



Saudi Economic and Development Securities Company (SEDCO Capital)

Board of Directors Report 2025



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1. Description of the Company's Main Activities

SEDCO Capital is a specialized asset management and investment solutions firm operating in accordance with Shariah principles and guided by the highest ethical standards. The Company's investment philosophy is built on three core pillars: principles, partnership, and performance.

SEDCO Capital provides its clients with a range of investment solutions through a dynamic asset allocation process across diverse asset classes, with the objective of generating strong risk-adjusted returns.

From its headquarters in Jeddah and its offices in Riyadh and Luxembourg, SEDCO Capital offers its clients a comprehensive investment perspective that spans both local and global markets.

SEDCO Capital's investment strategies aim to deliver strong performance for a broad range of clients, including institutional investors, family offices, endowments, sovereign and government funds, pension funds, high-net-worth individuals, and sophisticated investors.

Since 2013, SEDCO Capital has developed an innovative investment philosophy that combines the strengths of conventional investment approaches with the principles of Shariah-compliant investing and ethical investing. This framework has been defined as Responsible Ethical Investment

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 expanded its capabilities across four areas:

1. Asset Management
2. Institutional Investment and Corporate Finance
3. Fund Administration and Custody
4. Advisory Services

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 markets. 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 table shows the members of the Board of Directors during the year 2025 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 2025.

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





4. SEDCO Capital Affiliates

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

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

5. Strategic Plans and Decisions for the year 2025 and Future Expectations

The year 2025 marked a pivotal milestone in SEDCO Capital's journey. The executive management and team, with the full support and oversight of the Board of Directors, continued to steer the Company toward sustainable growth while reinforcing its position as a leading Shariah-compliant asset management and investment firm at both the local and international levels.

The Company achieved exceptional growth in assets under management, which increased by 37%, equivalent to SAR 16 billion, reaching SAR 50 billion by year-end. This performance stands as a clear testament to growing investor confidence in the Company's investment strategies and the strength of its asset management capabilities. Net income increased by 33% to reach SAR 80 million, reflecting enhanced operational efficiency and improved earnings quality.

On the investment front, the Company recorded significant expansion in its product platform, with the number of investment funds growing by 52%. A total of 42 investment funds were launched and managed during the year. This growth was supported by a 20% increase in revenues, which reached SAR 284 million. In parallel, the Company's client base doubled, growing by 100%, demonstrating the success of its marketing strategy, expansion of distribution channels, and deepening of investor relationships.

As part of its digital transformation agenda and commitment to enhancing client experience, the Company launched the "SEDCO Capital" mobile application. The platform enables clients to open investment accounts electronically, update their information, and invest in funds seamlessly, thereby improving accessibility, efficiency, and overall investor experience.

The company continued to diversify its asset classes and expand the scope of its services, launching the Local Private Equity Fund and the first Local Private Debt Fund, in addition to several local feeder funds. It also introduced investment banking services and custody and administration services for alternative investments, reflecting an integrated strategic vision to build a comprehensive and diversified investment platform.

In line with strengthening institutional independence and enhancing operational efficiency, the Company completed the internalization of all Human Resources and Information Technology functions, which had previously been partially supported by the parent company, SEDCO Holding. This transition has reinforced operational governance, accelerated decision-making processes, and improved institutional integration.





These achievements were further recognized through several prestigious awards, including Best Islamic Fund Manager in Luxembourg, Excellence in Islamic Asset Management for Asia-Pacific, and Best Islamic Equity Fund in Luxembourg. In addition, the Chief Executive Officer received the Executive Leadership Award at the Family Business Awards, and the Company was recognized as the Most Innovative Shariah-Compliant Asset Management Company in the Kingdom. These accolades reflect both regional and international recognition of the Company's performance and leadership within the industry.

The Board of Directors affirms that the accomplishments achieved in 2025 are the result of a clear strategic vision, a firm commitment to governance, innovation, and sustainability, and a continuous focus on maximizing value for shareholders and clients. The Company remains dedicated to strengthening its position as a trusted investment partner and advancing the Islamic asset management industry toward broader horizons of excellence and growth.

