



Board of Directors' Report

For the Fiscal Year ending
31 December 2025

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1.

Chairman's Statement



Hassan Abdullah Alshuaiby
Chairman of the Board



I am pleased to present the Board's report for 2025, a year that marked a decisive turning point for SICO Capital.

Guided by a clear strategic direction and effective Board oversight, the year was characterized by determined execution and a focused transformation of the Company's Saudi operations. These efforts have positioned SICO Capital as a central growth platform and a long-term value creator in the Kingdom.

A major milestone in this transformation was the successful capital increase, which raised the paid-up capital to SAR 100mn. This enhanced capital strength underscores SICO Capital's firm commitment to be a long-term contributor to the development of the Kingdom's financial sector and provides a solid foundation to scale the business responsibly, deepen our licensed activities, and continue investing in people, systems, and core capabilities to support sustainable growth.

A central element of the approach has been SICO Capital's commitment to the transfer of knowledge from the SICO Group, drawing on more than three decades of experience across asset management, investment banking, and market research. The integration of this institutional expertise with a deep understanding of the Saudi market has reinforced SICO Capital's operating model to reflect the robustness and resilience of an established

institution, building the agility required to respond effectively to the evolving needs of Saudi Arabia's capital markets.

During the year, the Board, in collaboration with executive management, reviewed SICO Capital's strategic direction and endorsed a clear roadmap for the coming phase of growth. This direction prioritizes talent development, digital transformation, selective market expansion, and the diversification of products and services, with the objective of strengthening SICO Capital's institutional capabilities and supporting the Kingdom's long-term financial objectives, while remaining aligned with the Company's vision.

As part of SICO Capital's commitment to deepening the capital markets and supporting the financial sector, SICO Capital aims to play an important role in supporting the Financial Sector Development Program, one of the core programs of Saudi Vision 2030. This is pursued through the launch of new collective investment schemes, the enhancement of our investment banking and advisory capabilities, and the development of innovative digital solutions.

Looking ahead, SICO Capital is well positioned to deliver long-term value for our clients, shareholders, and the wider financial ecosystem. Building on the foundations established, we will focus on strengthening our capabilities, expanding our market presence, and advancing institutional excellence to support sustained value creation.

On behalf of the Board, I thank our shareholders, clients, and employees for their continued trust and support.

2.

CEO's Review



Wissam Haddad
Chief Executive Officer

2025 was a period of consolidation and strategic realignment for SICO Capital. In a year marked by tighter liquidity, market volatility, and shifting asset prices in Saudi Arabia, the firm prioritized strengthening its management, technology, capital, and operational foundations to ensure a path toward sustainable growth.

Saudi Arabia remains one of the most dynamic financial hubs in the region, characterized by an expansive securities universe, growing GDP, largescale projects, consistent IPO momentum, proactive regulatory system and one of the highest global levels of consumer confidence. These resilient fundamentals validate the long-term potential for a research-driven, locally anchored investment firm like ours.

We are sharpening our strategic focus across seven core priorities designed to drive the organization forward. We are dedicating our efforts to enhancing the firm's asset management offerings and expanding our brokerage capabilities, while developing a focused investment banking proposition. Additionally, we are prioritizing our brand presence, advancing digitalization, and building a more commercially driven organization. Investing in talent will remain a key pillar of this strategy, with a focus on recruitment and professional development to ensure we have the leadership and talent required for our next growth phase.



Our achievements are a direct result of the dedication shown by our team, whose strength and commitment serve as the root of our progress.

By prioritizing personnel growth, we are fostering a culture of integrity, accountability, and disciplined execution that remains central to our identity.

Our objectives are clear. We aim to capture greater market share, diversify our revenue streams, and scale our assets under management. We remain committed to deepening our footprint across asset management, brokerage, and advisory services, while upholding the highest standards of governance, transparency, and client care.

SICO Capital enters this next chapter with confidence, backed by the regional strength of SICO Group, our own evolving capabilities, and the enduring resilience of the Saudi market. We are well-positioned to create long-term value for our clients and shareholders.

3.

Corporate Highlights



SICO Capital receives approval to increase its paid-up capital to SAR 100 million.



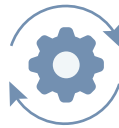
SICO Capital wins dual honors at Sanadeq Investment Forum 2025 for Outstanding Fund Performance.



Wissam Haddad appointed as **CEO**, further strengthening the leadership team.



SICO MENA Equity Fund delivered strong performance, outperforming its benchmark by 6% in 2025 and achieving annual returns of 18.6%, compared to the S&P Pan Arab Shariah Index, which recorded an annual return of 6% over a five-year period.



Upgrade of Core Systems and automation of major reporting and monitoring processes.



SICO Kingdom Equity Fund Ranks #4 among Saudi peers in terms of annual performance in 2025, outperforming the S&P Saudi Arabia Domestic Total Return Index by 5.2%.

4.

