



Prospectus of

**Yaqeen Capital Company "Yaqeen Capital"**




# Prospectus of Yaqeen Capital Company "Yaqeen Capital"



A one-person Saudi joint stock company established incorporated under Ministerial Resolution No. (2631) dated 10/09/1427H (corresponding to 03/10/2006G) and the Ministerial Resolution No. (2489) dated 02/11/1427H (corresponding to 23/11/2006G), under the commercial registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in the city of Riyadh, pursuant to the decision of the Capital Market Authority (Capital Market Authority / the Authority/CMA) Board No. (1-176-2006) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) as well as the start of practicing the licensed business on 01/02/1428H (corresponding to 19/02/2007G).

Offering three million (3,000,000) ordinary shares representing twenty percent (20.00%) of the total capital of the Company by offering them in the parallel market to Qualified Investors at a price of (••) Saudi riyals per share.

 Starts from Sunday 26/10/1445H (corresponding to 05/05/2024G)  
**Offering Period** to Sunday 04/11/1445H (corresponding to 12/05/2024G)

Yaqeen Capital Company (Yaqeen Capital) (the "Company" or the "Issuer") was established as a closed joint stock company under the name "FALCOM Financial Services" pursuant to the Ministerial Resolution No. (2631) dated 10/09/1427H (corresponding to 03/10/2006G) and the Ministerial Resolution No. (2489) dated 02/11/1427H (corresponding to 23/11/2006G), and registered under the Commercial Registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in the city of Riyadh, pursuant to the decision of the Capital Market Authority Board No. (1-176-2006) dated 29/04/1427H (corresponding to 27/05/2006G) and under license No. (06020-37) as well as the start of practicing the licensed business on 01/02/1428H (corresponding to 19/02/2007G), with a capital of one billion (1,000,000,000) Saudi riyals divided into one hundred million (100,000,000) ordinary shares paid in full, the value of each share is ten (10) Saudi riyals. On 03/29/1431H (corresponding to 15/03/2010G), the Extraordinary General Assembly approved an increase in capital from one billion (1,000,000,000) Saudi riyals to one billion and fifty million (1,050,000,000) Saudi riyals, divided into one hundred and fifty million (105,000,000) ordinary shares paid in full, the value of each share is ten (10) Saudi riyals. The excess subscription amounting to five million (5,000,000) shares with a total nominal value of fifty million (50,000,000) Saudi riyals was subscribed in cash by the Company's employees, namely (1) shareholder/ Adeeb Abdulrahman Musaed Al-Suwailm, with a number of two million seven hundred and twenty thousand (2,720,000) shares, (2) shareholder/ Nawaf Abdullah Ali Fawzan, with a number of two hundred and fifty thousand (250,000) shares, (3) shareholder/ Adnan Abdullah Ali Fawzan, with a number one million (1,000,000) shares, (4) shareholder/ Mazen Muhammad Jameel Ikram, with three hundred and fifty thousand (350,000) shares, (5) shareholder/ Saleh Abdullah Saleh Al-Hanaki, amounting to one hundred thousand (100,000) shares, (6) shareholder/ Bandar Muhammad Ahmed with fifty thousand (50,000) shares, (7) shareholder/ Abdulrahman Abdulaziz Saad Nafisa with thirty thousand (30,000) shares, (8) shareholder/ Bilal Muhammad Ezzedine Ragheb with one hundred thousand (100,000) shares, (9) shareholder/ Haitham Mueen Jamil Al-Sarraji with fifty thousand (50,000) shares, (10) shareholder/ Badr Suleiman Hamad Al-Sulai' with one hundred thousand (100,000) shares, (11) shareholder/ Muhammad Abdulrahman Abdulaziz Ababtain with fifty thousand (50,000) shares, and (12) shareholder/ Louay Hassan Ali Hamdallah with two hundred thousand (200,000) shares. In addition, some internal transactions are completed among the shareholders where (1) the shareholder/ Abdulrahman Abdulaziz Al-Mugairin sold all of his shares in the Company, amounting to seven million (7,000,000) shares to the shareholder/ FAL Holdings Arabia Co. Ltd., (2) the shareholder/ FAL Holdings Arabia Co. Ltd sold one hundred thousand (100,000) shares to the shareholder/ Faisal Fahd Faisal Melhem, (3) the shareholder/ Muhammad Saleh Abdulrahman Al-Athel sold one hundred and twenty thousand (120,000) shares to the shareholder/ Faisal Fahd Faisal Melhem, (4) the shareholder/ Saleh Ali Hammoud Al-Athel sold one hundred and twenty thousand (120,000) shares to the shareholder/ Faisal Fahd Faisal Melhem. On 19/08/1438H (corresponding to 15/05/2017G), the Extraordinary General Assembly approved an increase in the capital from one billion and fifty million (1,050,000,000) Saudi riyals to one billion one hundred and fifty-five million (1,155,000,000) Saudi riyals, divided into one hundred and fifteen million five hundred thousand (115,500,000) fully paid ordinary shares, the value of each share is ten (10) Saudi riyals. The increase amounting to one hundred and fifty million (105,000,000) Saudi riyals was settled by transferring the amount from the retained earnings account as of 31/12/2016. One (1) free share was granted for every ten (10) shares owned by registered shareholders on 19/08/1438H (corresponding to 15/05/2017G), which represents the date of the Extraordinary General Assembly meeting. On the same date, the Extraordinary General Assembly approved to reduce the Company's capital from one billion one hundred and fifty-five million (1,155,000,000) Saudi riyals to two hundred and fifty million (250,000,000) Saudi riyals, divided into twenty-five million (25,000,000) fully paid ordinary shares, the value of each share is ten (10) Saudi riyals. The value of nine hundred and fifty million (950,000,000) Saudi riyals was reduced from the Company's capital through the cancellation of ninety million five hundred thousand (90,500,000) ordinary shares with a book value of (10) Saudi riyals as on 31/03/2017 in exchange for the transfer of assets and long-term investments in favor of FALCOM Holding Company in accordance with the approval of the Capital Market Authority dated 01/05/2017 and the certificate of the Chartered Accountant to restructure the company. All shareholders also waived the entire Company's shares amounting to twenty-five million (25,000,000) ordinary shares, with (1) (24,997,500) shares representing a percentage of (99.993%) of the total ownership of the Company in favor of the new shareholder/ FALCOM Holding Company, and (2) two thousand five hundred (2,500) shares representing a percentage of (0.01%) of the total ownership of the Company in favor of the new shareholder/ Fahd Muhammad Saleh Al-Athel. On 03/27/1440H (corresponding to 12/05/2018), the extraordinary general assembly agreed to reduce capital from two hundred and fifty million (250,000,000) Saudi riyals to one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) A normal arrow paid fully value, the value of each of them is ten (10) Saudi riyals, where the value of one hundred million (100,000,000) Saudi riyals has been reduced for (1) amortizing the accumulated losses, as on the date of December 31, 2018, with a value of thirteen million, eighteen and eighteen One thousand hundred and fifty nine (13,118,159) Saudi riyals (2) amortizing the shareholder/FALCOM Holding Company, as on the date of December 31, 2018, with a value of eight-six million and eight hundred, eighty thousand and eight hundred and forty and forty (86,881,841) Saudi riyals. On 03/03/1442H (corresponding to 24/10/2020), the shareholder Fahd Mohammed Saleh Al Athel decided to assign all shares owned by him, which amounts to one thousand and five hundred (1,500) ordinary shares in favor of FALCOM Holding Company, and thus the Company became fully owned by FALCOM Holding Company. On 17/05/1443H (corresponding to 21/12/2021G), the Extraordinary General Assembly agreed to change the Company's name from "FALCOM Financial Services" to become "Yaqeen Capital" based on the Company's notification to the Capital Market Authority ("The Authority") about its desire to change the Company's name on 11/04/1443H (corresponding to 16/11/2021G). On 28/06/1443H (corresponding to 01/01/2022G), the Capital Market Authority announced through its official website that the Company's name changed from "FALCOM Financial Services" to become "Yaqeen Capital". On 14/06/1445H (corresponding to 27/12/2023G), FALCOM Holding Company waived a part of its share in the Company at a percentage of (40.00%) of the Company's shares to FALCOM Yaqeen Investment (one-person company). (For more details, please see Section (4) "Ownership Structure and Organizational Structure".

The Company's current capital is one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) equal shares, the value of each share is ten (10) Saudi riyals, all of which are fully paid ordinary shares. All shares of the Company are ordinary shares of one category and do not give any shareholder any preferential rights. Every shareholder, whatever the number of shares he owns, has the right to attend and vote in the meetings of the shareholders general assembly (the "General Assembly"). Furthermore, every shareholder has the right to delegate another person who is not a member of the Company's board of directors or the Company's employees to act on his behalf in the attendance of the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years. (Please see Section No. (5) "Dividend Distribution Policy" of this Prospectus.)

The Offering will be directed to categories of Qualified Investors (the "Offering"), for a number of three million (3,000,000) ordinary shares (collectively referred to as "the Offer Shares" and individually as "Offering Share") with a nominal value per share of ten (10) Saudi Riyals. The price of the offering will be (••) Saudi riyals. The Offer Shares, in their aggregate, represent twenty percent (20.00%) of the Company's issued capital. The Company's shares will be ordinary shares of one category. No shareholder will be given any preferential rights. Every shareholder, whatever the number of shares he holds, may attend and vote in the General Assembly meetings. Every shareholder has the right to assign another person who is not a member of the Company's board of directors or the Company's employees to act on his behalf in attending the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years. (Please see Section No. (5) "Dividend Distribution Policy" of this Prospectus.)

As of the date of this Prospectus, the substantial shareholders in the Company who own (5.00%) (or more) of its capital are the shareholder/FALCOM Holding Company with an ownership percentage of (60.00%), FALCOM Yaqeen Investment Company (one-person company) which owns (40.00%). (For more details about the shareholders, please see the section (4.1) "Ownership Structure of the Company Pre- and Post-Offering" of this Prospectus.)

Upon completing the offering process, the Company's ownership structure will become as follows: 1) FALCOM Holding Company (40.00%) of the total ownership of the Company, 2) FALCOM Yaqeen Investment Company (one-person company) (40.00%) of the total ownership of the Company, 3) Qualified Investors (20.00%) of the Company's total ownership. Therefore, FALCOM Holding and FALCOM Yaqeen Investment (one-person company) will hold a controlling interest in the Company

after the offering. The proceeds of the subscription will return after deducting the expenses of the offering process for the selling shareholder, and the Company will not receive any amount from subscription proceeds (please see section 6 "Use of Offering Proceeds").

Substantial shareholders mentioned above are prohibited to dispose of their shares for a period of twelve (12) months from the date of trading the Company's shares trading in the parallel market. Based on the approval of the Capital Market Authority on the request to obtain a notice of non-objection from the authority to apply for offering the Company's shares in the parallel market (Nomu) according to letter No. (p. 3/6/8217/21) dated 21/02/1443H (corresponding to 05/10/2021G), the Authority stipulated that no less than (60%) of the Company's shares after the offering for shall subject to a ban period of no less than twenty-four (24) months from the date of trading the Company's shares in the parallel market. The approval of the Authority must be obtained before disposing of these shares. They are FALCOM Holding Company, which represents (40.00%) of the Company's capital after the offering, in addition to fifty percent (50%) of the shares owned by FALCOM Yaqeen Investment Company (one-person company) (which represents twenty percent (20%) of the Company's capital after the offering) ("Lock-up Period").

The subscription to the Offer Shares in the parallel market will be limited to the Qualified Investor categories, according to the definition of the Qualified Investor in the list of terms used in the regulations and rules of the Capital Market Authority and in the list of terms used in the rules of the Saudi Exchange ("Market", "Tadawul" or "Saudi Exchange"). Part 8 of the rules of offering securities and continuous obligations, it means any of the following:

1. Capital Market Institutions acting on their own behalf.
2. Clients of a Capital Market Institution authorized to perform management activities, provided that the Capital Market Institution has been appointed under terms that enable it to take decisions to accept participation in Offering and to invest in the parallel market on the client's behalf without the need for his/her prior approval.
3. The Kingdom's Government, any governmental entity, or any international body recognized by the Capital Market Authority in the Kingdom (the "CMA"), the Saudi Exchange (the "Exchange"), or any other stock exchange recognized by the CMA, or the Securities Depository Center Company (Edaa) in the Kingdom (the "Depository Center").
4. Government-owned companies, whether investing directly or through a portfolio managed by a Capital Market Institution authorized to perform management activities.
5. Companies and funds established in the Gulf Cooperation Council (GCC) countries.
6. Investment funds.
7. Any other legal persons may open an investment account in the Kingdom and an account with the Depository Center.
8. Natural persons who may open an investment account in the Kingdom and an account at the Depository Center, and who:
  - a. have made transactions in the securities market with a total value of not less than forty million Saudi Arabian Riyals (SAR 40,000,000) and not less than ten (10) transactions per quarter during the past 12 months.
  - b. have assets whose net value is not less than five million Saudi Arabian Riyals (SAR 5,000,000).
  - c. are working or have worked in the financial sector for at least three (3) years.
  - d. have a CME-1 approved by the CMA; or
  - e. hold a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity; or
9. Any other persons determined by CMA.

The Offering Period will start on Sunday 26/10/1445H (corresponding to 05/05/2024G) and will remain open for a period of (8) days including the subscription closing date at the end of Sunday 04/11/1445H (corresponding to 12/05/2024G) (the "Offering Period"). Subscription to the Offer Shares can be made through the websites and platforms of the Lead Manager and the Receiving Agents that provide this service to subscribers, or through any other means provided by the Lead Manager and the Receiving Agents, through which Qualified Investors will be able to subscribe to the company's shares during the Offering Period (for further details, please see the page (vi) of this Prospectus). The Offering to Qualified Investors will be during the Offering Period, and each of them will be allowed to study the investment opportunity and be informed of any additional information available through a data room where all the documents referred to in Section No. 12 "Documents Available for Inspection" will be presented.

Each Qualified Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Offer Shares and a maximum of seven hundred and forty thousand nine hundred and ninety (749,990) Offer Shares. Subscription to the Offer Shares will be made by completing the Subscription Application Form and transferring the funds directly to the subscription account related to the Offering, as specified in the Subscription Application Form. The subscription will be in the Offer Shares by submitting the subscription application electronically through the website of the Lead Manager during the Offering Period and transferring the funds directly to the subscription account related to the Offering, as specified in the Subscription Application Form.

The final allotment process for the Offer Shares will be announced no later than Wednesday 07/11/1445H (corresponding to 15/05/2024G) ("Allotment Date"). Excess subscription amounts, if any, will be refunded within (4) business days from the date of allotment without any charge or commission being withheld by the Receiving Agents or the Lead Manager or the Company on the Offering Proceeds and the excess will be refunded no later than Tuesday 13/11/1445H (corresponding to 21/05/2024G). For further details about the terms, conditions and instructions of the Offering, see section (9) "Details on Shares and Subscription Terms and Conditions" of this Prospectus.

The Company has one class of ordinary shares, and no share gives its holder preferential rights. Each share gives its holder the right to one vote, and each shareholder in the Company is entitled to attend and vote at the meetings of the general assembly of the shareholders (whether ordinary or extraordinary). Every shareholder has the right to delegate another person who is not a member of the Company's board of directors or the Company's employees to act on his behalf in attending the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus. For more details about Dividend Distribution Policy, (please see Section No. (5) "Dividend Distribution Policy") of this Prospectus.

Prior to this Offering, there has been no public market for the Shares in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offer of shares on the Parallel Market in accordance with the OSCO Rules. The Company has also submitted a request to the listing to the Saudi Exchange according to the listing rules, and all supporting documents required by the CMA have been submitted, and all relevant official approvals pertaining to the Offering, including the approval for this Prospectus, have been granted. It is expected that trading in the shares in the parallel market will commence in the Exchange shortly after the final allocation of the Offer Shares, the refund of excess subscription amounts and the satisfaction of all relevant regulatory requirements (please see section "Key Dates and Subscription Procedures" of this Prospectus). After registering shares in the parallel market, Qualified Investors who meet the conditions will be allowed, whether inside or outside the Kingdom, will be allowed to trade in the Company's shares.

Investment in the Offer Shares involves risks and uncertain issues. Accordingly, both "Important Notice" and "Risk Factors" of this Prospectus must be carefully considered and read by the potential Qualified Investors prior to making a decision to invest in the Offer Shares.

Financial Advisor and Lead Manager

Receiving Agents



This Prospectus includes information provided in compliance with the Rules on the Offer of Securities and Continuing Obligations ("OSCO") issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "CMA"). The Directors of the Company, whose names appear in this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts whose omission would make any statement herein misleading. The CMA and the Exchange do not take any responsibility for the contents of this Prospectus or make any representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Investors who wish to purchase the Offer Shares under this Prospectus must verify the validity of the information related to the Offer Shares. If the contents of this Prospectus cannot be understood, a licensed financial advisor should be consulted.

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic Prospectus Published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two languages.

This Prospectus was issued on 08/09/1445H (corresponding to 18/03/2024G).

The purpose of this initial Prospectus is to present it to Qualified Investors during the Offering process. This Prospectus does not contain the Offering price. The final Prospectus, including the Offering price, will be published following completion of the Offering process and determining the Offering price.

Built on **trust**

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Yaqeen



## Important Notice

This Prospectus provides complete detailed information about Yaqeen Capital as well as the Offer Shares in the parallel market. Investors who apply to subscribe for the Offer Shares will be treated on the understanding that their applications are based on the information contained in this Prospectus, copies of which can be obtained through the Authority's website ([www.cma.org.sa](http://www.cma.org.sa)), the website of the Saudi Tadawul Company (Saudi Exchange) ([www.saudiexchange.sa](http://www.saudiexchange.sa)), the Company's website ([www.yaqeen.sa](http://www.yaqeen.sa)) or the website of the Financial Advisor and Lead Manager ([www.alinmainvestment.com](http://www.alinmainvestment.com)).

The Financial Advisor and Lead Manager, "Alinma Investment", will also announce on the Saudi Exchange's website (Saudi Exchange) the publication of the Prospectus and make it available to Qualified Investors within the period specified in accordance with the OSCO rules (within a period of not less than (14) days prior to the start of the Offering) and any other developments.