Future Business Plans

Based on the strong results achieved by SEDCO Capital, the Board of Directors and Executive Management reaffirm their commitment to continuing the execution of the Company's strategic vision in the coming phase through an integrated strategy focused on achieving sustainable growth, diversifying revenue streams, and strengthening the Company's position within the asset management and Shariah-compliant investment sector.

In alignment with its strategic objective of expanding and diversifying its client base, the Company intends to broaden its reach to include wider investor segments, with particular focus on the endowment (Waqf) sector through the development of specialized investment programs and products tailored to their long-term objectives. The Company also seeks to deepen its presence within the retail and small- to mid-sized wealth segments by offering flexible and innovative investment solutions supported by advanced digital channels that enhance accessibility and elevate the overall investor experience.

As part of its continued efforts to build a comprehensive and diversified investment platform, the Company will further strengthen its presence in the local real estate market through the acquisition of high-quality, value-accretive assets, alongside the development of local equity products aligned with investors' evolving needs and expectations. In addition, the Company is advancing the diversification of asset classes through the launch of new strategic products, including a private equity venture capital fund and a dedicated infrastructure fund, thereby expanding investment opportunities and enhancing its ability to respond to economic transformations.

On another front, the Company is enhancing its institutional, financial, and regulatory readiness in preparation for a potential listing on the Main Market, supporting the adoption of the highest standards of governance and transparency, reinforcing the sustainability of its business model, and positioning the Company for its next phase of institutional growth.

Within the framework of its forward-looking strategic direction, the Company intends to launch a ten-year digital transformation strategy aimed at building advanced technological infrastructure capable of keeping pace with rapid digital developments and artificial intelligence applications. This initiative is expected to strengthen operational efficiency, improve decision-making quality, and enhance the Company's long-term competitiveness.

Believing that human capital represents the cornerstone of achieving its strategic ambitions, SEDCO Capital will continue investing in talent development through specialized programs designed to attract and train fresh graduates, while establishing structured career paths to develop future leaders capable of driving the Company toward advanced stages of growth and excellence.

The Board of Directors and Executive Management affirm that these strategic directions represent an extension of a long-term vision founded on innovation, institutional discipline, and sustainability, reflecting the Company's ongoing commitment to creating sustainable value for its shareholders and clients and reinforcing its position as a leading institution in the asset management industry.





6. Board of Directors Meetings Held During the year 2025

The Board of Directors held four meetings during the year 2025, as follows

Board Name	Meeting (1) 04 MAR	Meeting (2) 25 JUN	Meeting (3) 29 SEP	Meeting (4) 09 DEC	Total
Mr. Abdullah Baarmah	✓	✓	✓	✓	4
Mr. Rayyan Nagadi	✓	✓	✓	✓	4
Mr. Hashim Al-Mihdar	✓	✓	✓	✓	4
Mr. Osama Banaja	✓	✓	✓	✓	4
Mr. Khalid Al-Gwaiz	✓	✓	x	✓	3
Mr. Ahmed Al-Jasser	✓	✓	✓	✓	4
Mr. Quintin Price	✓	✓	✓	✓	4

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 2025:

- **Audit, Risk and Compliance Committee**

Members and Meetings

The Committee comprises three non-executive members, two members are independent while one member is non-independent and has relevant experience in risk management, accounting and auditing. Members are appointed by the Board of Directors and the Committee reports regularly and directly to the Board.