About SICO Capital

SICO Capital is a full-service financial services firm that offers a comprehensive range of services and products to individual, institutional and corporate clients. SICO Capital has a paid-up capital of SAR 100 million and is incorporated as a closed joint stock company (CJSC) in Riyadh, Kingdom of Saudi Arabia (KSA) under Commercial Registration No. (1010259328). SICO Capital is licensed by the Capital Market Authority (CMA) license No. (08096-37) and commenced operations on 20/06/2009 (previously under Muscat Capital). Our comprehensive licenses allow us to offer the full spectrum of capital market activities such as Arranging, Advising, Custody, Dealing, Managing Investments and Operating Funds.

SICO Capital manages SAR 6.5 billion in Assets Under Management (AUM) (as of December 31, 2025) across mutual funds and discretionary portfolios. We aim to serve our clients to achieve their investment objectives through our research-driven investment process, insightful financial advisory while operating in a client-centric, high-performance culture.

SICO Capital is 100% owned by SICO BSC (c), Bahrain, a leading regional asset manager, broker, and investment bank with more than USD 8 billion in assets under management (AUM).

5.

Core Business Lines



During the year, SICO Capital achieved several strategic milestones across its investment platforms.

The Company delivered strong investment performance, achieving a 6% return driven by its sukuk strategy within the investment portfolio. It also secured SAR 209 million in new mandates across equity and fixed income portfolios.

As part of its efforts to enhance liquidity management and return stability, SICO Capital successfully restructured its Money Market Fund, resulting in a 24% improvement in liquidity and a 0.54% increase in returns. In addition, the firm launched four new real estate investment products through partnerships with strategic market players.

Internally, SICO Capital strengthened its risk management framework, ensuring strict adherence to conservative and well-defined risk parameters. The Company also delivered strong regulatory outcomes, further reinforcing its compliance, governance, and internal audit practices.

5.1.

Real Estate & Venture Capital Funds

SICO Capital's real estate department manages a robust portfolio of six specialized Real Estate Funds and one Venture Capital Fund. The strategy remains focused on delivering long-term capital appreciation and consistent rental income through disciplined asset selection and active operational management, as well as geographic expansion.

Flow MENA Residential Real Estate Fund 1

is a SAR 1.19 billion Sharia-compliant, closed-ended, privately placed real estate fund. Its objective is to acquire newly developed and/or semi-completed residential complexes that include amenities and facilities. The Fund intends to fully develop, improve, lease, and operate these properties before exiting through a sale at an appreciated value during the Fund's term. The Fund has an original term of four years, with an option to extend for three additional years.

SICO Al Qasr Real Estate Fund

is a SAR 375.5 million closed-ended private fund focused on investing in residential, income-generating real estate assets in Saudi Arabia. The primary objective is to deliver capital appreciation and rental income for investors. To enhance investment returns, the assets are leased to a single master tenant.

La Perle Real Estate Fund

is a SAR 427.2 million closed-ended private real estate fund focused on income-generating assets and development projects across commercial, office, residential, and hospitality sectors. The Fund targets a total of SAR 750 million, with a five-year term, extendable by an additional three years.

Al Shatee Real Estate Fund

is a SAR 253.7 million closed-ended private real estate fund targeting diversified real estate development and income-generating assets to deliver capital growth and rental yield. The Fund has an original term of five years, with an option to extend for three additional years.

Najd Real Estate Fund

is a SAR 271.7 million closed-ended real estate fund targeting medium-to-long term capital appreciation and rental income through investing in and operating real estate assets in Saudi Arabia, with exits through asset sales during or before the end of the Fund's term and distributions made in accordance with the Fund's policy. The Fund has a ten-year term, extendable by up to two additional years, with a target fund size of SAR 1 billion. The Fund is currently in the process of being transferred to a new fund manager following a voluntary withdrawal request by SICO Capital.

The SICO Saudi REIT Fund (formerly Mashaer REIT)

is a Tadawul-listed Real Estate Investment Traded Fund focused on income-generating real estate assets. In 2025, SICO Capital received approval from the Capital Market Authority to voluntarily withdraw from managing the fund.

SICO Capital Venture Fund 1

is a SAR 5.4 million closed-ended privately placed venture capital fund, which targets venture capital opportunities within and outside Saudi Arabia, to drive long-term capital appreciation. The Fund was established under CMA regulations, and has a term of ten years, extendable by an additional three.

Outlook

SICO Capital has introduced several real estate funds alongside strategic partners, covering various property sectors and regions. The firm intends to use its specialized

knowledge to grow its private real estate fund holdings. To support these goals, SICO Capital is hiring more industry experts to bolster its property investment group.

Regulatory Landscape and Banking Liquidity

The Saudi real estate sector is undergoing a significant shift in regulation and financing. This movement is driven by the expansion of the White Land Tax, ongoing talks surrounding rental regulation, and continued enhancements to foreign ownership frameworks. As a result, development economics, capital allocation decisions, and investor behavior across key markets are being reshaped, reinforcing the importance of disciplined execution and portfolio selectivity.

