels of non-oil growth. With respect to the oil sector, growth is driven by higher Saudi crude oil production and higher prices, in-line with yearly rises in global oil demand. At the same time, the Saudi economy will be supported

by another sizable outlay in government expenditure, which totaled just under SAR 1 trillion in 2022. Additionally, both the Public Investment Fund (PIF) and the National Development Fund (NDF) will be the engines of capital deployment and economic development in the Kingdom. The Kingdom is expected to register its first fiscal surplus since 2013, based on budgeted government revenue of SR1.05 trillion.

Saudi Budget (SAR Million)





Governance

Governance

Musharaka Capital complies with all the CMA-issued regulations and circulars related to the capital market institutions. Musharaka Capital also endeavors to apply best governance standards and adopt best corporate governance practices. It had also laid the foundations of governance infrastructure by approving the Company’s “Governance Policy and Board of Directors’ Policies”.

Board’s Formation and Classification of its Members

The Company's Board of Directors consists of a group of prominent businessmen and professional individuals specialized in the investment, banking and accounting fields. The current Board of Directors was appointed, and its members were elected during the Company's Extraordinary General Assembly; which was held on 02/06/2020. The Company's Board consists of eight members: three independent members, one executive member, and the rest are non-executive members. The Board’s current session (third session) extends from 02/06/2020 and lasts for 3 years.

The following is the formation of the Board of Directors, the classification of its members and the statement of their membership in other boards:

Sr.	Member Name	Membership Classification	Membership of Other Boards
1	Mr. Ayedh Farhan Alqahtani Chairman	Non-Executive Member	<ul style="list-style-type: none">• Sumou Real Estate Company, Chairman.• Dhahiat Sumou Real Estate Development Company, Chairman.• Dhahiat Muroj Jeddah Limited Company, Chairman.• Tanal For Development And Real Estate Investment Company, Chairman.• Iktva Company, Board Director.• Albait & More Company, Board Director.• North Jeddah Limited Company, Board Director.• Roba Buildings Real Estate Company, Board Director.• Dhahiat Sumou Real Estate Fund, Board Direcor.
2	Mr. Fahad Sulaiman Alrajhi Vice Chairman	Non-Executive Member	<ul style="list-style-type: none">• Yanbu Cement Company, Chairman,• Saudi German Company for Non-woven Products (SGN), Chairman.• Al Watania for Industries, Chairman.• Advanced Flexible Packaging Company, Chairman.• Sahara International Petrochemical Company - Sipchem, Vice Chairman.• Alrajhi Ekhwan Group, Board Director.• National Aquaculture Company, Vice Chairman (Ends on 31 Dec. 2021).• Al Watania Poultry, Board Director (Ends on 31 Dec. 2021).

Sr.	Member Name	Membership Classification	Membership of Other Boards
3	Mr. Ibrahim Fahad Alassaf Board Director	Executive Member (CEO)	<ul style="list-style-type: none"> • Armas Limited Company, Chairman • Ladun Investment Company, Vice Chairman (Since 9 Aug. 2021) • Musharaka REIT Fund, Chairman • Musharaka Saudi Equity Fund, Chairman. • Musharaka Murabahat & Sukuk Fund, Chairman. • “La Perla” Real Estate Fund, Chairman. • “AlMajidiyah” Real Estate Fund, Chairman. • “Arsh” Real Estate Fund, Chairman.
4	Mr. Ibrahim Mohammad Al Alshaikh Board Director	Non-Executive Member	<ul style="list-style-type: none"> • Mawad Drilling Limited Company, Chairman.
5	Mr. Fahad Mohammad Alamoudi Board Director	Non-Executive Member	<ul style="list-style-type: none"> • Yaqen Holding Company, Chairman • Bamardouf Decorations Company, Chairman • Sedra Real Estate Company, Chairman • Eastern Region Welfare Organization, Member of General Meeting.
6	Mr. Khalid Saleh Alakeel Board Director	Independent Member	<ul style="list-style-type: none"> • Sumou Real Estate Company, Director. • Saudi Equity Fund (By: GIB Capital), Chairman.

Sr.	Member Name	Membership Classification	Membership of Other Boards
7	Mr. Mohammad Sulaiman Alharbi Board Director	Independent Member	<ul style="list-style-type: none"> • Zamil Industrial Investment Company, Board Director • Arabian Amines Company, Board Director • National Talents Company, Board Director • National Company for Glass, Board Director. • Gas Arabian Services Company, Board Director . • Guardian Saudi Intr. Company, Chairman (Since 8 Sep. 2021). • Guardian Glass Intr. Company, Chairman (Since 8 Sep. 2021).
8	Mr. Ziad Bassam Albassam Board Director	Independent Member	<ul style="list-style-type: none"> • Makkah Construction & Development Company, Board Director. • Buruj Cooperative Insurance Company, Board Director. • Orange Flower Company, Chairman. • Jurhom Urban Development Company, Vice Chairman. • Saudi Makeen Company, Board Director. • Imkan Arabian Company, Chairman. • Albassam Group Real Estate Company, Chairman (Since 26 Dec. 2021). • Adeer Real Estate Company, Board Director (Since 4 Oct. 2021). • Food House Commercial Company, Board Director (Since 21 Nov. 2021). • Albassam Commercial Company, Board Director. • Makkah Oasis Company, Board Director. • Murooj Jeddah Company, Board Director. • Wahat Aljood Company, Board Director. • Makkah Mass Rail Transit Company, Board Director. • Dhahiat Sumou Real Estate Development Company, Board Director.

