

2024 | Annual Report





صاحب السمو الملكي الأمير

محمد بن سلمان بن عبدالعزيز آل سعود

ولي العهد رئيس مجلس الوزراء
حفظه الله



خادم الحرمين الشريفين

الملك محمد بن عبدالعزيز آل سعود

حفظه الله

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About Musharaka Capital

Licensed by the Capital Market Authority (CMA) (license no. 13196 - 27) on 7/10/2013, 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 Vision2030, Musharaka delivers targeted Shari'ah compliant investment opportunities.

The Company laid the infrastructure necessary to engage in brokerage. Musharaka Capital aspires to provide an outstanding, extraordinary, and safe client experience through its brokerage activity.

Geographical Scope

Musharaka Capital manages its activities and operations from its head office in Alkhobar in the Eastern Region of the Kingdom of Saudi Arabia, as well as from its branch in Riyadh.

Overview of the Company's significant plans and decisions in 2024

The Company's main plans in 2024 aimed at supporting the diversification of the Company's revenues. The custody and underwriting activities were expanded under the "dealing" license. The Company has also intensified its community partnership activities during the year.

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 Services and Activities



Brokerage

Musharaka provides a variety of brokerage services with the use of state-of-the-art technology, which allows our client to deal in local and global equities with great ease and efficiency. Musharaka employs a team of highly experienced professionals to assist our clients to make the right decisions and execute transactions speedily and accurately, with strict confidentiality and a high level of care.



Underwriting

At Musharaka, we are proud to have a highly specialized and qualified team managing our underwriting transactions in both Saudi exchanges: the Main Market and the Parallel Market (NOMU). Our team endeavors to ensure the efficient execution of placement transactions, using state-of-the-art technology, and ensuring compliance with Saudi Stock Exchange applicable procedures to achieve the best results for our clients.

We provide Initial Public Offering management services, both on the Main Market and the Parallel Market (NOMU), in addition to managing rights issues intended to increase the share capital of listed companies.

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.



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 tomorrow'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

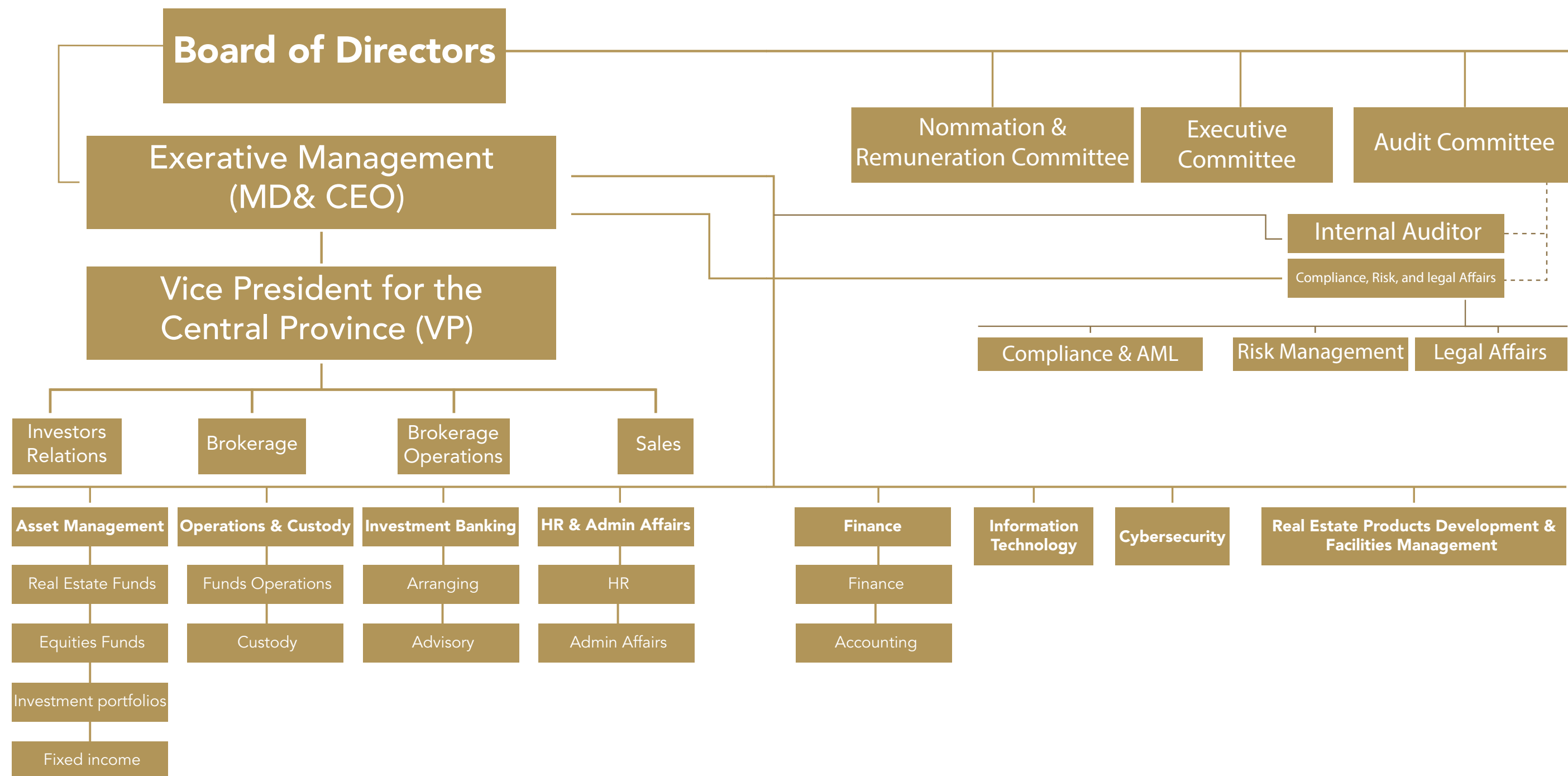
We maintain the highest levels of transparency in every client interaction and provide regular reports and updates on the performance of their investments.



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.

Organizational Structure



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, MD & CEO)



Mr. Ibrahim Mohammad Al Alshaikh
(Non-Executive Member)

Board Directors



Mr. Fahad Mohammad Alamoudi
(Non-Executive Member)



Mr. Khalid Saleh Alakeel
(Independent Member)



Mr. Ziad Bassam Albassam
(Independent Member)



Mr. Ali Hussain Alshareif
(Independent Member, Since 11 March 2024)

Board's Message

Esteemed Shareholders,

We are pleased to present to you the annual report of your Company, Musharaka Capital, for Fiscal Year 2024, containing a summary of the Company's activities and highlights of its achievements during the year.

Musharaka Capital's whirlwind fiscal year was filled with accomplishments in spite of challenges. Thanks to concerted efforts and wise leadership, the Company managed to achieve its main objectives and extraordinary growth in all of its business lines. Operating revenues increased by 66%, while net income grew significantly by 141%. Assets under management also grew by 15%.