In parallel, tighter liquidity conditions within the banking sector have led to more focus on leverage levels, liquidity

buffers, and the timing of funding disbursements, particularly for development-oriented assets. Proactively navigating this shifting environment, SICO Capital has strengthened its liquidity planning, and shifted capital deployment when needed, while maintaining active engagement with financing partners. This strategy has allowed the firm to remain resilient while protecting investor interests, positioning its real estate portfolios to capitalize on emerging opportunities as market conditions evolve.



5.2.

Equity Asset Management

SICO Capital's equity asset management unit manages two public funds and several investment portfolios focused on the Saudi and wider MENA markets.

The asset management team utilizes a fundamentally-driven investment approach to identify undervalued securities with significant upside potential. The investment process is research-based, with all decisions informed by in-depth equity research and analysis, often in close collaboration with the research team at SICO BSC. Fund managers regularly visit companies to gain a better understanding of their business dynamics, ensuring timely adjustments to model allocations.

Despite heightened volatility in the Saudi equity market during 2025, SICO Capital's equity strategies navigated

these conditions effectively. In this environment, the SICO Kingdom Equity Fund demonstrated the flexibility of its investment strategy and its ability to adapt to changing market conditions, finishing the year ranked among the top Saudi equity funds. The SICO MENA Equity Fund also delivered strong results in 2025, outperforming its benchmark by approximately 6%. This performance reflects disciplined stock selection and active portfolio management across regional markets, resulting in a diversified portfolio positioned to benefit from varying market and sector cycles.

Equity Products

SICO MENA Equity Fund

The fund aims to achieve long-term capital appreciation by investing in Shariah-compliant dividend-growth stocks listed on the MENA markets. The fund's assets under management stood at SAR 83.4 million.

SICO Kingdom Equity Fund

The fund aims to achieve long term capital appreciation by investing in Saudi equities listed in the main Saudi stock market and the parallel market, Nomu. The fund's assets under management stood at SAR 44.8 million.

Investment Portfolios

This service provides clients with customized solutions to cater to their investment needs and risk profiles. Portfolios are managed by a dedicated team of asset management professionals, supported by in-depth research to guide investment decisions. The portfolios primarily focus on equities in the Saudi and broader MENA markets. Total portfolio AUM stood at SAR 3.3 billion

Outlook

The company maintains an optimistic outlook for regional equity markets in 2026, expecting positive performance. This is particularly true for Saudi Arabia, where strong earnings growth supports a favorable investment climate. The Saudi equity market continues to offer attractive valuations, currently trading at a discount to its historical averages.

Growth in the equity business will be driven by enhanced marketing efforts, deeper market research capabilities, and a targeted approach to serving both institutional and individual investors across key sectors, alongside continued expansion of the fixed income offering.

Fixed Income Asset Management

The fixed income markets experienced a challenging yet dynamic year, marked by elevated volatility driven by geopolitical tensions, renewed trade friction, and broader political uncertainty, despite being in a generally declining rate environment. Within the GCC, the asset class found support from stable oil prices, robust fiscal positions, and sustained investor demand for high-quality regional debt. That said, occasional credit spread widening and issuance pressures introduced complexity. Nevertheless, the Fixed Income team successfully onboarded two new Advisory clients, raising USD 2 million in new Assets Under Management (AUM), and secured a SAR 100 million Money Market Advisory portfolio into a five-year structured deposit.

Overall, it was a year that rewarded active management, selectivity, and disciplined risk control. SICO Capital's fixed income portfolios delivered strong results, particularly in the Sukuk space, with performance remaining among the top in the market. Although AUM growth was modest at 3.10% as of October 2025 due to the difficult environment, the current economic outlook points toward a more favorable backdrop with declining interest rates. As fixed income historically performs strongly during such periods, the coming year is poised to offer greater opportunities for SICO Capital's diverse suite of portfolio strategies. SICO Capital manages public and private funds and offers various fixed income products, detailed as follows:

SICO Capital Money Market Fund

The fund aims to provide stable returns with capital preservation by investing in Shariah-compliant money market instruments like Murabaha placements and Sukuks. The fund manager aims to capitalize on its strong track record. The fund's assets under management at the end of 2025 stood at SAR 25.7 million.

Discretionary Portfolios Managed Accounts

This service provides clients with customized solutions to cater to their investment needs. SICO Capital also structures and manages private investment portfolios of debt securities and multiple asset classes. The size of the portfolios at the end of 2025 stood at SAR 231.4 million.

Advisory Portfolio Managed Accounts

SICO Capital provides clients with executionary services in both Islamic and Conventional Fixed Income and money market products. The company ensures adherence to best execution practices, leveraging its outreach to various financial institutions in the Kingdom and GCC countries. The size of the portfolios at the end of 2025 stood at SAR 289.6 million.

SICO Capital Fixed Income Strategies

Sukuk Strategy

Our pure Sukuk strategy caters specifically to Shariah-compliant investors. This has been one of our strongest-performing offerings, with the strategy consistently outperforming peers across 1-year, 3-year, and 5-year return periods. This track record reflects our disciplined investment process and deep expertise in the regional fixed income markets.

Hybrid Fixed Income & Structured Products Strategy

A distinctive offering is our hybrid strategy, which blends fixed income instruments with structured products linked to equity performance. This approach seeks to capture the stability and predictable cash flows of fixed income, while adding an element of growth through equity-linked upside. The result is a strategy that appeals to investors seeking balanced exposure across risk and return dimensions.