Board of Directors Meetings in 2021

Member Name	First Meeting, 10 March 2021	Second Meeting, 28 July 2021	Third Meeting, 8 December 2021
Mr. Ayedh Farhan Alqahtani	Yes	Yes	Yes
Mr. Fahad Sulaiman Alrajhi	Yes	No	No
Mr. Ibrahim Fahad Alassaf	Yes	Yes	Yes
Mr. Ibrahim Mohammad Al Alshaikh	Yes	Yes	Yes
Mr. Fahad Mohammad Alamoudi	Yes	Yes	Yes
Mr. Khalid Saleh Alakeel	Yes	Yes	Yes
Mr. Mohammad Sulaiman Alharbi	Yes	No	Yes
Mr. Ziad Bassam Albassam	Yes	Yes	Yes

Board Committees and their meetings in 2021

Audit Committee

The Committee consists of at least three non-executive board members, including at least one member specialized in Finance and Accounting Affairs. The selection of the Committee members takes into account

specific conditions in accordance with the Governance Policy adopted by the Company's Board; in order to ensure that the Committee performs its duties in an optimal manner.

Committee Tasks:

The "Audit Committee Regulation" was voted on and approved at the Company's Extraordinary General Assembly meeting held on 16/05/2017, and the Regulation contains the committee's tasks, which are as follows:

- 1- Supervise the Internal Audit Management in the Company; in order to verify its effectiveness in carrying out the work and tasks specified by the Board.
- 2- Study the Internal Control System and submit a written report on its opinion and recommendations on it.
- 3- Study the internal audit reports and follow up with the implementation of the corrective measures for the notes contained in them.
- 4- Recommend the Board to appoint and dismiss the Chartered Accountants and determine their fees; and when recommending the appointment, it must be taken into account that they are independent and have the required licenses and that they have sufficient qualifications and experience.
- 5- Follow-up with the Chartered Accountants’ work and adopt any work

- outside the scope of the audit work entrusted to them while performing the audit work.
- 6- Study the audit plan with the Chartered Accountant and make its notes thereon.
 - 7- Study the Chartered Accountant’s notes on the financial statements, and follow up with what has been done in them.
 - 8- Study the initial and annual financial statements before submitting them to the Board and give its opinion and recommendation on them.
 - 9- Study the applicable accounting policies, and give its opinion and recommendation to the Board on them.
 - 10- Audit the Company's operational and control systems and procedures.
 - 11- To achieve its tasks, the Committee has the right to access the Company's records and documents and to request any clarification or statement from the members of the Board of Directors or the Executive Management.
 - 12- The Committee may ask the Board of Directors to invite the Company’s General Assembly to convene, if the Board of Directors obstructs its work or the Company suffers serious damage or losses.

Committee's Formation:

The Audit Committee consists of two independent members and a non-executive member, appointed at the Company's Extraordinary General Assembly meeting held on 02/06/2020; and the following are the names and classifications of the Committee Members:

Name	Position	Membership Classification
Mr. Khalid Saleh Alakeel	Chairperson	Independent Member
Mr. Mohammed Suleiman Alharbi	Vice-Chairperson	Independent Member
Mr. Ibrahim Mohammed Al Alsheikh	Member	Non-Executive Member

Audit Committee Meetings in 2021:

Member Name	First Meeting on 10 March 2021	Second Meeting on 14 July 2021	Third Meeting on 13 October 2021	Fourth Meeting on 30 November 2021
Mr. Khalid Saleh Alakeel	Yes	Yes	Yes	Yes
Mr. Mohammad Sulaiman Alharbi	Yes	Yes	Yes	Yes
Mr. Ibrahim Mohammad Al Alshaikh	No	Yes	No	Yes

Nominations and Remunerations Committee

Committee Tasks:

1- Recommend the names of candidates for the Board's membership in accordance with the adopted policies and standards; taking into account not to nominate any person that has been previously convicted of a crime against honor and trust.

2- Conduct the annual audit for the required needs from adequate skills for the Board's membership and prepare a description for the capabilities and qualifications required for the Board's membership, including determination of the time that the member needs to devote for the Board's work.

3- Audit the Board's structure and make recommendations on the possible changes.
4- Identify the Board's weaknesses and strengths and propose to address them in accordance with the Company's interests.
5- Ensure the independence of the independent members on an annual basis, and the absence of any conflict of interest, if the member is a board member in another company(s).
6- Develop clear policies for the compensations and remunerations of the Board members and the Senior Executives

and take into account to use the performance-related standards when developing such policies.

Committee's Formation:

There has been no change in the Nominations and Remunerations Committee at the Board's second session. The Nominations and Remunerations Committee consists of three members: two non-executive members and an executive member; and the following are the names and classifications of the Committee's members:

Name	Position	Membership Classification
Mr. Fahad Mohammad Alamoudi	Chairperson	Non-Executive Member
Mr. Ibrahim Fahad Alassaf	Vice-Chairperson	Executive Member
Mr. Ali Hussein Alshareif	Member	Non-Executive Memeber

The Nominations and Remunerations Committee's Meetings in 2021:

The Nominations and Remunerations Committee meet at the Musharaka Capital Company whenever the meeting is needed; and since no meeting was needed during 2021, the Committee did not hold a meeting in that year.

Executive Committee

The Executive Committee works on behalf of the entire Board of Directors when it is not in session; in order to assist the Board in carrying out its tasks in the most effective manner, and to facilitate the decision-making between the Board meetings or deal with emergencies, crises or other emergency situations requiring immediate attention.

Committee's Tasks:

- 1- Supervise the implementation of the Board's decisions and their effectiveness in influencing the Company's operations.
- 2- Inform the Board of Directors when it convenes on the decisions taken by the Executive Committee and its justifications.
- 3- Supervise the annual strategic planning process and assess the performance in achieving the objectives.

- 4- Supervise the work and recommendations of the standing committees.
- 5- Take urgent decisions on behalf of the Board when the entire Board is not in session.
- 6- Work as a senior advisory group for the Executive Management when unforeseen needs or emergencies arise
- 7- The Committee prepares the Company's investment policy and submits it to the Company's Board of Directors for approval, and it is responsible for supervising the policy's application.
- 8- Adopt the Company's investments after ensuring its compliance with the investment policy and the annual plans, and its fulfillment of the terms and regulations of the Capital Market Authority.

