



# Saudi Economic and Development Securities Company (SEDCO Capital)

**Board of Directors Report 2024**



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## 1. Description of the Company's Main Activities

SEDCO Capital is a Shariah-compliant, ESG led asset management and investment advisory firm. SEDCO Capital provide clients with investment solutions through a dynamic asset allocation process across diversified asset classes that deliver strong risk-adjusted returns.

The firm is headquartered in Jeddah with offices in Riyadh, Luxembourg and Dubai, maintaining a global perspective and reach.

SEDCO Capital's investment philosophy is built on three pillars: Principles, Partnership and Performance

SEDCO Capital strategies are designed to deliver robust performance to the clients who comprise institutions, family offices, endowments, sovereign wealth funds, pension funds, ultra high net worth individuals, and other sophisticated investors.

Through SEDCO Capital, clients gain access to our expertise as well as that of more than 100 specialized managers, general partners and advisors.

SEDCO Capital investments span developed and emerging markets through investments in income assets that provide short to long term fixed income, in equities that are listed or private, and in real estate properties spanning a variety of market segments. We cultivate long-standing, trusted relationships with our clients and currently oversee around SAR 36.9 billion in total assets under management and advise built on a long record of success. A new investment philosophy was developed by SEDCO Capital in 2013 that combined the strengths of traditional responsible investing with Shariah investment principles. This unique set of principles is termed Prudent Ethical Investment (PEI).

SEDCO Capital obtained a license from the Capital Market Authority in the Kingdom of Saudi Arabia No. 11157-37 in 2009. SEDCO Capital began operations with four licensed activities: investment management, arranging, custody, and advisory. In 2012 the CMA granted an additional license allowing the firm to act as principal and underwriter, therefore SEDCO Capital extend its capabilities across four areas:

- **Asset Management**

Providing best-in-class investment solutions is the core of what SEDCO Capital do. The funds and discretionary portfolio management (DPM) accounts are tailored to each client's objectives and risk appetite.

Luxembourg-based SEDCO Capital Global Funds are acknowledged as the world's largest and most diversified range of Shariah-compliant and ESG funds.

- **Corporate Finance**

SEDCO Capital Corporate Finance Department is an experienced sell-side and buy- side advisory resource that provides clients in Saudi Arabia with a combination of in-depth market intelligence research and invaluable decision-making information.

- **Administration and Custody**

Flawless execution, safekeeping and maintenance of assets are key disciplines that contribute to the performance of an investment, from the simplest to the most complex. SEDCO Capital expertise and comprehensive infrastructure minimize transactional, legal, and taxation risks and are integral to our performance.

- **Advisory**

SEDCO Capital advisory services are tailored to help clients make informed decisions on their investments. Clients benefiting from bespoke services often upgrade their accounts to DPM in testimony to the quality of our services in this area.





## 2. Composition and classification of the Board of Directors

SEDCO Capital's Board of Directors is responsible for creating and delivering strong, sustainable financial performance and long-term value to the company's owners and clients alike. Board members also play their role together as a team, to provide strategic leadership of the company's executive management and set the values and standards to be followed. Local, regional and global financial market. SEDCO Capital's Board of Directors is made up of 7 members, who are elected by the General Assembly for a maximum of 3 years with the possibility of being re-elected. The following tables shows the members of the Board of Directors during the year 2024 and their classification

Name	Position	Membership Classification
Mr. Abdullah Baarmah	Chairman	Non-Executive
Mr. Rayyan Nagadi	Vice Chairman	Non-Executive
Mr. Hashim Al-Mihdar	Board Member	Non-Executive
Mr. Osama Banaja	Board Member	Non-Executive
Mr. Khalid Al-Gwaiz	Board Member	Independent
Mr. Ahmed Al-Jasser	Board Member	Independent
Mr. Quintin Price	Board Member	Independent

## 3. Membership of the Board of Directors in other companies inside and outside the Kingdom

The table below shows the names of the companies in which a board member is also a member of their board of directors or one of its directors, as of the end of 2024.