Money Market Strategies

We manage a range of money market strategies focused on capital preservation and liquidity. These portfolios primarily invest in short-term deposits, complemented by select short-tenor bonds and Sukuk to enhance yield without compromising liquidity. This makes the strategy well-suited for clients seeking efficient cash management solutions.

Outlook

The Fixed Income Asset Management Division remains focused on growing Assets Under Management, with particular emphasis on advisory and discretionary mandates, which offer stronger long-term retention and scalability. While client engagement levels have remained

strong, converting active discussions into new mandates remains a key priority. The current pipeline, supported by a more favorable interest rate environment, positions the division well to capture emerging opportunities in the year ahead.

5.4. Brokerage and Margin Lending Services

Brokerage Services

SICO Capital remains one of the most established and trusted providers of brokerage services in the region. We offer clients access to a wide range of asset classes across local and international markets through multiple trading channels designed to meet diverse investment needs. To enhance accessibility and convenience, SICO also offers a secure and user-friendly digital trading platform available on smartphones and tablet devices.

The primary emphasis in 2025 was on deepening our engagement with clients. We concentrated our efforts on strengthening these relationships by connecting them more closely with SICO Capital's proprietary research and increasing personalized engagement through more frequent, dedicated visits. This approach ensured that our core, high-value clients continued to receive superior service and access to crucial market insights.

A major development in 2025 was the initiation of the implementation process for a new, state-of-the-art Order Management System (OMS). This crucial technological

upgrade is designed to serve as the foundation for launching new business lines in 2026. For the online trading platform, the new system will streamline the client journey right from the initial onboarding stage and provide a user-friendly experience alongside new features such as margin lending, expanded reporting options, and capabilities for IPOs, fund subscriptions, and redemptions. Furthermore, the new system will incorporate access to relevant news and the option for algorithmic trading. The core strength of the new OMS lies in its simplicity and flexibility, enabling the seamless and rapid integration of additional services to meet evolving market demands.

Margin Lending

SICO Capital offers clients margin lending services based on a client's portfolio value. Through this service, SICO Capital provides margin loans that allow clients to borrow

funds to invest in shares, funds, and other approved financial products as per Capital Market Authority (CMA) regulations in the Kingdom.

Outlook

The investments made in 2025 set the stage for an ambitious 2026. Our primary goal is to target new client segments, thereby expanding our market reach and presence significantly. This expansion will be directly supported by

the full launch of our improved online platform, which will leverage the new OMS to deliver a wider and more tailored range of services to these new client groups.



5.5. Securities Business and Investment Banking

Securities Business

In the securities business, our primary focus is to provide custody services to fund managers across various asset classes, including real estate, private equity, and venture capital.

Investment Banking

The Investment Banking unit offers a comprehensive range of financial advisory services, which includes Mergers & Acquisitions (M&A) Advisory, Debt Advisory, Initial Public Offerings (IPOs), Cross-listing, Private Placements and Business Valuation.

Outlook

Mergers and acquisitions are expected to play an increasingly important role as companies seek to accelerate growth, achieve scale, and unlock synergies in a more competitive environment. As organic expansion becomes more challenging, strategic combinations are

gaining momentum across sectors. SICO Capital remains well positioned to support clients through disciplined advisory and execution across the transaction lifecycle.

6.

Operational Developments

6.1.

Capital Raise

SICO Capital received approval from the Capital Market Authority (CMA) to increase its paid-up capital from SAR 60 million to SAR 100 million. This milestone reflects the company's strong financial position and its commitment to accelerating growth and innovation in the Saudi

market. The capital increase will enable SICO Capital to further invest in expanding its operations, enhancing its technology infrastructure, and attracting top-tier talent.

6.2.

Appointment of New Chief Executive Officer

Wissam Haddad was appointed as SICO Capital's new Chief Executive Officer (CEO) effective 5 May 2025.

Wissam has over 22 years of experience in investment banking, private equity, real estate, and corporate finance. He assumes the position of CEO of SICO Capital following 11 successful years as SICO's Group Head of Investment Banking, where he played a key role in positioning SICO as the leading investment bank in Bahrain. Under his

leadership, the award-winning division multiplied its revenues and deal sizes, executing landmark transactions that include initial public offerings, debt issuances, mergers and acquisitions, strategic offers, multi-asset fund launches, and structuring and managing Real Estate Investment Trusts (REITs).

6.3.

Automation and Process Accuracy

SICO Capital prioritized efficiency through major automation initiatives across its Finance, Operations, and Investment functions. This strategic push was designed

to significantly reduce manual intervention, leading to enhanced process accuracy and freeing up resources for higher-value activities throughout 2025.

Corporate Governance

SICO Capital and its Board of Directors are committed to upholding the highest standards of corporate governance, ensuring full compliance with all applicable laws and regulations, including those issued by the Capital Market Authority (CMA).

The Board is responsible for SICO Capital's overall strategy, financial operations, and regulatory compliance.