Committee's Formation:

The Executive Committee was reconstituted at the beginning of the Board's third session, and it consists of four members: two non-executive members, executive member, and independent member. The following is the names and classifications of the Committee members:

Name	Position	Membership Classification
Mr. Ibrahim Mohammad Al Alshaikh	Chairperson	Non-Executive Member
Mr. Ayedh Farhan Alqahtani	Vice-Chairperson	Non-Executive Member
Mr. Ibrahim Fahad Alassaf	Member	Executive Member
Mr. Mohammad Sulaiman Alharbi	Member	Independent Member

Executive Committee Meetings in 2021:

Member Name	First Meeting on 26 Jan. 2021	Second Meeting on 7 Apr. 2021	Third Meeting on 26 May 2021	Fourth Meeting on 1 Sep. 2021	Fifth Meeting on 20 Oct. 2021	Sixth Meeting on 27 Dec. 2021
Mr. Ibrahim Mohammad Al Alshaikh	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ayedh Farhan Alqahtani	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Ibrahim Fahad Alassaf	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Mohammad Sulaiman Alharbi	Yes	Yes	Yes	Yes	Yes	Yes

Remunerations and Compensations of the Board Members and Senior Executives

Statement	Executive Board Directors *	Non-Executive Board Directors	Independent Board Directors
Board Meetings Allowance	-	-	24,000
Committees Meetings Allowance	-	-	42,000
Periodical and annual Bonuses	60,000	240,000	150,000
Incentive Plans	-	-	-
Any other in-kind benefits or compensations paid monthly or annually	-	-	-
Total	60,000	240,000	216,000

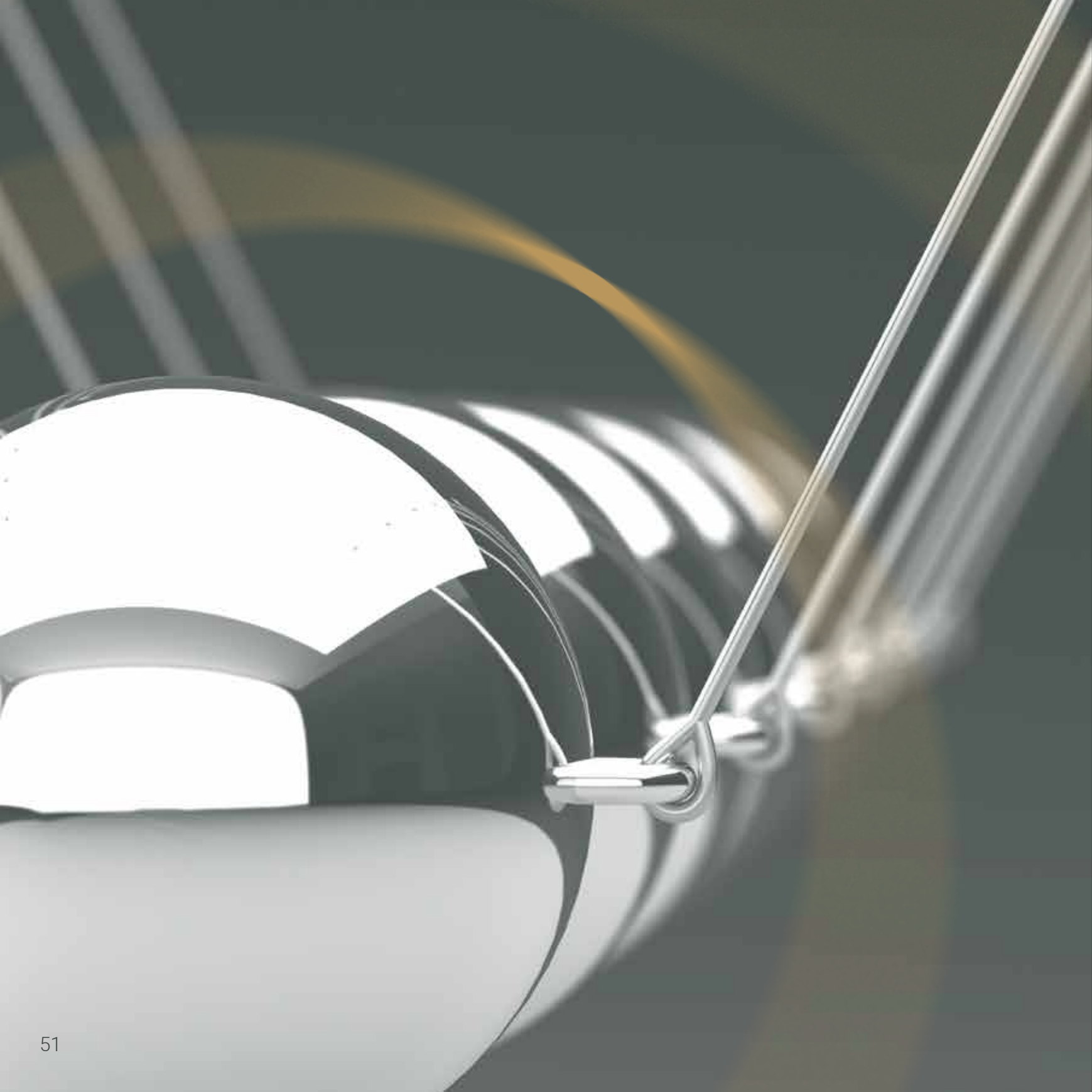
As a Board Directors *

Statement	Five senior executives received the highest remunerations, along with the CEO and CFO, if not included
Salaries & Wages	3,517,819
Allowances	130,035
Periodic & Annual Bonuses	532,551
Incentive Plans	-
Commissions	-
Any other in-kind benefits or compensations paid monthly or annually	150,000
Total	4,330,405

Annual Audit Results of the Control Systems and Procedures and the Audit Committee's opinion on the Adequacy of the Internal Control System

In the context of further developing the Company's internal control procedures, the Audit Committee conducts periodic reviews for the control and operational procedures; in order to verify their adequacy and efficiency, along with developing them in accordance with the developments in the internal and external business environment, the systems, regulations, instructions and directives issued by the Capital Market Authority (CMA); as the Committee reviewed the Company's control and operational systems and procedures in 2021; resulting in updating a number of internal operational policies and procedures.