Following their pilot launch in 2023, brokerage services made extraordinary progress in 2024 in terms of trading volumes on local and global exchanges. Meanwhile, the Asset Management Department maintained its outstanding track record, liquidating a number of real estate investment funds with exceptionally attractive returns, while continuing to grow its business with the restructuring on a number of quality investment funds. This represents a pivotal shift towards expanding the size of assets under management and providing innovative investment options to our clients.

Musharaka Capital also continued to implement its growth strategy aimed at diversifying investment options available to our clients. Thus, portfolio management activity was initiated. We also launched our "underwriting" activity during the year. The Company successfully signed a number of underwriting contracts to manage capital increases and initial public offerings. The custody and fund operation activities also witnessed exceptional growth during the year. All those efforts contributed to the expansion of the Company's revenue base.

The Region has encountered geopolitical and economic challenges over the past two years, affecting capital markets and contributing to their fluctuations. They also affected investor confidence and investment and spending trends. Notwithstanding, Musharaka successfully steered clear of those obstacles efficiently and achieved its planned objectives, thanks to its strategic resilience.

In the course of bolstering Musharaka's media and marketing exposure, the Company intensified its efforts in 2024 by taking part in widely recognized local and regional forums and exhibitions. Musharaka also continued its unrelenting commitment to its corporate social responsibility and consolidating the principles of transparency and governance in all its activities, reflecting its values and the constant pursuit of sustainability.

In conclusion, we express our thanks and appreciation to Musharaka Capital's employees who form the backbone of our Company and the cornerstone of our achievements. We also express our gratitude to our shareholders for their great confidence in the Board of Directors. As we start a new year filled with promising opportunities, we assuredly move forward to achieve more success and reinforce the position of our company as a trusted pioneering investment partner.

Board of Directors

Highlights and Achievements 2024



Asset Management

2024 was a year filled with challenges and successes for the Asset Management Departments and all of its business units, with assets under management growing by 15%. The Real Estate Funds Department operated a number of private funds during the year, and liquidated Al-Majediah Real Estate Fund and La Perla 2 Real Estate Fund with exceptionally lucrative returns to clients. The return on investment in Al-Majediah Fund was 56%, while the return on investment in La Perla Fund was around 52%. In addition, a number of quality funds were structured, with an aggregate size totaling SAR 2 billion. They are expected to be launched in 2025.

To overcome industry challenges and maximize returns to investors, Musharaka REIT's Fund Manager lowered the Fund's annual Fund management fees and sought to minimize the Fund's various operating costs.

Dealing

2024 saw the true beginning of diversification of the Company's revenues through the launch of new activities, mainly the dealing license. The brokerage activity saw remarkable performance in the first year since its launch, and recorded outstanding figures in terms of opening of investment portfolios, as well as client trading volumes and balances. However, Musharaka's success is not complete without assuring our clients full satisfaction, great experience and high value proposition, which we have endeavored to achieve since the launch of our brokerage activity.

Underwriting played an active role this year. We obtained our license from Tadawul Group to engage in underwriting. A number of underwriting contracts were signed to increase market capitalization on the Main Market (TASI), as well as initial public offering contracts for listing on the Parallel Market (NOMU). As lead manager, Musharaka Capital successfully managed the underwriting of Jana Medical Company on the Parallel Market (NOMU).

Investment Banking

Persistently continuing the Department's steadfast efforts to provide outstanding services to Musharaka Capital's clients, the Investment Banking Department has during the year, arranged the financing of a number of its clients, in addition to providing diverse advisory services, including valuation, financial studies, as well as offering and listing related advisory services.

As financial advisor, the Department crowned its successes in 2024 by obtaining Capital Market Authority (CMA) approval to register and offer the shares of Adair Real Estate on the Parallel Market (NOMU).

Custody and Fund Operation

Musharaka's Custody and fund operation business continued to grow both in size and scope, with greater diversification of client segments, along with a high increase in the number of custody and fund operation services provided during 2024. Custody and fund operation services have become an important revenue stream for the Company, as we aspire to become the custodian of choice for fund managers in the coming period, by providing unique outstanding services using the best talent and state of the art systems.

Investor Relations, Enhancing Technology Infrastructure and Digitization

Musharaka has expended great efforts to attract clients in 2024, with the number of clients increasing by 360%. We now intend to double our efforts in order to ensure client satisfaction and significantly expand our client base over the coming years.

Continuing the Company's digitization and technology infrastructure enhancement efforts, the Company has completed many projects in 2024 aimed at adopting top-of-the-line systems and technologies to best serve our clients and provide most services to them electronically.

With the development of digital services provided by the Company, the support and development of cybersecurity systems and policies become paramount, which is what the Company constantly undertakes, along side the efforts to increase the cybersecurity awareness of Musharaka's employees.

Outlook 2025

In light of the accelerated developments of the financial sector, and the amplitude of promising opportunities which strengthen the Kingdom's position as a leading financial hub, we start the new year with great aspiration, looking forward to the achievement of our strategic objectives in reliance on a clear vision, strategy and tactics founded on innovation and operational efficiency. As we usher Fiscal Year 2025, we are intent on overcoming challenges, seeking to boost the growth of our business and realize sustainable value for our clients and partners.

Musharaka Capital achieved astounding success in its various activities over the past few years. With the start of the new year, we aspire to build on those achievements, by expanding our assets under management through the launch of quality investment funds to cater to market requirements, contribute to diversifying investment opportunities and augment the financial sustainability of our clients, while focusing on increasing the volume of our discretionary portfolio management.

As part of our efforts to develop our various business lines, we aspire to achieve further growth in our investment banking business, as well as our brokerage business with the provision of innovative and outstanding services, and capitalizing on our success in managing underwriting, custody and fund operation activities.

With our firm belief that the human factor is the cornerstone of our success, we will continue to invest in talent development, attract outstanding talent, bolster a business environment which incentivizes creativity and excellence. We will also continue to augment the principles of governance and transparency in all our business activities, and endeavor to minimize operational risks, in order to ensure the sustainability of our performance and reinforce the confidence of our clients and partners.

As part of our commitment to our corporate social responsibility, we will continue to support initiatives which benefit the society, firmly believing that success is not limited to achieving financial objectives alone, but extends to include our role in making a positive and sustainable impact. We also emphasize our firm commitment to ensuring the highest levels of customer satisfaction, making Musharaka Capital the preferred investment choice, by providing financial services and solutions which meet their expectations and contribute to bolstering our leadership in the financial sector.