During 2025, the SEDCO Capital Audit Risk and Compliance Committee held nine meetings. The table below shows the dates and attendance records of these meetings:

Name	Meeting (1) 24 FEB	Meeting (2) 03 MAR	Meeting (3) 26 MAR	Meeting (4) 23 APR	Meeting (5) 15 JUN	Meeting (6) 02 JUL	Meeting (7) 10 JUL	Meeting (8) 17 SEP	Meeting (9) 26 NOV	Total
Mr. Ahmed Al Jasser Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Abdelilah Ajbar Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mr. Arsalan Farooq Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

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 2025, the Compensations and Nominations Committee of SEDCO Capital held 4 meetings, and the table below shows the date and attendance record of the meeting:

Name	Meeting (1) 23 JAN	Meeting (2) 25 FEB	Meeting (3) 11 MAY	Meeting (4) 17 SEP	Total
Khalid Al-Gwaiz - Chairman	✓	✓	✓	✓	4
Ossama Banaja -Member	✓	✓	✓	✓	4
Thamer Al-Harhi-Member	✓	✓	✓	✓	4
Rasha Al-Darwish -Member	✓	✓	✓	✓	4

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	-	80,000	20,000
Allowance for attendance of the committees' sessions	-	15,000	70,000
Periodic and annual remunerations	-	1,682,500	915,000
Incentive plans	-	-	-
Any compensation or other in-kind benefits paid monthly or annually	-	205,438	99,249
Total		1,982,938	1,104,249

*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	8,092,500
Allowances	4,357,500
Periodic and annual remunerations	14,215,000
Incentive plans	3,969,716
Commissions	-
Any compensations or other in-kind benefits paid monthly or annually	-
Total	30,634,716

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 2025.

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 2025.





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 2025, 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 2025 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 2025 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 2025 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 its business conduct, 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.

2025 was generally a favorable 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.

During 2025, twenty new investment risks were identified, and thirteen risks were successfully mitigated and closed within the year. These results were captured through the ongoing risk assessment process and documented in the Investment Risk Report.

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 has exposure to credit risk such as bank deposits, fee receivables or bridge financing from its investment products. SEDCO Capital Investment Committee (SCIC) is responsible for formulating, reviewing, and monitoring adherence to the overall investment policies of the Company. SCIC reviews credit related investments for the Company's proprietary capital allocation. 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 in place and are tested on a regular basis. Recent BCP tests were conducted, and enhancements were implemented based on the outcomes of these exercises. SEDCO Capital recognizes that pandemics or other disruptive events may cause varying levels of disruption to normal business operations and acknowledges its responsibility to continue critical services for its clients. The objective is to maintain critical operations with no or minimal interruption, considering the nature and scale 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 2025, twelve new operational risks were identified, and sixteen risks were successfully mitigated and closed within the year. These results were captured through the ongoing risk assessment process and documented 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 at 31 December 2025, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA). There are no qualifications on the financial statements for the year 2025..

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)	2025	2024	2023	2022	2021
Total Revenues	283,789,122	239,216,894	198,592,476	125,442,143	158,046,289
Total Operating Expenses	196,204,591	173,136,148	160,571,871	96,103,003	119,213,172
Operating Income	87,584,531	66,080,746	38,020,605	29,339,140	38,833,117
Net Income	78,649,561	58,420,926	32,840,918	29,409,196	33,362,975
Net Income Attributable to the Shareholders of the Company	80,018,613	60,057,945	34,757,061	31,392,832	35,158,077
Total Assets	897,606,398	534,689,890	475,445,129	418,675,843	438,036,447
Total Liabilities	446,009,594	129,832,241	111,265,917	70,074,180	101,657,860
Total Shareholders' Equity	451,596,804	404,857,649	364,179,212	348,601,663	336,378,587

15. Core Differences in Operating Results

The differences in the operating results compared to the previous fiscal year were due to the revenues related to the real estate investment funds established during 2025, and the expenses associated with them.