This Prospectus contains information provided in accordance with the OSCO Rules issued by the Capital Market Authority of the Kingdom of Saudi Arabia (herein referred to as the "CMA"). The members of the Board of Directors whose names appear in this Prospectus, jointly and individually, accept full responsibility for the accuracy of the information contained in this Prospectus, and confirm having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts whose omission would make any statements herein misleading. The CMA and Saudi Exchange do not bear any responsibility for the contents of this Prospectus, nor give any assurances regarding the accuracy or completeness of this Prospectus, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Investors who wish to purchase the Offer Shares under this Prospectus shall verify the validity of the information related to the Offer Shares. If the contents of this Prospectus cannot be understood, a licenced financial advisor should be consulted.

Alinma Investment has been appointed as a financial advisor ("Financial Advisor"), and a Lead Manager ("Lead Manager"), with regard to the Offering the Company's shares in the parallel market (Subscription). For more details, please see Section (10) "Subscription Undertakings" of this Prospectus.

The information contained herein, as of the date of issuance, is subject to change. In particular, the financial position of the Company and the value of shares may be adversely affected as a result of future developments related to economic or political factors or any other factors outside the scope of the Company's control (please see Section (2) "Risk Factors" of this Prospectus). Neither the preparation of this Prospectus nor any verbal, written or printed communication in relation to the Offer Shares is intended to be or should be construed as or relied on in any way as a promise or representation as to future earnings, results or events.

This Prospectus may not be regarded as a recommendation on the part of the Company, its directors, from the seller shareholder, or from its Financial Advisor to participate in the Offering. Moreover, the information contained in this Prospectus is of a public nature and has been prepared without taking into account the individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining professional advice from a CMA-licensed financial advisor in relation to the Offering and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and needs.

The subscription to the Offer Shares, in accordance with OSCO, shall be restricted to Qualified Investors, namely: 1) Capital Market Institutions acting for their own behalf. 2) Clients of a Capital Market Institution authorized to perform management activities, provided that the Capital Market Institution has been appointed under terms that enable it to take decisions to accept participation in Offering and to invest in the Parallel Market on the client's behalf without the need for his/her prior approval. 3) The government of the Kingdom, or any governmental entity, or any international body recognized by the Capital Market Authority, the Saudi Exchange (the "Exchange"), or any other stock exchange recognized by the CMA, or the Depository Center. 4) Government-owned companies, whether investing directly or through a portfolio managed by a Capital Market Institution authorized to perform management activities. 5) Companies and funds established in the Gulf Cooperation Council (GCC) countries. 6) Investment funds. 7) Any other legal persons may open an investment account in the Kingdom and an account with the Depository Center. 8) Natural persons who may open an investment account in the Kingdom and an account at the Depository Center, and who: (a) have made transactions in the securities market with a total value of not less than forty million Saudi Riyals (SAR 40,000,000) and not less than ten (10) transactions per quarter during the past 12 months. (b) have assets whose net value is not less than five million Saudi Riyals (SAR 5,000,000). (c) are working or have worked in the financial sector for at least three (3) years. (d) have a CME-1 approved by the CMA; or) hold a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity; or 9) Any other persons determined by CMA. The offering will take place during the period from Sunday 26/10/1445H (corresponding to 05/05/2024G) to Sunday 04/11/1445H (corresponding to 12/05/2024G). The Company, the selling shareholder, and the Financial Advisor shall request the recipients of this Prospectus to review all regulatory restrictions related to the Offering or sale of the Offer Shares and to act accordingly.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any of the Offer Shares by or to any person in any country where the jurisdiction of such offer or solicitation is unlawful. It is expressly prohibited to distribute this Prospectus or sell the Offer Shares to a person in any country other than the Kingdom of Saudi Arabia, with the exception of the category of non-resident foreigners who are allowed to invest in the Parallel Market, and who meet the requirements stipulated in the guidelines for investment by non-resident foreigners in the Parallel Market. Foreign qualified financial institutions. and/or foreign investors, companies and institutional funds in the GCC countries under an exchange agreement, provided that the regulations and instructions regulating this process are taken into account.

## Financial Information

The financial statements of the Company were prepared for the financial year ending on December 31, 2022G (compared with the financial year ending December 31, 2021G) and the primary financial statement verified for the nine-month period ending on September 30, 2023G (compared with the nine-month period ending in 30 September 2022G) as well as the accompanying notes in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom and other standards and publications issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). The audited financial statements for the financial year ending on December 31, 2022G of the Company were reviewed and audited by the Company's Chartered Accountant, PwC Certified Public Accountants (the Chartered Accountant), as set forth in their report issued on the Company's financial statements for the financial year ending on December 31, 2022G.

The reviewed primary financial statements were examined for the nine-month period ending on September 30, 2023G by the Company's Chartered Accountant, KPMG Professional Consulting (the "Chartered Accountant") as set forth in their report issued on the Company's financial statements for the nine-month period ending on September 30, 2023G. The Company publishes its financial statements in Saudi riyals.

The financial information of the Company was extracted for the financial year ending on December 31, 2022G from the financial statements audited for the Company for the financial year ending on December 31, 2022G. This information was not subject to any material amendment, unless otherwise stipulated. The financial information of the Company was also extracted for the financial year ending on December 31, 2021G from the comparative data of the financial statements audited for the Company for the financial year ending on December 31, 2022G. This information was not subject to any material amendment, unless otherwise stipulated.

The financial information of the Company was extracted for the nine-month period ending on September 30, 2023G from the abridged initial financial statements examined for the Company for the nine-month period ending on September 30, 2023G. This information was not subject to any material amendment, unless otherwise stipulated. The financial information of the Company was also extracted for the financial year ending on December 31, 2021G from the comparative data of the abridged initial financial statements examined for the Company for the financial year ending on September 30, 2023G. This information was not subject to any material amendment, unless otherwise stipulated.

The Company has amended the presentation of some information for the financial year ending on December 31, 2021G in the financial statements audited for the Company for the financial year ending on December 31, 2022G.

## Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions. The Company's future conditions may differ from the assumptions used and, consequently, no affirmation or guarantee is made with respect to the accuracy or completeness of any of these forecasts.

Certain forecasts in this Prospectus constitute or can constitute "forward-looking statements." Such statements can generally be identified by their use of forward-looking words such as "plans", "determines", "intends", "estimates", "expects", "is expected", "may", "possibly", "will", "would be" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see Section 2 (**Risk Factors**) of this Prospectus). Should any one or more of these factors materialize or any underlying forecasts prove to be inaccurate or incorrect, the Company's actual results may vary materially from those described in this Prospectus.

In accordance with the OSCO Rules, the Company will provide a supplementary prospectus to the CMA if, at any time after this Prospectus has been approved by CMA and before the listing is completed, the Company becomes aware of: (1) a significant change in material matters contained in this Prospectus, or (2) additional significant matters that should have been included in this Prospectus. Except for these two cases, the Company does not intend to update or revise any information included in the Prospectus, whether as a result of new information, future events or otherwise. Based on the foregoing risks, assumptions and other uncertainties, the forward-looking events and conditions described in this Prospectus may not occur as expected by the Company or at all. Consequently, prospective investors should review all forward-looking statements based on these explanations and should not rely solely on them.

## Corporate Directory

Board of Directors <sup>(1)</sup>													
Name	Position	Status	Independence <sup>(3)</sup>	Nationality	Age (years)	Shares owned Pre- Offering "Direct Ownership"		Shares owned Pre- Offering "Indirect Ownership"		Shares owned Post- Offering "Direct Ownership"		Shares owned Post- Offering "Indirect Ownership"	
						Number (share)	Ratio (%)	Number (share)	Ratio (%)	Number of (shares)	Ratio (%)	Number of (shares)	Ratio (%)
Abdul Mohsen Muhammad Abdulrahman Al-SaleH <sup>(2)</sup>	Chairman of Board of Directors	Non-Executive	Non-Independent	Saudi	84	-	-	42,857 <sup>(4)</sup>	0.29%	-	-	34,286	0.23%
Salman Abdulaziz Saad Shahiwain <sup>(2)</sup>	Deputy Chairman	Non-Executive	Non-Independent	Saudi	65	-	-	-	-	-	-	-	-
Almaa Saeed Muhammad Almaa AlMoter	Member of Board of Directors	Non-Executive	Independent	Saudi	50	-	-	-	-	-	-	-	-
Salman Abdul Aziz Saad Shahiween	Member of the Board of Directors	Non-Executive	Non-Independent	Saudi	65	-	-	-	-	-	-	-	-
Moath Qasim Muhammad Alkhasawneh	Member of the Board of Directors, Managing Director and CEO	Executive	Non-Independent	Canadian	41	-	-	-	-	-	-	-	-
Ahmed Ibrahim Mohammed Al-Shabana	Member of the Board of Directors	Executive	Non-Independent	Saudi	45	-	-	2,857 <sup>(5)</sup>	0.02%	-	-	2,286	0.02%
Abdulrahman Hamad Muhammad Al Rabie	Member of the Board of Directors	Non-Executive	Independent	Saudi	45	-	-	-	-	-	-	-	-
<b>Secretary of the Board of Directors</b>													
Vacant	Secretary of the Board of Directors	-	-	-	-	-	-	-	-	-	-	-	-

Source: The Company

(1) The ordinary general assembly held on 26/07/1445H (corresponding to 07/02/2024G) approved the election of the members of the Board of Directors mentioned above, for a period of three years starting from 28/07/1445H (corresponding to 09/02/2024G).

(2) The Board of Directors held on 17/08/1445H (corresponding to 27/02/2024G), approved the following:

- The appointment of Mr. Abdul Mohsen Muhammad Abdulrahman Al Saleh to the position of Chairman of the Board of Directors.
- The appointment of Mr. Salman Abdulaziz Saad Shahiwain as Deputy Chairman.

(3) The Corporate Governance Regulation issued by the Capital Market Authority has been considered in determining the independence issues of the members of the Board of Directors. Independence issues attributed to the members of the Board of Directors are as follows:

- To be the owner of five percent or more of the Company's shares or from another company's shares from its group or is a relative to the person who own this percentage.
- A relative to any of the members of the Company's board of directors or of another company from its group.
- A relative to any of the Company's senior executives or in another company from its group.
- A member of the board of directors in another company from the Company's group was nominated for the membership of its board of directors.
- Work or have been working as an employee during the past two years with the Company or another company from its group, or to be the


owner of controlling interests with the Company or any party dealing therewith or another company from its group, such as the auditors and major suppliers during the past two years.

- Have a direct or indirect interest in the works and contracts that take place for the Company.
  - Receive sums from the Company in addition to the remuneration for the membership of the Board of Directors or any of its committees exceeding (200,000) riyals or %50 of his remuneration in the previous year that he obtains in exchange for the membership of the Board of Directors or any of its committees, whichever is less.
  - Participate in a work that competes with the Company, or to trade in one of the branches of the activity practiced by the Company.
  - Have spent more than nine continuous or separate years in the membership of the Board of Directors.
  - Work or have been working as an employee during the past two years with the Company, any party therewith, or another company from its group, such as the auditors and major suppliers, or to be the owner of controlling interests with any of these parties during the past two years.
- (4) The indirect ownership of the Chairman, Abdulmohsen Muhammad Abdulrahman Al-Saleh, is due to his direct ownership by (0.29%) in FALCOM Holding Company, noting that the FALCOM Holding Company owns (60.00%) in the Company before the Offering and will own a percentage of (40.00%) after the Offering. In addition, FALCOM Holding Company owns (100.00%) in the FALCOM Yaqeen Investment Company (one-person company) which owns (40.00%) in the Company pre-and post-Offering.
- (5) The indirect ownership of Mr. Ahmed Ibrahim Mohamed Al-Shabana is due to his direct ownership by (0.02%) in FALCOM Holding Company, noting that FALCOM Holding Company owns (60.00%) in the Company before the Offering and will win a percentage of (40.00%) after the Offering. In addition, FALCOM Holding Company owns (100.00%) in the FALCOM Yaqeen Investment Company (one-person company) which owns (40.00%) in the Company pre- and post-Offering.

Company Registered Address	
<p>Yaqeen Capital Company (Yaqeen Capital) Riyadh - Al -Worood District - Al-Olaya Street P.O. Box 884 Riyadh 11421 Kingdom of Saudi Arabia Tel: +966 800 429 8888 Fax: +966 11 205 4827 E-mail: AddingValue@yaqeen.sa Website: www.yaqeen.sa</p>	

Company Representatives		
Statement	First Representative	Second Representative
Name	Abdulmohsen Muhammad Abdulrahman Alsaleh	Moath Qasim Muhammad Alkhasawneh
Capacity	Chairman of the Board of Directors	Board Member, Managing Director & CEO
Address	7633 Olaya – Al-Wurud District Unit No. 1 Riyadh 12253 - 2105 P.O Box: 884 Postal Code: 11421 Kingdom of Saudi Arabia	7633 Olaya – Al-Wurud District Unit No. 1 Riyadh 12253 - 2105 P.O Box: 884 Postal Code: 11421 Kingdom of Saudi Arabia
Telephone	+966 11 211 4758	+966 11 211 8498
Fax	+966 11 460 9356	+966 11 460 9356
Email address	abdulmohsin.alsaleh@yaqeen.sa	moath.alkhasawneh@yaqeen.sa
Website	www.yaqeen.sa	

Source: The Company

Stock Exchange	
<p>Saudi Tadawul (Saudi Exchange) King Fahd Road - Al-Olaya 6897 Unit No.: 15 Riyadh 12211 - 3388 Kingdom of Saudi Arabia Tel: +966 92000 1919 Fax: +966 11 218 9133 E-mail: csc@saudiexchange.sa Website: www.saudiexchange.sa</p>	



Advisors	
Financial Adviser and Lead Manager	
<p><b>Alinma Investment Company</b> Riyadh, King Fahd Road-(Al-Anoud Tower 2) P.O Box. 55560 Riyadh 11544 Kingdom of Saudi Arabia Tel: +966 11 218 5999 Fax: +966 11 218 5970 Website: www.alinmainvestment.com E-mail: info@alinmainvestment.com</p>	 <p>الإيمان للاستثمار alinma investment</p>
Chartered Accountant for the financial year ending December 31, 2022G	
<p><b>PricewaterhouseCoopers</b> Kingdom Tower- King Fahd Road P.O Box 8282 Riyadh 11482 Kingdom of Saudi Arabia Tel: +966 11 211 0400 Fax: +966 11 211 0401 E-mail: bader.benmohareb@pwc.com Website: www.pwc.com/midd-east</p>	 <p>pwc</p>
Chartered Accountant for the nine-months period ending on September 30, 2023G	
<p><b>KPMG Professional Consulting</b> Riyadh - Airport Road - Riyadh Front P.O Box 92876 Riyadh 11663 Kingdom of Saudi Arabia Tel: +966 11 874 8500 Fax: +966 11 874 8600 E-mail: marketingsa@kpmg.com.sa Website: www.KPMG.com.sa</p>	 <p>KPMG</p>

Receiving Agents	
<p><b>SNB Capital</b>  SNB Regional Building  King Saud Road  P.O. Box 22216 Riyadh 11495  Saudi Arabia  Phone: +966 92 0000232  Fax: +966 11 4060052  Email: snbc.cm@alahlicapital.com  Website: www.alahlicapital.com</p>	
<p><b>Riyad Capital</b>  Granada Business Oasis 2414 – Al-Shuhada District  Unit No. 69 – 7279 Riyadh 12341  Saudi Arabia  Phone: +966 11 4865649  Fax: +966 11 4865908  Email: ask@riyadcapital.com  Website: www.riyadcapital.com</p>	
<p><b>Saudi Fransi Capital</b>  King Fahd Road  P.O. Box 23454 Riyadh 3735-12313  Saudi Arabia  Phone: +966 11 2826666  Fax: +966 11 282 6823  Email: sfc-supportcenter@fransicapital.com.sa  Website: www.sfc.sa</p>	
<p><b>Aljazira Capital</b>  King Fahd Road – Rahmaniya District  P.O. Box 20438 Riyadh 11455  Saudi Arabia  Tel.: +966 11 2256000  Fax: +966 11 2256182  Email: contactus@aljaziracapital.com.sa  Website: www.aljaziracapital.com.sa</p>	
<p><b>Yaqeen Capital Company (Yaqeen Capital)</b>  Riyadh - Al -Worood District - Al-Olaya Street  P.O. Box 884 Riyadh 11421  Kingdom of Saudi Arabia  Tel: +966 800 429 8888  Fax: +966 11 205 4827  E-mail: AddingValue@yaqeen.sa  Website: www.yaqeen.sa</p>	
<p><b>Albilad Investment Company</b>  King Fahad Road  P.O. Box 140 Riyadh 11411  Kingdom of Saudi Arabia  Tel: + 966 (11) 920 003 636  Fax: +966 (11) 290 6299  Website: www.albilad-capital.com  E-mail: investmentbanking@albilad-capital.com</p>	

Receiving Agents	
<p><b>Anb Capital Company</b> Kingdom of Saudi Arabia, King Faisal Street Anb Capital Company building P.O. Box 220009, Riyadh 11311 Kingdom of Saudi Arabia Tel: +966 11 4062500 Fax: +966 11 4062548 Email: Investment.Banking@anbcapital.com.sa Website: www.anbcapital.com.sa</p>	
<p><b>Alistithmar Capital Company</b> Kingdom of Saudi Arabia, Riyadh, King Fahd Road P.O. Box: 6888 Riyadh 11452 Tel: +966 11 2547666 Fax: +966 11 4896253 Email: WebEcare@icap.com.sa Website: www.alistithmarcapital.com</p>	
<p><b>Derayah Financial Company</b> Riyadh, Al Takhassousi Street - Prestige Center - third floor Kingdom of Saudi Arabia Tel: +966 11 2998000 Fax: +966 11 4195498 Email: support@derayah.com Website: www.derayah.com</p>	
<p><b>Al Rajhi Capital Company</b> Al Rajhi Capital Head Office, King Fahd Road P.O. Box 5561, Riyadh 11432 Kingdom of Saudi Arabia Tel: +966 920005856 Fax: +966 (11) 460 00625 Email: InvestmentBankingTeam@alrajhi-capital.com Website: www.alrajhi-capital.com</p>	

**Note:**

Each of the Financial Advisors, the Lead Manager, the Receiving Agents and the Chartered Accountant mentioned above has given their written consent to use their names, logos and their statements in this Prospectus in the context in which they appear herein, and none of them withdrew their consent as of the date of this Prospectus. It should be noted that, with the exception of what was disclosed in page (61) of this Prospectus, and with the exception of Yaqeen Capital (as a Receiving Agent), neither the Parties nor do their employees (from the engagement team serving the Company) nor any of their relatives have any shareholding or interest of any kind in the Company as of the date of this Prospectus.