Economy in 2024

Global Economy

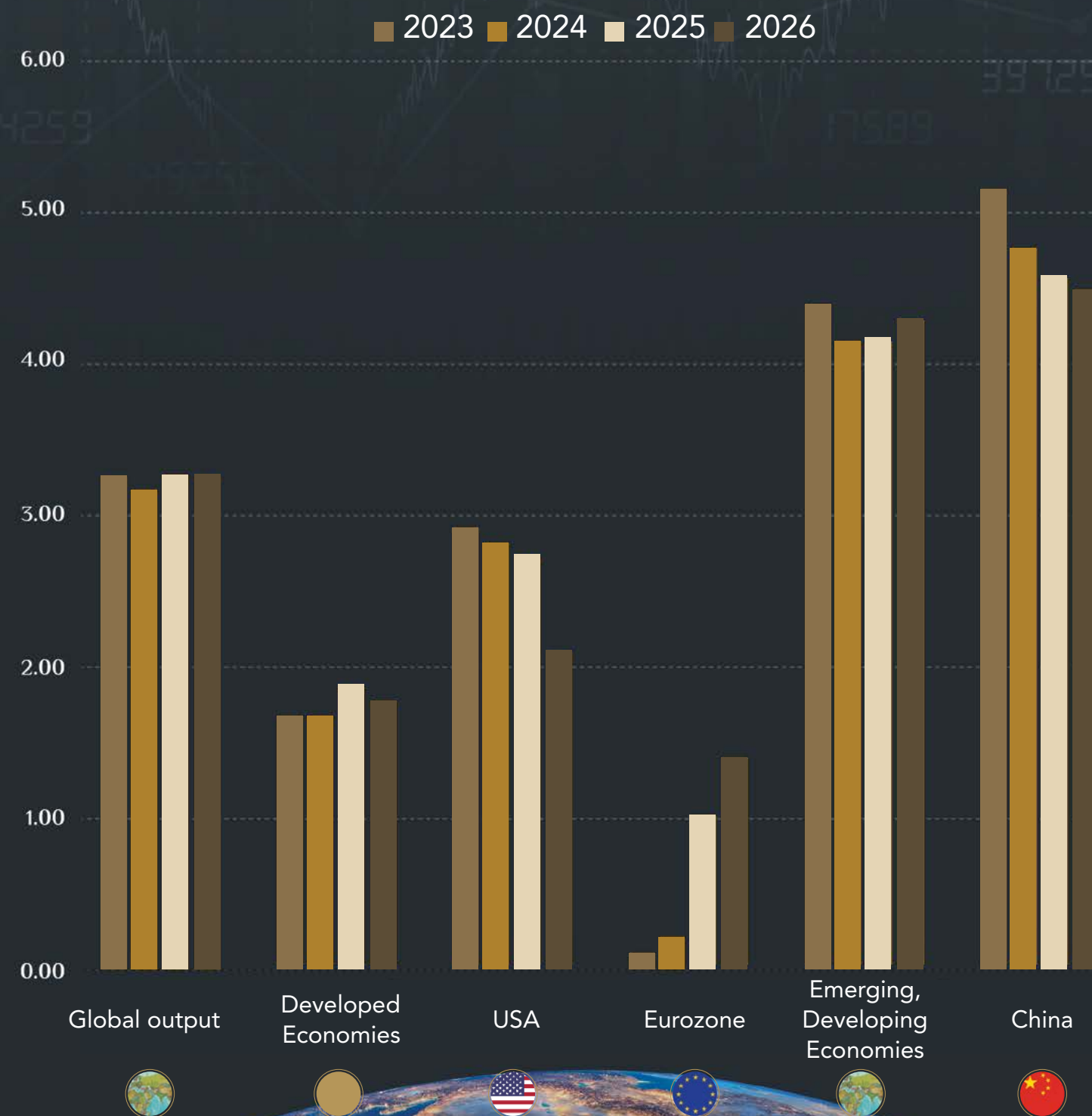
The global economic landscape in 2024 was marked by a series of financial and monetary fluctuations, ranging from moderate to severe, in the aftermath of the COVID-19 pandemic and the global inflation shock. These shifts created significant challenges that affected key economic indicators. One of the most notable developments was the decline in inflation rates across major markets, driven by strict monetary policies, though some emerging economies continued to feel its impact. At the same time, central banks collectively moved toward lowering interest rates to support economic growth after a prolonged period of monetary tightening.

Global trade, however, experienced a significant slowdown due to weak demand, ongoing trade disputes, and protectionist measures, affecting both developing and industrialized economies. On a more positive note, the shipping and logistics sector showed signs of recovery after previous supply chain disruptions. This relative stability helped reduce transportation costs and improve efficiency, though new environmental regulations continued to exert pressure on the sector.

Geopolitical tensions played a key role in shaping the economic environment, particularly in energy and commodity markets, adding to uncertainty across global markets. These factors defined the economic trajectory of 2024 and are expected to influence trends in 2025. The ability of economies to navigate these challenges and the effectiveness of international policies in fostering stability and global cooperation will be crucial in shaping the future.

While final global growth figures for 2024 have yet to be released, the year's economic trends have had a clear impact on overall growth performance. Forecasts remain mixed, but according to the latest projections from the International Monetary Fund, the global economy is expected to grow by 3.3%, suggesting a relatively stable and controlled slowdown. The United States has maintained its role as a key driver of global growth, while the IMF has revised down its growth outlook for China. Additionally, global inflation is projected to decline to 4.2% in 2025 and 3.5% in 2026.

Preliminary GDP growth estimates and forecasts for the next two years (%)



Source: IMF



Saudi Arabia's 2025 Budget: A Vision for Development and Sustainability

Saudi Arabia's 2025 budget reflects a strategic approach to achieving the goals of Vision 2030 by promoting sustainable development and investing in promising sectors. The total projected expenditure stands at 1,285 billion riyals, while revenues are expected to reach 1,184 billion riyals, resulting in an estimated deficit of 101 billion riyals, equivalent to 2.3% of GDP.

The budget prioritizes expanding developmental spending, targeting strategic projects that support the local economy while strengthening the trade balance and increasing domestic and foreign investments. The government remains committed to key sectors such as education, healthcare, and social services, aiming to enhance quality of life and infrastructure development.

Fiscal sustainability remains a central focus, with Saudi Arabia maintaining a disciplined financial approach to cover the expected deficit while ensuring public debt remains sustainable at approximately 1,300 billion riyals (29.9% of GDP). Additionally, the government seeks to preserve financial reserves at 390 billion riyals, reflecting a flexible approach to navigating economic challenges.

Recent economic indicators highlight significant progress in reducing reliance on oil, as non-oil activities continue to drive growth. Unemployment among Saudis has declined to 7.1%, while female workforce participation has risen to 35.4%, surpassing Vision 2030 targets. Despite global geopolitical challenges, Saudi Arabia remains committed to its development plans and sustainable economic progress, leveraging effective fiscal policies to strengthen the national economy and enhance societal well-being.

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 25/5/2023. The Ordinary General Assembly held on 06/02/2024, dismissed Board Member Mr. Mohammad Suleiman Alharbi, and the Board of Directors decided to appoint Mr. Ali Hussein Alshareif on 11/03/2024, and the Ordinary General Assembly held on 22/04/2022 approved the appointment.