The Committee emphasizes the integrity and effectiveness of the Company's internal control procedures; which are based on the decisions submitted to the Committee from the Company's relevant departments; and the Committee did not find any clear fundamental weakness in the Company's Internal Control System.



Through Stability & Elevation
we Rise with our Ambitions



Risks

Risks

Following the Risks that may face the Company which are pursued to reduce and monitor them:

Financial Risks:

Financial risks are generally defined as fluctuations in the economic value or the income, and they include the following:

1- Market Risks:

They are risks resulting from the negative market price movements (resulting from changes in the market conditions and the market fluctuations); and the market risks include the following risks:

- Market Price Risks for Shares.
- Currency Risks
- Credit Margin Risks
- Risks of Lack of New Investment Opportunities
- Risks related to Interest Rate Changes and Inflation

2- Liquidity Risks:

Liquidity risks are represented in the difficulties that the Company may face in securing appropriate cash flows; in order to meet the obligations arising

therefrom when due; and that is due to the inability to liquidate assets or obtain adequate financing. Liquidity risks also include the following risks:

- Cash Flow Risks
- Alternative Opportunities Costs Risks
- Concentration Risks

3- Credit Risks:

Credit risks are represented in the failure or inability of the counterparty (whether normal person or legal entity) to meet its financial obligations in accordance with the terms of the agreed contract. Credit risks also include the following risks:

- Risks of Default, Delay or Inability to Pay
- Counterparty Risks (Settlements)
- Custodian Risks

Operational Risks:

The risks of losses arising from the inefficiency or failure of internal operations, individuals and systems, or arising as a result of external events involving legal risks. The operational risks are either internal or external risks, and they include the following risks:

- 1- Individual Risks (e.g. staff failures, human resources risks, incidents to

which key staff may be exposed, recruitment practices and space safety, illegal acts).

- 2- Internal Operations Risks (e.g., poor or lack of due diligence procedures or account settlement procedures, business risks including mergers and acquisitions, and new products risks).

Strategic Risks:

They are risks of loss resulting from the environment in which the Company operates; and strategic risks include the following risks:

- 1- Systems and Information Security Risks
- 2- External Events Risks

Reputational Risks:

They are risks of loss resulting from damage to the brand name as an important asset in the intellectual property; which can result in legal risks or risks of compliance with the systems, laws and regulations. The reputational risks directly affect the Company's brand, and client satisfaction is one of the most important reasons affecting the Company's reputation.

Compliance Risks:

They are risks related to total or partial

incompliance with the systems, regulations, legislations and circulars that apply to the Company's activities and operations, and are issued by various regulatory authorities, which may lead to the Company's exposure to violations, penalties, fines, suspension or withdrawal of granted licenses.

Information Security Risks:

These are threats / risks related to the protection of the Company's technology infrastructure, such as systems, networks, software, etc., against any electronic problems, obstacles or attacks which may prevent their effective and efficient operation. Such threats usually target sensitive information with the aim of changing or destroying them or disrupting their effective operation.

Natural Disasters and Pandemics Risks:

These are risks related to unforeseen events caused by natural forces (floods, earthquakes, storms, diseases, etc.) or by acts of man, resulting in heavy losses of life and the destruction of property, with severe effects on the economy and social life. Their impact extends beyond the Company and may exceed the Company's ability to overcome them using its own resources.

Risk Managements

The risks are managed by Company by applying the following control methods and procedures:

Risk Type	Control Procedure
Market Risks	The capital requirements for facing the market risks are managed according to the standard method identified by the regulatory authority, which is mentioned in the Financial Adequacy Rules.
	Identify, measure and control the market risks using a combination of instruments, including securities analysis, macro and microeconomics, industry analysis, supply and demand factors, competition, and risk analysis and assessment.
	Comply with the restrictions and limits as stipulated in the internal policies or regulations.
	Assess the concentration ratios including the asset class and the geographical coverage; as liquidity is a key element in determining the assets' quality.
	Timely and accurate monitoring and reporting on the market risk exposure and the minimum capital requirements to meet the unforeseen market risk events (CAM Monthly Report, ICAAP Annual Report, and Pillar III Disclosure Report).
	Conduct a pre-assessment through adequate and appropriate due diligence procedures.
Liquidity Risks	Control and monitor the cash flow forecasts and the liquidity ratios.
	Assess the liquidity risks using the maturity date method, which includes analyzing the liquidity gaps at different time periods.
	Use the liquidity ratios coverage calculation method.
	Calculate the total external cash flows.

Risk Type	Control Procedure
Credit Risks	Conduct an appropriate assessment and audit for the investment's quality.
	Conduct the due diligence procedures towards the counterparty.
	The existence of standards and a process for the selection.
	Audit and monitor the concentration limits on an ongoing basis.
	Meet the capital requirements of the credit risks according to the CMA requirements, the Financial Adequacy Rules, the first pillar, and the credit limit control.
	Conduct the adequate and proper due diligence procedures in advance.
	Analyze the risk factors, and analyze the investment against the expected returns.
	Conduct an appropriate and adequate analysis of the target company's sectors and operations.
	Analyze the Company's financial statements/targeted investment.
	Review and analyze the legal, regulatory, administrative and technical framework for the Company/targeted investment.
Operational Risks	Audit and analyze the investment decision-making mechanism and process.
	Prepare a feasibility study and accurate assessment of the targeted investment.
	Analyze the macro and microeconomic factors, the competition, the market share, and the future opportunities for growth.
	Spread the culture of good compliance and behavior that encourages an understanding of the nature of the operational risks that an employee may face when exercising his tasks; and that is within an environment that encourages disclosure of the operational incidents, and collectively works on avoiding them, minimizing their effects, and adhering to the Company's Professional Conduct Charter.
	Develop the operational and control policies and procedures; take effective actions on the internal control, and audit the accounts and settlements.