## Offering Summary

This Offering Summary is intended to provide a brief overview of the information on the Offering contained in this Prospectus. Accordingly, this summary does not contain all the information that may be important for prospective investors. Therefore, this summary should be read as an introduction to this Prospectus. Prospective investors should read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on consideration of this Prospectus as a whole. In particular, it is necessary to carefully consider the "Important Notice" section on page (i) and section No. (2) (Risk Factors) prior to making an investment decision with respect to the Offer Shares.

<p>Company Name, Description and Incorporation</p>	<p>Yaqeen Capital is a one-person Saudi joint stock company incorporated under the Ministerial Resolution No. (2631) dated 10/09/1427H (corresponding to 03/10/2006) and Ministerial Resolution No. (2489) dated 02/11/1427H (corresponding to 23/11/ 2006), and registered under the Commercial Registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006) issued in the city of Riyadh, pursuant to the decision of the Capital Market Authority Board No. (1-176-2006) dated 29/04/1427H (corresponding to 27/05/2006) under license No. (06020-37) as well as the start of practicing the licensed work on 01/02/1428H (corresponding to 19/02/2007). The Company's current capital is one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) equal shares, value of each share is ten (10) Saudi riyals, all of which are value fully paid ordinary shares in one class. They do not give any shareholder any preferential rights. Each shareholder, whatever the number of shares it owns, has the right to attend and vote in the meetings of the shareholders general assembly (the "General Assembly"), Each shareholder has the right to delegate another person who is not member of the Company's board of directors or the Company's employees to act on his behalf in the attendance of the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years. The Company's main address is, as it is set forth in the commercial registration, in Riyadh-- Al -Worood District-- Al-Olaya Street, P.O Box 884 Riyadh 11421, Kingdom of Saudi Arabia.</p> <p>Yaqeen Capital Company (Yaqeen Capital) ("the Company " or "Issuer") was established as a closed joint stock company under the name "FALCOM Financial Services" pursuant to the Ministerial Resolution No. (2631) dated 10/09/1427H (corresponding to 03/10/2006G) and the Ministerial Resolution No. (2489) dated 02/11/1427H (corresponding to 23/11/2006G), under the commercial registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in the city of Riyadh, pursuant to the decision of the Capital Market Authority Board No. (1-176- 2006G) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) as well as the start of practicing the licensed business on 01/02/1428H (corresponding to 19/02/2007G) with a capital of one billion (1,000,000,000) Saudi riyals divided into one hundred million (100,000,000) ordinary shares paid in full, the value of each share is ten (10) Saudi riyals. On 29/03/1431H (corresponding to 15/03/2010G), the Extraordinary General Assembly approved an increase in capital from one billion (1,000,000,000) Saudi riyals to one billion and fifty million (1,050,000,000) Saudi riyals, divided into one hundred and five million (105,000,000) ordinary shares paid in full, the value of each share is ten (10) Saudi riyals. The excess subscription amounting to five million (5,000,000) shares with a total nominal value of fifty million (50,000,000) Saudi riyals was subscribed in cash by the Company's employees, namely (1) shareholder/ Adeeb Abdulrahman MUSAED Al-Suwailem, with a number of two million seven hundred and twenty thousand (2,720,000) shares, (2) shareholder/ Nawaf Abdullah Ali Fawzan, with a number of two hundred and fifty thousand (250,000) shares, (3) shareholder/ Adnan Abdullah Ali Fawzan, with a number one million (1,000,000) shares, (4) shareholder/ Mazen Muhammad Jameel Ikram, with three hundred and fifty thousand (350,000) shares, (5) shareholder/ Saleh Abdullah Saleh Al-Hanaki, amounting to one hundred thousand (100,000) shares, (6) shareholder/ Bandar Muhammad Ahmed with fifty thousand (50,000) shares, (7) shareholder/ Abdulrahman Abdulaziz Saad Nafisa with thirty thousand (30,000) shares, (8) shareholder/ Bilal Muhammad Ezzedine Ragheb with one hundred thousand (100,000) shares, (9) shareholder/ Haitham. Ibn Mueen Ibn Jamil Al-Sarraj with fifty thousand (50,000) shares, (10) shareholder/ Badr Suleiman Hamad Al-Sulai with one hundred thousand (100,000) shares, (11) shareholder/ Muhammad Abdulrahman Abdulaziz Ababtain with fifty thousand (50,000) shares, and (12) shareholder/ Louay Hassan Ali Hamdallah with two hundred thousand (200,000) shares. In addition, some internal transactions took place among the shareholders where (1) the shareholder/ Abdullah Suleiman Abdulaziz Al-Muqairen sold all of his shares in the Company, amounting to seven million (7,000,000) shares to the shareholder/ FAL Holdings Arabia Co. Ltd., (2) the shareholder/ FAL Holdings Arabia Co. Ltd sold one hundred thousand (100,000) shares to the shareholder/ Faisal Fahd Faisal Melhem, (3) the shareholder/ Muhammad Saleh Abdulrahman Al-Athel sold one hundred and twenty thousand (120,000) shares to the shareholder/ Faisal Fahd Faisal Melhem, (4) the shareholder/ Saleh Ali Hammoud Al-Athel sold one hundred and twenty thousand (120,000) shares to the shareholder/ Faisal Fahd Faisal Melhem. On 19/08/1438H (corresponding to 15/05/2017G), the Extraordinary General Assembly approved an increase in the capital from one billion and fifty million (1,050,000,000) Saudi riyals to one billion one hundred and fifty-five million (1,155,000,000) Saudi riyals, divided into one hundred and fifteen million five hundred thousand (115,500,000) fully paid ordinary shares, the value of each share is ten (10) Saudi riyals. The increase amounting to one hundred and five million (105,000,000) Saudi riyals was met by transferring the amount from the retained earnings account as of 31/12/2016. One (1) free share was granted for every ten (10) shares owned by registered shareholders on 19/08/1438H (corresponding to 15/05/2017G), which represents the date of the Extraordinary General Assembly meeting. On 19/08/1438H (corresponding to 15/05/2017G), the Extraordinary General Assembly approved to reduce the Company's capital from one billion one hundred and fifty-five million (1,155,000,000) Saudi riyals to two hundred and fifty million (250,000,000) Saudi riyals, divided into twenty-five million (25,000,000) fully paid ordinary shares, the value of each share is ten (10) Saudi riyals. The value of nine hundred and five million (905,000,000) Saudi riyals was reduced from the Company's capital through the cancellation of ninety million five hundred thousand (90,500,000) ordinary shares with a book value of (10) Saudi riyals as on 31/03/2017G in exchange for the transfer of assets and long-term investments in favor of FALCOM Holding Company in accordance with the approval of the Capital Market Authority dated 01/05/2017G and the certificate of the Chartered Accountant to restructure the company.</p>
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<p><b>Company Name, Description and Incorporation</b></p>	<p>All shareholders also waived the entire Company's shares amounting to twenty-five million (25,000,000) ordinary shares, with (1) (24,997,500) shares representing a percentage of (99.99%) of the total ownership of the Company in favor of the new shareholder/ FALCOM Holding Company, and (2) two thousand five hundred (2,500) shares representing a percentage of (0.01%) of the total ownership of the Company in favor of the new shareholder/ Fahd Muhammad Saleh Al-Athel. On 27/03/1440H (corresponding to 05/12/2018G), the extraordinary general assembly agreed to reduce capital from two hundred and fifty million (250,000,000) Saudi riyals to one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) A normal arrow paid fully value, the value of each of them is ten (10) Saudi riyals, where the value of one hundred million (100,000,000) Saudi riyals has been reduced for (1) amortizing the accumulated losses, as on the date of December 31, 2018G, with a value of thirteen million, eighteen and eighteen One thousand hundred and fifty nine (13,118,159) Saudi riyals (2) amortizing the shareholder/FALCOM Holding Company, as on the date of December 31, 2018G, with a value of eighty -six million and eight hundred, eighty thousand and eight hundred and forty and forty (86,881,841) Saudi riyals. On 03/03/1442H (corresponding 24/10/2020G), the shareholder Fahd Mohammed Saleh Al Athel decided to assign all shares owned by him, which amounts to one thousand and five hundred (1,500) ordinary shares in favor of FALCOM Holding Company, and thus the Company became fully owned by FALCOM Holding Company, On 17/05/1443H (corresponding to 21/12/2021G), the Extraordinary General Assembly agreed to change the Company's name from "FALCOM Financial Services" to become "Yaqeen Capital" based on the Company's notification to the Capital Market Authority ("CMA") about its desire to change the Company's name on 11/04/1443H (corresponding to 16/11/2021G). On 28/06/1443H (corresponding to 31/01/2022G), the Capital Market Authority announced through its official website to change the Company's name from "FALCOM Financial Services" to become "Yaqeen Capital". On 14/06/1445H (corresponding to 27/12/2023G), FALCOM Holding Company waived a part of its share in the Company at a percentage of (40.00%) of the Company's shares to FALCOM Yaqeen Investment (one-person company). (For more details, please see Section (4) "<b>Ownership Structure and Organizational Structure</b>".</p>																																																				
<p><b>Summary of Company's Activities</b></p>	<p>The Company carries out its activities under the Commercial Registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in Riyadh, and under the decision of the Board of the Capital Market Authority No. (1-176-2006 G) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) and the commencement of the licensed work on 01/02/1428H (corresponding to 19/02/2007G).</p> <p>The activities of the Company as set forth in its commercial registration are dealing in securities, arranging in securities, advising in securities, custody in securities, managing investments, operating funds and managing investments.</p> <p>The activities of the Company, according to the Articles of Association, are to carry out and implement the following purposes:</p> <ul style="list-style-type: none"> <li>• Activity of dealing as principal and agent and undertaking to provide coverage.</li> <li>• Management activity to establish and manage investment funds and manage portfolios.</li> <li>• Arrangement activity.</li> <li>• Consultancy activities.</li> <li>• Custody activity for the purposes of administrative procedures and arrangements for investment funds, portfolio management and international brokerage.</li> </ul> <p>The Company has obtained all the necessary legal licenses for the current activities, all of which are valid until the date of this Prospectus. (For more information about the licenses under which the Company carries out its activities, please refer to Section (3.13) "<b>Licenses</b>" in this Prospectus).</p> <p>The Company's current actual activity as of the date of this Prospectus is to conduct asset management, investment banking, brokerage and custodial services in accordance with the Companies Law and the executive regulations issued by the Saudi Capital Market Authority.</p>																																																				
<p><b>Substantial shareholders, the number of shares they hold, and their ownership percentages pre- and post-Offering</b></p>	<p>As of the date of this Prospectus, substantial shareholders who own five percent (5%) or more of the Company's shares:</p> <table border="1" data-bbox="427 1458 1390 1854"> <thead> <tr> <th rowspan="3">Name</th> <th colspan="4">Pre-Offering</th> <th colspan="4">Post-offering</th> </tr> <tr> <th colspan="2">Shares "Direct Ownership"</th> <th colspan="2">Shares "Indirect Ownership"</th> <th colspan="2">Shares "Direct Ownership"</th> <th colspan="2">Shares "Indirect Ownership"</th> </tr> <tr> <th>Number of (shares)</th> <th>Ratio (%)</th> <th>Number of (shares)</th> <th>Ratio (%)</th> <th>Number of (shares)</th> <th>Ratio (%)</th> <th>Number of (shares)</th> <th>Ratio (%)</th> </tr> </thead> <tbody> <tr> <td>FALCOM Holding Company*</td> <td>9,000,000</td> <td>60.00%</td> <td>6,000,000</td> <td>40.00%</td> <td>6,000,000</td> <td>40.00%</td> <td>6,000,000</td> <td>40.00%</td> </tr> <tr> <td>FALCOM Yaqeen Investment Company (One-person company)</td> <td>6,000,000</td> <td>40.00%</td> <td>-</td> <td>-</td> <td>6,000,000</td> <td>40.00%</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Total</b></td> <td><b>15,000,000</b></td> <td><b>100.00%</b></td> <td><b>6,000,000</b></td> <td><b>40.00%</b></td> <td><b>12,000,000</b></td> <td><b>80.00%</b></td> <td><b>6,000,000</b></td> <td><b>40.00%</b></td> </tr> </tbody> </table> <p>Source: The Company</p> <p>* There is indirect ownership of FALCOM Holding Company of 40.00% resulting from its ownership of 100.00% in FALCOM Yaqeen Investment Company (one-person company)</p>	Name	Pre-Offering				Post-offering				Shares "Direct Ownership"		Shares "Indirect Ownership"		Shares "Direct Ownership"		Shares "Indirect Ownership"		Number of (shares)	Ratio (%)	Number of (shares)	Ratio (%)	Number of (shares)	Ratio (%)	Number of (shares)	Ratio (%)	FALCOM Holding Company*	9,000,000	60.00%	6,000,000	40.00%	6,000,000	40.00%	6,000,000	40.00%	FALCOM Yaqeen Investment Company (One-person company)	6,000,000	40.00%	-	-	6,000,000	40.00%	-	-	<b>Total</b>	<b>15,000,000</b>	<b>100.00%</b>	<b>6,000,000</b>	<b>40.00%</b>	<b>12,000,000</b>	<b>80.00%</b>	<b>6,000,000</b>	<b>40.00%</b>
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<p><b>Issuer's Capital</b></p>	<p>One hundred and fifty million (150,000,000) Saudi riyals paid in full.</p>																																																				

Total Number of Issuer Shares	Fifteen million (15,000,000) ordinary shares paid in full.
Nominal value per share	Ten (10) Saudi riyals.
Total number of Offer Shares	Three million (3,000,000) ordinary shares paid in full.
Percentage of Offer Shares to the Company's Capital	Twenty percent (20.00%)
Offer Price	(●●) ●● Saudi Riyals.
Total Offering Amount	(●●) ●● Saudi Riyals.
Use of Offering Proceeds	The net proceeds of the Offering amounting to (●●) ●● after deducting the expenses of about five million (5,000,000) Saudi riyals will be distributed to the selling shareholder according to the number of shares he owns from the offered shares and the Company will not receive any part of the proceeds of the Offering (please refer to Section No. (6) "Use of Offering Proceeds" in this Prospectus).
Categories of Targeted Investors	<p>The Offering is limited according to the requirements of the OSCO Rules to the categories of Qualified Investors according to the definition of the Qualified Investor in the list of terms used in the CMA regulations and rules as well as the list of terms used in the rules of the Saudi Tadawul (Saudi Exchange). In Part Eight of the OSCO Rules, it means any of the following:</p> <ol style="list-style-type: none"> <li>1. Capital Market Institutions acting on their own behalf;</li> <li>2. Clients of a Capital Market Institution authorized to perform management activities, provided that the Capital Market Institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on the client's behalf without the need for his prior approval;</li> <li>3. The Kingdom's Government, any Government agency, or any international body recognized by the CMA, the Exchange or any other stock exchange recognized by the CMA or the Depository Center;</li> <li>4. Government-owned companies, whether investing directly or through a portfolio managed by a Capital Market Institution authorized to perform management activities;</li> <li>5. companies and funds established in GCC countries;</li> <li>6. Investment funds.</li> <li>7. Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.</li> <li>8. Natural persons who may open an investment account in the Kingdom and an account at the Depository Center who meet any of the following criteria: <ul style="list-style-type: none"> <li>- have made transactions in the securities market with a total value of not less than forty million Saudi Arabian Riyals (SAR 40,000,000) and not less than ten (10) transactions per quarter during the past 12 months;</li> <li>- have net assets whose total value is not less than five million Saudi Arabian Riyals (SAR 5,000,000);</li> <li>- are working or have worked in the financial sector for at least three (3) years;</li> <li>- have a CME-1 approved by the CMA; or</li> <li>- hold a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity collectively.</li> </ul> </li> <li>9. Any other persons determined by the CMA.</li> </ol>
Subscription Method	Subscription to the Offer Shares can be made through the websites and platforms of the Lead Manager and the Receiving Agents that provide this service to subscribers, or through any other means provided by the Lead Manager and the Receiving Agents, through which Qualified Investors will be able to subscribe to the Offer Shares during the Offering Period. For more details, see Section No. (9) "Details on Shares and Subscription Terms and Conditions" of this Prospectus.
Minimum Number of Offer Shares to be Applied for	Ten (10) shares.
Minimum Subscription Amount	(●●) ●● Saudi riyals
Maximum Subscription Amount	Seven hundred and forty thousand nine hundred and ninety (749,990) shares
Maximum Subscription Amount	(●●) ●● Saudi riyals
Allocation and Refund of Excess Subscription Amounts	The Lead Manager and the Issuer will open a trust account to receive and collect the subscription amounts, for the purpose of depositing and keeping the subscription amounts collected from the Receiving Agents (on behalf of the subscribers). Every subscriber shall submit the subscription application and deposit the subscription amount in this account. Following the end of the Offering Period, the allotment will be announced by notifying investors no later than Wednesday 07/11/1445H (corresponding to 15/05/2024G). The allocation of Offer Shares will be determined at the discretion of the Financial Advisor and the Lead Manager in consultation with the Issuer. Refund of excess subscription amounts, if any, will be made no later than four (04) business days from the date of allotment. There will be no commissions or deductions from the entities receiving the proceeds of the Offering (please see Section No. (9) "Details on Shares and Subscription Terms and Conditions" of this Prospectus).