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 (fourth session) extends from 02/06/2023 and lasts for 4 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 Director	<ul style="list-style-type: none"> Sumou Real Estate Company, Chairman. Sumou Holding Company, Chairman. Bisan Commercial & Real Estate Investment Company, Chairman. Tanal For Development And Real Estate Investment Company, Chairman. Adeer Asar Company, Chairman. Dhahiat Sumou Real Estate Development Company, Chairman. Dhahiat Muroj Jeddah Limited Company, Board Director. Iktva Agricultural Company, Board Director. Albait & More Company, Board Director. Tahaluf Rouaa Real Estate Company, Vice Chairman. Dhahiat Sumou Real Estate Fund, Board Director.

Sr.	Member Name	Membership Classification	Membership of Other Boards
2	Mr. Fahad Sulaiman Alrajhi Vice Chairman	Non-Executive Director	<ul style="list-style-type: none"> Yanbu Cement Company, Chairman, Saudi German Company for Non-woven Products (SGN), Chairman. Advanced Flexible Packaging Company, Chairman. Sahara International Petrochemical Company - Sipchem, Vice Chairman. Alrajhi Ekhwan Group, Board Director. International Methanol Company, Board Director. King Abdullah Humanitarian Foundation, Board Director.
3	Mr. Ibrahim Fahad Alassaf	Executive Member (MD & CEO)	<ul style="list-style-type: none"> Armas Limited Company, Chairman. Ladun Investment Company, Vice Chairman. Musharaka GAD Medical Company, Board Director. Musharaka Investment Holding Company, Board Director. Musharaka REIT Fund, Chairman Musharaka Saudi Equity Fund, Chairman. Musharaka Murabahat & Sukuk Fund, Chairman. "Alkhoyool Alarabia" Real Estate Fund, Chairman. "La Perla" 2 Real Estate Fund, Chairman. "AlMajidiyah Residence Alkhobar" Real Estate Fund, Chairman. "Alkhyalah Elite Residential" Real Estate Fund, Chairman. "Musharaka Safa" Real Estate Fund, Chairman. "Ramz Tharwa" Real Estate Fund, Chairman. "AlMajidiyah Office Tower" Real Estate Fund, Chairman. "Masaken Sak" Real Estate Fund, Chairman. "Azdan" Real Estate Fund, Chairman. "AlMajidiyah" Real Estate Fund, Chairman (until June 2024).
4	Mr. Ibrahim Mohammad Al Alshaikh	Non-Executive Director	<ul style="list-style-type: none"> Mawad Drilling Limited Company, Chairman. Ebrez Arabian Company, Chairman. Saudi Call Company, Chairman.
5	Mr. Fahad Mohammad Alamoudi	Non-Executive Director	<ul style="list-style-type: none"> Yaqen Holding Company, Chairman. Bama Arabian Decorations Company, Chairman. "Sedrat Albinas" Real Estate Company, Chairman. Eastern Region Welfare Organization, Member of General Meeting.

Sr.	Member Name	Membership Classification	Membership of Other Boards
6	Mr. Khalid Saleh Alakeel	Independent Director	<ul style="list-style-type: none"> Sumou Real Estate Company, Board Director (until 23 Dec. 2024). Saudi Equity Fund (By: GIB Capital), Chairman.
7	Mr. Ziad Bassam Albassam	Independent Director	<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. Albassam Group Real Estate Company, Chairman. Food House Commercial Company, Board Director. Makkah Oasis Company, Board Director. Murooj Jeddah Company, Board Director. Wahat Aljood Company, Board Director. Dahiat Sumou Company, Board Director. Health Society Medical Holding Company, Board Director. Atmar Business Services Company, Board Director. Yaseer Medical Services Company, Board Director. Health Alliance Medical Company, Board Director. Mathab Rehabilitation Company, Board Director. Six Stages IT Company, Board Director. Medical Care Links Company, Board Director. Sumou Real Estate Company, Board Director (Since Dec. 2024). Imkan Arabian Company, Chairman (until Aug. 2024).
8	Mr. Ali Hussain Alsharief (Since 11 March 2024)	Independent Director	<ul style="list-style-type: none"> Haif Holding Company, Board Director. Saudi AlbiTek Company, Board Director. Haif Commercial & Constructions Company, Board Director.

Board of Directors Meetings in 2024

Member Name	First Meeting, 25 March 2024	Second Meeting, 13 Aug 2024	Third Meeting, 20 October 2024	Fourth Meeting, 17 December 2024
Mr. Ayedh Farhan Alqahtani	Yes	No	Yes	Yes
Mr. Fahad Sulaiman Alrajhi	Yes	Yes	Yes	Yes
Mr. Ibrahim Fahad Alassaf	Yes	Yes	Yes	Yes
Mr. Ibrahim Mohammad Al Alshaikh	Yes	Yes	Yes	Yes
Mr. Fahad Mohammad Alamoudi	Yes	Yes	Yes	No
Mr. Khalid Saleh Alakeel	Yes	Yes	Yes	Yes
Mr. Ziad Bassam Albassam	Yes	Yes	Yes	Yes
Mr. Ali Hussain Alsharief	Yes	Yes	Yes	Yes

Board Committees and their meetings in 2024

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 25/5/2023 for 4 years. And the Ordinary General Assembly held on 06/02/2024, dismissed the Vice Chairman of the Committee, Mr. Mohammad Suleiman Alharbi. and appointed Mr. Ali Hussain Alshareif on 22/04/2024 as a member of the Audit Committee, effective from the date of the Assembly until the end of the fourth session of the Board of Directors. The following are the names and classifications of the Committee Members:

Name	Position	Membership Classification
Mr. Khalid Saleh Alakeel	Chairperson	Independent Member
Mr. Ibrahim Mohammed Al Alsheikh	Member	Non-Executive Member
Mr. Ali Hussain Alshareif (Since 22/04/2024)	Member	Independent Member

Audit Committee Meetings in 2024:

Member Name	First Meeting on 20 March 2024	Second Meeting on 13 Aug. 2024	Third Meeting on 20 Oct. 2024	Fourth Meeting on 17 Dec. 2024
Mr. Khalid Saleh Alakeel	Yes	Yes	Yes	Yes
Mr. Ibrahim Mohammad Al Alshaikh	Yes	Yes	Yes	Yes
Mr. Ali Hussain Alshareif	—	Yes	Yes	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:

The members of the Nominations and Remuneration Committee were appointed at the Board's fourth session. And it consists of three members: a non-executive member, an executive member, and an independent 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	Independent Member

The Nominations and Remunerations Committee's Meetings in 2024:

Name	First Meeting on 27 Feb. 2024
Mr. Fahad Mohammad Alamoudi	Yes
Mr. Ibrahim Fahad Alassaf	Yes
Mr. Ali Hussein Alshareif	Yes

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 appointed at the Board's fourth session on 02/06/2023, and it consists of five members: four non-executive members (including two non-board members), and an executive member.