Compliance with Shariah controls and standards

SICO Capital offers Shariah-compliant investment products and strategies across selected asset classes, including equity, real estate, and fixed income solutions. The Company is committed to ensuring that such products are structured, managed, and operated in accordance with applicable Shariah principles and approved standards.

To support this commitment, the Company has established an appropriate Shariah governance framework to oversee ongoing compliance. This framework includes obtaining Shariah approvals prior to product launch, conducting periodic reviews of investment activities, and monitoring adherence to approved screening criteria and guidelines throughout the product lifecycle.

In this regard, SICO Capital has appointed Shari'a Review Bureau as the Shari'a Committee for these products, to provide independent Shari'a oversight and to ensure that the relevant products and strategies remain in compliance with the applicable Shari'a requirements and standards.

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

Shari'a Review Bureau's role includes reviewing the relevant product structures, investment parameters, and operational processes, as well as issuing the necessary Shari'a pronouncements and compliance assessments, where applicable.

Shariah-compliant strategies are also subject to defined internal controls and monitoring processes to ensure continued alignment with the approved Shariah parameters. Where applicable, purification processes are implemented in accordance with the relevant Shariah guidance.

The Board of Directors confirms that, to the best of its knowledge and based on the reports presented during the year, the Shariah-compliant products managed by the Company during the financial year ended 31 December 2025 were operated in accordance with the approved Shariah standards and in compliance with the applicable regulatory requirements of the Capital Market Authority.



8.

Board of Directors

The following table provides the names of the members of the SICO Capital Board of Directors as of 31 December 2025. The company has a seven-member board including three independent members, appointed by the Company's general assembly and approved by the CMA.

Name	Membership
Hassan Bin Abdullah AlShuaiby	Chairman Independent Non-Executive Director
Najla Mohammed Al Shirawi	Vice Chairperson Managing Director Non-Executive Director
Ali Abdulrahman Marshad	Non-Independent Non-Executive Director
Amr Abdulaziz Al Amr	Independent Non-Executive Director
Khalid Abdulaziz Al Jassim	Non-Independent Non-Executive Director as of 4 September 2025
Mohamed bin Samir Ghonaim	Independent Non-Executive Director until 12 November 2025
Shakeel Sarwar Mohamed	Non-Independent Non-Executive Director as of 24 April 2025



8.1.

Board Meetings

The Board of Directors of SICO Capital held five meetings during the year. The dates of the meetings and the members present are as follows:

Meeting No.	19	20	21	22	23
Date	22 Jan 2025	12 Feb 2025	6 May 2025	10 Aug 2025	3 Nov 2025
Hassan AlShuaiby (Chair)	Present	Present	Present	Present	Present
Najla Al Shirawi (Vice Chair)	Present	Present	Present	Present	Present
Ali Marshad	Present	Present	Present	Present	Present
Amr Al Amr	NA	NA	NA	NA	Present
Khalid Aljassim	Present	Present	Present	Present	Present
Mohamed Ghonaim	Present	Present	Present	Present	Present
Shakeel Sarwar	NA	NA	Present	Present	Present

8.2.

Terms of Reference of the Committees

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

Board Audit Committee

The Board Audit Committee assists the Board in overseeing the integrity of financial reporting, internal controls, and risk management at SICO Capital. It provides oversight of audit, compliance, risk, and AML functions, ensures alignment with the Company's risk appetite, including cyber risk, and supports regulatory engagement as required.

The main objectives of the Board Audit Committee include:

- Reviewing SICO Capital's accounting and financial practices;
- Reviewing the integrity of SICO Capital's financial and internal controls and financial statements;
- Recommending the appointment, compensation and oversight of the SICO Capital's external auditors;
- Review the performance of the Internal Audit, Risk, and Compliance and AML functions of SICO Capital;
- Reviewing SICO Capital's compliance procedures and regulatory matters;
- Reviewing SICO Capital's risk management framework and ensure that the risk policies and limits are consistent with the company's risk appetite and risk strategy, including the cyber risk management framework;
- Review internal audit observations and recommendations; and
- Meeting with the regulatory authorities upon request.

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

Meeting No.	14	15	16	17
Date	11 Feb 2025	12 May 2025	4 Aug 2025	2 Nov 2025
Ali Marshad (Chair for meetings 14 – 16)	Present	Present	Present	Present
Amr Al Amr (Chair for meeting 17)	NA	NA	NA	Present
Maryam AlMohri	Present	Present	Present	Present
Mohamed Ghonaim	Present	Present	Present	Present



Board Investment Committee

The Board Investment Committee supports the Board in overseeing investment activities, credit exposures, and strategic business plans. It reviews and approves transactions within delegated authority limits and monitors the Company's financial performance.

The primary objectives of the Board Investment Committee include:

- Assisting the management and Board in discharging their responsibilities in areas relating investments, credit exposures, and strategic business plans and budget;
- Approve transactions in line with the delegated authority limits; and
- Monitoring and evaluating financial performance.