Offering Period	The Offering Period will commence on Sunday 26/10/1445H (corresponding to 05/05/2024G) and will end on Sunday 04/11/1445H (corresponding to 12/05/2024G).
Entitlement to Dividends	The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years (please see Section No. (5) " <i>Dividend Distribution Policy</i> ").
Voting Right	All shares of the Company are ordinary shares of one class, and no shares give its holders preferential rights. Every shareholder, whatever the number of shares he holds, may attend and vote on the General Assembly meetings of the shareholders (the " <b>General Assembly</b> "). Every shareholder has the right to delegate another person who is not a member of the Company's board of directors or the Company's employees to act on his behalf in attending the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years. Every share gives its holder the right to one vote. Every shareholder in the Company has the right to attend and vote at the general assembly meeting of the shareholders (whether ordinary or extraordinary).
Restrictions on Shares	<p>The current substantial shareholders mentioned in Section No. (4) "<i>Ownership Structure and Organizational Structure</i>" in this Prospectus must not dispose their Shares for a period of twelve (12) months from the date trading of the Company's Shares commences on the Parallel Market, provided that they may dispose their shares after the end of this period without obtaining the prior approval of the CMA.</p> <p>On 28/02/1443H (corresponding to 05/10/2021G), the Capital Market Authority approved the request to obtain a no-objection notice from the Authority to apply for Offering the Company's shares in the parallel market (Nomu) (p. 3/6/8217/21). The Authority stipulated that no less than (60%) of the total company's shares after the Offering shall not subject to an additional ban period, provided that the whole ban period shall not be less than twenty-four (24) months (including the twelve (12) month period mentioned above) from the date of the start of trading in the Company's shares in the parallel market, and the Authority's approval shall be obtained before disposing of these shares after the end of the Lock-up Period.</p> <p>The number of shares covered by the additional Lock-up Period set by the Capital Market Authority is nine million (9,000,000) shares, representing (60%) of the total shares of the Company as follows:</p> <ul style="list-style-type: none"> <li>• FALCOM Holding Company (six million 6,000,000 shares represents 40.00% of the Company's capital after the Offering).</li> <li>• FALCOM Yaqeen Investment Company (one-person company) (three million 3,000,000 shares represents 20.00% of the Company's capital after the Offering).</li> </ul>
Shares Previously Listed by the Issuer	The Company's shares have not been listed or traded in any stock market, whether inside or outside the Kingdom of Saudi Arabia before it was listed in the parallel market.

## Key Dates and Subscription Procedures

### Expected Offering Timetable

Expected Schedule for Offering	Date
Offering Period	Subscription starts on Sunday 26/10/1445H (corresponding to 05/05/2024G) and continues for a period of (8) days, until the end of Sunday 04/11/1445H (corresponding to 12/05/2024G).
Deadline for submission of Subscription Application Forms	On Sunday 04/11/1445H (corresponding to 12/05/2024G).
Deadline for payment of subscription amounts according to the Subscription Application Form	On Sunday 04/11/1445H (corresponding to 12/05/2024G).
Announcement of the final allotment of Offer Shares and notifying investors	On Wednesday 07/11/1445H (corresponding to 15/05/2024G).
Refund of excess subscription amounts (if any)	Tuesday 13/11/1445H (corresponding to 21/05/2024G).
Expected date of commencement of trading in the Exchange	Trading of the Company's Shares on the Exchange is expected to commence in the parallel market after the fulfilment of all relevant statutory requirements. Trading will be announced in local newspapers and on the Saudi Exchange's website ( <a href="http://www.saudiexchange.sa">www.saudiexchange.sa</a> ).

Note: All dates mentioned in the above schedule are approximate, and the actual dates will be announced in daily local newspapers and through the Saudi Exchange's website ([www.saudiexchange.sa](http://www.saudiexchange.sa)) as well the Yaqeen Capital Company's website ([www.yaqeen.sa](http://www.yaqeen.sa)) and the website of the Financial Advisor and Lead Manager ([www.alinmainvestment.com](http://www.alinmainvestment.com)).



## Subscription Method

The Offering is limited according to the requirements of the OSCO Rules to the categories of Qualified Investors according to the definition of the Qualified Investor in the list of terms used in the CMA regulations and rules as well as the list of terms used in the rules of the Saudi Tadawul (Saudi Exchange). In Part Eight of the OSCO Rules, it means any of the following:

1. Capital Market Institutions acting on their own behalf.
2. Clients of a Capital Market Institution authorized to perform management activities, provided that the Capital Market Institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on the client's behalf without the need for his prior approval;
3. The Kingdom's Government, any Government agency, or any international body recognized by the CMA, the Exchange or any other stock exchange recognized by the CMA or the Depository Center.
4. Government-owned companies, whether investing directly or through a portfolio managed by a Capital Market Institution authorized to perform management activities.
5. Companies and funds established in GCC countries.
6. Investment funds.
7. Any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center.
8. Natural persons who may open an investment account in the Kingdom and an account at the Depository Center who meet any of the following criteria:
  - have made transactions in the securities market with a total value of not less than forty million Saudi Arabian Riyals (SAR 40,000,000) and not less than ten (10) transactions per quarter during the past 12 months.
  - have net assets whose total value is not less than five million Saudi Arabian Riyals (SAR 5,000,000).
  - are working or have worked in the financial sector for at least three (3) years.
  - have a CME-1 approved by the CMA; or
  - hold a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity collectively.
9. Any other persons determined by the CMA.

Subscription Application Forms shall be available for the subscribers through the websites and platforms of the Lead Manager and the Receiving Agents that provide this service to subscribers, or through any other means provided by the Lead Manager and the Receiving Agents, through which Qualified Investors will be able to subscribe to the Offer Shares during the Offering Period, and no later than 05:00 [pm] of the Closing Date. The subscriber shall fulfill subscription requirements and fill out the subscription application forms in accordance with the instructions contained in Section No. (9) "**Details on Shares and Subscription Terms and Conditions**" of this Prospectus. Every investor shall agree to all paragraphs contained in the subscription application form. The Company reserves the right to reject any investment partially or entirely if any of the subscription conditions is not met. The subscription application may not be amended or withdrawn after receiving it, except after the approval of the Lead Manager. Once submitted, the subscription application is considered a binding legal agreement between the subscriber and the Company (please see Section No. (9) "**Details on Shares and Subscription Terms and Conditions**" of this Prospectus). Each investor, by completing the Subscription Application, acknowledges that he has received and read this Prospectus, and accordingly wishes to subscribe to the Offer Shares as specified in the Subscription Application Form

## Summary of Key Information

### Important Note for Investors

This Summary of Key Information is intended to provide a brief overview of the information detailed in this Prospectus; however, it does not include all information that is important to prospective investors and that must be taken into consideration before making a decision to invest in the Offer Shares. Therefore, investors who wish to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on the consideration of this Prospectus as a whole. In particular, it is important to carefully consider the "Important Notice" and (Risk Factors) prior to making an investment decision with respect to the Offer Shares. Some terms and phrases contained in this Prospectus are defined in Section (1) "Definitions and Terms" and elsewhere in this Prospectus.

### Overview of the Company

Yaqeen Capital is a one-person Saudi joint stock company established pursuant to the Ministerial Resolution No. (2631) dated 10/09/1427H (corresponding to 03/10/2006G) and the Ministerial Resolution No. (2489) dated 02/11/1427H (corresponding to 23/11/2006G), under the Commercial Registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in the city of Riyadh, pursuant to the decision of the Capital Market Authority Board No. (1-176- 2006M) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) as well as the start of practicing the licensed business on 01/02/1428H (corresponding to 19/02/2007G). The Company's current capital is one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) equal shares, value of each share is ten (10) Saudi riyals, all of which are value fully paid ordinary shares in one class. They do not give any shareholder any preferential rights. Each shareholder, whatever the number of shares it owns, has the right to attend and vote in the meetings of the shareholders general assembly (the "General Assembly"), Each shareholder has the right to delegate another person who is not a member of the Company's board of directors or the Company's employees to act on his behalf in the attendance of the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years. The Company's main address is, as set forth in the Commercial Registration, in Riyadh - Al -Worood District - Al-Olaya Street, P.O. Box 884 Riyadh 11421, Kingdom of Saudi Arabia.

- Yaqeen Capital Company (Yaqeen Capital) was incorporated as a closed joint stock company under the name "FALCOM Financial Services" pursuant to the Ministerial Resolution No. (2631) dated 10/09/1427H (corresponding to 03/10/2006G) and the Ministerial Resolution No. (2489) dated 02/11/1427H (corresponding to 23/11/2006G), under the commercial registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in the city of Riyadh, pursuant to the decision of the Capital Market Authority Board No. (1-176- 2006G) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) as well as the start of practicing the licensed business on 01/02/1428H (corresponding to 19/02/2007G) with a capital of one billion (1,000,000,000) Saudi riyals divided into one hundred million (100,000,000) ordinary shares paid in full, the value of each share is ten (10) Saudi riyals.
- On 29/03/1431H (corresponding to 15/03/2010G), the Extraordinary General Assembly approved an increase in capital from one billion (1,000,000,000) Saudi riyals to one billion and fifty million (1,050,000,000) Saudi riyals, divided into one hundred and five million (105,000,000) ordinary shares paid in full, the value of each share is ten (10) Saudi riyals. The excess subscription amounting to five million (5,000,000) shares with a total nominal value of fifty million (50,000,000) Saudi riyals was subscribed in cash by the Company's employees, namely (1) shareholder/ Adeeb Abdulrahman Musaed Al-Suwailem, with a number of two million seven hundred and twenty thousand (2,720,000) shares, (2) shareholder/ Nawaf Abdullah Ali Fawzan, with a number of two hundred and fifty thousand (250,000) shares, (3) shareholder/ Adnan Abdullah Ali Fawzan, with a number one million (1,000,000) shares, (4) shareholder/ Mazen Muhammad Jameel Ikram, with three hundred and fifty thousand (350,000) shares, (5) shareholder/ Saleh Abdullah Saleh Al-Hanaki, amounting to one hundred thousand (100,000) shares, (6) shareholder/ Bandar Muhammad Ahmed with fifty thousand (50,000) shares, (7) shareholder/ Abdulrahman Abdulaziz Saad Nafisa with thirty thousand (30,000) shares, (8) shareholder/ Bilal Muhammad Ezzedine Ragheb with one hundred thousand (100,000) shares, (9) shareholder/ Haitham. Ibn Mueen Ibn Jamil Al-Sarraj with fifty thousand (50,000) shares, (10) shareholder/ Badr Suleiman Hamad Al-Sulai' with one hundred thousand (100,000) shares, (11) shareholder/ Muhammad Abdulrahman Abdulaziz Ababtain with fifty thousand (50,000) shares, and (12) shareholder/ Louay Hassan Ali Hamdallah with two hundred thousand (200,000) shares. In addition, some internal transactions took place among the shareholders where (1) the shareholder/ Abdullah Suleiman Abdulaziz Al-Muqairen sold all of his shares in the Company, amounting to seven million (7,000,000) shares to the shareholder/ FAL Holdings Arabia Co. Ltd., (2) the shareholder/ FAL Holdings Arabia Co. Ltd sold one hundred thousand (100,000) shares to the shareholder/ Faisal Fahd Faisal Melhem, (3) the shareholder/ Muhammad Saleh Abdulrahman Al-Athel sold one hundred and twenty thousand (120,000) shares to the shareholder/ Faisal Fahd Faisal Melhem, (4) the shareholder/ Saleh Ali Hammoud Al-Athel sold one hundred and twenty thousand (120,000) shares to the shareholder/ Faisal Fahd Faisal Melhem.
- On 19/08/1438H (corresponding to 15/05/2017G), the Extraordinary General Assembly approved an increase in the capital from one billion and fifty million (1,050,000,000) Saudi riyals to one billion one hundred and fifty-five million (1,155,000,000) Saudi riyals, divided into one hundred and fifteen million five hundred thousand (115,500,000) fully paid ordinary shares, the value of each share is ten (10) Saudi riyals. The increase amounting to one hundred and five million (105,000,000) Saudi riyals was met by transferring the amount from the retained earnings account

as of 31/12/2016. One (1) free share was granted for every ten (10) shares owned by registered shareholders on 19/08/1438H (corresponding to 15/05/2017G), which represents the date of the Extraordinary General Assembly meeting. On 19/08/1438H (corresponding to 15/05/2017G), the Extraordinary General Assembly approved to reduce the Company's capital from one billion one hundred and fifty-five million (1,155,000,000) Saudi riyals to two hundred and fifty million (250,000,000) Saudi riyals, divided into twenty-five million (25,000,000) fully paid ordinary shares, the value of each share is ten (10) Saudi riyals. The value of nine hundred and five million (905,000,000) Saudi riyals was reduced from the Company's capital through the cancellation of ninety million five hundred thousand (90,500,000) ordinary shares with a book value of (10) Saudi riyals as on 31/03/2017G in exchange for the transfer of assets and long-term investments in favor of FALCOM Holding Company in accordance with the approval of the Capital Market Authority dated 01/05/2017G and the certificate of the Chartered Accountant to restructure the company. All shareholders also waived the entire Company's shares amounting to twenty-five million (25,000,000) ordinary shares, with (1) (24,997,500) shares representing a percentage of (99.99%) of the total ownership of the Company in favor of the new shareholder/ FALCOM Holding Company, and (2) two thousand five hundred (2,500) shares representing a percentage of (0.01%) of the total ownership of the Company in favor of the new shareholder/ Fahd Muhammad Saleh Al-Athel.

- On 27/03/1440H (corresponding to 12/05/2018G), the extraordinary general assembly agreed to reduce capital from two hundred and fifty million (250,000,000) Saudi riyals to one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) A normal arrow paid fully value, the value of each of them is ten (10) Saudi riyals, where the value of one hundred million (100,000,000) Saudi riyals has been reduced for (1) amortizing the accumulated losses, as on the date of December 31, 2018G, with a value of thirteen million, eighteen and eighteen One thousand hundred and fifty nine (13,118,159) Saudi riyals (2) amortizing the shareholder/FALCOM Holding Company, as on the date of December 31, 2018G, with a value of eighty -six million and eight hundred, eighty thousand and eight hundred and forty one (86,881,841) Saudi riyals.
- On 07/03/1442H (corresponding to 24/10/2020G), the shareholder / Fahd Mohammed Saleh Al-Athel decided to waive all the shares owned by him, amounting to one thousand five hundred (1,500) ordinary shares to FALCOM Holding. Therefore, the Company became fully owned by FALCOM Holding.
- On 17/05/1443H (21/12/2021G), the Extraordinary General Assembly approved changing the name of the Company from "FALCOM Financial Services Company" to "Yaqeen Capital Company" based on the Company's notification to the Capital Market Authority of its desire to change the name of the Company as on 11/04/1443H (16/11/2021G).
- On 28/06/1443H (corresponding to 31/01/2022G), the Capital Market Authority announced through its official website the change of the name of the Company from "FALCOM Financial Services Company" to "Yaqeen Capital Company".
- On 14/06/1445H (corresponding to 27/12/2023G), FALCOM Holding Company transferred part of its share in the Company, amounting (40.00%) of the Company's shares to FALCOM Yaqeen Investment Company (One-person Company) (for more details, please see Section (4) "*Ownership Structure and Organizational Structure*").

The Company's current capital is one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) equal shares, the value of each share is ten (10) Saudi riyals, all of which are value fully paid ordinary shares. All shares of the Company are ordinary shares of one class and do not give any shareholder any preferential rights. Every shareholder, whatever the number of shares he owns, has the right to attend and vote in the meetings of the shareholders general assembly (the "General Assembly"). Furthermore, every shareholder has the right to delegate another person who is not a member of the Company's board of directors or the Company's employees to act on his behalf in the attendance of the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years. Every shareholder, whatever the number of shares he holds, may attend and vote at the General Assembly meetings. Every shareholder has the right to assign another person who is not a member of the Company's board of directors or the Company's employees to act on his behalf in attending the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years. (Please see Section No. (5) "*Dividend Distribution Policy*" of this Prospectus.)

As of the date of this Prospectus, the Substantial shareholders in the Company who own (5.00%) (or more) of its capital are the shareholder/FALCOM Holding Company with an ownership percentage of (60.00%) and FALCOM Yaqeen Investment Company (one-person company) which owns (40.00%).

## Company Ownership Structure Per- and Post-Offering

The following table shows the ownership structure of the Company pre- and post-Offering:

Name	Pre-Offering				Post-Offering			
	Owned Shares "Direct Ownership"		Owned Shares "Indirect Ownership"		Owned Shares "Direct Ownership"		Owned Shares "Indirect Ownership"	
	Number of (shares)	Ratio (%)	Number (share)	Ratio (%)	Number of (shares)	Ratio (%)	Number of (shares)	Ratio (%)
FALCOM Holding Company*	9,000,000	60.00%	6,000,000	40.00%	6,000,000	40.00%	6,000,000	40.00%
FALCOM Yaqeen Investment Company (One-person company)	6,000,000	40.00%	-	-	6,000,000	40.00%	-	-
The public (Qualified Investors)	-	-	-	-	3,000,000	20.00%	-	-
<b>Total</b>	<b>15,000,000</b>	<b>100.00%</b>	<b>6,000,000</b>	<b>40.00%</b>	<b>15,000,000</b>	<b>100.00%</b>	<b>6,000,000</b>	<b>40.00%</b>

Source: The Company

\*There is indirect ownership of FALCOM Holding Company of 40.00% resulting from its ownership of 100.00% in FALCOM Yaqeen Investment Company (one-person company).

## Main activities of the Company

The Company carries out its activities under the Commercial Registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in Riyadh, and under the decision of the Board of the Capital Market Authority No. (1-176-2006 G) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) issued and the commencement of the licensed work on 01/02/1428H (corresponding to 19/02/2007G).

The activities of the Company as set forth in its commercial registration are dealing in securities, arranging in securities, advising in securities, and custody in securities, managing investments, operating funds and managing investments.

The activities of the Company, according to the Articles of Association, are to carry out and implement the following purposes:

- Activity of dealing as principal and agent and undertaking to provide coverage.
- Management activity to establish and manage investment funds and manage portfolios.
- Arrangement activity.
- Consultancy activities.
- Custody activity for the purposes of administrative procedures and arrangements for investment funds, portfolio management and international brokerage.

The Company has obtained all the necessary legal licenses for the current activities, all of which are valid until the date of this Prospectus. (For more information about the licenses under which the Company carries out its activities, please refer to Section (3.13) "Licenses" in this Prospectus).