The following are the names and classifications of the Committee members:

Name	Position	Membership Classification
Mr. Ibrahim Mohammad Al Alshaikh	Chairperson	Non-Executive Member
Mr. Ziad Bassam Albassam	Vice-Chairperson	Non-Executive Member
Mr. Ibrahim Fahad Alassaf	Member	Executive Member
Mr. Nawaf Fahad Alrajhi	Member	Non-Executive Member (Non-board member)
Mr. Abdulrahman Ayedh Alqahtani	Member	Non-Executive Member (Non-board member)

The Executive Committee's Meetings in 2024:

Member Name	First Meeting on 23 Jan. 2024	Second Meeting on 17 Sep. 2024	Third Meeting on 19 Nov. 2024
Mr. Ibrahim Mohammad Al Alshaikh	Yes	Yes	Yes
Mr. Ziad Bassam Albassam	Yes	Yes	Yes
Mr. Ibrahim Fahad Alassaf	Yes	Yes	Yes
Mr. Nawaf Fahad Alrajhi	Yes	Yes	Yes
Mr. Abdulrahman Ayedh Alqahtani	Yes	No	Yes

Credit and Risk Committee

The Credit and Risk Committee develops credit and risk related systems and policies and ensures compliance with them. The main functions of the Committee are:

The main functions of the Committee are:

- 1- Working with Executive Management to develop a comprehensive policy for the Credit and Risk Department, commensurate with the nature of the Company's business and the activities it engages in, and in line with the Company's goals and strategies.
- 2- Periodically reviewing the Company's comprehensive risk policy to ensure its compatibility with changes to the Company's internal or external business environment, legislations applicable to its activities, its strategic goals, etc..
- 3- Recommending to Executive Management in respect of defining an acceptable risk level, subject to the Committee's verification that the Company does not exceed such level.
- 4- Preparing reports and submitting them to Executive Management.
- 5- Providing recommendations to Executive Management on issues related to risk management.
- 6- Verifying that department employees understand the risks affecting the Company, its projects and services, and endeavoring to promote awareness of the risk culture.
- 7- Reviewing issues raised by the Audit Committee which may affect the Company's risk management.

Committee Formation:

In its second meeting of 2024 held on 13 August 2024, the Board of Directors resolved to form the Credit and Risk Committee and appoint its members, starting as of the date of the meeting, up to the end of the fourth term of the Board of Directors, ending on 1 June 2027. The following are the names and classifications of the Committee members:

Name	Position	Membership Classification
Mr. Ibrahim Fahad Alassaf	Chairperson	Executive Member
Mr. Mohammed Hassan Alshamsi	Member	Executive Member (Non-board member)
Mr. Saeed Khursan Alsaad	Member	Executive Member (Non-board member)
Mr. Mohammed Abdulfatah Abumarar	Member	Executive Member (Non-board member)

The Credit and Risk Committee's Meetings in 2024:

Member Name	First Meeting on 7 Oct. 2024
Mr. Ibrahim Fahad Alassaf	Yes
Mr. Mohammed Hassan Alshamsi	Yes
Mr. Saeed Khursan Alsaad	Yes
Mr. Mohammed Abdulfatah Abumarar	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	12,000	42,000	12,000
Committees Meetings Allowance	8,000	16,000	22,000
Periodical and annual Bonuses	105,000	331,250	287,250
Incentive Plans	0	0	0
Any other in-kind benefits or compensations paid monthly or annually	0	0	0
Total	125,000	389,250	321,250

* As a Board Directors.

Statement	Five senior executives received the highest remunerations along with the CEO and CFO, if not included
Salaries & Wages	4,476,503
Allowances	583,569
Periodic & Annual Bonuses	809,057
Incentive Plans	100,000
Commissions	767,697
Any other in-kind benefits or compensations paid monthly or annually	0
Total	6,736,826

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 approved updating a number of the Company's internal 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.

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:

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

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

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:

Systems and Information Security Risks

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.

Legal Risks:

The Legal Department plays a pivotal role in ensuring the integrity of the Company's business and products, and protecting its rights and the rights of its clients in the Kingdom and abroad. It also ensures the implementation of best legal practices to mitigate the risks related to legislating news laws by the CMA which could adversely affect business continuity.

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 human (such as: wars), 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.
 Liquidity Risks	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.
	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.
	Achieve appropriate separation between the tasks and duties.
	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).

Risk Type	Control Procedure
 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.
 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.
	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.

Risk Type	Control Procedure
 Compliance Risks	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.
 Legal Risks	Compliance with laws and regulations issued by the Capital Market Authority.
	When communicating with third parties on a legally related matters, the Legal Department shall be consulted to properly review and draft documents, contracts and terminology.
	Compliance with the procedural guide which is circulated by the Legal Department and application of the guidelines contained in the procedural guide to avoid legal accountability.
	Assessing legal risks when originating, cancelling or entering into contract with a service or product provider in order to take necessary action.
 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 advanced methodology to detect, analyze and handle warnings.
	Conducting a penetration test for the systems every year ensures the identification of vulnerabilities and the effective remediation of security gaps in a timely manner.
	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.
	Providing firewall, virus protection and content filtering software.
	Ensuring the availability of backup power devices to address any potential power outages, in addition to providing all necessary requirements for protecting data center assets, such as humidity sensors, water leak detection systems, and cooling equipment.

Risk Type	Control Procedure
	Implementing a dedicated Email Protection Solution to filter incoming emails and mitigate phishing attacks.
	The availability of more than one internet service provider at the same time. In the event of interruption of the services of one provider, it can be replaced by another.
	Enforcing the principle of segregation of access by restricting physical access to designated zones and controlling file access permissions for each department, in addition to implementing a specific algorithm across all systems to ensure that no access privileges are exceeded.
	Validating information and documentation provided by job applicants - (Screening).
	Auditing and monitoring service providers to ensure their compliance with laws and regulations and security procedures.
 Natural Disasters and Pandemics Risks	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).
	Assessment of risks and their effects on business in the event of business interruption.
	Ensuring the availability of a team capable of implementing the plan as quickly as possible.
	Communicating with all stakeholders and ensuring that they clearly understand their roles.
	Ensuring the availability of disaster recovery plans and auxiliary storage units.

The Company's Compliance with the Regulations

Musharaka Capital complies with laws, regulations, instructions and directives issued by the Capital Market Authority. In 2024, the Company was cited by the CMA for one violation, for violating Paragraph (b) of Article 116 of the prudential rules. 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

There are no interests of the top executives in the company's shares or debt instruments, but as for the board members and their relatives, their interests are represented in their ownership of Musharaka Capital Company shares.