Name	Position	Membership in Other Companies
Mr. Abdullah Baarmah	Chairman Non-Executive	<ul style="list-style-type: none"> <li>Board Member - Mopar Holding Company</li> <li>Board Member - Lakmore Partners Ltd</li> </ul>
Mr. Rayyan Nagadi	Vice Chairman Non-Executive	<ul style="list-style-type: none"> <li>Chairman - Al-Mahmal Facilities Services Company</li> <li>Vice-Chairman and Chairman of Investment Committee - SISCO Holding</li> <li>Vice-Chairman - Riyali Foundation</li> <li>Board Member - Saudi Hospitality Company</li> <li>Chief Executive Officer - SEDCO Holding</li> </ul>
Mr. Hashim Al-Mihdar	Non-Executive Board Member	<ul style="list-style-type: none"> <li>Board Member- Red Sea Markets Company</li> <li>Board Member- Saudi Restaurants and pledges Company</li> <li>Board Member - Methak</li> <li>Board Member- Amoumi Development Company</li> <li>Board Member- Al-Mihdar Development Company</li> </ul>
Mr. Osama Banaja	Non-Executive Board Member	<ul style="list-style-type: none"> <li>Board Member - Uptown Jeddah Company</li> <li>Board Member - United International Transportation Co Ltd (Budget Saudi)</li> <li>Board Member - Elaf Hotels Company Limited</li> <li>Board Member - Al-Andalus Educational Company</li> <li>Board Member - Arabian Farms Development Company Limited</li> <li>Chief Direct Investment Officer - SEDCO Holding</li> </ul>
Mr. Khalid Al-Gwaiz	Independent Board Member	<ul style="list-style-type: none"> <li>Board Member and Chairman of Risk Committee - Al-Rajhi Bank</li> <li>Board Member, Chairman of the Audit Committee, member of the Executive Committee and Nominations Committee- Saudi Pharmaceutical Industries Company</li> <li>Board Chairman, Chairman of the Executive Committee and member of the Nominations Committee - Riyadh Cables Company</li> <li>Board Member, Chairman of Nominations Committee - Bawan Company</li> <li>Board Member- Unique Solutions for Chemical Industries</li> <li>Board Member- International Construction Consortium Company</li> <li>Board Member, EastNets Co.</li> </ul>
Mr. Ahmed Al-Jasser	Independent Board Member	<ul style="list-style-type: none"> <li>Board Member and Chairman of Audit Committee- Saudi Postal Services and Logistics Company</li> <li>Vice Chairman and Chairman of Audit Committee - Arab Sea for Information Technology</li> <li>Board Member and Chairman of Audit Committee - Indromeda for information Technology</li> <li>Chairman of Audit &amp; Risk Committee of Naqel Express Company</li> <li>Chairman of Audit &amp; Risk Committee of Infinite PL Company</li> <li>Member of Audit &amp; Risk Committee of Saudi Post</li> <li>Member of Audit &amp; Risk Committee of King Abdullah Endowment for KAA Foundation</li> </ul>
Mr. Quintin Price	Independent Board Member	<ul style="list-style-type: none"> <li>Board Member - Aperture Investors</li> <li>Board Member - F&amp;C Investment Trust plc</li> </ul>



## 4. SEDCO Capital Affiliates

Company	Activity	Capital	Ownership Percentage	Establish Place	The Main Place of its Operations
<b>SEDCO Capital Luxembourg S.A</b>	An international Fund management company in Luxembourg	SAR 621,844	%100	Luxembourg	Luxembourg
<b>SEDCO Capital Cayman Limited</b>	Which advises the management of Cayman Islands-based Funds	US\$ 6,000,000	%100	Cayman Islands	Cayman Islands
<b>SC Sentinel Limited*</b>	Buys and holds investments on behalf of SEDCO Capital Cayman Ltd.	US\$ 6,000,000	%65	Cayman Islands	Cayman Islands
<b>SEDCO Management Limited</b>	An international Fund management company	US\$ 5,540,000	%100	United Arab Emirates	United Arab Emirates

\* SC Sentinel Limited, 65% owned by Sedco Capital Cayman Limited.

## 5. Strategic Plans and Decisions for the year 2024 and Future Expectations

SEDCO Capital achieved an exceptional performance during the year, recording a 50% growth in assets under management, the company also expanded its client base by 101%, demonstrating its success in attracting new investor segments and offering investment solutions that meet their aspirations. Additionally, SEDCO Capital delivered outstanding financial results, with a 72% increase in net profit and a 24% growth in revenue, reinforcing its commitment to sustainable profitability.

By the end of the year, SEDCO Capital had 24 investment funds and products, including 15 real estate investment funds, reflecting its ability to introduce investment products tailored to its target investor segments across various asset classes.

This strong performance underscores SEDCO Capital's dedication to growth, innovation, and meeting client expectations. Furthermore, it strengthens the company's position in financial markets by delivering sustainable value to investors.