Risk Type	Control Procedure
Operational Risks	Achieve appropriate separation between the tasks and duties.
	Develop contingency plans and programs, and appropriate and tested plans on the ability to resume work in all circumstances and various possibilities, including the Business Continuity Plan and the Business Resumption Plan.
	Indemnity insurance
	Clearly define the responsibilities and duties for all the positions; in addition to having sufficient staff to perform the work in a satisfactory manner (succession planning policy, job description, and good recruitment procedures).
	Adopt a conservative methodology for the first pillar, which is coverage of the appropriateness of the pillar's requirements in terms of the capital requirements to be allocated to meet the operational risks (as specified in the Financial Adequacy Rules).
<hr/>	
Strategic Risks	Presence of appropriate and effective governance.
	Presence of a comprehensive general framework for the risks that may face the Company's business, activities and operations, along with auditing and controlling these risks on a periodic manner to verify their effectiveness and update them according to the latest developments.
	Control and follow-up with the risks of the surrounding environment and the business portfolio risks in particular; in order to develop appropriate plans to address these risks.
	Conduct an annual audit for the Company's business plan and update it in light of the challenges, changes and risks that may arise.
	Allocate the resources in an optimal manner that achieves the Company's strategic objectives.
	Give importance to the stakeholders, especially the clients, and work on attracting the largest number of clients and providing them with appropriate high-quality services, in addition to providing quick response to the client complaints.

Risk Type	Control Procedure
Reputational Risks	Achieve effective and appropriate supervision by the Board of Directors.
	Integrate risks into the Company's strategy and business planning.
	Achieve effective communication and establish a good reputation and image for the Company.
	Develop high values for the Company, supported by appropriate performance incentives.
	Establish and promote a culture of compliance with the internal systems, regulations, and policies.
	Achieve effective communication with the stakeholders (shareholders, suppliers, and clients).
	Establish, promote, and develop a suitable control environment.
Compliance Risks	Presence of an effective policy to deal with the client complaints and suggestions.
	Analyze the Company's performance and its comparison with its counterparts in the same field, size and nature of business.
	Develop a conformity and compliance program and supervise its implementation.
	Raise awareness and promote a culture for the importance of compliance and combating money laundering; in addition to the professional practices and good behaviors.
	Have zero tolerance with the incompliance cases, and take disciplinary actions against the violators.
	Conduct a periodic audit to verify the compliance of all the departments with the applicable systems, regulations and circulars, and establish the appropriate corrective procedures, along with submitting them to the Audit Committee.

Risk Type	Control Procedure
Information Security Risks	Increasing employees' awareness of cybersecurity and information security, and developing employees' cybersecurity knowledge through periodic publications and training sessions.
	Approving plans and developing advance methodology to detect, analyze and handle warnings.
	Responding promptly to the alerts received from the Saudi CERT, the National Information Center or any other government departments, and sharing them with the employees.
	Sharing the best practices which help alleviate security gaps.
	Providing a firewall, virus protection, spam protection and content filtering softwares.
	Providing auxiliary power supply to provide backup in the event of any possible power outage.
Natural Disasters and Pandemics Risks	Providing a data recovery center (DRC), as well as secure and well equipped back up workplaces at a separate location away from the Company's Head Office.
	Providing a phishing awareness solution.
	Designating the alternate location and assessing its capability of accommodating critical operations (disaster recovery center and back up workplaces).
	Ensuring the activation of all systems necessary to enable working remotely.
	Putting and developing appropriate plans and systems to deal with emergencies.
	Ensuring business continuity, conducting regular tests and addressing various scenarios to verify the systems' efficiency and effectiveness.
	Designating the key personnel who will perform the business activities out of the alternate location (in the event they are unable to work remotely).

The Company’s Compliance with the Regulations

Musharaka strictly complies with the laws, regulations, instructions and directives issued by the Capital Market Authority (CMA). In 2021, Musharaka was fined by the CMA for violating the notification requirements as provided in Annex (3.2) of the Capital Markets Institutions Regulations.

In addition, CMA made an inspection visit in relation to anti-money laundering and terrorism financing, resulting in citing the Company for violation of Paragraph (b) of Article (14) and Paragraph (a) of Article (15) of the Investment Accounts Instructions.

However, the Company was neither penalized nor fined, and no preventive or restrictive measure was taken by any other supervisory, regulatory or judiciary authority.

Necessary and appropriate corrective plans were put in place to ensure non-recurrence of any of the comments or violations.The Company acknowledges its full compliance with the Capital Market Law, its Implementing Regulations and all other applicable regulations.

Description of the Interests of the Board Members, Top Executives and Their Relatives in the Company's Shares or Debt Instruments

The Board members and their relatives have interests in the shares of Musharaka Capital. There was no change to those interests during the last Fiscal Year.

Company's Loans

Grantor	Financing Type	Financing Date	Entitlement Date	Amount Original	Payments during the Fiscal Year	Remaining Amount
Alinma Investment Company	Margin Lending	12/12/2021	07/12/2022	SAR 5,776,580	SAR 1,990,503	SAR 3,786,077

Business and Contracts Between the Company, Board Members and Top Executives

The Board of Directors declares that, during 2021, there was no business or contract between the Company and Board members or top executives or any person related to any of them.

Musharaka Capital Subsidiaries

Company Name and Type	Capital (SAR)	Musharaka Ownership	Activity	Head Office	Place of Incorporation
Tanseeq Aloula Trading Company (LLC)	10,000	100%	Commercial services; sale, purchase, and lease of land and realstates; and general contracting	Khobar, Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Tanseeq Al-Taqa Investment Company (LLC)	10,000	100%	Installation, maintenance and repair of solar power grids	Khobar, Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Armas Company Ltd. (LLC)	6,900,000	25%	Wholesale and retail trade in industrial marble and granite, wooden platforms, wooden and metal furniture	Khobar, Kingdom of Saudi Arabia	Kingdom of Saudi Arabia



**Financial Results
and Disclosures**

To the Shareholders of Musharaka Capital Company

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Musharaka Capital Company (the "Company") which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

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 professional code of conduct and ethics that are endorsed in the

Kingdom of Saudi Arabia that are relevant to our audit of the Company's financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. 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 International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's Bylaw 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 Board of Directors, are 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.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 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.