Company's Loans

Grantor	Financing Type	Financing Date	Entitlement Date	Original Amount	Payments during the Fiscal Year	Remaining Amount
Alinma Investment Company	Margin Lending	16 Dec. 2024	18 Dec. 2025	SAR 3,225,078	SAR 225,078	SAR 3,000,000
Alinma Bank	Long Term Loan	21 Feb. 2023	20 Feb. 2029	SAR 10,180,632	SAR 1,819,436	SAR 8,361,196
Alinma Bank	Overdraft (rollover)	18 Sep. 2024	17 Mar. 2025	SAR 3,948,948	0,00	SAR 3,948,948

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

The Company engaged in the following contracts or business in which a board member had a direct or indirect interest:

1- Memorandum of Association of an investment fund ("Itlalat Al Haram Investment Fund") with Ladun Investment Company, whereby both Parties agreed to create a closed-ended real estate investment fund, generating fees for Musharaka Capital for the formation and structuring of the Fund, successful placement and performance fees, while Ladun Investment Company receives development fees, performance fees and commissions on sales of Project units. The term of the agreement is 120 days. Although the Memorandum of Association was entered into at arm's length, Musharaka Capital's Managing Director and CEO Mr. Ibrahim Fahad Al-Assaf has a vested interest being the Deputy Chairman of the Board of Ladun Investment.

2- Financial Advisory Services Agreement (arranging services for listing on the Parallel Market "NOMU"), for a sum total of SAR 690,000 and a term of 12 months, signed with Adair Real Estate Company (at arm's length), whereby Musharaka Capital acts as a financial advisor to Adeer Real Estate Company for the purpose of obtaining the Capital Market Authority's approval of the registration and public offering of Adair's shares on the Parallel Market (NOMU). Musharaka Capital's Chairman of the Board Mr. Ayedh Farhan Alqahtani has a vested interest in this Agreement as he holds an indirect controlling interest in Adeer Real Estate Company.

3- Contract for sale by public auction of a plot of land owned by La Perla Fund 2 (a fund managed by Musharaka Capital, entered into with Adeer Holding for a sum total of SAR 360,000,000 only. Musharaka Capital's Chairman of the Board Mr. Ayedh Farhan Alqahtani has a vested interest in this Agreement as he holds an indirect controlling interest in Adeer Holding Company.

4- Contract for providing advisory services, signed with Adeer Real Estate Company. The Contract covers the provision of technical advisory services related to Musharaka Capital conducting required studies for a number of plots of land on behalf of Adeer Real Estate Company. Under this nine-month Contract, which is entered into at arm's length, Musharaka Capital will receive an estimated SAR 3,000,000 in fees. Musharaka Capital's Chairman of the Board Mr. Ayedh Farhan Alqahtani has a vested interest in this Contract as he holds an indirect controlling interest in Adeer Real Estate Company.

Transactions or Business between the Company and a Related Party

- 1- Financial advisory agreement (debt arranging services) between Musharaka Capital (represented by its Investment Banking Department) and "Masaken Suk" Real Estate Fund (managed by Musharaka Capital), to arrange bank facilities in favor of the Fund.
- 2- Financial advisory agreement (debt arranging services) between Musharaka Capital (represented by its Investment Banking Department) and "Ramz Tharwah" Real Estate Fund (managed by Musharaka Capital), to arrange bank facilities in favor of the Fund.
- 3- Financial advisory agreement (debt arranging services) between Musharaka Capital (represented by its Investment Banking Department) and "Azdan" Real Estate Fund (managed by Musharaka Capital), to arrange bank facilities in favor of the Fund.

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 real estates; 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)	8,500,000	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
Musharaka Investment Holding Company (LLC)	5,000,000	40%	Subsidiary management and investment, own Industrial property rights	Khobar, Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
GAD Musharaka Company (LLC)	10,000,000	20%	Medical operations of Medical complexes, Hospitals and One day Centers surgery	Khobar, Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Musharaka Tadawul Company	5,000	100%	Serving Beverages	Riyadh, Kingdom of Saudi Arabia	Kingdom of Saudi Arabia

Financial Results and Disclosures

FINANCIAL RESULTS AND DISCLOSURES

Independent Auditor's Report

To the shareholders

Musharaka Capital Company

(A Saudi closed joint stock company)

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of Musharaka Capital Company (the "Company"), a Saudi closed joint stock company, and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that are endorsed in the Kingdom of Saudi Arabia ("the Code") that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA, the Regulations for Companies, the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

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

Those charged with governance, i.e. Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements.

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the

□ underlying transactions and events in a manner that achieves fair presentation.

Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the

financial information of the entities or business units within the Group as a basis for forming an

□ opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

RSM Allied Accountants Professional Services

Mohammed Farhan bin Nader

License No. 435

Al-Khobar, Kingdom of Saudi Arabia

26 March 2025 (corresponding to 26 Ramadan 1446H)

Financial statements

Consolidated statement of profit or loss and other comprehensive income

(Expressed in Saudi Riyals unless otherwise stated)

For the year ended 31 December

	Note	2024	2023
Income			
Revenue from contracts with customers	5	69,435,096	41,307,773
Gain on investments carried at fair value through profit or loss	15	6,142,700	1,501,981
Share of (loss) profit of associates and unconsolidated subsidiaries accounted for using equity method	13,14	(34,215)	2,827,855
Special commission income	6	258,985	-
Other income		149,204	79,345
		75,951,770	45,716,954
Operating expenses			
Brokerage service expenses	7	(11,812,504)	(3,107,350)
Selling and marketing expenses		(1,208,239)	(459,888)
General and administrative expenses	8	(37,915,922)	(31,119,792)
Impairment loss on investments carried at fair value through profit or loss	15	(1,875,000)	-
Finance costs	9	(1,381,687)	(1,423,466)
		(54,193,352)	(36,110,496)
Profit before zakat		21,758,418	9,606,458
Zakat expense	27	(1,486,850)	(1,100,000)
Profit for the year		20,271,568	8,506,458
Other comprehensive income or (loss):			
Items that will not be reclassified to profit or loss in subsequent years:			
Loss on remeasurement of employee benefit obligations	24	(257,094)	(207,673)
Share of other comprehensive loss of associates accounted for using equity method	14	-	-
Other comprehensive loss for the year		(257,094)	(207,673)
Total comprehensive income for the year		20,014,474	8,298,785

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of financial position

(Expressed in Saudi Riyals unless otherwise stated)

As at 31 December

	Note	2024	2023
Assets			
Non-current assets			
Property and equipment	10	3,450,468	3,886,060
Right of-use-asset	11	3,241,589	4,517,347
Intangible assets	12	125,753	196,073
Investment in unconsolidated subsidiaries and advances	13	2,016,671	2,017,671
Investment in associates	14	44,838,395	45,001,033
Total non-current assets		53,672,876	55,618,184
Current assets			
Investments carried at fair value through profit or loss	15	30,096,543	29,538,282
Accounts receivable	16	26,908,744	18,155,793
Prepayments and other receivables	17	15,156,599	9,341,403
Cash and cash equivalents	18	1,149,798	1,591,377
Total current assets		73,311,684	58,626,855
Total assets		126,984,560	114,245,039
Equity and liabilities			
Equity			
Share capital	19	65,000,000	65,000,000
Statutory reserve	20	6,157,338	4,130,180
Retained earnings		25,065,391	19,820,981
Remeasurement reserve for employee benefits obligations	24	(728)	256,365
Total equity		96,222,001	89,207,526