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

Meeting No.	9	10	11	12
Date	5 Feb 2025	4 May 2025	3 Aug 2025	27 Oct 2025
Hassan AlShuaiby (Chair)	Present	Present	Present	Present
Najla Al Shirawi	Present	Present	Present	Present
Ali Marshad	Present	Present	Present	Present
Shakeel Sarwar	NA	NA	Present	Present

Nominations and Remuneration Committee

The Nominations and Remuneration Committee supports the Board in overseeing Board and senior management appointments, succession planning, and remuneration matters. It recommends candidates to ensure an appropriate balance of skills, experience, independence, and diversity, reviews the independence of Board members annually, and oversees remuneration frameworks aligned with performance and governance standards.

The primary objectives of this committee include:

- Identifying qualified individuals to become members of the Board of Directors, Chief Executive Officer, Chief Financial Officer, Board Secretary, and any other officers of the company considered appropriate by the Board, with the exception of appointment of the Internal Auditors, Compliance Officer and Risk Officer which shall be the responsibility of the Board Audit Committee;
- Recommending candidates for membership to the Board of Directors to ensure appropriate Board composition, maintaining an appropriate mix of skills, experience, expertise and diversity;
- Ensuring annually that independent members remain independent, establishing clear policies for the compensation;
- Recommending the remuneration of the Board members and senior executives, and that performance standards are followed in their formulation.

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

Meeting No.	12	13	14
Date	11 Feb 2025	3 Aug 2025	26 Oct 2025
Khalid Al Jassim (Chair)	Present	Present	Present
Najla Al Shirawi	Present	Present	Present
Mohamed Ghonaim	Present	Present	Present



8.3.

Membership of Other Boards

Names of companies within and outside the Kingdom in which a member of the Board of Directors is a member of its Boards of Directors or one of its directors.

Name	Board membership of other companies	Management position in other companies
Hassan Bin Abdullah AlShuaiby	<ul style="list-style-type: none"> Vice Chairman, Apex Fundrock Investment Company 	<ul style="list-style-type: none"> General Manager of Registration & Licensing – General Authority of Awqaf
Najla Mohammed Al Shirawi	<ul style="list-style-type: none"> Board Member, Vice Chairperson of the Nomination, Remuneration, Sustainability and Governance Committee and Member of the Independent Directors Committee of Bahrain Commercial Facilities Company B.S.C. (BCFC), Bahrain Board Member of the Bahrain Economic Board (EDB), Bahrain Board Member of The Future Generation Reserve Fund, Bahrain Board Member of Eskan Bank BSC. (c), Bahrain Board Member of the Deposit and Unrestricted Investment Accounts Protection Scheme, the Central Bank of Bahrain, Bahrain Board Member of the Bahrain Institute of Banking and Finance, Bahrain Board Member of the Supreme Council for Women, Bahrain. Board Vice Chairperson of SICO Capital, Kingdom of Saudi Arabia Chairperson, SICO Funds Company BSC (c)– Bahrain Chairperson, SICO Funds Company III BSC (c) – Bahrain Chairperson, SICO Funds Company IV BSC (c) – Bahrain Chairperson, SICO Funds Company VI BSC (c) – Bahrain Chairperson, SICO Ventures Company W.L.L. – Bahrain Board Director, SICO Fund Company VIII B.S.C.(C) – Bahrain Board Director, SICO Fund Company IX B.S.C. (C) – Bahrain Board Director, Sahem Limited – Cayman Islands Chairperson, SICO Funds Services Company B.S.C. (C) – Bahrain Board Director, SICO Fund Company X B.S.C. (C) – Bahrain 	<ul style="list-style-type: none"> Group Chief Executive Officer of SICO BSC(c) – Bahrain

Ali Abdulrahman Marshad	None	<ul style="list-style-type: none"> Group Deputy CEO of SICO BSC (c) - Bahrain
Amr Abdulaziz Al Amr	<ul style="list-style-type: none"> Board Member and Head of Audit Committee, Al-Qassim National Hospital 	<ul style="list-style-type: none"> Chief Executive Officer, Abana Enterprises Group
Khalid Abdulaziz Aljassim	<ul style="list-style-type: none"> Board Director, Bahrain Islamic Bank Board Director, Coffee and Burger Restaurant W.L.L. Board Director, Furas Consultancy W.L.L. Board Director, Durrat Resort Management Board Director, ARK Proventus, UAE Director, Afkar Vision W.L.L -Bahrain Director, Afkar Vision Saudi Arabia 	None
Mohamed bin Samir Ghonaim	<ul style="list-style-type: none"> Board Director, Sabbar Board Director, Sharaka Fintech Fund Board Director, Sharaka Bwatech Fund 	None
Shakeel Sarwar Mohamed	None	<ul style="list-style-type: none"> Group Head of Equities Asset Management of SICO BSC(c) - Bahrain

8.4.