The Company's current actual activity as of the date of this Prospectus is to conduct asset management, investment banking, brokerage and custodial services in accordance with the Companies Law and the executive regulations issued by the Saudi Capital Market Authority.

## Company`s Vision, Mission and General Strategy

### a. Company`s Vision

Uniting expertise and innovation in order to lead the future of investment banking in Saudi Arabia.

### b. Company`s Mission

To be the trusted and preferred financial advisor, providing comprehensive investment solutions that consistently helps clients accomplish their financial goals.

### c. Company`s General Strategy

The Company's strategy is based on many initiatives and focuses on developing the current business by searching for new investment opportunities, attracting new clients to invest and providing them with the highest levels of service through the services provided by the Company. Since its establishment, the Company has been working to develop its business and services and enhance its leadership in the investment and securities business under the supervision and follow-up of the Capital Market Authority and Saudi Tadawul (Saudi Exchange). The Company continues to maintain and develop its leading position in the Saudi market by increasing its market share in all investment activities and providing Sharia-compliant services of high quality, added value and innovation to its clients to meet the needs of investors through various exchange channels and products via smart phone applications and the development of current exchange screens.

- Activity of dealing: The Company plans to expand the business by adding brokerage in international stocks and foreign currencies.
- Arrangement and consultancy Services Activity: The Company plans to contribute to the further development of the mergers and acquisitions, main and parallel market IPOs, corporate financing arrangement and related advisory services.
- Asset management activity: The Company will seek to increase the volume of managed assets by achieving superior returns according to risk and introducing new investment products such as the new fund (Yaqeen Gold Fund), which is the first of its kind in the KSA and aims to achieve absolute return and capital gains in the long term by investing in gold with the fund manager while adhering to Islamic Sharia controls.

## Strengths and Competitive Advantages of the Company

- Highly experienced and professional team in the field of brokerage, asset management and banking investment services.
- A flexible and highly dynamic culture that enables management to adapt and respond to market needs quickly.
- Proven track record in banking investment services.
- A group of experienced and reputable businessmen shareholders.
- A strong brand and identity that supports the Company's business and competitive position and gives it market differentiation among clients.
- Implementation of brokerage rapidly and smoothly.
- Supporting Vision 2030 and transformative plans of huge potential.
- Supporting the innovation of capital markets products and services.
- Openness to the capital market.
- The Company has always been a pioneer in introducing new ideas and products for capital market companies such as ETFs, gold fund and crowdfunding.

## Summary of Financial Information

The financial information below was extracted for the financial year ending on December 31, 2022G from the financial statements audited for the Company for the financial year ending on December 31, 2022G. This information was not subject to any material amendment, unless stipulated otherwise. The financial information below was also extracted for the financial year ending on December 31, 2021G from the comparative data of the financial statements audited for the Company for the financial year ending on December 31, 2022G. This information was not subject to any material amendment, unless stipulated otherwise. The financial information below was extracted for the nine -month period ending on September 30, 2023G from the abridged initial financial statements examined for the Company for the nine -month period ending on September 30, 2023G. This information was not subject to any material amendment, unless stipulated otherwise. The financial information below was extracted for the nine -month period ending on September 30, 2022G from the abridged initial financial statements examined for the Company for the nine -month period ending on September 30, 2023G. This information was not subject to any material amendment, unless stipulated otherwise.

The Company has amended the presentation of some information for the financial year ending on December 31, 2021G in the financial statements for the Company for the financial year ending on December 31, 2022G.

The financial information and key performance indicators set out below shall be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2022G and the abridged initial financial statements examined for the Company for the nine-month period ended 30 September 2023G, which are included in Section (13) "Chartered Accountant Report" in this Prospectus.

Summary of a comprehensive income statement (thousands of Saudi riyals)	For the financial year ended 31 December 2021G (Audited)	For the financial year ended 31 December 2022G (Audited)	The nine -month period ended September 30, 2022G (Examined)	The nine -month period ended September 30, 2023G (Examined)
Commission on mediation services	51,011	18,251	15,255	6,774
Management fees and subscription from investment funds	25,952	23,629	18,648	10,016
Advice Service Income	52,461	51,760	31,560	17,631
Profits/ (losses) of investments at a fair value through profit or loss, net	3,011	1,906	(309)	14,005
Profits of Murabaha's investments	-	-	-	1,424
Revenue from Murabaha's financing	-	-	-	1,919
Other revenues	2,989	3,486	2,609	31,814
Gross income	135,424	99,032	67,763	83,583
Total operating expenses	(62,648)	(82,715)	(61,792)	(44,957)
Net profit before Zakat and tax	72,776	16,317	5,971	38,626
Net profit of the year / period	67,215	3,818	3,271	33,976
<b>Total comprehensive income for the year /period</b>	<b>64,813</b>	<b>2,426</b>	<b>3,271</b>	<b>33,976</b>

Source: Financial Statements.

Summary of the Financial Position Statement (Thousands of Saudi riyals)	For the financial year ended 31 December 2021G (Audited)	For the financial year ended 31 December 2022G (Audited)	The nine -month period ended September 30, 2023G (Examined)
Total current assets	330,932	250,463	269,161
Total non-current assets	70,560	68,914	39,705
Total assets	401,492	319,377	308,866
Total current liabilities	167,828	81,623	27,714
Total non-current liabilities	13,798	15,462	24,884
Total liabilities	181,626	97,085	52,598
Total equity	219,866	222,292	256,268
Total liabilities and equity	401,492	319,377	308,866

Source: Financial Statements.

Summary of the cash flow statements (thousands of Saudi riyals)	For the financial year ended 31 December 2021G (Audited)	For the financial year ended 31 December 2022G (Audited)	The nine -month period ended September 30, 2022G (Examined)	The nine -month period ended September 30, 2023G (Examined)
Net cash resulting from operational activities	83,000	144,053	138,631	8,350
Net cash resulting from / (used in) investment activities	1,280	(54,912)	(87,916)	112,618
Net cash (used in) / resulting from financing activities	(90,257)	(85,665)	(35,867)	(51,705)

Source: Financial Statements

Key Performance Indicators	Indicator Unit	For the financial year ended 31 December 2021G (Audited)	For the financial year ended 31 December 2022G (Audited)	The nine -month period ended September 30, 2022G (Examined)	The nine -month period ended September 30, 2023G (Examined)
Growth rate in total income	%	%39.26	(26.87%)	N/A	23.35%
The growth rate in the net profit of the year / period	%	%90.73	(94.32%)	N/A	938.70%
Operating profit margin for the year/ period*	%	52.70%	13.43%	5.16%	13.16%
Net profit margin for the year/period*	%	50.75%	4.00%	5.02%	65.63%
Exchange Ratio	Time	1.97	3.07	N/A	9.71
Total assets / liabilities	Time	2.21	3.29	N/A	5.87
Total income / total assets	%	32.99%	29.92%	N/A	16.76%
Return on total assets	%	16.74%	1.20%	N/A	11.00%
Returning to total shareholder rights	%	30.57%	1.72%	N/A	13.26%
Debt Ratio/Total Assets	%	32.23%	15.66%	N/A	N/A
Debt Ratio/Total Equity	%	58.85%	22.49%	N/A	N/A
Capital adequacy rate**	Once / %	1.80	2.32	1.96	37.97%

Source: Company's information

\* Other revenues were excluded from the total income when calculating the margin, given that other revenues are not operational.

\*\* In 2023G, the method of calculating the rate of capital adequacy was modified by the Capital Market Authority to become a percentage instead of the number of times.

## Summary of Risk Factors

Prior to making an investment decision with respect to the Offer Shares, prospective investors should carefully consider all the information contained in this Prospectus, noting that the risks described below may not include all the risks that the Company may come across. It is possible that there are further factors that are unforeseeable to the Company at the present time that would affect its operations.

### 1. Risks Related to the Activities and Operations of the Company

- Risks related to the inability to implement the Company's strategic plan.
- Risks related to the interpretation of Sharia principles related to the Company's products.
- Risks related to the adequacy of capital.
- Risks related to decrease in assets under management.
- Risks related to anti-money laundering policies and procedures, risk management, combating terrorism, and other relevant regulations and instructions.
- Risks related to the management of funds, investment portfolios and brokerage services.
- Risks related to service quality and good reputation.
- Risks related to breaching the confidentiality and safety of customer and employees' data.
- Risks related to non-compliance with the Capital Market Authority laws and regulations.
- Risks related to the withdrawal of the Capital Market Authority license.
- Risks related to licensing products.
- Risks related to margin finance and Murabaha finance.
- Risks related to implementation of the guarantees provided by clients.
- Risks related to the provision of underwriting services.
- Risks related to adverse changes in the markets for IPO issues, listings and priority rights.
- Risks related to the Brokerage Service System.
- Risks related to low return on clients' investment.
- Risks associated with risk management laws, policies and procedures.
- Risks related to the Company's revenues focus on consulting services.
- Risks related to investment funds under management.
- Risks related to real estate development funds under management.
- Risks Related to exchanged stock funds.
- Risks related to the failure to extract or renew licenses, permits and certificates.
- Credit-related risks for the (investment banking) consulting sector.
- Risks related to reliance on key personnel and executive management.
- Risks related to employee mistakes or misconduct.
- Risks related to changes in accounting standards and new standards.
- The risks related to the availability of financing in the future.
- Risks related to the adequacy of insurance coverage.
- Risks related to Saudization requirements.
- Risks related to natural disasters.
- Risks related to operation and unexpected business interruption.
- Risks related to non-compliance with quality standards and specifications required by clients.
- Risks related to potential Zakat dues and additional claims.
- Risks related to the protection of trademarks and property rights.
- Risks related to working capital management.
- Risks related to the fluctuation of currency exchange rates.
- Risks related to the lack of experience in managing listed joint stock companies.
- Risks related to lawsuits.
- Risks related to non-compliance with the Capital Market Law and its executive regulations.



- Risks related to operating systems, information technology and cybersecurity.
- Risks related to reliance on non-Saudi employees.
- Risks related to trade payables.
- Risks related to the Company's inability to provide the workforce to meet the Company's need for future expansion.
- Risks related to the prices of the Company's products.
- Risks related to contracts with third parties.
- Risks related to the lack of independent members.
- Risks related to related parties.
- Risks related to technical issues specific to brokerage clients' accounts.
- Risks related to client concentration.
- Risks related to supplier concentration.
- Risks related to investments held at fair value through profit or loss.
- Risks related to the dismissal of the Fund Manager (the Company) and the implications thereof.
- Risks related to vacant positions in executive management.
- Risks related to the vacant position of Asset Management Manager.

## 2. Risks Related to the Market and the Sector in which the Company Operates

- Risks related to the Kingdom's economic performance.
- Risks related to the competing environment.
- Risks related to political and economic instability in the Middle East.
- Risks related to the Companies Law.
- Risks related to the approval and application of the New Companies Law in KSA.
- Risks related to the application of corporate governance regulations.
- Risks related to the lack of adherence to the current regulations and laws and/or the issuance of new regulations and laws.
- Risks related to value -added tax.
- Risks related to changing the Zakat and Income Tax calculation mechanism.
- Risks related to consumer spending due to poor economic conditions.
- Risks related to the imposition of new fees or taxes.
- Risks related to Competition Law and its executive regulations.
- Risks related to commission rate fluctuation.

## 3. Risks related to the Offer Shares

- Risks related to potential fluctuations in share price.
- Risks related to future data.
- Risks related to the possible issuance of new shares.
- Risks related to actual control by current shareholders after the offering.
- Risks related to the absence of prior market for the Offer Shares.
- Risks associated with selling a large number of shares in the parallel market after offering.
- Risks related to not meeting the requirements of transition to the main market or any future regulatory requirements.
- Risks related to the Company's desire to remain in the parallel market.
- Risks related to liquidity of the Offer Shares
- Risks related to dividends distribution.

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Definitions and Terms

01



# 1. Definitions and Terms

The following table shows a list of definitions and abbreviations of the terms used in this Prospectus:

Term or Abbreviation Identified	Definition
Company or Issuer	Yaqeen Capital Company (Yaqeen Capital).
Management or Senior Management	Management of Yaqeen Capital Company (Yaqeen Capital).
Bylaws	Company's Bylaws
Ministry of Commerce	The Ministry of Commerce, Kingdom of Saudi Arabia.
Ministry of Human Resources and Social Development	The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
General Authority for Competition	The General Authority for Competition in the Kingdom of Saudi Arabia.
Chartered Accountant for the financial year ending on December 31, 2022G	PricewaterhouseCoopers Chartered Accountants.
Chartered Accountant for the nine months period ending on September 30, 2023G	KPMG Professional Consulting
Offering	The initial public offering of three million (3,000,000) ordinary shares representing twenty percent (20.00%) of the Company's total capital.
Offer Shares	Three million (3,000,000) ordinary shares of the Company's shares.
Shares of Shareholders before Offering	100% of the total share capital of the Company amounting to fifteen million (15,000,000) ordinary shares of equal value.
Offering Period	The period which will commence on Sunday 26/10/1445H (corresponding to 05/05/2024G) until Sunday 04/11/1445H (corresponding to 12/05/2024G).
Closing Date	It is the end date of the Offering Period on Sunday 04/11/1445H (corresponding to 12/05/2024G).
Registration of Shares	Submitting an application to the CMA for the registration and offering the Company's shares and then listing on the parallel market.
Offering Price	(●●) ●● Saudi riyals per share.
Share	Ordinary share with a nominal value of (10) Saudi riyals.
Nominal Value	Ten (10) Saudi riyals per share.
Person	Natural or legal person.
Subscriber	Each qualified shareholder subscribes or submits an application to subscribe for the shares of the Company in accordance with the OSCO rules, listing rules and the terms of the subscription provisions.
Substantial Shareholders	FALCOM Holding Company, which owns nine million (9,000,000) shares representing (60.00%) of the total shares of the Company before the offering, and the shareholder/FALCOM Yaqeen Investment Company (one-person company) which owns (40.00%) of the total shares of the Company before the offering.
FALCOM Yaqeen Investment Company (One-person company)	FALCOM Yaqeen Investment Company (One-person company)
Offering Proceeds	The total value of the shares subscribed for.
Net Offering Proceeds	The net offering proceeds, after the deduction of the Offering expenses.

Subscription Account	An account with a commercial bank licensed to work in KSA to deposit the proceeds of the offering therein. After the end of the offering process, these proceeds shall be transferred to the Company's account or the accounts of the selling shareholder.
Financial Year	The year ending on December 31 of each calendar year.
Saudization	Labor regulations in KSA that require companies operating in the Kingdom to employ a certain percentage of Saudis.
Business Day	Any business day except Fridays and Saturdays and any day that is an official holiday in KSA or any day on which banking institutions is close in accordance with the regulations in force and other government procedures.
Labor Law	The Saudi Labor Law issued by Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005) and its amendments.
Companies Law	The Companies Law applicable in KSA issued by Royal Decree No. (M/132) dated 01/12/1443 H (corresponding to 30/06/2022G), which entered into force on 26/06/1444H (corresponding to 19/01/2023G) and amendments thereto.
Capital Market Law	The Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424 H (corresponding to 31/07/2003G), and amendments thereto.
Financial Statements	The Company's audited financial statements for the financial year ended 31 December 2022G, and the audited interim financial statements for the nine-month period ended 30 September 2023G, which were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in KSA and other standards and issuances issued by the Saudi Organization for Auditors and Accountants (SOCPA).
H	The Hijri calendar.
G	Gregorian calendar.
OSCO Rules	The Rules for Offering Securities and Continuing Obligations issued by the Capital Market Authority Board under Resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017G) based on the Capital Market Law issued by Royal Decree No. M/30 date 2/6/1424H (corresponding to 31/07/2003G), which is amended by the of the CMA Board decision No. (3-6-2024) dated 05/07/1445H (corresponding to 17/01/2024G) and any amendments thereto.
Listing Rules	Listing rules issued by the Saudi Tadawul Company (Saudi Exchange) and approved by Capital Market Authority Board Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. (1-104-2019) dated 01/02/1441H (corresponding to 30/09/2019G), amended pursuant to its Resolution No. (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G), and amended pursuant to its Resolution No. (1-19-2022) dated 12/09/1443H, corresponding to 13/02/2022G, amended pursuant to its Resolution No. (1-52-2022) dated 12/09/1443H (corresponding to 13/04/2022G), amended pursuant to its Resolution No. (3-96-2022G). dated 10/02/1444H (corresponding to 06/09/2022G), and amended by its Resolution No. (1-108-2022) dated 23/03/1444H (corresponding to 19/10/2022G) and any amendments thereto.
Prospectus	This Prospectus, which is the document required to register shares with the CMA for the purpose of listing in the parallel market, according to the OSCO Rules.
Advisors	Advisors of the Company whose names are indicated in the page (vi).
Financial Advisor	Alinma Investment Company.
Lead Manager	Alinma Investment Company.
Board or Board of Directors	Company Board of Directors
CMA or the Authority	The Capital Market Authority in the Kingdom of Saudi Arabia.
Exchange or Tadawul	The Saudi Tadawul Company (formerly the Saudi Stock Exchange Company), established in accordance with the decision of the Council of Ministers dated 29/02/1428H (corresponding to 19/03/2007G), in implementation of the Capital Market Law, is a Saudi closed joint stock company, and the only entity authorized to operate as a securities market. Finance in the Kingdom of Saudi Arabia, where it lists and trades securities. Saudi Stock Exchange.
The Saudi Stock Exchange, the Capital Market, the Stock Market, the Market, or Tadawul	Saudi Stock Exchange.
Parallel Market	The market in which Shares that have been registered and admitted are traded in accordance with the OSCO Rules and "Listing Rules".
Tadawul	Automated System for Trading Saudi Shares
General Assembly	The general assembly of the shareholders of the Company.
Ordinary General Assembly	Ordinary General Meeting of the Shareholders of the Company.