The Local Real Estate team continued its success in acquiring landmark projects across various regions in Saudi Arabia and launching new high-value real estate investment funds. During the year, SEDCO Capital achieved an outstanding 350% increase in the number of real estate investment funds, further solidifying its leading position in the real estate sector. This growth highlights the team's ability to capitalize on lucrative investment opportunities in a competitive market through an ambitious expansion strategy. SEDCO Capital remains committed to enhancing its real estate portfolio and delivering high-value assets to investors.

Throughout the year, SEDCO Capital has launched new and diverse investment funds, offering unique investment opportunities for retail clients, including:

- SEDCO Capital IPO Fund: Focuses on capitalizing on growth opportunities in the public equity markets.
- SEDCO Capital Multi-Asset Fund - Offers a balanced investment approach across global and local equities, private equity, money markets, and Sukuk.
- SEDCO Capital Darko Al Shati Fund
- SEDCO Capital Inspired Boulevard Fund - A high-value commercial real estate fund, which was later successfully exited after SEDCO Capital received an exceptional acquisition offer for the fund's land asset.





The decision to exit the Fund reaffirmed SEDCO Capital's commitment to delivering superior investment returns that meet investor expectations and enhance confidence. As a result, unitholders achieved an expected total return of 22% in less than a year, compared to the initial projected annual return of 18.22%.

These offerings represent a significant step in SEDCO Capital's strategy to expand its client base and provide unique investment opportunities that meet their investment objectives across various asset classes.

SEDCO Capital launched a bold three-year strategy, reinforcing its long-term commitment to leadership, innovation, and expansion. This strategy focuses on:

- Strengthen the company's leadership position in the local and international markets.
- Expand existing business lines while developing innovative products across various sectors.
- Focus on sustainable growth using technology and market insights to improve competitiveness.

During the year, SEDCO Capital launched an innovative online portal that allows investors to easily open accounts and access their portfolios at any time. The company continues to develop the portal using the latest technology to provide a seamless and secure user experience.

In addition, SEDCO Capital is moving towards digital transformation in its services, driven by continuous innovation to meet client expectations and enhance their investment experience.

SEDCO Capital has been recognized as 'Best Place to Work' for the period October 2024 to October 2025, in recognition of its commitment to providing a supportive and empowering work environment for its employees, this achievement highlights the company's commitment to creating a work environment that encourages growth and collaboration.

### **Future Business Plans**

Building on the outstanding successes achieved by SEDCO Capital throughout the year, the company will continue its ambitious journey towards achieving even greater accomplishments in the future. This will be guided by a robust strategy aimed at expanding its client base and fulfilling their investment objectives across various asset classes. Additionally, the company will continue to develop its investment products, particularly in the local real estate sector, where the Real Estate Management team will focus on acquiring high-value investment properties. At the same time, SEDCO Capital will enhance its investment offerings across other asset classes by launching new investment funds further strengthening the company's position and attractiveness to local investors. Moreover, it seeks to attract foreign investments in alignment with Saudi Arabia's Vision 2030.

The company will focus its strategy on expanding its asset management services while leveraging the latest technologies and analytics to enhance operational efficiency and improve the customer experience. It plans to offer custodian and administrative management services for alternative investments, in addition to expanding its operations in corporate financing, investment services, and wealth management.

Additionally, SEDCO Capital plans to enter new and innovative investment sectors aimed at diversifying its portfolio in the long term. Its plans include venturing into direct lending, private equity, and venture capital, as well as offering a variety of savings programs that cater to individual investors' needs and provide them with comprehensive financial solutions.

As for digital transformation, the company has already launched the investor platform in 2024 and will continue to enhance this online portal using the latest technologies to provide a seamless and secure user experience. This initiative is part of our ongoing commitment to digital transformation in delivering innovative services to our clients.

Driven by its commitment to human capital development, SEDCO Capital will continue investing in upskilling its current workforce while attracting top industry talent. This approach ensures sustainable success and excellence in performance.

In conclusion, SEDCO Capital is firmly focused on the future, pursuing expansion, innovation, and investment in technology and human capital, all while maintaining a commitment to sustainable growth and reinforcing its leadership in both local and global financial markets.