Remuneration Paid to the Directors and Five Senior Executives

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

Description	Executive Board Members	Non-Executive Board Members	Independent Board Members (Amounts in SAR)
Attendance allowance for the Board meetings	-	-	50,000
Attendance allowance for committee meetings	-	-	105,000
Periodic and annual bonuses	-	-	-
Incentive Plans	-	-	-
Any other compensation or benefits in kind paid monthly or annually	-	-	-
Total	-	-	155,000

The following table provides details of compensation and senior management:

Description	Five top executives who received the highest bonuses and compensation, plus the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), if not included (Amounts in SAR)
Salaries and Wages (Basic Salary)	4,488,809.25
Allowances (Housing, Transportation, etc.)	2,293,701.37
Periodic and annual bonuses	1,616,636.98
Incentive Plans	-
Commissions	-
Any compensation or other benefits in kind paid on a monthly or annual basis	1,405,995.51
Total	9,805,143.11

8.5.

Waiver of Remuneration by a Board Member or a Senior Executive

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

9.

Risk Management

Risk Management at SICO Capital is a continuous and integral process designed to safeguard the company's financial stability, operational resilience, and long-term sustainability. The Risk Management Department ensures that the firm's asset and liability profile, trading positions, and credit and operational activities are protected against losses that could compromise its viability.

The Department is responsible for identifying, measuring, managing, and continuously monitoring all activities

that give rise to risks. Risk policies and procedures are established to identify potential risks, set monitoring limits, and define processes to manage any breaches.

SICO Capital adheres to the principle that all staff members are responsible for identifying and managing risk within the scope of their roles, whilst providing effective oversight through an operational and resilience risk function.

Risk Management Governance

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is assisted in this function by the Board Audit Committee (BAC).

To support this mandate, the Board has established an independent Risk Management Department that provides leadership, direction, and coordination in managing the risks. The Department adopts a holistic, integrated, future-focused and process-oriented approach, enabling the company to balance key business risks and opportunities with the intent of maximizing returns and shareholder value.

The BAC is responsible for monitoring compliance with the company's policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the company. The BAC is assisted in these functions by the Internal Audit function, which undertakes regular reviews of risk management controls and procedures, the results of which are reported to the BAC.

At the Management Level, the Risk Management Department reports to the Asset Management Committee (AMC), the Group Governance, Risk and Compliance Committee (GRCC), and Valuation Committee (VC). In addition, the department works closely with the Group Chief Risk Officer (GCRO) to ensure that the risk management framework of the subsidiary remains fully aligned with that of the Group.

Major Risks Faced by SICO Capital

1. Credit Risk

Credit risk refers to the potential loss resulting from the failure of a borrower or counterparty to meet financial or contractual obligations.

- SICO Capital does not engage in any direct lending activity.
- Financial assets subject to credit risk include bank placements, Sukuks, funds, and other debtors.
- Funds are placed only with reputable local banks subject to periodic credit review.
- Sukuks investments carry Saudi sovereign risk, while investment funds are managed internally.
- Regular aging analysis is conducted on debtors and receivables to identify and act on past-due accounts.
- The company had no margin lending exposure as of December 31, 2025.

2. Market Risk

Market risk represents the potential loss resulting from fluctuations in the market prices and volatility of financial instruments.

- SICO Capital did not have any trading exposure to bonds or equities at the company balance sheet level.
- As a matter of policy, the company does not invest in commodities or derivatives.
- As of December 31, 2025, the company's non-trading investment exposures comprised:
 - Saudi Sukuks amounting to SAR 17.55 million
 - SICO Capital (SC) Managed Funds amounting to SAR 19.13 million.

3. Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Sources of operational risk include technology failures, insufficient internal controls, ineffective management, fraud, human error, and natural disasters.

- SICO Capital has implemented Board-approved policies across all business and support functions.
- All operational risk events are reported to the Board Audit Committee with corresponding corrective actions and target completion dates.

4. Liquidity Risk

Liquidity risk is the potential that the company may be unable to meet its financial obligations when due or may be forced to do so under disadvantageous terms due to insufficient liquidity.

- SICO Capital closely monitors its liquidity position.
- The company maintains sufficient liquidity in cash or cash equivalent, including bank placements and Saudi Government Sukuks.
- Further liquidity needs are continuously monitored against expected operating cash inflows.

5. Reputational Risk

Reputational risk refers to the potential damage to the company's brand, credibility, or stakeholder trust arising from adverse events, poor governance, or negative market perception.

- SICO Capital recognizes that reputational risk can result from operational failures, regulatory breaches, or inadequate stakeholder communication.
- The company mitigates this risk by maintaining strong governance practices, transparent reporting, and adherence to regulatory standards.



10.

Audit and Regulatory Matters

10.1.

Internal Audit

Internal audit is a vital process through which the Board ensures that all company functions are independently examined, internal control weaknesses are identified, and corrective actions are taken.

During the year, the company's Internal Auditors completed dedicated reviews of the following functions: Compliance & Anti-Money Laundering (AML) and Equity Asset Management in Q1, Risk Management Framework & Fixed Income Asset Management (discretionary & non-discretionary portfolios) in Q2; Product Development and Real Estate Asset Management Department in Q3; and Operations Department and certain aspects of Direct and Indirect Taxation including VAT and Zakat in Q4.