Baker Tilly MKM & Co.

Certified Public Accountants

Majid Muneer Alnemer

License No. 381

Al-Khobar, 19 Sha'ban 1443 H

22 March 2022

Financial Statements

Statement Of Financial Position

As At 31 December 2021

	Note	2021 SR	2020 SR
ASSETS			
Property and equipment	4	1,602,701	1,507,916
Intangible assets	5	542,484	733,332
Right-of-use asset	6	5,518,685	5,559,400
Investment in unconsolidated subsidiaries	8	18,195	18,719
Investment in associates	9	46,185,320	46,795,137
Financial assets at fair value through profit or loss	10	19,931,146	15,032,049
Prepayments and other receivables	11	1,485,473	709,542
Accounts receivable	12	10,608,004	14,106,161
Cash and cash equivalents		5,506,650	5,647,289
Total Assets		91,398,658	90,109,545
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Lease liability	7	5,670,042	5,699,659
Employee defined benefits obligation	13	1,791,513	1,924,780
Accrued expenses and other payables	14	1,982,488	2,575,466
Short-term borrowings	15	3,786,077	5,776,580
Provision for zakat	16	1,000,546	1,000,001
Total liabilities		14,230,666	16,976,486
Shareholders' equity			
Capital	1	65,000,000	65,000,000
Statutory reserve	18	1,729,412	924,171
Retained earnings		10,438,580	7,208,888
Total shareholders' equity		77,167,992	73,133,059
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		91,398,658	90,109,545

Statement of Profit or Loss and other Comprehensive Income

For The Year Ended 31 December 2021

	Note	2021 SR	2020 SR
INCOME			
Revenue from service contracts with customers	19	20,984,002	21,657,529
Gain on financial assets at fair value through profit or loss	10	1,887,756	1,763,893
Dividends income		-	32,840
Share in results of associates	8,9	1,786,517	883,520
Other income	22	855,000	478,803
		25,513,275	24,816,585
EXPENSES			
Impairment of investment in associates	9	-	(1,500,000)
Marketing expenses		(143,056)	(321,279)
General and administrative expenses	20	(15,529,884)	(13,831,293)
Finance costs	21	(666,752)	(942,042)
Income before zakat		9,173,583	8,221,971
Zakat charge	16	(1,121,172)	(1,112,780)
NET INCOME FOR THE YEAR		8,052,411	7,109,191
Other Comprehensive Income (OCI)			
OCI that will not be reclassified to profit or loss in subsequent years:			
Remeasurements of employee defined benefits obligation	13	539,666	87,206
Share in OCI of associates	9	(7,144)	(5,535)
Other comprehensive income for the year		532,522	81,671
Total comprehensive income for the year		8,584,933	7,190,862

Statement of Changes in Equity

For The Year Ended 31 December 2021

For the year ended 31 December 2021	Capital SR	Statutory reserve SR	Retained earning SR	Total equity SR
As at 1 January 2021	65,000,000	924,171	7,208,888	73,133,059
Net income for the year	-	-	8,052,411	8,052,411
Other comprehensive income	-	-	532,522	532,522
Total comprehensive income	-	-	8,584,933	8,584,933
Transfer to statutory reserve (note 18)	-	805,241	(805,241)	-
Dividends (note 17)	-	-	(4,550,000)	(4,550,000)
As at 31 December 2021	65,000,000	1,729,412	10,438,580	77,167,992
For the year ended 31 December 2020:				
As at 1 January 2020	65,000,000	213,252	2,223,945	67,437,197
Net income for the year	-	-	7,109,191	7,109,191
Other comprehensive loss	-	-	81,671	81,671
Total comprehensive income	-	-	7,190,862	7,190,862
Transfer to statutory reserve (note 18)	-	710,919	(710,919)	-
Dividends (note 17)	-	-	(1,495,000)	(1,495,000)
As at 31 December 2020	65,000,000	924,171	7,208,888	73,133,059

Statement of Cash Flows

For The Year Ended 31 December 2021

	2021	2021
	SR	SR
OPERATING ACTIVITIES		
Income before zakat	9,173,583	8,221,971
Adjustments for non-cash items:		
Depreciation and amortisation	1,500,063	1,522,769
Finance costs	666,752	942,042
Employee defined benefits obligation incurred	417,386	428,124
Provision for expected credit loss	-	140,366
Share of results of associates	(1,786,517)	(883,520)
Impairment of investment in associates	-	1,500,000
Gain on financial assets at fair value through profit or loss	(1,887,756)	(1,763,893)
Rent concession	-	(94,536)
	8,083,511	10,013,323
Changes in working capital:	3,498,157	(4,307,740)
Accounts receivable	(775,931)	744,831
Prepayments and other receivables	(588,577)	1,610,744
Accrued expenses and other payables	10,217,160	8,061,158
	(1,120,627)	(734,848)
Zakat paid	(287,530)	(524,243)
Finance cost paid	(62,638)	(78,712)
Employee defined benefits obligation paid		
Net cash flows from operating activities	8,746,365	6,723,355