## 6. Board of Directors Meetings Held During the year 2024

The Board of Directors held six meetings during the year 2024, as follows

Board Name	Meeting (1) 04 MAR	Meeting (2) 03 JUN	Meeting (3) 03 SEP	Meeting (4) 06 OCT	Meeting (5) 24 NOV	Meeting (6) 10 DEC	Total
Mr. Abdullah Baarmah	✓	✓	✓	✓	✓	✓	6
Mr. Rayyan Nagadi	✓	✓	✓	✓	✓	✓	6
Mr. Hashim Al-Mihdar	✓	✓	✓	✓	✓	✓	6
Mr. Osama Banaja	✓	✓	✓	✓	✓	✓	6
Mr. Khalid Al-Gwaiz	✓	✓	x	✓	✓	✓	5
Mr. Ahmed Al-Jasser	✓	✓	✓	✓	✓	✓	6
Mr. Quintin Price	✓	✓	✓	✓	✓	✓	6

## 7. The Board's Main Committees

The Board of Directors has two main committees: Audit, Risk and Compliance Committee and Nomination and Compensation Committee. The following is a brief description of the Board Committees' responsibilities, tasks, members and number of meetings during 2024:

- Audit, Risk and Compliance Committee**

### Members and Meetings

The Committee is made up of 3 members, who are all independent and experienced in risk management, accounting and auditing. Members are selected by the Board of Directors and the Committee reports directly to the Board of Directors regularly.

During 2024, the SEDCO Capital Audit Risk and Compliance Committee held seven meetings. The table below shows the dates and attendance records of these meetings:

Name	Meeting (1) 26 FEP	Meeting (2) 18 MAR	Meeting (3) 26 MAY	Meeting (4) 12 JUN	Meeting (5) 25 SEP	Meeting (6) 18 NOV	Meeting (7) 01 DEC	Total
Mr. Ahmed Al Jasser - Chairman	✓	✓	✓	✓	✓	✓	✓	7
Mr. Abdelilah Ajbar - Member	✓	✓	✓	✓	✓	✓	✓	7
Mr. Arsalan Farooq - Member	✓	✓	✓	✓	✓	✓	✓	7

### Responsibilities and Duties of Audit, Risk and Compliance Committee

- Ensures the integrity, fairness, and transparency of the Company's interim and annual financial statements by analyzing them before presenting to the Board and providing technical opinions on disclosures and the Board's report. It reviews significant accounting and reporting issues, assesses policies and estimates, oversees external audit results, and resolves any issues or disagreements between management and auditors.
- Oversees the effectiveness of the Company's internal control systems, including IT security and compliance mechanisms. It reviews internal and external audit findings on controls, evaluates operational efficiency and compliance, and recommends improvements to ensure robust internal control mechanisms are in place. Additionally, it monitors potential conflicts of interest by identifying areas where personal interests may improperly influence business decisions.
- Develops and oversees the Company's risk management framework and policies, ensuring risks are effectively identified, assessed, and addressed. It monitors the risk profile, ensures preparedness for crises, and provides the Board with periodic updates on key risks and mitigation measures.





- Ensures compliance with laws, regulations, and governance standards, including AML/KYC policies. It monitors compliance systems, oversees whistleblowing mechanisms for anonymous reporting, addresses regulatory findings, and ensures timely action on non-compliance or fraud issues.
- Approves the Internal Audit Charter, annual plans, and organizational structure while ensuring adequate resources and independence for internal audit. It monitors the performance of the internal audit function, follows up on implementation of corrective actions, resolves disagreements with management, and escalates significant findings to the Board when necessary.
- Recommends the selection of external auditors and evaluates their independence, qualifications, and performance. It reviews the audit plan and scope, ensures alignment with internal auditing efforts, monitors audit outcomes, and resolves any disagreements between auditors and management.
- Approves policies and frameworks for preventing bribery and corruption, ensures background screening for key roles, oversees remedial actions and disciplinary measures for breaches, and endorses charitable contributions and sponsorships in line with company policies.
- Reviews key reports, including the Shariah Audit, litigation matters, and consultancy engagements, ensuring their alignment with the Company's objectives. It oversees special investigations, facilitates communication between audit functions and the Board, ensures the safeguarding of assets, and submits an annual report detailing its activities, opinions, and recommendations.

#### • **Compensations and Nominations Committee**

##### **Members and Meetings**

The Committee currently consists of 4 members, referred to below, and reports directly to the Board of Directors.