These reviews covered key areas Anti-Money Laundering (AML) processes, compliance, including monitoring framework, risk management framework, relevant risk management monitoring, regulatory reporting, the framework and controls in place to ensure compliance with relevant CMA regulations, client reporting, NAV calculations, service provider assessment, review of settlement process, reconciliations, payment process, fund set up process, and subscriptions/redemptions, among others. The Internal Auditors highlighted several observations from these audits with varying implementation priorities (High, Medium, and Low), which the relevant functions are currently addressing. Internal Audit maintains a dedicated, frequent, and periodic follow-up process to trace, track, and report on the implementation status of previously issued findings and recommendations.

The Internal Audit team, appointed by the Audit Committee, consists of qualified and experienced professionals with specific expertise in brokerage, asset management, and anti-money laundering controls, including individuals with multi-national experience in the GCC region.

10.2.

Opinion of the Board Audit Committee

Based on the periodic reports presented by the Internal Audit, Compliance, Risk Management, and external auditors during 2025, the Board Audit Committee would like to confirm its satisfaction with the quality of these reports

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

10.3.

Major Observations in the External Auditor's Report

In addition to the internal audit, the company's financial statements were subjected to quarterly reviews and annual audits by the external auditors Ernst & Young of the company. Their report and the audited financial statements

are published on the company's website. The auditor's report did not contain any reservations on the annual financial statements.

10.4.

Penalty or Restriction Imposed

There were no penalties or restrictions imposed during the year.

11.

SICO Capital Subsidiaries

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

12.

Financial Results

12.1.

Five Years Financial Results and Assets & Liabilities of the Company

The company's five-year financial results, assets, and liabilities are presented below:

All in SAR	2025	2024	2023	2022	2021
Total value of assets under management – million	6,516	8,295	6,912	3,553	3,953
Gross revenues – thousands	31,025	36,605	26,756	24,109	27,170
Total operating expenses – thousands	47,755	44,498	32,744	26,407	19,058
Net Profit/ (loss) – thousands	(16,729)	(7,893)	(5,988)	-2,896	6,037
Return on Equity (%)	-21.40%	-14.44%	-9.00%	-4.23%	8.45%
Total Assets - thousands	96,565	70,508	76,485	87,218	131,149
Total Liabilities – thousands	18,380	15,848	13,932	18,677	59,712
Shareholders' equity – thousands	78,184	54,660	62,553	68,541	71,437

12.2.

Significant Differences in Results from Previous Years

SICO Capital reported a net loss of SAR 16.7 million for the year 2025, as compared to a net loss of SAR 7.9 million in the prior year. The increase in net loss is primarily attributable to lower fee income recorded in 2025 relative to 2024, along with higher operating expenses.

Related Party/Person Transactions

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

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

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

Related Party Transactions

In the ordinary course of its activities, the Company does business with related parties. Transactions with related parties are carried out on mutually agreed terms approved by the management of the Company.

Related parties include:

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

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

Public Funds

- SICO MENA Equity Fund
- SICO Kingdom Equity Fund
- SICO Capital Money Market Fund

Private Funds

- Flow MENA Residential Real Estate Fund 1
- SICO Al Qasr Real Estate Fund
- Al Shatee Real Estate Fund
- Najd Real Estate Fund
- La Perle Real Estate Fund
- SICO Capital Ventures Fund (1)

The significant transactions with the related parties are as follows:

Nature of transaction	Relationship	1 January - 31 December 2025 (Audited) (SR)	1 January - 31 December 2024 (Audited) (SR)
Discretionary portfolio management fee	Shareholder of parent	297,635	1,187,678
Asset management fee from funds	Own funds	11,075,334	12,654,335
Board remuneration & Expenses	Board of Directors	1,264,444	815,185
Discretionary portfolio Admin fee	Parent	673,610	300,083
Discretionary portfolio Management fee	Parent	1,722,350	-
Professional fee (Internal Audit fee)	Parent	320,000	250,000
Non-discretionary portfolio management fee from parent	Parent	168,524	-
Seconded employee charges	Parent	406,816	-

The balances with related parties are as follows:

	31 December 2025 (Audited) (SR)	31 December 2024 (Audited) (SR)
Investment in Money Market Fund	9,121,157	3,821,820
Investment in Riyadh Real Estate Fund	-	53,082
Investment in Flow Mena Residential real estate fund	10,005,800	10,000,000
Accrued fees from funds under management billed	12,776,319	11,977,312
Accrued discretionary portfolio management fee from shareholder	-	319,434
Receivable from funds	-	683,065
Board Remuneration payable	600,000	525,000
Inter-company services fee payable to Parent	839,122	165,512
Professional fee payable (Internal Audit fee)	570,000	250,000
Management fee payable to Parent	1,722,350	-
Seconded employee charges	406,816	-
Other payables to SICO Bahrain	276,870	-
Compensation paid to key management personnel		
Salaries and short-term benefits	9,120,104	11,845,368
Post employment benefits	1,240,967	1,723,190

12.4.

Details of the Loans of the Company

The company does not have any loans as of 31 December 2025.

SICO Capital

Chairman of the Board of Directors

Hassan Bin Abdullah Bin Mansour Alshuaiby



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