Extraordinary General Assembly	Extraordinary General Meeting of the Shareholders of the Company.
Government	The Government of the Kingdom of Saudi Arabia.
Qualified Investors	<p>Qualified Investor means any of the following:</p> <ol style="list-style-type: none"> <li>Capital Market Institutions acting on their own behalf;</li> <li>clients of a Capital Market Institution authorized to perform management activities, provided that the Capital Market Institution has been appointed under terms that enable it to make decisions to accept participation in the Offering and to invest in the Parallel Market on the client's behalf without the need for his prior approval;</li> <li>the Kingdom's government, any Government agency, or any international body recognized by the CMA, the Exchange or any other stock exchange recognized by the CMA or the Depository Center;</li> <li>Government-owned companies whether investing directly or through a portfolio managed by a Capital Market Institution authorized to perform management activities;</li> <li>companies and funds established in GCC countries;</li> <li>investment funds;</li> <li>any other legal persons who may open an investment account in the Kingdom and an account with the Depository Center,</li> <li>Natural persons who may open an investment account in the Kingdom and an account with the Depository Center and meet any of the following criteria: <ol style="list-style-type: none"> <li>have made transactions in the securities market with a total value of not less than forty million Saudi Arabian Riyals (SAR 40,000,000) and not less than ten (10) transactions per quarter during the past 12 months;</li> <li>have net assets whose total value is not less than five million Saudi Arabian Riyals (SAR 5,000,000);</li> <li>are working or have worked in the financial sector for at least three (3) years;</li> <li>have a CME-1 approved by the CMA; or</li> <li>hold a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity.</li> </ol> </li> <li>any other persons defined by the CMA.</li> </ol>
Public	<p>Pursuant to the OSCO rules, the public are persons other than the following:</p> <ol style="list-style-type: none"> <li>Affiliates of the Issuer.</li> <li>Substantial shareholders of the Issuer.</li> <li>Directors and Senior Executives of the Issuer.</li> <li>Directors and Senior Executives of the Issuer affiliates.</li> <li>directors and senior executives of the Issuer's Substantial Shareholders.</li> <li>Any relatives of the persons referred to in paragraphs (1, 2, 3, 4 or 5) above.</li> <li>Any company controlled by any of the persons referred to in (1, 2, 3, 4, 5, or 6) above; or</li> <li>Persons acting in concert, with a collective shareholding of five per cent. or more of the class of Shares to be listed.</li> </ol>
Lock-up Period	It is prohibited to dispose for a period of twenty-four (24) months from the date of commencement of the trading of the Company's shares in the parallel market on the entire shares owned after the offering of FALCOM Holding Company, which represent (40.00%) of the Company's capital after the offering, in addition to fifty percent (50%) of the shares owned by FALCOM Yaqeen Investment Company (one-person company) (which constitutes twenty percent (20%) of the Company's capital after the offering) (the "Lock-up Period"). The prior approval of the Capital Market Authority (the "Authority") must be obtained before disposing of these shares after the end of the Lock-up Period.
Shareholder (s)	Shareholders of the Company for any specified period of time.
Investor	Every person who invests in the Offer Shares after listing them in the parallel market.
The Kingdom	The Kingdom of Saudi Arabia
Risk Factors	It is the set of potential influences that must be known and hedged before making the decision to invest in the Offer Shares.
IFRS	International Financial Reporting Standards issued by the IASB as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA.
Financial Year (s)	The period of time for presenting the result of the activity of the establishment, the beginning and end of which are specified in the Articles of Association or the articles of association of the concerned company, noting that the Company's financial year ends on December 31 of each year.
SOCPA	The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia.
Corporate Governance Regulations	Corporate Governance Regulations issued by the CMA Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H, as amended by CMA Board Resolution No. 8-5-2023 dated 25/06/1444H (corresponding to 18/01/2023G), and any amendments thereto.

Nitaqat	The Saudization program (Nitaqat) was approved by the decision of the Minister of Labor No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G) based on the decision of the Council of Ministers No. 50 dated 12/05/1415H (corresponding to 18/10/1994G). The Ministry of Human Resources and Social Development in the Kingdom launched the (Nitaqat) program to provide incentives for institutions to employ Saudi citizens. This program evaluates the performance of any institution on the basis of specific ranges, which are platinum, green and red.
ZATCA	The Zakat, Tax and Customs Authority (formerly the General Authority of Zakat and Tax), which is one of the government authorities that are organizationally linked to the Minister of Finance, is the authority concerned with carrying out the work of collecting Zakat, taxes and customs.
Riyal	Saudi Riyal – The official currency of the Kingdom of Saudi Arabia.
USD	US Dollar – The official currency of the United States of America.
Vision 2030	The National Strategic Economic Program, which aims to reduce dependence on oil and the petrochemical industry, diversify the Saudi economy and develop public services.
Value-Added Tax (VAT)	The Council of Ministers decided on 02/05/1438H (corresponding to 30/01/2017G) to approve the unified agreement for the value-added tax for the GCC countries, which entered into force on 1 January 2018G, as a new tax to be added to the ecosystem of taxes and other fees to be applied by specific sectors in the Kingdom, and in the GCC countries. The amount of this tax is (5%). The government of the Kingdom decided to increase the value added tax rate from 5% to 15%. This decision came into effect as of July 1, 2020G. A number of products were excluded, including (basic foods and services related to health care and education).
ETFs	Mutual funds divided into equal units that are traded in the stock market during official trading periods are similar to shares of traded companies. Exchange-traded funds consist of a group of shares of companies listed in the stock market that are also tradable. These funds combine the characteristics of mutual funds and stocks.
Mutual Funds	Investment funds consisting of a group of funds deposited from several investors for the purpose of investing in a specific strategy and investment objectives set by the fund manager, usually in stocks, instruments or other capital market instruments.
Real Estate Investment Fund	A joint real estate investment program that aims to provide investors with the opportunity to participate collectively in the profits of the program, and is managed by the fund manager for a specific fee.
Fund Manager	The Capital Market Institution, which manages the assets of the Investment Fund or the Real Estate Investment Fund, manages its business and offers its units in accordance with the provisions of the Investment Funds Regulations, the Real Estate Investment Funds Regulations and the rules governing special purpose establishments.
Arrangement	Providing persons in connection with the offering of securities or arranging for underwriting them or providing advice in the business of corporate finance.
Custody	Keeping assets belonging to another person that contain securities or arranging for another person to do so. Custody involves carrying out the necessary administrative procedures.
Brokerage Services	Dealing services on behalf of a Capital Market Institution.
Portfolio Management	Authorizing professional experts to manage investments,
Parent Company	It is the Company that owns enough shares to vote in another company to control the management and operations by influencing or electing its board of directors provided that the second company is considered as a subsidiary of the parent company.



Risk Factors

2022

## 2.

**Risk Factors**

Investing in the shares offered under this Prospectus involves high risks. Investing in them may only be appropriate for investors who are able to evaluate the benefits and risks of this investment and bear any loss that may ensue. Prior to making an investment decision with respect to the Offer Shares, all prospective investors should carefully consider the following risk factors and the other information contained in this Prospectus. However, the risks listed below do not necessarily comprise all of those risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Company is currently not aware of or that may affect its operations.

The Company's activity, financial conditions, future expectations, results of operations, and cash flows may be adversely and materially affected if any of the risks included in this section occur or are realized, and which the Company's management currently believes are material, in addition to any other risks that the Board of Directors have not currently identified or classified as immaterial, but which may actually occur and become material.

In the event of the occurrence or realization of one of the risk factors that the Company's management currently believes to be material, or the occurrence of any other risks that the Company's management has not been able to identify, or which it currently considers to be immaterial, this may lead to a decrease in the price of shares in the market and weaken the Company's ability to distribute profits to shareholders, and the investor may lose all or part of his investment in the Company's shares.

The members of the Company's Board of Directors acknowledge that, to the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus other than those mentioned in this section that could affect investors' decisions to invest in shares that will be listed in the parallel market.

The risks and uncertainties set out below are not presented in any assumed order of priority that can reflect their expected impact on the Company. Additional risks and uncertainties, including those not currently known or considered immaterial, may have the effects as described above.

## 2.1 Risks related to the Company's Activity and Operations

### 2.1.1 Risks related to the inability to implement the Company's strategic plan

The Company's ability to increase its revenues and improve its profitability depends on its ability to successfully implement the Company's strategic plan, i.e improving product efficiency or expanding by developing new products and services. The Company's ability to expand its business in the future depends on its ability to continue implementing and improving operational, financial and administrative information systems in an efficient and timely manner, as well as on its ability to increase, train, motivate and manage its workforce. Furthermore, any business expansion plans that the Company intends to undertake in the future will be subject to estimated costs and the specified implementation schedule. The Company may need to obtain additional financing to complete any expansion plans. If it is unable to implement the expansion plans according to the specified schedule as per the estimated costs of the project, or in the event of inability to provide the necessary financing to complete any expansion plans, or in the event of not achieving the desired profitability from these projects, which may be due to various reasons, including a change in the market situation at the time of implementing these projects, or in the event of a defect in the feasibility study, this would adversely affect the Company's competitive position, and thus adversely and materially affect its financial position, business results, profitability, and future expectations.

### 2.1.2 Risks related to the interpretation of Sharia principles related to the Company's products

The Company currently provides investment products that are compatible with the provisions of Islamic Sharia. All of these products are subject to review and approval by the Company's Sharia Committee. The product or service is studied by the members of the Sharia Committee in accordance with the relevant Sharia principles according to their interpretation and understanding of them. It is also known that many Sharia issues and principles are considered controversial, and therefore the members of the Sharia Committee may have different opinions about the same product or service. Therefore, some members of the Sharia Committee, jurists, or judges may see that some of the Company's services or products are not compatible with the provisions of Islamic Sharia. If a number of members of the Sharia Committee, jurists, or judges agree that part of the Company's services or products are illegal, this may have a negative impact on the Company's reputation and therefore will have a negative and material impact on the Company's business, results of operations, financial position and future expectations.

Based on the Authority's strategic objectives for developing the capital market and based on the Capital Market Law issued by Royal Decree No. (M/30) dated 02/06/1424H, the Authority's Board issued its decision including the adoption of Sharia governance instructions in Capital Market Institutions. These instructions aim to set rules and standards for Sharia governance for Capital Market Institutions that provide, in whole or in part, products or services that are compatible with Sharia provisions and principles.

The main items of the instructions are as follows:

- a. Regulating the responsibilities of the Board of Directors - or its equivalent - and executive management in Capital Market Institutions that provide, in whole or in part, products or services compatible with Sharia provisions and principles.
- b. Regulating the work of the Sharia Committee, including the provisions for its formation, membership, meetings, and responsibilities, as well as defining the functions and duties of the Chairman of the Sharia Committee and the functions and duties of its members.
- c. Regulating the provisions for the independence of the Sharia Committee and its organizational affiliation and defining the duties of the functions of both Sharia compliance and internal Sharia review.
- d. Regulating the procedures for developing products and services that are compatible with Sharia provisions and principles.
- e. The decision of the Authority's Board stipulated that the instructions will be implemented starting from the date of their publication, with the exception of paragraphs (2) and (7) of Article Three and paragraph (6) of Article Eight thereof, which will be implemented starting from 13/12/1444H corresponding to 01/07/2023G. The Company pledges to adhere to the instructions of Sharia governance in Capital Market Institutions.

### 2.1.3 Risks related to the adequacy of capital

The Company is subject to the laws, regulations and rules applied by the Saudi Capital Market Authority, including those related to capital adequacy and enhancing risk coverage to strengthen the capital position, especially with regard to providing services for pledging coverage with new shares or previously issued shares or providing margin financing services. In accordance with the requirements capital adequacy rules issued by the Capital Market Authority, the capital adequacy ratio must not be less than one (1). Noting that the Company's capital adequacy ratio reached (1.80) times, (2.32) times, and (37.97%) (in 2023G, the method of calculating the capital adequacy rate was modified by the Capital Market Authority to become a percentage instead of the number of times) as of December 31, 2021G and 2022G, and as of September 30, 2023G, respectively. The Company continuously conducts an internal assessment of capital adequacy by studying its risk structure from both an internal and regulatory point of view, by measuring, monitoring and reporting all material risks and adopting effective plans to ensure the availability of sufficient capital to meet the Company's normal business in addition to any other unexpected activity. While the Company looks for opportunities to expand, the Company will also continue to maintain capital to cover risks identified by the Capital Market Authority (under Pillar 1) and maintain additional capital to cover other risks (Pillar 2), supporting its business activities while ensuring that its capital requirements are maintained adequately. Failure to comply with the regulations and instructions related to capital adequacy in the future may cause the Company to lose part of its business or the Company may be exposed to possible penalties, which will have a negative and material impact on the Company's business, results of its operations, financial condition and future expectations.

The Company's business may be affected by future changes in policies, regulations and rules applicable to the requirements of capital adequacy rules, such as increasing the required capital adequacy ratio, which may require an additional capital injection. The Company may also need additional capital in the future if it incurs unexpected losses in its operations. Additional capital sources may not be available on appropriate terms or at all to comply with the requirements of future adequacy and solvency rules. This may cause the Company to reduce the Company's capital to reduce the losses incurred, which will affect the capital available for use in the Company's operations, which will materially affect the Company's results and financial position. Increasing capital to meet capital adequacy requirements by issuing new shares may also reduce equity ratio at the time of the increase.

Compliance with the above-mentioned changes may cause a change in the Company's method of performing its business, which may have a negative and material impact on the business, services and products provided by the Company, which will have a negative and material impact on the Company's business, results of its operations, financial position and future expectations.

### 2.1.4 Risks related to decrease in assets under management

In achieving a portion of its revenues, the Company relies on management fees resulting from the volume of assets under management. The volume of assets under management amounted to (3.81) billion Saudi riyals, (1.77) billion Saudi riyals, and (1.36) billion Saudi riyals as on December 31, 2021G, December 31, 2022G and September 30, 2023G respectively. In addition, asset management fees amounted to (19.16%), (23.86%), and (19.35%) of the Company's total revenues as on December 31, 2021G, December 31, 2022G and September 30, 2023G respectively. (For more information, please see subsection (3.6.5) "**Assets under management**" in this Prospectus.) Therefore, negative changes in the volume of assets under management or decrease in management fees for assets under management will in turn lead to a significant decline in the Company's revenues and profits resulting from them, which will have a negative and material impact on the Company's business, financial condition, results of its operations and future expectations. In addition, the poor performance of assets under management will adversely affect the Company's reputation and may therefore lead to investors reluctance to continue or choose the Company as a manager to manage their assets, which will have a negative and material impact on the Company's business, financial condition, results of its operations and future expectations.

### 2.1.5 Risks related to anti -money laundering policies and procedures, risk management, combating terrorism, and other relevant regulations and instructions

The Company complies with to the regulations for opening investment accounts and the regulations for Capital Market Institutions issued by the Capital Market Authority, the Anti-Money Laundering Law under Royal Decree No. (M/20) and its executive regulations, and the Law of Combating Crimes of Terrorism and its Financing under Royal Decree No. (M/21) and its executive regulations, and verification from the client's identity and ensuring that he is not on the lists of terrorism and those who are prohibited from dealing with them issued by the Capital Market Authority and the lists of the United Nations international sanctions list to suppress the financing of terrorism. These regulations and instructions include a large ecosystem of requirements related to establishing internal systems and policies for verifying the Company's clients, known as "Know Your Client" procedures, in addition to other procedures related to combating money laundering and combating the financing of terrorism, which require following up and verifying financial transactions that may be suspicious and reporting to the relevant authorities. Future lawsuits related to violations of these rules, regulations and instructions may lead to the imposition of fines and other penalties on the Company. if this occurs, it will have a negative and material impact on the Company's business, financial condition, results of its operations and future expectations.

In addition, the procedures of compliance, internal audit and reporting for the purpose of complying with the regulations and instructions of the Capital Market Authority, which are extensive procedures and processes including regular examination activities, may not be fully and sustainably effective. Compliance with these rules, regulations and instructions also depends on the Company's ability to attract and maintain qualified employees to carry out these duties, including those related to monitoring operations. If the Company does not comply with these regulations and instructions, or is alleged to do so, it will be exposed to investigations or judicial or administrative procedures that will result in penalties or penal procedures, including, but not limited to, lawsuits filed by clients to obtain compensation or even loss of the license to conduct its business. Any of these factors, if they occur, will have a negative and material impact on the Company's results, financial position and future expectations.

### 2.1.6 Risks related to the management of funds, investment portfolios and brokerage services

The Company provides brokerage and investment management services to its clients in compliance with the provisions of Sharia. Investment services include portfolio management and investment fund management licensed by the Capital Market Authority. The revenues generated from brokerage and asset management services amounted to (51,011,298) Saudi riyals and (25,951,570) Saudi riyals, representing (37.67%) and (19.16%) of the Company's total revenues as on December 31, 2021G, respectively, amounted to (18,250,519) Saudi riyals and (23,629,101) Saudi riyals, representing (18.43%) and (23.86%) of the Company's total revenues as on December 31, 2022G, respectively. It also amounted to (8,692,061) Saudi riyals and (10,015,651) Saudi riyals, representing (16.79%) and (19.35%) of the Company's total revenues as of September 30, 2023G, respectively (for more information, please see subsection (3.6.1) "Revenues according to business sectors" in this Prospectus). Therefore, if any wrong investment decisions are made, it may result in losses for investments under management. In the event of weak trading through trading platforms, which will affect the Company's reputation and will in turn lead to a decline in the Company's revenues and profits resulting therefrom, which will have a negative and material impact on the Company's business, financial condition, results of operations and future expectations.

### 2.1.7 Risks related to service quality and good reputation

In providing its services, the Company relies on its reputation in the market. the Company's reputation may be subject to a significant decline as a result of several events such as falling into disputes with clients, penetration of information technology security, deficiencies in internal control and failing to fulfill its obligations, or being exposed to penalties as a result of its non-compliance with relevant regulations or negative performance of its financial results. Likewise, the Company's reputation may be damaged by the actions or statements of current or former clients, employees, competitors, suppliers, litigants in legal proceedings, government regulatory bodies, as well as members of the investment community or the media. Negative information about the Company, even if it is based on rumors or misunderstandings, will adversely affect its business. Damage to its reputation may be difficult, costly, and take a long time to remedy, which may affect the choices of potential or current clients and their reluctance to choose the Company to benefit from its services and products, which will result in the loss of clients and adversely affect the business. Damage to the Company's reputation will also reduce the value and effectiveness of the Company's trade name, as well as reduce the confidence of investors and its clients in it, which will adversely and materially affect the Company's business, financial condition, results of its operations, and future expectations.