During 2024, the Compensations and Nominations Committee of SEDCO Capital held 6 meetings, and the table below shows the date and attendance record of the meeting:

Name	Meeting (1) 30 JAN	Meeting (2) 26 FEB	Meeting (3) 27 MAY	Meeting (4) 13 JUNE	Meeting (5) 16 SEP	Meeting (6) 02 DEC	Total
Khalid Al-Gwaiz - Chairman	✓	✓	✓	✓	✓	✓	6
Ossama Banaja -Member	✓	✓	✓	✓	✓	✓	6
Thamer Al-Harathi-Member	✓	✓	✓	✓	✓	✓	6
Rasha Al-Darwish -Member	✓	✓	✓	✓	✓	✓	6

##### **Responsibilities and Duties of Compensations and Nominations Committee**

- Nominate potential directors of the Board to the General Assembly;
- Monitor the recruit senior executives;
- Monitor the development plans of the Senior Executives;
- Review and approve compensation (salaries and benefits) of the Board of Directors and Senior Executives; and approve the compensation policy of all employees as well as workforce plans including employee development programs, replacement and succession plans







## 8. Remuneration and compensation

The tables below describe the rewards and compensation paid to board members and five senior executives, including CEO and CFO:

Description (SAR)	Executive Board Members*	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the Board of Directors' sessions	-	115,000	10,000
Allowance for attendance of the committees' sessions	-	25,000	90,000
Periodic and annual remunerations	-	1,667,500	870,000
Incentive plans	-	-	-
Any compensation or other in-kind benefits paid monthly or annually	-	81,336	89,233
<b>Total</b>		<b>1,888,836</b>	<b>1,059,233</b>

\*As members of the Board of Directors.

Description (SAR)	Five of the senior executives who received the highest remunerations and compensations, including CEO and CFO *
Salaries and wages	7,552,046
Allowances	3,939,994
Periodic and annual remunerations	9,900,000
Incentive plans	15,351,949
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	-
<b>Total</b>	<b>36,743,989</b>

## 9. Arrangements or Agreements Under which a Member of the Board of Directors Waives any Rewards or Compensation

According to internal arrangements, no remuneration is granted to a non-executive member of the Board of Directors of SEDCO Capital when he assumes an executive position in the mother company, and no remuneration has been waived by independent members of the Board of Directors during the year 2024.

## 10. Sanctions and Penalties

SEDCO Capital was not subject to any sanction, penalty or precautionary restriction by the Authority or any other supervisory, regulatory or judicial body during the year of 2024.





## 11. Results of SEDCO Capital Internal Control System's Annual Review

The Internal Audit Department at SEDCO Capital is responsible for reviewing the effectiveness of the company's internal control system. The Internal Audit Department carries out the company's audits and reviews as an independent function reporting directly to the Audit, Risk, and Compliance Committee (ARCC) at SEDCO Capital with the following mandates:

- Conduct reviews and assessments of internal controls within SEDCO Capital's departments, ensuring adherence to defined policies and procedures.
- Evaluate the efficiency and effectiveness of the existing controls to safeguard the company's assets.
- Recommend appropriate controls to reduce or mitigate risks.
- Provide advisory services at the request of the Board of Directors, the Audit, Risk, and Compliance Committee, or the top management.
- Conduct specialized reviews at the request of the Audit, Risk, and Compliance Committee.

During 2024, the Internal Audit Department successfully completed the majority of its planned audit assignments in line with the approved Audit Plan. The primary focus was to assess the effectiveness of the internal control framework and ensure adequate asset protection. Additionally, several unplanned reviews were conducted at the request of ARCC or senior management, or in response to emerging risks, further strengthening internal controls and adding value to the organization.

### **Audit Committee's Opinion on the Internal Control System Adequacy**

The Internal Audit Department follows a risk-based audit methodology, evaluating the effectiveness and efficiency of internal controls. Detailed audit reports have been submitted to the Audit, Risk, and Compliance Committee, highlighting key observations and opportunities for improvement. The company has been informed of recommended enhancements, and follow-up actions are in progress.

The Audit, Risk, and Compliance Committee evaluated the internal control framework based on 2024 audit findings. The results of the audits conducted confirmed that the control environment remains generally effective across most audited areas. However, certain areas requiring improvements were identified to strengthen SEDCO Capital internal control framework.

Based on the 2024 internal audit activities, the Audit, Risk, and Compliance Committee noted no significant deficiencies in the company's internal control system. Nonetheless, it acknowledges that no internal control system, regardless of its design and efficiency, can provide absolute assurance.

## 12. Main Business Risks

### **SEDCO Capital's Risk Management**

Risk is inherent in all businesses and is therefore present within SEDCO Capital's activities. SEDCO Capital's Risk Management process seeks to effectively identify, quantify, monitor, and manage each of its risks and actively promotes a risk awareness culture throughout the organization.

### **Risk Governance Structure**

The management of risk at SEDCO Capital lies with the Board of Directors through the Audit, Risk and Compliance Committee (ARCC). The ARCC assists the Board of Directors in exercising its oversight of the operational activities of SEDCO Capital and the timely identification, mitigation, and management of those risks that could have a material impact. SEDCO Capital has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Company. The process is supported by policies as well as detailed procedures, methodologies, evaluation criteria, and documentation requirements to ensure clarity and consistency.