Statement of Cash Flows

For The Year Ended 31 December 2021

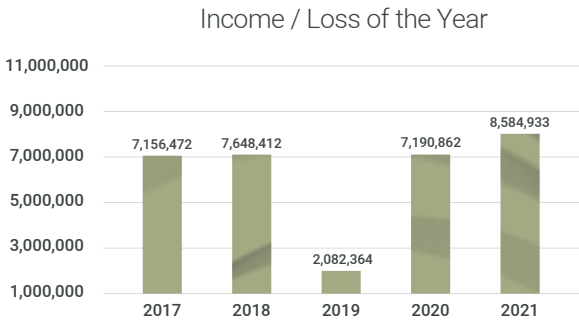
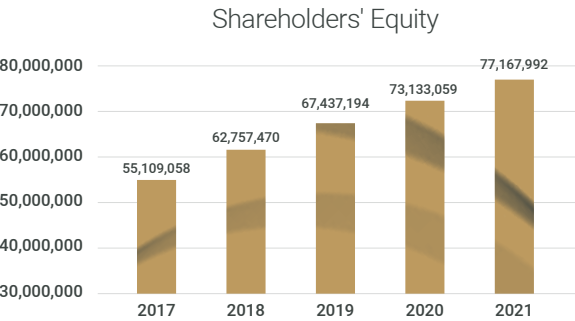
	2021	2021
	SR	SR
INVESTING ACTIVITIES		
Additions to financial assets at fair value through profit or loss	(10,310,416)	(36,087,487)
Proceeds from sale of financial assets at fair value through profit or loss	7,299,075	28,503,116
Additions to investment in associates	(400,000)	(102,200)
Dividends received from an associate	2,789,714	3,250,094
Purchase of property and equipment	(530,977)	(161,624)
Purchase of intangible assets	(34,500)	(314,968)
Net cash flows used in investing activities	(1,187,104)	(4,913,069)
FINANCING ACTIVITIES		
Lease liability paid	(1,159,397)	(914,604)
Net change in short-term loan	(1,990,503)	(3,009,620)
Dividends paid	(4,550,000)	(1,495,000)
Net cash flows used in financing activities	(7,699,900)	(5,419,224)
Net change in cash and cash equivalents	(140,639)	(3,608,938)
Cash and cash equivalents at the beginning of the year	5,647,289	9,256,227
Cash and Cash Equivalents at the End of the Year	5,506,650	5,647,289

A Clarification of any Fundamental Differences in the Operating Results from the Previous Year

Operating revenues increased in FY 2021, while expenses decreased (due to non-recurrence of the “Impairment / Write-Off of Investment in Affiliates” item), resulting in higher net income. Revenues made through the Investment Banking Department were in the form of arranging fees, in addition to

increased management fees of investment funds with the launch and operation of a number of real estate funds. This contributed to increasing the Company’s operating revenues for FY 2021. The performance of the Company’s portfolio also significantly improved during the year.

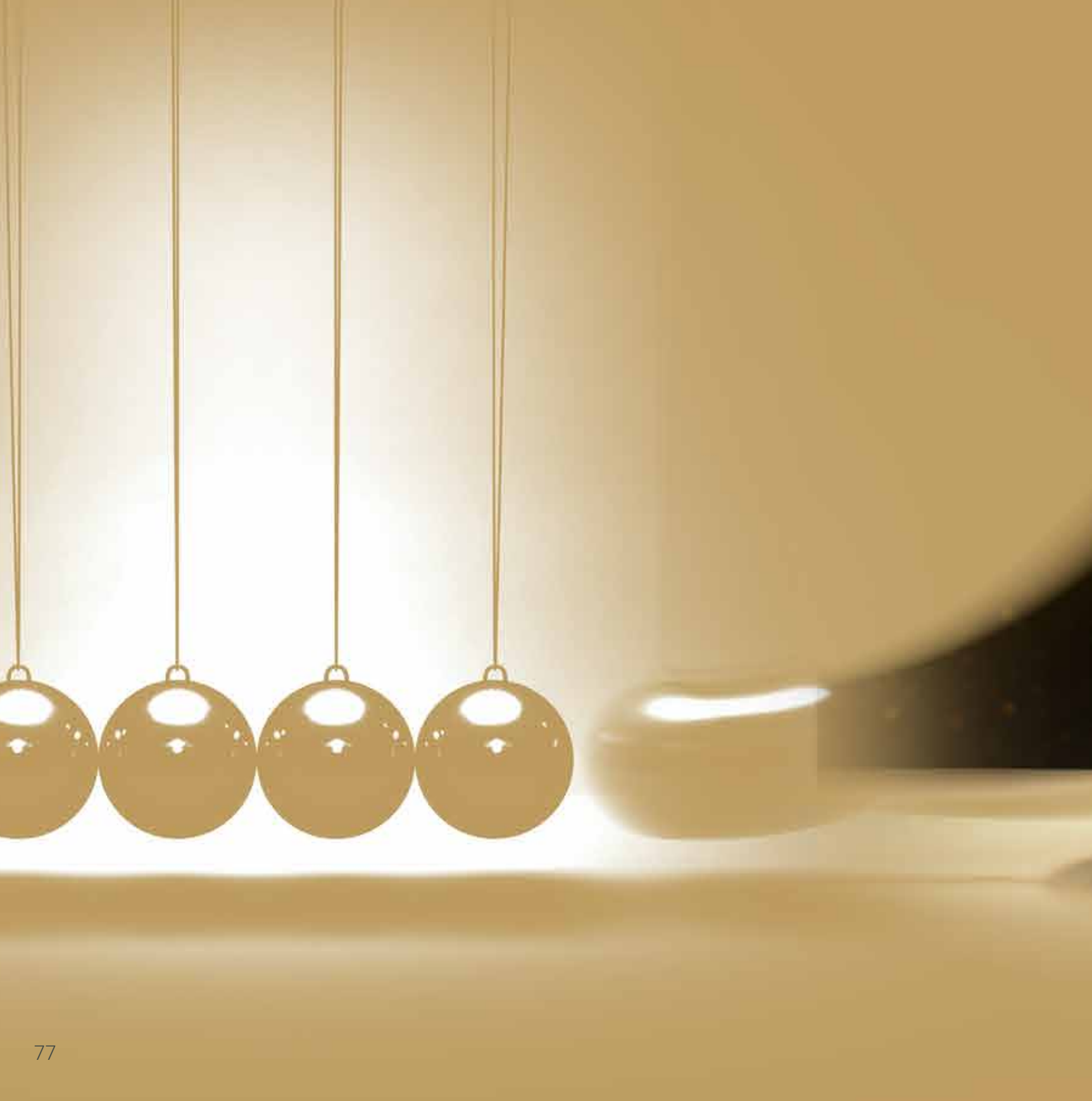
Comparison of the Company's Assets, Liabilities and Business Results in the Recent Fiscal Years



Cash Dividends

In its first meeting in 2022, which was held on March 22, 2022 the Board approved the recommendation made by the Executive Management to distribute cash dividends of

80 halala per share, or 8% of the Company’s share capital, for the Fiscal Year ended 31 December 2021. This shall be put to a vote during the next General Assembly meeting.