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 2025 financial year:

Name*	Position	Relation Type	Number of shares at the beginning of 2025	Percentage of ownership at the beginning of 2025	Number of shares at the ending of 2025	Percentage of ownership at the ending of 2025
Mr. Abdullah Baarmah	Chairman	Direct share	181,440	0.6048%	907,200	0.60%
Mr. Hashim Almihdar	Board Director	Direct share	-	-	5,431	0.0036%
Mr. Hashim Almihdar	Board Director	Non-direct share	1,935,480	6.4516%	9,677,400	6.45%

*Mr. Abdullah Baarma and Mr. Hashim Almihdar have a direct ownership in SEDCO Holding and Mr. Hashim Al Mihdar owns indirect shares in SEDCO Holding through a first-degree relative (the mother)

17. Loans

During the year, the company obtained short-term financing facilities from Al Rajhi Bank to finance real estate funds and related expenses. The total amount withdrawn from these facilities amounted to SAR 160.5 million. The company also concluded a short-term financing facility agreement worth SAR 100 million from SEDCO Capital Money Market Fund, one of the funds managed by the company. Thus, the total outstanding financing facilities amount to SAR 260.5 million, with these facilities to be repaid during 2026.





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 2025.

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 2025:

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	3,087,187	Board of Directors
Executive Management	Remunerations / other benefits	N/A	N/A	30,634,716	Senior Management Personnel
Saudi Economic and Development Holding Company	Advisory and management services	By Investment Agreement	3 years, renewable	3,052,246	Shareholder
	Charges for shared services	N/A	Annual	6,825,256	
Methak Investment Holding	Advisory and management services	By Investment Agreement	1 year, renewable	1,005,161	Affiliate
Elaf Hotels Company	Accommodation services	N/A	Undefined	179,096	Affiliate
Elaf for Travel and Tourism Company	Travel and tourism services	N/A	Undefined	84,190	Affiliate
SEDCO Capital Sumou Park Fund	Advisory and management services	Fund's Terms & Conditions	N/A	99,527,318	Fund under management
Adeer SEDCO Capital Makkah Towers Fund	Advisory and management services	Fund's Terms & Conditions	N/A	7,388,315	Fund under management
Asmou SEDCO Capital Fund	Advisory and management services	Fund's Terms & Conditions	N/A	23,856,843	Fund under management
SEDCO Capital REIT Fund	Advisory and management services	Fund's Terms & Conditions	N/A	43,491,793	Fund under management
SEDCO Capital Ajdan Lakes Fund	Advisory and management services	Fund's Terms & Conditions	N/A	103,520.91	Fund under management
SEDCO Capital Grand Square Fund	Advisory and management services	Fund's Terms & Conditions	N/A	4,851,559	Fund under management
SEDCO Capital Laghara Fund	Advisory and management services	Fund's Terms & Conditions	N/A	6,657,865	Fund under management
SEDCO Capital DARCO AlShatee Real estate development fund	Advisory and management services	Fund's Terms & Conditions	N/A	1,387,013	Fund under management





Company / Entity Name	Nature of the Transaction	Contract Conditions	Contract Term	Transaction Amount (SAR)	Relationship
SEDCO Capital Multi Asset Traded Fund	Advisory and management services	Fund's Terms & Conditions	N/A	2,743,711	Fund under management
SEDCO Capital Somou AlRemal Fund	Advisory and management services	Fund's Terms & Conditions	N/A	8,886,227	Fund under management
SEDCO Capital - Ajdan Fairmont Fund	Advisory and management services	Fund's Terms & Conditions	N/A	3,286,789	Fund under management
Rikaz SEDCO Capital Fund	Advisory and management services	Fund's Terms & Conditions	N/A	6,063,997	Fund under management
SEDCO Capital Treasury Money Market Fund	Advisory and management services	Fund's Terms & Conditions	N/A	3,620,265	Fund under management
SEDCO Capital Inspire Boulevard Fund	Advisory and management services	Fund's Terms & Conditions	N/A	1,070,305	Fund under management
SEDCO Capital Sumoud Real Estate Development Fund	Advisory and management services	Fund's Terms & Conditions	N/A	2,388,537	Fund under management
Private investment portfolio	Advisory and management services	By Investment Agreement	N/A	285,546	Portfolio under management
SEDCO Capital IPO Fund	Advisory and management services	Fund's Terms & Conditions	N/A	913,425	Fund under management
Masar SEDCO Capital Real Estate Fund	Advisory and management services	Fund's Terms & Conditions	N/A	5,390,524	Fund under management
SEDCO Capital AlSalamah Park Development Fund	Advisory and management services	Fund's Terms & Conditions	N/A	8,403,162	Fund under management
SEDCO Capital Azdan Al Narjis Fund	Advisory and management services	Fund's Terms & Conditions	N/A	6,919,895	Fund under management
SEDCO Capital Alawaly Fund	Advisory and management services	Fund's Terms & Conditions	N/A	48,811,704	Fund under management
SEDCO Capital Diaar AlJazirah Fund	Advisory and management services	Fund's Terms & Conditions	N/A	4,290,000	Fund under management
SEDCO Capital Madinah Towers Fund	Advisory and management services	Fund's Terms & Conditions	N/A	13,724,799	Fund under management
SEDCO Capital Rasf Income Generating Real Estate Fund	Advisory and management services	Fund's Terms & Conditions	N/A	4,150,000	Fund under management