## Risk Management Framework

SEDCO Capital's risk management framework defines the processes and management of the risks that the Company and its investment strategies and products are exposed to, in particular (but not limited to) the management of market, credit, interest/profit rate risk, liquidity risk as well as operational, strategic and reputational risks. The Company's risk management framework seeks to ensure that there is an effective process in place to manage risk across the Company. The Company also has processes and procedures in accordance with CMA guidelines related to Risk management. The Risk Management Framework that SEDCO Capital relies on is a well-proven methodology wherein all activities giving rise to risk are identified, measured, managed, and monitored.

The risk management framework thus supports the achievement of the Company's strategic objectives. The strategic objectives for 2024 included:

- Strengthen capital base internally by changes in asset mix to cater to its strategic growth;
- Grow assets under management with a focus on specific investment strategies such as local real estate strategies and discretionary portfolio mandates;
- Increasing SEDCO Capital's profile with KSA-based and regional investors;
- Strengthen SEDCO Capital's perception as an ESG (Environmental, Social, and Governance) and Shariah-compliant investor.

## Scope and Nature of Risk Reporting and Measurement Systems

The primary goal of risk management is to ensure that SEDCO Capital's asset and liability profile, credit, and operational activities do not expose it to losses that could threaten the viability of the Company. Internal control deficiencies, whether identified by the risk function self-review; an internal audit, compliance division, or other personnel, are reported promptly to the appropriate management and committee level and addressed accordingly.

SEDCO Capital periodically reviews its risk limitations to ensure that the overall effectiveness in risk management remains aligned with a changing organization. Risk management policies and procedures are constantly reviewed and updated. The review covers objectives, strategies, and changes relating to products, people, processes, and systems.

## Risk Management Process and Major Risk Categories

SEDCO Capital can be exposed to various risks and to address these risks SEDCO Capital has a defined risk appetite, which facilitates the identification and management of both risks and opportunities. Setting a risk appetite at SEDCO Capital is not about the elimination of all risks; rather it is about accepting risks in areas in which management has the appropriate skills, knowledge, and experience to take advantage of the opportunities presented, whilst limiting risks in other areas. The risk appetite statement empowers SEDCO Capital, enabling the decisive accumulation of risk in line with the organization's strategic objectives while giving the board and management confidence to avoid risks that could deviate from the strategic objectives.

SEDCO Capital performs detailed assessments of three major risks: credit, market, and operational risk, which are monitored periodically. Following are the details of these risks:





## 1- Market Risk

Market risk refers to the risk to SEDCO Capital resulting from movements in market price changes in interest rates, foreign exchange rates, and equity and commodity prices. SEDCO Capital's exposure to market risk is limited by the nature of its business, the fact that it manages assets on a fiduciary basis, does not trade on its own account and does not underwrite issues of financial instruments on a firm commitment basis. The market risk exposure of SEDCO Capital's balance sheet is thus limited to product initiatives in line with the firm's strategic objectives, besides liquid investments in low-risk money market instruments. Market risk is actively monitored through periodic analysis of the impacts of changes in market risks through stress tests.

2024 was an impressive year for risk assets, however, the economic and markets' unpredictability during the year highlights the importance of proactive risk management. SC Risk Management performed a variety of investment and scenario analyses to assess the potential impact on the portfolios. The ultimate goal of the stress/scenario exercise was to understand sensitivities and correlations to possible scenarios as well as historic and generic stress tests to consider the insights for decision-making. Additionally, liquidity risk analysis for equity funds was performed by SC Risk Management to mitigate any potential illiquidity risks. Portfolios were also stressed using extreme redemption scenarios

In 2024, a total of 19 new investment risks were identified through the periodical risk assessment, while 32 previously identified risks were successfully resolved and closed. These findings have been documented and reported in the Risk Issue Report for the period.

## 2-Credit Risk

Credit risk is the risk that a party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The credit risk that SEDCO Capital faces arises mainly from (1) counterparty default, (2) non-receipt of fees due from its clients (3) an adverse financial outcome arising from changes in the level or volatility of third-party credit spreads. SEDCO Capital Investment Committee (SCIC) is responsible for formulating, reviewing, and monitoring adherence to the overall investment policies of the Company. The Company's risk management policies and processes are designed to identify and analyze risk, set appropriate limits and controls, monitor the risks, and adhere to limits using timely and reliable management information data.