As at 31 December

	Note	2024	2023
Liabilities			
Non-current liabilities			
Long-term borrowings	22	7,000,000	9,000,000
Lease liabilities	23	2,100,352	3,664,432
Employee benefit obligations	24	3,830,945	2,965,577
Total non-current liabilities		12,931,297	15,630,009
Current liabilities			
Short-term borrowings	25	6,800,009	3,000,000
Current portion of long-term borrowings	22	2,259,122	1,338,062
Current portion of lease liabilities	23	1,368,128	1,088,184
Accrued expenses and other liabilities	26	6,204,003	2,649,649
Zakat provision	27	1,200,000	1,331,609
Total current liabilities		17,831,262	9,407,504
Total liabilities		30,762,559	25,037,513
Total equity and liabilities		126,984,560	114,245,039

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(Expressed in Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	Retained earnings	Remeasurement reserve for employee benefit obligations	Total
At 1 January 2023	65,000,000	3,279,534	12,165,169	464,038	80,908,741
Profit for the year	-	-	8,506,458	-	8,506,458
Other comprehensive loss for the year	-	-	-	(207,673)	(207,673)
Total comprehensive income (loss) for the year	-	-	8,506,458	(207,673)	8,298,785
Transfer to statutory reserve	-	850,646	(850,646)	-	-
Dividends (Note 21)	-	-	-	-	-
At 31 December 2023	65,000,000	4,130,180	19,820,981	25,365	89,207,526
Profit for the year	-	-	20,271,568	-	20,271,567
Other comprehensive loss for the year	-	-	-	(257,094)	(257,094)
Total comprehensive income (loss) for the year	-	-	20,271,568	(257,094)	20,014,474
Transfer to statutory reserve	-	2,027,158	(2,027,158)	-	-
Dividends (Note 21)	-	-	(13,000,000)	-	(13,000,000)
At 31 December 2024	65,000,000	6,157,338	25,065,391	(728)	96,222,001

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(Expressed in Saudi Riyals unless otherwise stated)

For the year ended 31 December

	Note	2024	2023
Cash flows from operating activities			
Profit before zakat		21,759,418	9,606,458
Adjustments for:			
Depreciation and amortization	10,11,12	3,278,080	3,050,754
Finance cost	9	1,381,687	1,423,466
Share of results of unconsolidated subsidiaries and associates accounted for using the equity method, net	13,14	34,215	(2,827,855)
Gain on investments carried at fair value through profit or loss	15	(6,142,700)	(470,575)
Employee benefit obligations	24	715,640	586,816
Gain on disposal of property and equipment		(25,818)	-
Impairment loss on investments carried at fair value through profit or loss	15	1,875,000	-
Changes in operating assets and liabilities:-			
Increase in accounts receivable		(8,274,785)	(11,066,781)
Increase in prepayments and other receivables		(10,911,951)	(7,812,502)
Increase (decrease) in accrued expenses and other liabilities		3,554,355	(798,609)
Cash generated from (used in) operations		7,242,141	(8,308,828)
Employees benefit obligations paid	24	(107,366)	(71,653)
Finance cost paid		(1,240,412)	(1,110,779)
Zakat paid	27	(1,618,459)	(1,097,744)
Net cash inflow (outflow) from operating activities		4,275,904	10,589,004

Consolidated statement of cash flows

(Expressed in Saudi Riyals unless otherwise stated)

For the year ended 31 December

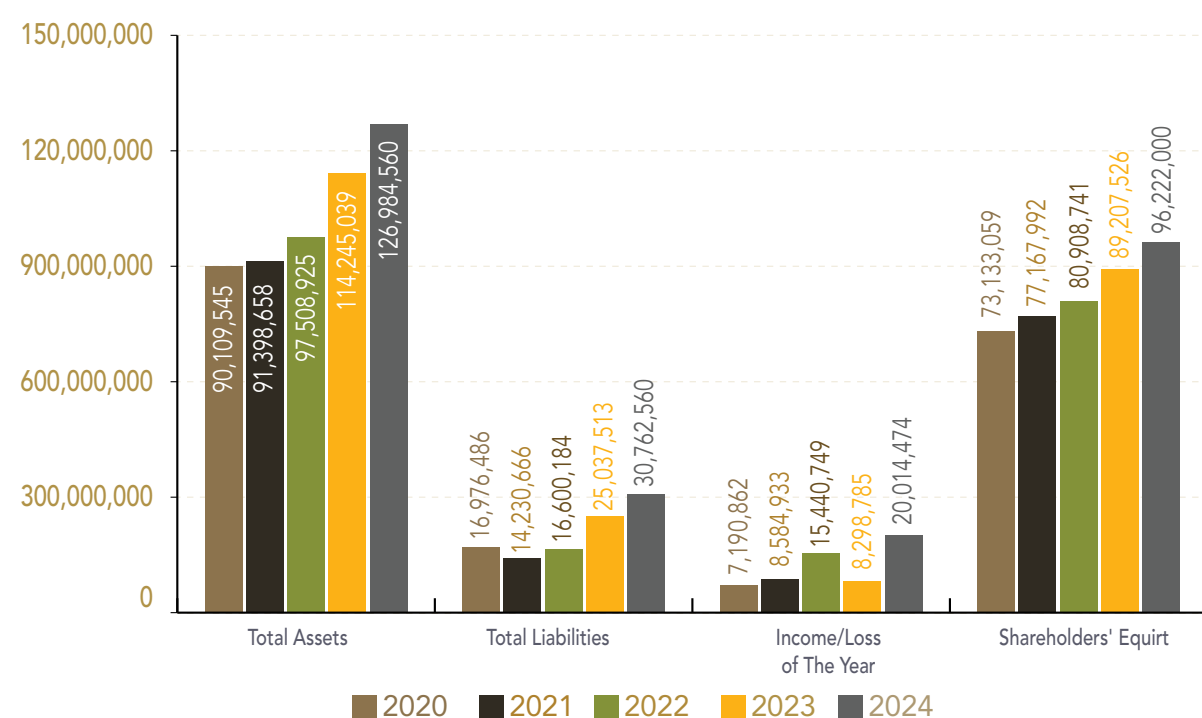
	Note	2024	2023
Cash flows from investing activities			
Payments for purchase of property and equipment	10	(856,064)	(1,683,216)
Proceeds from sale of property and equipment	12	47,650	(57,750)
Dividends received from an associate	14	929,904	1,755,371
Additions to investments in associate	14	(800,481)	-
Additions to investments carried at fair value through profit or loss	15	(1,504,262)	(16,450,063)
Proceeds from redemption of units in investments carried at fair value through profit or loss	15	9,832,291	10,475,104
Net cash inflow (outflow) from investing activities		7,649,038	(5,960,554)
Cash flows from financing activities			
Proceed from long-term borrowings	22	-	10,000,000
Repayment of long-term borrowings	22	(1,000,000)	
Repayment of lease liabilities	23	(2,166,529)	(1,801,841)
Short-term borrowings	25	3,800,009	-
Dividends paid	21	(13,000,000)	-
Net cash (outflow) inflow from financing activities		(12,366,521)	8,198,159
Net decrease in cash and cash equivalents		(441,578)	(8,351,399)
Cash and cash equivalents at the beginning of the year		1,591,377	9,942,776
Cash and cash equivalents at the end of the year	18	1,149,798	1,591,377
Supplemental non-cash information	32		

The accompanying notes form an integral part of these consolidated financial statements.