Honors and Awards



“Musharaka REIT” Fund wins
**“Best Investment Return in the
REIT Funds Category” Award**

Musharaka Capital", won the award for best investment return in 3 years in "REIT fund category, in Saudi financial market, for its "Musharaka REIT" Fund. This was declared in the virtual celebration organized by "Sanadeq" Media Group in December 2021, to honor the winners of investment fund awards.



“Musharaka Murabahat & Sukuk”

Fund wins

**“Best Murabahat and
Sukuk Fund 2020” Award**

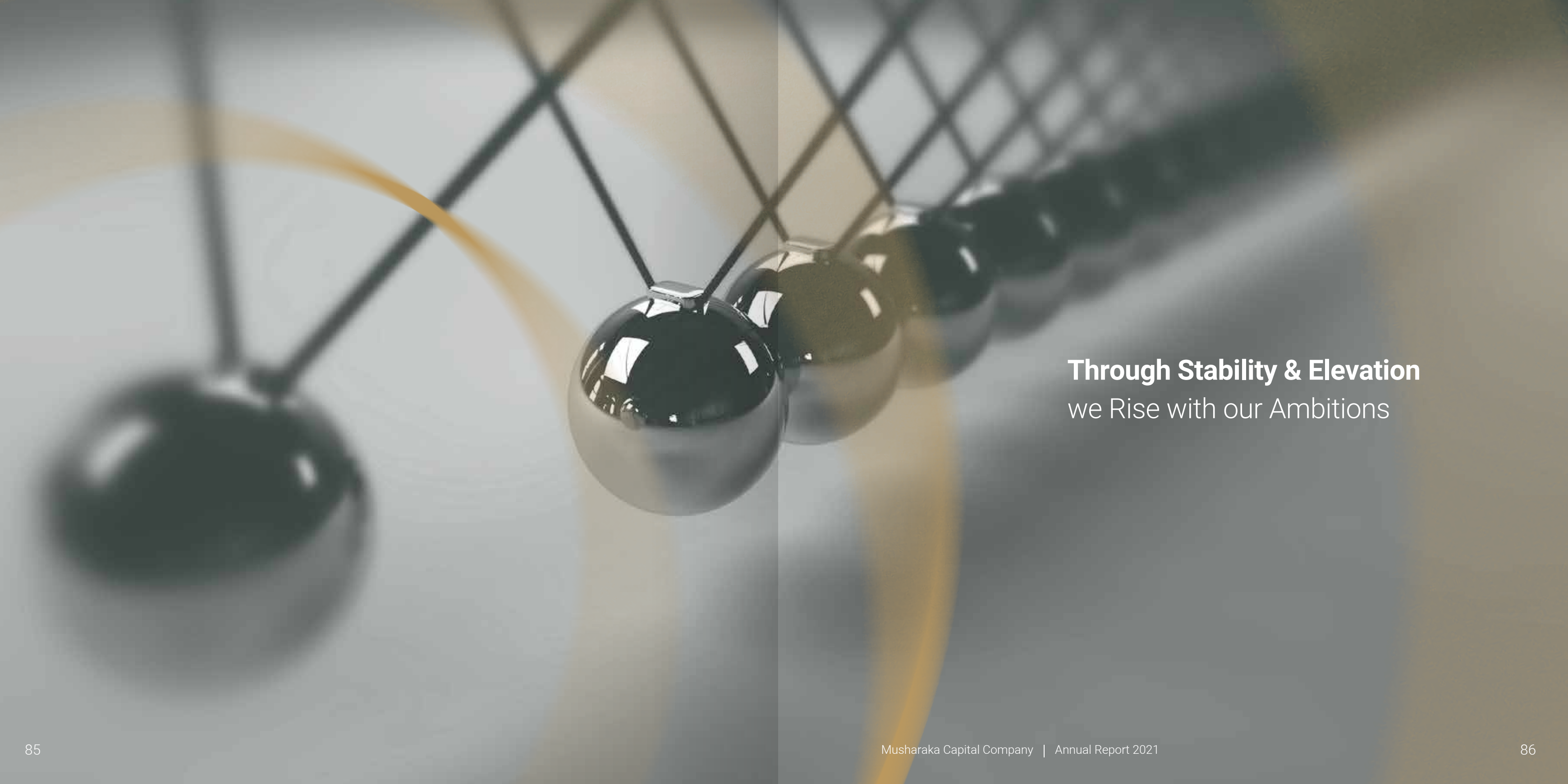
Musharaka Capital", won the award for best performance investment fund in category of Murabaha and Sukuk funds, in 2020, for its "Musharaka Murabahat and Sukuk" fund. This was declared in the virtual celebration organized by “Sanadeq” Media Group in December 2021, to honor the winners of investment fund awards.

Social Responsibility

Musharaka
Blood Donation Campaign

Out of our belief in blood donation as a noble humanitarian act, and in cooperation with “Eithar” foundation, blood bank in King Fahd university hospital, and Adeer tower, Musharaka Capital organized a blood donation campaign for Musharaka employees. This initiative is a continuation of the company’s approach to supporting social activities.





Through Stability & Elevation
we Rise with our Ambitions