The Risk function regularly reviews and monitors counterparty exposure and management against limits and concentrations of exposure by type, sector, geography, and credit ratings. SEDCO Capital has a control process in place to mitigate settlement delays for fees due from its clients.

## 3- Operational Risk

Operational Risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems, or from external events, including changes in the regulatory environment. SEDCO Capital's operational risk is its primary source of risk and arises mainly through the investment process, distribution channels, product development, and information technology that includes cybersecurity and operations, including potential risks arising from business disruption and reliance on third-party service providers and outsourcing partners. The Company implements and maintains appropriate risk management principles and policies, internal controls, and processes designed to assess risks as determined by the approved risk management framework. All identified risks are appropriately addressed according to the agreed process promptly.

Business Continuity Plans (BCP) for all critical processes are already in place and are being tested on regular basis. SEDCO Capital recognizes that a pandemic or similar disruptive events can cause varying degrees of disruption to normal business processes and that it has the responsibility to its customers to continue critical operations during this event. SEDCO Capital's goal is to meet this obligation with no or minimal interruption, given the circumstances and scope of the disruptive event. The Company has in place a secure and comprehensive plan including enhanced monitoring to deal with Cybersecurity risks during all times.

During 2024, 38 new operational risks were identified, while an equal number of risks were mitigated and closed within the year. These outcomes were captured as part of the ongoing risk assessment process and detailed in the Operational Risk Report.





### 13. Reservations in the Auditor's Report on Financial Statements

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as of 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year ending on that date in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). There are no reservations on the financial statements for the year 2024.

### 14. Financial Results

The table below shows a summary of the audited consolidated financial results of the Company's business for the last five financial years:

Description (SAR)	2024	2023	2022	2021	2020
Total Revenues	239,216,894	198,592,476	125,442,143	158,046,289	106,220,648
Total Operating Expenses	173,136,148	160,571,871	96,103,003	119,213,172	81,483,461
Operating Income	66,080,746	38,020,605	29,339,140	38,833,117	24,737,187
Net Income	58,420,926	32,840,918	29,409,196	33,362,975	16,858,840
Total Assets	534,689,890	475,445,129	418,675,843	438,036,447	386,354,285
Total Liabilities	129,832,241	111,265,917	70,074,180	101,657,860	72,979,033
Total Shareholders' Equity	404,857,649	364,179,212	348,601,663	336,378,587	313,375,252

### 15. Core Differences in Operating Results

The differences in the results of the company's operational activities for the year 2024 when compared to the results of the previous fiscal year were due to the following reasons:

- Revenues related to real estate investment funds established during the year 2024 and related expenses.

### 16. Ownership of Board Members, Senior Executives and Related Persons

The following table shows any interest held by the Board members and any related person in SEDCO Capital shares, as well as any change in that interest during the 2024 financial year:

Name*	Position	Relation Type	Number of shares at the beginning of 2024	Percentage of ownership at the beginning of 2024	Number of shares at the ending of 2024	Percentage of ownership at the ending of 2024
Mr. Abdullah Baarmah	Chairman	Direct share	181,440	0.6048%	181,440	0.6048%
Mr. Hashim Almihtar	Board Director	Non-direct share	1,935,480	6.4516%	1,935,480	6.4516%

\*Mr. Abdullah Baarma has a direct ownership in **SEDCO Holding**, while Mr. Hashim Al Mihdar owns indirect shares in **SEDCO Holding** through a first-degree relative (the mother)

### 17. Loans

During the financial year ended on 31 December 2024, the Board of Directors acknowledges that there are no loans obtained by the Company, whether payable on demand or otherwise.





## 18. Transactions between SEDCO Capital and Related Persons

There were no transactions concluded between the company and any related person during the period ended on 31 December 2024.

## 19. Businesses and Contracts with Related Persons

The following are the businesses and contracts with related persons as shown in the financial statements for the year ended on 31 December 2024:

Company / Entity Name	Nature of the Transaction	Contract Conditions	Contract Term	Transaction Amount (SAR)	Relationship
Board of Directors	Remunerations / other benefits	N/A	N/A	2,948,069	Board of Directors
Executive Management	Remunerations / other benefits	N/A	N/A	36,743,989	Senior Management Personnel
Saudi Economic and Development Holding Company	Advisory and management services	By Investment Agreement	3 years, renewable	1,251,224	Shareholder
	Charges for shared services	N/A	N/A	8,120,325	
Methak Investment Holding	Advisory and management services	By Investment Agreement	1 year, renewable	1,097,972	Affiliate
Elaf Hotels Company	Accommodation services	N/A	Undefined	108,407	Affiliate
Elaf for Travel and Tourism Company	Travel and tourism services	N/A	Undefined	300,379	Affiliate
SEDCO Capital Sumou Park Fund	Advisory and management services	Fund's Terms & Conditions	N/A	97,030,000	Fund under management
Adeer SEDCO Capital Makkah Towers Fund	Advisory and management services	Fund's Terms & Conditions	N/A	26,615,383	Fund under management
Asmou Sedco Capital Fund	Advisory and management services	Fund's Terms & Conditions	N/A	23,778,333	Fund under management
Sedco Capital REIT Fund	Advisory and management services	Fund's Terms & Conditions	N/A	17,102,783	Fund under management
SEDCO Capital Alaqool Real Estate Development Fund	Advisory and management services	Fund's Terms & Conditions	N/A	14,585,000	Fund under management
SEDCO Capital Ajdan Lakes Fund	Advisory and management services	Fund's Terms & Conditions	N/A	13,712,500	Fund under management
SEDCO Capital Sumou Alghurra Fund	Advisory and management services	Fund's Terms & Conditions	N/A	12,158,739	Fund under management





Company / Entity Name	Nature of the Transaction	Contract Conditions	Contract Term	Transaction Amount (SAR)	Relationship
SEDCO Capital Grand Square Fund	Advisory and management services	Fund's Terms & Conditions	N/A	10,476,090	Fund under management
SEDCO Capital Sisban Built-to Suit Fund	Advisory and management services	Fund's Terms & Conditions	N/A	9,600,000	Fund under management
SEDCO Capital Laghara Fund	Advisory and management services	Fund's Terms & Conditions	N/A	8,593,597	Fund under management
SEDCO Capital DARCO AlShatee Real estate development fund	Advisory and management services	Fund's Terms & Conditions	N/A	7,600,542	Fund under management
Sedco Capital Multi Asset Traded Fund	Advisory and management services	Fund's Terms & Conditions	N/A	7,332,869	Fund under management
SEDCO Capital Somou AlRemal Fund	Advisory and management services	Fund's Terms & Conditions	N/A	6,842,268	Fund under management
SEDCO Capital - Ajdan Fairmont Fund	Advisory and management services	Fund's Terms & Conditions	N/A	6,700,530	Fund under management
Rikaz SEDCO Capital Fund	Advisory and management services	Fund's Terms & Conditions	N/A	5,353,196	Fund under management
SEDCO Capital Irqah Resort Fund	Advisory and management services	Fund's Terms & Conditions	N/A	5,267,791	Fund under management
SEDCO Capital Treasury Money Market Fund	Advisory and management services	Fund's Terms & Conditions	N/A	4,501,980	Fund under management
SEDCO Capital Inspire Boulevard Fund	Advisory and management services	Fund's Terms & Conditions	N/A	3,551,538	Fund under management
SEDCO Capital Sumoud Real Estate Development Fund	Advisory and management services	Fund's Terms & Conditions	N/A	2,360,000	Fund under management
Private investment portfolio	Advisory and management services	By Investment Agreement	N/A	398,345	Portfolio under management
SEDCO Capital IPO Fund	Advisory and management services	Fund's Terms & Conditions	N/A	353,018	Fund under management
Masar SEDCO Capital Real Estate Fund	Advisory and management services	Fund's Terms & Conditions	N/A	20,000	Fund under management





At the end of this report, the Board of Directors of SEDCO Capital is pleased to extend its sincere thanks and gratitude to the Custodian of the Holy Mosques, King Salman bin Abdulaziz Al Saud and to His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince, Vice Prime Minister and Minister of Defense, and to the Government of the Custodian of the Holy Mosques for the facilities they all provide to create an attractive business community for investors and to make the Kingdom a major destination for regional and foreign capital investments.

The Board also extends its thanks and appreciation to the Capital Market Authority (CMA), which is exerting all efforts to support the financial services industry in the Kingdom and effectively contributing to the prosperity of the national financial sector despite the major challenges facing all economies across the world.

The Board of Directors extends its sincere gratitude to the shareholders of the Company for their continued confidence and support for the business strategies set by the Company, and to the Company's clients constituting one of the most important and strong assets to the Company's continued success. In conclusion, we thank all the employees for their dedication and efficiency, which were and remain the main driver to achieve the outstanding results for the year 2024.

***Board of Directors of Saudi Economic and Development Securities Company (SEDCO Capital)***

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