Note on Material Differences in the Operating Results of the Previous Year:

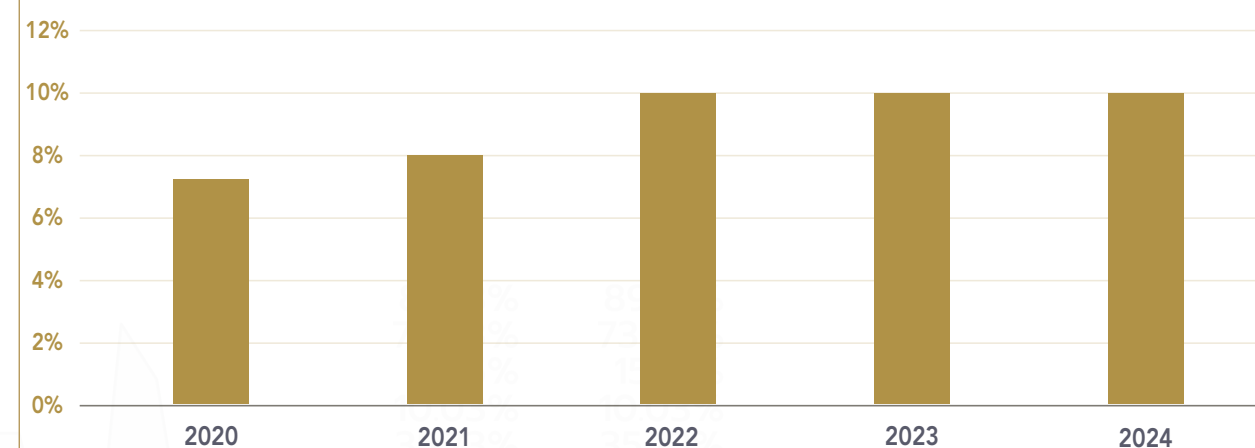
2024 saw a 64% increase in the Company's total operating revenues, with management fees rising by 56%, YoY, and the addition of La Perla Fund's performance fees (SAR 13 million) upon termination of the Fund in 2024. Brokerage revenues also increased due to the increasing number of transactions which were executed during the year, compared to Fiscal Year 2023, as well as the increased size of the Clients' financing portfolio. The performance of the Company's portfolio improved in 2024, compared to 2023, due to exiting a number of investment funds and higher rates of return on investment.

Comparison of the Company's Assets, Liabilities and Business Results



Cash Distributions

The Board of Directors approved the recommendation of the Executive Management to distribute a cash dividend of SAR 1 per share for the Fiscal Year ending 31 December 2024, at a rate of 10% of the Company's share capital, to be voted on at the next General Assembly Meeting.



Social Responsibility and Events Involving the Company

Strategic Sponsorship as a Principal Advocate of Public Decency

As part of Musharaka Capital's corporate social responsibility, the Company signed a strategic sponsorship agreement with Thouq Organization, as a principal advocate of public decency. The signing ceremony was attended by HRH Prince Saud bin Naif bin Abdulaziz Al Saud, Governor of the Eastern Region and Honorary President of the Organization, Mr. Ibrahim Al Assaf, Managing Director and Chief Executive Officer of Musharaka Capital, and Mr. Hani Afaliq, Chairman of the Board of Thouq Organization. This initiative stems out of the Company's belief in the importance of the roles the Organization plays in promoting community awareness, It is intended to support the efforts and initiatives of the Organization.



Organizing Employee Blood Donation Campaign

Continuing the tradition of blood donation campaigns Musharaka Capital periodically organizes for its employees, within the context of our humane responsibilities and patriotic duty, the Company organized several blood donation campaigns in collaboration with the Central Blood Bank of the Eastern Region and the Blood Bank of Imam Abdulrahman Al-Faisal Hospital in Riyadh. These campaigns are intended to support blood banks and promote employee awareness of the importance of donating blood as a noble and humane deed.



Mega Sponsorship of the Saudi Capital Markets Forum 2024

In its efforts to enhance communication with various target investor segments, and firm belief in the necessity of supporting and participating in national events and forums, Musharaka Capital sponsored the Saudi Capital Markets Forum 2024 “Mega Sponsor”, under the patronage of H.E. Minister of Finance, Chairman of the Financial Sector Development Program Committee Mr. Mohammed Abdullah Al Jadaan. The theme of the Forum was “Powering Growth”. It was held in Riyadh during the period February 19-20 ,2024 and in Hong Kong during the period May 9-10,2024



Strategic Sponsorship of Medina Estates Expo

Furthering the Company's initiatives in supporting national events and forums, and in order to extend communication channels with its success partners, Musharaka Capital strategically sponsored Medina Estates Expo, organized by Almqr Company (the Investment Arm of Medina Municipality), under the patronage of HRH Governor of Medina Prince Salman bin Sultan bin Abdulaziz Al Saud.



Seasonal Flu Vaccination Campaign for Company Employees

In support of Ministry of Health initiatives and to promote health awareness, Musharaka Capital organized a campaign to vaccinate its employees against the seasonal influenza, and educate them on the benefits of vaccination, in collaboration with Alkhobar Health Network at the Eastern Health Cluster and Riyadh First Health Cluster, represented by King Saud Medical City, Riyadh.

Active Participation in Cityscape Global 2024 in Riyadh

Musharaka Capital had a notably strong presence at Cityscape Global 2024, held in Riyadh during the period November 11-14, 2024. Musharaka participated in collaboration with Almqr Company (the Investment Arm of Medina Municipality), to showcase the "Heart of Uhud" Project to Cityscape visitors. The Project was professionally and elegantly introduced using the Project's architectural model, which embodies the design concept and the main services. Moreover, Musharaka Capital signed several agreements and memoranda of understanding during Cityscape, with an aggregate value in excess of SAR 2 billion.

89.13% 89.13%
73.68% 73.68%
15.15% 15.15%
10.03% 10.03%
35.73% 35.73%
55.16% 55.16%
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Thanks