Company / Entity Name	Nature of the Transaction	Contract Conditions	Contract Term	Transaction Amount (SAR)	Relationship
SEDCO Capital AILami Real Estate Development fund	Advisory and management services	Fund's Terms & Conditions	N/A	21,269,863	Fund under management
SEDCO Capital Eastern Gate Fund	Advisory and management services	Fund's Terms & Conditions	N/A	3,060,000	Fund under management
Masar SEDCO Capital Real Estate Fund	Advisory and management services	Fund's Terms & Conditions	N/A	49,846,400	Fund under management
SEDCO Capital Thakher Fund	Advisory and management services	Fund's Terms & Conditions	N/A	12,000,000	Fund under management
SEDCO Capital Al Khalidiya Park Fund	Advisory and management services	Fund's Terms & Conditions	N/A	13,457,000	Fund under management
Capital SETE Compound Fund	Advisory and management services	Fund's Terms & Conditions	N/A	7,610,000	Fund under management
SEDCO Capital Al Joud Fund	Advisory and management services	Fund's Terms & Conditions	N/A	7,897,500	Fund under management
SEDCO Capital Masar Al Obeikan Fund	Advisory and management services	By Investment Agreement	N/A	14,274,834	Fund under management
SEDCO Capital Unified Education Build-to-Suit Real Estate Fund	Advisory and management services	Fund's Terms & Conditions	N/A	90,035,050	Fund under management
SEDCO Capital Maksoud Square Fund	Advisory and management services	Fund's Terms & Conditions	N/A	24,216,595	Fund under management
SEDCO Capital Jeddah Bay	Advisory and management services	Fund's Terms & Conditions	N/A	15,350,000	Fund under management
SEDCO Capital Prime Square Fund	Advisory and management services	Fund's Terms & Conditions	N/A	5,360,000	Fund under management
SEDCO Capital Saudi Freestyle Artificial Intelligence Fund	Advisory and management services	Fund's Terms & Conditions	N/A	4,364,319	Fund under management
SEDCO Capital Global Monthly Distributions Fund	Advisory and management services	Fund's Terms & Conditions	N/A	5,039,219	Fund under management





In concluding this report, the Board of Directors of the Saudi Economic and Development Securities Company (SEDCO Capital) would like to extend its sincere appreciation and gratitude to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and to His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince and Prime Minister, and to the Government of the Custodian of the Two Holy Mosques for the continuous support and initiatives aimed at fostering an attractive business environment for investors and positioning the Kingdom as a leading destination for regional and international capital and investments.

The Board also expresses its sincere appreciation to the Capital Market Authority for its ongoing efforts to support the development of the financial services industry in the Kingdom and its significant contribution to strengthening and advancing the national financial sector despite the global economic challenges.

The Board further extends its gratitude to the Company's shareholders for their continued trust and support of the Company's business strategies. Appreciation is also extended to the Company's valued clients, who represent one of the most important pillars of the Company's ongoing success. Finally, the Board would like to thank all employees of the Company for their dedication and professionalism, which have been instrumental in achieving the outstanding results delivered during 2025.

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



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