### 2.1.8 Risks related to breaching the confidentiality and safety of customer and employees' data

In the ordinary course of its business, the Company collects and transfers a significant amount of client and employee data, including personal identification numbers, dates of birth and other highly sensitive personal data, in information systems maintained by the Company and in those maintained by parties with whom the Company contracts to provide certain services. This data may be sensitive and confidential. Unauthorized disclosure or loss of sensitive or confidential data may occur through various methods. These methods include, but are not limited to, systems failure, employee negligence, fraud, misappropriation, or unauthorized access to or through the Company's information systems, whether by its employees or third parties, including cyber attacks by computer programmers, hackers, members of organized crime or state-sponsored organizations, who may develop and spread viruses or other malicious software.



The Company's systems, or those of our third-party service providers, may be subject to security penetration, acts of terrorism, cyber vandalism, theft, computer viruses, loss or corruption of data or programming, human errors, or other similar events. Furthermore, the size and complexity of the Company's information systems and those of its third-party service providers make these systems vulnerable to security compromise due to inadvertent or intentional actions by Company employees, or as a result of attacks by third parties. Because such attacks are increasingly sophisticated and frequently changing in nature, the Company and external service providers may not be able to anticipate such attacks or take appropriate preventative measures to address them, and any conflicts in the Company's or those of external service providers' systems may not be detected and remedied immediately.

It should be noted that the Company uses a number of external service providers in relation to providing information technology services and systems. Any security penetration, terrorism, electronic sabotage, theft, computer viruses, loss or damage to data or programming, or human errors caused by the Company's employees which may result in a breach of the privacy and security of client and employee data or other similar situations may alter current or potential customer behavior in a way that affects the Company's ability to retain existing clients and attract new ones, as well as incurring liability under the Company's contracts and laws that protect sensitive or personal data and confidential information, which it will adversely affect the Company's business, financial condition, results of operations and future expectations. Compliance with evolving privacy and security laws, requirements and regulations may increase costs due to necessary changes in regulations or new restrictions imposed on a company's business models and the development of new administrative processes. Further restrictions may be also imposed on the Company's data collection, disclosure, and use of sensitive personal information in one or more of its databases. Non-compliance with privacy regulations and industry requirements on a large scale or a security breach (which includes theft or loss of personal, sensitive or confidential information, or any unauthorized disclosure) will adversely and materially affect the Company's ability to maintain its existing clients and attract new clients, which will lead to a decrease in its revenues and incur significant fines and penalties, as well as exposure to litigation, which will adversely and materially affect its business, financial condition, results of operations and future expectations.

### 2.1.9 Risks related to non-compliance with the Capital Market Authority laws and regulations

The Company's business is subject to the supervision and regulations of the Capital Market Authority, in addition to other regulations, rules, procedures and circulars issued by the Capital Market Authority from time to time. Under the Capital Market Institutions Regulations, all companies operating in the field of practicing securities business must obtain a license from the Capital Market Authority to practice these activities. The Company currently has a license granted under a resolution by the Capital Market Authority Board No. (1-176-2006) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) as well as the start of practicing the licensed business on 01/02/1428H (corresponding to 19/02/2007G) to provide dealing, management, custody, arrangement, and advice services to its clients who are investors in the Saudi capital market.

The Company must adhere to the conditions and instructions imposed by the Capital Market Authority. These conditions include, for example:

- Payment of the financial fees specified by the CMA for the continuation of the license.
- Compliance with the rules, restrictions and conditions that apply to it and any other legislative requirements required by the CMA.
- Convenience and ability at all times to practice the activity of securities in accordance with the list of business licensed to practice.
- Protecting the interests of clients in accordance with the executive regulations.
- Notifying the Authority in the form it specifies that a person intends to take control or cease control 30 days prior to the proposed effective date.
- Notifying the CMA in the form it specifies that a person intends to have close ties with it 30 days before the proposed effective date.
- Non-stop of practicing business for more than 12 months.
- Registering and keeping sufficient information about the securities business carried out in compliance with the Capital Market Institution Regulations.
- Compliance with the Regulations of Instructions for Opening Investment Accounts and the Regulations of Capital Market Institutions issued by the Capital Market Authority, the Anti-Money Laundering Law under Royal Decree No. (M/20) and its Executive Regulations, and the Anti-Terrorism Crimes and its Financing Law under Royal Decree No. (M/21).
- Developing adequate protective arrangements to ensure that information is not leaked.
- Providing the Authority without delay with all information, records and documents that the Authority may request for the purpose of implementing the Law and its Executive Regulations.

If the Company does not comply with the terms and instructions of the Capital Market Authority, including any changes in these terms and conditions, it will be subject to financial fines or to the withdrawal or non-renewal of the license granted to it. In the event that the license is withdrawn or not renewed by the Capital Market Authority, it will not be able to continue to practice its activity. This will have a negative and material impact on the Company's business, results of its operations, its financial position, its

future expectations and its share price in the market. Noting that the Company obtained a number of violations from the Capital Market Authority regarding non-compliance with the laws and regulations of the Capital Market Authority, and their settlement has been completed. The most important of these violations are as follows:

Table No. (1): The most important violations from the Authority as on 31 December 2021G, 31 December 2022G and 30 September 2023G

Violation Year	Authority Imposing Violation	Violation Details	Violation Amount (SAR)	Ways to Process the Violation and Avoid its Occurrence in the Future
2022G	Capital Market Authority	Violation of subparagraph (2) of paragraph (b) of Article (21) of the Rules of Offering Securities and Continuing Obligations, based on subparagraph (3) of paragraph (c) of Article Fifty-Nine of the Capital Market Law.	1,400,000	The Company has developed the necessary measures to ensure the commitment of the Company as a financial advisor to exert the necessary professional care to all issuers and to ensure that the Issuer has met all the necessary conditions required to register its securities and offer them in the parallel market and to ensure compliance with all relevant requirements.
2022G	Capital Market Authority	The Company's violation of the requirement of Clause No. (19) of Annex (1-6) (of the Capital Market Institutions Regulations based on Paragraph (e) of Article (53) of the Capital Market Institutions Regulations.	No Financial Fine*	The Company has developed the necessary measures to ensure compliance with the requirements of Annex (1-6) of the Capital Market Institutions Regulations before publishing the report.
2022G	Capital Market Authority	During the year 2022G, the Capital Market Authority conducted an inspection visit to Yaqeen Capital Company "Yaqeen Capital" to ascertain the systems and procedures followed in Yaqeen in addition to the extent of its compliance with the laws, regulations and instructions of the Capital Market Authority. This visit resulted in 19 violations with no financial impact (to date).	No Financial Fine*	The Company has developed the corrective plan for violations with the appropriate time plan for implementation in line with the instructions of the Capital Market Authority.
2022G	Capital Market Authority	Committing four violations of subparagraphs (5), (7) and (8) of paragraph (A) of Article Sixteen of the Investment Accounts Instructions, based on subparagraph (3) of paragraph (c) of Article Fifty-Nine of the Capital Market Law.	200,000	The Company's internal policies and procedures have been developed to avoid such violations in the future
2023G	Capital Market Authority	Imposing a fine on the "Company" for committing 12 violations, which are as follows: 1. Impose a fine on the "Company" for violating subparagraph (2) of paragraph (b) of Article Twenty-One of the Rules of Offering Securities and Continuing Obligations, based on subparagraph (3) of paragraph (c) of Article Fifty-Nine of the Capital Market Law.	60,000	The internal policies and procedures of the Company have been developed to ensure compliance with these instructions and to avoid such violations in the future.
2023G	Capital Market Authority	2. Impose a fine on the Company for violating paragraph (b) of Article (72) of the Securities Offering Rules and Continuing Obligations, based on subparagraph (3) of paragraph (c) of Article Fifty-Nine of the Capital Market Law.	50,000	The Company has developed the necessary measures to ensure compliance with the disclosure requirements and related requirements
2023G	Capital Market Authority	3. Impose a fine on the "Company" for violating paragraph (b) of Article Seventy One of the Capital Market Institutions Regulations, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	10,000	The Company's internal policies and procedures have been developed to avoid such violations in the future
2023G	Capital Market Authority	4. Impose a fine on the "Company" for committing (4) violations of subparagraph (2) of paragraph (b) of Article (5) of the Capital Market Institutions Regulations, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	280,000	The Company has developed the necessary measures to ensure compliance with the disclosure requirements and related requirements

Violation Year	Authority Imposing Violation	Violation Details	Violation Amount (SAR)	Ways to Process the Violation and Avoid its Occurrence in the Future
2023G	Capital Market Authority	5. Imposing a fine on the Company for committing two violations of paragraph (b) of Article 61 of the Investment Funds Regulations., based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	60,000	The internal policies and procedures of the Company have been developed to include the procedures of the disinfection process of the funds to avoid the occurrence of such violations in the future
2023G	Capital Market Authority	6. Imposing a fine on the Company for violating paragraph (b) of Article 86 of the Investment Funds Regulations, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	70,000	The internal policies and procedures of the Company have been developed and the terms and conditions of the concerned fund have been amended to avoid the occurrence of such violations in the future
2023G	Capital Market Authority	7. Impose a fine on the Company for violating subparagraph (1) of paragraph (a) of Article (54) of the Investment Funds Regulations, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	250,000	The Company's internal policies and procedures have been developed to avoid such violations in the future
2023G	Capital Market Authority	8. Imposing a fine on the Company for committing two violations of paragraph (a) of Article Fifteen of the Capital Institutions Regulations, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	20,000	The internal policies and procedures of the Company have been developed to ensure compliance with the requirements of the notice to avoid the occurrence of such violations in the future
2023G	Capital Market Authority	9. Imposing a fine on the Company for violating paragraph (a) of Article Fourteen of the Investment Accounts Instructions, and paragraph (c) of Article Thirty Nine of the Capital Market Institutions Regulations, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	10,000	The Company has developed the necessary measures to ensure compliance with the requirements of updating client data and developing the Company's internal policies and procedures to avoid these violations in the future
2023G	Capital Market Authority	10. Imposing a fine on the Company for violating paragraph (b) of Article Fourteen of the Investment Accounts Instructions, and paragraph (c) of Article Thirty Nine of the Capital Market Institutions Regulations, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	10,000	The Company has developed the necessary measures to ensure compliance with the requirements of the notices for investment accounts and the internal policies and procedures of the Company have been developed to avoid the occurrence of such violations in the future
2023G	Capital Market Authority	11. Imposing a fine on the Company for violating paragraph (a) of Article Fifteen of the Investment Accounts Instructions, and paragraph (c) of Article Thirty Nine of the Capital Market Institutions Regulations, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	40,000	The Company has developed the necessary measures to ensure compliance with the requirements of the notices for investment accounts and the internal policies and procedures of the Company have been developed to avoid the occurrence of such violations in the future
2023G	Capital Market Authority	12. Imposing a fine on the Company for violating paragraph (b) of Article Fifteen of the Investment Accounts Instructions, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	40,000	The Company has developed the necessary measures to ensure compliance with the requirements of the notices for investment accounts and the internal policies and procedures of the Company have been developed to avoid the occurrence of such violations in the future
2023G	Capital Market Authority	Violation of subparagraph (2) of paragraph (b) of Article Twenty One of the Rules of Offering Securities and Continuing Obligations, based on subparagraph (3) of paragraph (c) of Article Fifty Nine of the Capital Market Law.	1,500,000	The Company has developed the necessary measures to ensure compliance with the disclosure requirements and related requirements

Source: The Company

\* A letter was addressed to the Chairman of the Board of Directors of the Company.

### 2.1.10 Risks related to the withdrawal of the Capital Market Authority license

The Company carries out its activity under the decision of the Board of the Capital Market Authority No. (1-176-2006) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) as well as the start of practicing the licensed business on 01/02/1428H (corresponding to 19/02/2007G).

The Company shall comply with the conditions and instructions imposed by the Capital Market Authority. The Capital Market Authority shall also have the right to withdraw the license granted to the Company in the following cases:

- Inadequacy and ability to continue the business licensed to be practiced.
- In the event of practicing any securities activity unless it is in the list of businesses licensed to be practiced.
- In the event of non-compliance with the rules, restrictions, and conditions applicable to them, or non-compliance with any other legislative requirements required by the authority.
- When stopping doing business for more than 12 months.
- Failure to pay the financial fee specified by the Authority for the continuation of the license.

If the Company does not comply with the conditions and instructions of the Capital Market Authority, it will be subject to the withdrawal of the license of the Capital Market Authority. In the event that the license is withdrawn from the Company, it will not be able to continue to practice its activity. This will have a negative and material impact on the Company's business, results of its operations, its financial position, its future expectations and its share price in the market.

### 2.1.11 Risks related to licensing products

The Company is committed to obtaining licenses and approvals from the Capital Market Authority for all its products and services, including but not limited to approvals for asset management products and banking investment services. These approvals and licenses are considered an essential factor for the Company's ability to continue or expand in providing its products and services.

Obtaining these licenses and approvals may take a long and unpredictable time. The Company may not be able to obtain these approvals and licenses for any reasons beyond its control. Therefore, this will affect the Company's ability to conduct its business and achieve its objectives. The Company shall adhere at all times to the instructions of the Capital Market Authority and its executive regulations to maintain the licenses and approvals for the products issued to it.

In the event that the Company is unable to obtain approvals or licenses for its products and services from the Capital Market Authority, or in the event that the Capital Market Authority withdraws any of the approvals or licenses issued for any of the Company's products and services, this will have a negative and material impact on the merging company's business, financial condition, results of its operations and its future expectations.

### 2.1.12 Risks related to margin finance and Murabaha finance

The Company provides margin financing facilities to specific clients to deal in the local stock market through the Company or the Yaqeen Murabaha Financing Fund, which is a private open-ended fund licensed by the Capital Market Authority, where the balance of margin financing amounted to (255.30) million Saudi riyals, (38.50) million Saudi riyals and (45.46) million Saudi riyals as of December 31, 2021G, December 31, 2022G, and September 30, 2023G, respectively. The Company also has the option of liquidating the client's investment portfolio to ensure payment of the financing amount in the event of default. In addition, margin financing does not bear any fees or commissions.

The Company also provides Murabaha financing to purchase shares for a limited period through the Company. The balance of Murabaha financing reached (41.86) million Saudi riyals as on September 30, 2023G. The Company also has the option of liquidating the client's investment portfolio to ensure payment of the Murabaha amount in the event of default in payment, in addition to promissory notes signed by clients. Furthermore, Murabaha financing carries a pre-agreed profit margin.

During the year 2022G, the investment positions of a group of margin financing clients in the Company decreased, and as a result, the investment portfolios of a group of clients were liquidated after they were unable to provide the amounts and cover the investment positions. Execution requests for promissory notes were also submitted to the competent authorities. The Company also conducted an impairment assessment of the existing balances and a provision amounting to (1.74) million Saudi riyals were registered.

It is worth noting that impairment losses on the financial assets of the Yaqeen Murabaha Finance Fund amounting to approximately (7.34) million Saudi riyals were recognized on June 29, 2022G. An amount of (5.61) million Saudi riyals was refunded from clients to cover part of the loss.

During the period ending on September 30, 2023G, the Company conducted an impairment assessment of outstanding balances and recorded the refund of the margin financing provision in the amount of 0.4 million Saudi riyals, bringing the net impairment loss in financial assets from the Yaqeen Murabaha Financing Fund to approximately (1.34) million Saudi riyals.

The Company's risk management procedures regarding margin financing and Murabaha financing are as follows:

- Having a clear and comprehensive plan to understand how to measure credit risk in securities trading and ensure compliance with credit limit structures.

- Having a process for assessing the credit risks associated with new or existing products and implementing controls to mitigate those risks.
- Maintaining agreements and other relevant documents related to each particular transaction and reviewing portfolio performance on a regular basis covering historical performance, exposure to different products, value of credit portfolio.
- All applications for Murabaha/Islamic margin financing facilities are reviewed and recommended by the Special Sales Manager and Branches and finally approved by the Credit Committee.
- The client's assets held in the account must be equal to or greater than the mandatory collateral according to the agreement at the time of submission.
- Monitoring the concentrations of portfolio assets of clients who have facilities in limited companies and high percentages, monitoring sudden fluctuations in market share prices, and monitoring operations resulting from human errors or technical malfunctions.
- Updating the list of registered companies: The Credit Risk Unit reviews listed companies and makes recommendations to the Credit Committee periodically. Clients are prohibited from using the facilities to purchase shares of companies included in the list of listed companies, which is reviewed and updated on a regular basis.
- Updating and reviewing companies with accumulated losses: The Credit Risk Unit reviews listed companies and makes recommendations to the Credit Committee periodically. Clients are prohibited from using the facilities to purchase shares of companies included in the list of companies with accumulated losses, which is reviewed and updated on a regular basis.
- Having loss-stop limits: The goal of this limit is to control the reduction of further losses in the portfolio values beyond a certain percentage or price. Stop-loss limits have been set in Yaqeen Financial Company to Murabaha and Islamic margin finance. Margin calls are activated immediately if the value of the collateral in the portfolio is less than a predetermined level of its original value.
- Text messages and emails are systematically sent to high-risk clients.
- Ensuring that the client understands and signs the risk declaration form.

If it turns out that the Company's risk management procedures with regard to margin financing and Murabaha financing are insufficient, or if the Company is unable to liquidate the guarantees provided by defaulting clients for any reason, this will have a negative and material impact on the Company's business, the results of its operations and its financial position and future expectations.

### 2.1.13 Risks related to implementation of the guarantees provided by clients

Margin financing and Murabaha financing contracts with its clients include clauses based on which the clients provide guarantees to cover their obligations to repay the financing provided to them by the Company, including, but not limited to, liquidating the client's investment portfolio.

The Company provides margin financing facilities to selected clients for the purpose of trading in the local stock market through the Company. The Company has the right to liquidate the client's stock portfolio to ensure payment of the loan value in the event of default. These facilities have a maximum period of three months. This financing does not carry any commission or fees. The decrease in financing margin is due to settlements made by some clients during the current year.

The Company also provides Murabaha financing to purchase shares for a specific period through the Company. The Company has the option of liquidating the client's investment portfolio to ensure payment of the value of the Murabaha financing in the event of default. This financing carries a pre-agreed profit margin.

The Company has the option of liquidating the client's investment portfolio to ensure payment of the financing amount in the event of default. Unpaid amounts are settled within the facility period. Facilities are fully guaranteed. The Company constantly monitors the subsequent market value of the collateral for each client and the Company has a stop-loss measure in the event that its value decreases by 25% of the original value of the portfolio, then the Company liquidates the investment up to the amount lent. If the proceeds from the sale of the investment are less than the book value, the borrower is pursued to recover the difference. During the period ending September 30, 2023G, the Company performed an impairment assessment of outstanding balances and recorded a provisional refund of (0.4) million Saudi riyals.

The Company continuously monitors the value of the guarantees provided to ensure that their actual value is not less than the value of the financing provided to clients. If the value of the guarantees provided is lower than the value of the financing provided to clients, or if the Company is unable to implement the guarantees provided by clients under any circumstances, this will have a negative and material impact on the Company's business, the results of its operations, its financial condition, and its future expectations.

### 2.1.14 Risks related to the provision of underwriting services

The Company provides underwriting services to its corporate clients in initial offerings in the capital market and capital increase operations for listed companies by issuing priority rights shares. The Company signs an agreement with the client to act as an underwriter for the full value of the shares offered, as the Company is committed to purchasing any shares offered and not subscribed during the Offering Period, in exchange for the Company receiving fees in exchange for underwriting.

In the event that there are shares offered but not subscribed to during the Offering Period and the Company underwrites them, the Company must provide adequate liquidity to cover these shares, which would adversely and materially affect the Company's capital adequacy rate, especially if the total shares underwritten is large, which will require the provision of additional capital to maintain the specified capital adequacy rate at a rate that corresponds to the requirements of the Capital Market Authority. In the event that the Company is unable to maintain the rate of capital adequacy, this will adversely and materially affect the Company's business, the results of its operations, financial position and future expectations. Also, the Company's clients who pledged to cover their proposals are not a guarantee of the high price of their shares or their ability to distribute profits in the future, in addition to that they are exposed to negative changes in their operating performance, and the market value of these companies is affected by the factors of supply and demand in the market and thus The Company is subject to the loss of part or the full amounts invested in these financial assets, which will adversely affect the results of the Company's business, financial position and future expectations.

During the year 2022G, the Company entered into an agreement with the Gulf Union Alahlia Cooperative Insurance Co., where it acted as the financial advisor and underwriter for the capital increase shares amounting to (22,947,464) shares. The Company's shareholders subscribed to (6,249,796) shares of the new shares offered, representing a percentage (27.24%) of the total capital increase shares. Investment institutions also subscribed to priority rights shares with a number of (4,137,000) shares representing (18.03%) of the capital increase shares. As a result, a number of (12,560,668) shares of non-purchased priority rights shares, representing (54.74%) of the capital increase shares, were allocated the Company in its capacity as underwriter. Accordingly, the Company owned (27.37%) of the ownership of Gulf Union Alahlia Cooperative Insurance Co. An impairment loss amounting to (10.17) million Saudi riyals was recorded in the statement of comprehensive income for the financial year ending on December 31, 2022G when the investment was calculated as a non-current asset held for sale.

During the year 2022G and during the first half of the year 2023G, the Company reduced its ownership percentage in the Gulf Union Alahlia Cooperative Insurance Co. to become (7.143%), as the Company sold part of its share in the Gulf Union Alahlia Cooperative Insurance Co., as follows:

- On July 13, 2022G, the Company sold (2,227,000) shares at a price of 10 Saudi riyals per share through a private deal.
- On August 23, 2022G, the Company sold (1,880,620) shares at a price of 10 Saudi riyals per share through a private deal.
- On September 8, 2022G, the Company sold (144,648) shares at a price of 10 Saudi riyals per share through a private deal.
- On November 20, 2022G, the Company sold (1,867,687) shares at a price of 10 Saudi riyals per share through a private deal.
- On November 24, 2022G, the Company sold (1,500,000) shares at a price of 10 Saudi riyals per share through a private deal.
- On June 18, 2023G, the Company sold (1,239,327) shares through trading at an average price of 11.23 Saudi riyals.
- On June 19, 2023G, the Company sold (222,526) shares through trading at an average price of 10.59 Saudi riyals.
- On June 20, 2023G, the Company sold (142,433) shares through trading at an average price of 10.78 Saudi riyals.
- On June 21, 2023G, the Company sold (58,000) shares through trading at an average price of 10.96 Saudi riyals.

As a result of the above -sales operations, during the first quarter of 2023G, the Company's ownership of the Gulf Union Alahlia Cooperative Insurance Co. decreased from (27.37%) to (7.143%) of the Company's total ownership. As a result, the investment is no longer included in the international accounting standard for non -traded assets held for sale No. 5 (IFRS 5), as it was reclassified within the International Accounting Standard for Financial Tools No. 9 (IFRS 9) as an investment at fair value through profit or loss and unrealized profit was recorded at a value of (7.38) million Saudi riyals.

Later, during the month of July 2023G, the Company sold the remaining part of its ownership in the Gulf Union Alahlia Cooperative Insurance Co., as follows:

- On July 03, 2023G, the Company sold (334,896) shares by trading an average price of 11.05 Saudi riyals.
- On July 04, 2023G, the Company sold (289,841) shares by trading an average price of 11.02 Saudi riyals.
- On July 05, 2023G, the Company sold (1,558,697) shares by trading an average price of 10.93 Saudi riyals.
- On July 06, 2023G, the Company sold (496,033) shares by trading an average price of 11.01 Saudi riyals.
- On July 09, 2023G, the Company sold (598,960) shares by trading an average price of 11.21 Saudi riyals.

Accordingly, as of the date of this Prospectus, the Company sold all of its shares, amounting to (12,560,668) shares of Gulf Union Alahlia Cooperative Insurance Co. at an average price of 11.04 Saudi riyals per share, and a profit of (5.14) million Saudi riyals was realized.

### 2.1.15 Risks related to adverse changes in the markets for IPO issues, listings and priority rights

Revenues from advisory services (investment banking) amounted to (52,460,765) Saudi riyals, (51,759,984) Saudi riyals, and (17,631,200) Saudi riyals as on December 31, 2021G, 2022G, and September 30, 2023G, respectively, constituting (38.74%), (52.27%) and (34.06%) of the Company's total revenues as on December 31, 2021G, 2022G, and September 30, 2023G, respectively. Most of the investment banking revenues are attributed to work in a number of issues priority rights shares previously listed on the main market and listing of new companies' shares on the parallel market (please see Subsection (3.6.1) "*Revenues according to business sectors*" of Section (3) "*Overview of the Company and the nature of its activities*" in this Prospectus). Accordingly, negative changes in the markets for IPOs, listings, equity shares, or negative future business expectations of these sectors will, in turn, lead to a significant decline in the Company's revenues and profits resulting therefrom, which will have a negative and material impact on the Company's business, financial condition, results of its operations, and future expectations.

### 2.1.16 Risks related to the Brokerage Service System

The Company relies on information technology systems to provide brokerage services, which exposes the Company to the risks of failure of these systems, such as system collapse, failure of protection systems, penetration of the Company's systems, electronic viruses, natural disasters, fires, communication errors, or the unavailability of skilled workers necessary to operate and manage these systems, or Leakage of confidential data and information related to the Company, its clients, or its employees, or a decrease in the degree of security of that data and information. If the Company fails to maintain and develop its information technology systems, or in the event of any malfunctions in its functions, or the occurrence of a major malfunction or repeated failure, or in the event of occurring any of events mentioned above, this will have a material and negative impact on the Company's business, financial position, and financial and operating results.

### 2.1.17 Risks related to low return on clients' investment

The Company manages a number of investment assets, including investment funds and investment portfolios on behalf of its clients. If the assets managed by the Company do not achieve acceptable investment returns or are less than market returns, this will affect the Company's reputation and thus may lead to investors' reluctance to continue or choose Yaqeen Capital as a manager to manage their assets, which will have a negative and material impact on the Company's business, financial condition, results of its operations and future expectations.

### 2.1.18 Risks associated with risk management Laws, policies and procedures

The Company develops risk management policies in accordance with the approval of the Board of Directors. However, the Company's policies, procedures and internal controls may not be completely effective in all circumstances and conditions. These policies may not be fully or correctly implemented, and the Company may not be able to avoid potential risks in the future, which will result in the Company's obtaining insufficient information in order to estimate its exposure to risks on a correct basis. As a result, the high level of risks to which the Company is exposed as a result will have a negative and material impact on the Company's business, the results of its operations, its financial position and its future expectations.

### 2.1.19 Risks related to the Company's revenues concentration on consulting services

The Company's revenues are mainly consisting of brokerage services, consulting services, management and subscription fees in investment funds. It is worth noting that the Company's revenues were largely focused on revenues from consulting services (banking investment). They constituted (38.74%), (52.27%), and (34.06%) of the total revenues in the financial years ending on December 31, 2021G, 2022G, and September 30, 2023G, respectively (please see Subsection (3.6.1) "*Revenues according to business sectors*" of Section (3) "*Overview of the Company and the nature of its activities*" in this Prospectus). Accordingly, negative changes in the Brokerage and/or Consulting Services sectors or negative future business expectations for these sectors will in turn lead to a significant decline in the Company's revenues and profits resulting therefrom, which will have a negative and material impact on the Company's business, financial condition, results of its operations and future expectations.

### 2.1.20 Risks related to investment funds under management

The Company offers a range of investment products (please see Subsection (3.5.2) "*Asset Management*" of Section (3) "*Overview of the Company and the nature of its activities*" in this Prospectus). There is no guarantee that managing investment funds will enable the Company to achieve positive returns timely or at any time at all, and there may not be the possibility of selling the fund units or the selling price may not represent their fair value. Therefore, the Company is exposed to not obtaining returns at all from managing these funds or achieving returns that are not commensurate with the Company's strategy for managing these funds or to the loss of returns expected to be achieved in these funds. If any of these issues takes place, it will have a negative and material impact on the Company's performance, results of its operations and future expectations.

## 2.1.21 Risks related to real estate development funds under management

Currently, the Company is acting as a fund manager for a primary real estate development fund under the name "Yaqeen Arar Hills Fund", is a closed-ended real estate investment fund with a private offering compatible with Sharia regulations. The fund aims to provide capital gains to unit holders on their investments through the fund's investment in Arar Hills Project, which is the development of raw land located in the city of Arar, dividing it and subdividing it into residential and commercial lands, then selling it and terminating the fund, noting that the Yaqeen Arar Hills Fund is still under development and has been extended for one year and it is expected that the project will be completed and liquidated by the end of 2024G. The most important risks associated with the Arar Hell Hills Fund are the following:

### 2.1.21.1 Risks Related to Exit from Investing in the Real Estate Fund under Management

The Fund's ability to dispose of the property on preferable and appropriate terms depends on factors beyond the Company's control, including competition by other sellers and the availability of financing solutions that attract potential buyers. In the event that the Fund is unable to sell its assets based on the terms it prefers, its financial condition, results of operations and ability to distribute profits to unit holders in the Fund may be adversely affected.

### 2.1.21.2 Risks Related to Default in the Implementation or Marketing of The Project

The Fund's real estate assets may be exposed to the risk of default due to various reasons that may lead to a delay in project implementation or marketing, leading to the loss of some or all of the invested capital.

### 2.1.21.3 Risks Related to the Previous Operational History of the Fund

The Fund is newly established and was established in 2019G, but the Fund's assets are real estate contribution default since 2004. It is intended that the lands be developed and sold during the life of the Fund, which is estimated at a period of three years, which may be extended for two additional periods of one year each. However, there is no guarantee from the Company that the process of developing, dividing and selling the land will be completed within the specified time for the life of the Fund, which will adversely affect the Company's reputation and cause the loss of some or all of the invested capital.

### 2.1.21.4 Risks related to changing real estate market conditions

The Fund's performance depends largely on changes that occur in supply and demand conditions regarding the real estate sector in general, which may be affected by regional and local economic and political conditions and increasing competition that may lead to a decrease in the value of real estate, which reduces the net value of units resulting in a negative impact on unit holders in the fund.

### 2.1.21.5 Risks related to the value of the Fund's real estate assets

The real estate sector has historically witnessed major cycles and fluctuations in value. Any change in the Saudi economy, and in the city of Arar in particular, may lead to a decline in the market value of the Fund's investments. Such a decline may lead to a decrease in the fund's returns, and preventing the fund from implementing its investment strategy successfully, and causing the Fund to change its investment strategy, or it may prompt the Fund to dispose of its investments while incurring some losses, which will adversely affect unit holders.

### 2.1.21.6 Risks related to the difficulty of marketing plot sale

The developer may face difficulty in marketing residential and commercial plots, which constitute (70%) and (30%) of the project, respectively. In the event that the necessary financing is not available or financing costs is high for buyers, whether individuals or institutions, or any incident that affects the ability of individuals or institutions to borrow and obtain financing for the purpose of purchasing properties, the marketing period may increase for a period exceeding the target. In addition, some of the value of the property may be waived in order to liquidate the lands faster, which will affect the fund's expected returns.

### 2.1.21.7 Risks related to the illiquid nature of real estate investments

Real estate represents an illiquid category of assets. If the Fund is forced to liquidate its real estate investments, at an inappropriate time or after the term of the Fund, the Fund's returns may be much less than the total book value of its properties. Any delays or difficulties that the Fund comes across in disposing of its real estate assets, this will materially impact the ultimate returns, if any, received by investors.



### 2.1.21.8 Risks related to mortgaging the title deed for the Real Estate Fund's properties under management

With regard to financing, the Fund (acting through the Fund Manager) may, in the future, mortgage the real estate asset to the financing banks, or their subsidiaries, in order to guarantee its obligations in relation to that financing. Until that guarantee is released by the financing bank, or its subsidiaries, as the case may be, the Fund actually loses its ability to transfer the real estate asset to meet its obligations to the financing party.

Any difficulties in transferring, registering, or approving ownership will affect the Fund's ability to transfer the asset, and thus will materially affect the Fund's performance.

### 2.1.21.9 Risks related to competition in the project area

The real estate sector is witnessing great competition due to the large number of developers and property owners, who compete with the Fund to attract buyers. Some schemes competing with the Fund's scheme may be located in better locations than those occupied by the Fund's property. Therefore, the presence of competitors may adversely affect the Fund's ability to sell the developed plots, which will adversely affect the Fund's returns.

### 2.1.21.10 Risks related to development

Risks of developing raw land include, but are not limited to: (1) Delay in completing the work on time, (2) Exceeding the specified costs, (3) Force majeure beyond the control of the fund manager or the developer. Given the investment in the units is an indirect investment in the project, the successful completion of that project will have a direct and significant impact on the value of units.

### 2.1.21.11 Risks related to the developer

The Fund will rely exclusively on the developer to develop the project. Therefore, there are risks that the developer will not perform his role to the fullest extent, or there will be a failure in performance, or the developer will be unable to complete the project at the agreed upon time, which will delay the process of selling the Fund's real estate assets and affect the time plan for the Fund's work. If the developer does not perform his role to the fullest extent, the Fund Manager will take quick measures to appoint another developer who will complete the development process after obtaining the necessary approvals.

### 2.1.21.12 Risks related to real estate valuation

The valuation of real estate investments depends on various factors that may be difficult to determine because the Fund's real estate assets are valued based on calculations and estimates prepared by independent valuers licensed by the Saudi Authority for Accredited Valuers. The valuation process is considered as an estimation of the value of the assets and is not an accurate measure of value that can be obtained at selling those assets. The real estate assets will also be valued by independent valuers known for their experience and knowledge in real estate activity. If the valuers determine a value that is less than the value expected by the Fund, this will materially affect the rate of returns that the Fund is expected to achieve.

### 2.1.21.13 Regulatory risks related to properties

Changes in the regulatory and legislative environment constitute risks to real estate owners. Property owners must consider and plan for the risks associated with changes in the regulatory and legislative environment. Changes in zoning regulations, accounting and tax regulations and laws, environmental regulations and laws are examples of local and government regulations that have a significant impact on the value of property and the economic feasibility of real estate assets.

As part of developing the property, it is necessary to obtain all regulatory approvals and licenses required for that development. The Fund has obtained all regulatory approvals to develop the project. Violating the provisions of any of those regulatory approvals may result in cancellation or withdrawal of those approvals or suspension of their validity or in imposition of financial and/or non-financial penalties by those regulatory authorities. In addition, any amendments to the current laws and regulations may impose unexpected and more costly requirements. The Fund's compliance with these laws and regulations may require incurring large capital expenditures, or other obligations or responsibilities, that would materially and adversely affect the Fund's business, its financial condition, cash flows, and the results of its operations.

### 2.1.21.14 Risks related to litigating third parties regarding the Fund's assets

The activities of the Fund's assets may expose it to the risks of entering into legal disputes with third parties. The Fund will bear defense fees against third-party claims and settlement amounts or judgments, which would affect the Fund's assets and reduce potential revenues.

### 2.1.21.15 Risks related to expropriation of the Fund's assets

Some government authorities in the Kingdom have the right to expropriate real estate ownership to achieve public benefit (for example, but not limited to, construction of roads and public facilities). In theory, the compensation value for the expropriated property is assumed to be equal to the market value, but this is not guaranteed as the compensation value may be less than

the market value of the property at the time of expropriation or the value paid when purchasing it. In such a case, the value of dividends to unit holders may decrease as well as the value and trading price of the units, and unit holders may lose all or part of the invested capital.

#### 2.1.21.16 Risks related to development costs

Infrastructure development involves a degree of risk both in terms of costs and completion, including but not limited to increases in labor costs, delays in obtaining relevant permits, extension of the infrastructure development time schedule, land conditions, government laws and regulations, and project plan changes.

If any of the above-mentioned risks materialize, this will adversely affect the Company's reputation and will therefore have a negative and material impact on the Company's business, results of its operations, financial position and future expectations.

#### 2.1.22 Risks related to equity funds

The Company plays its role as a manager of exchange-traded funds and mutual funds, which are investment funds divided into equal units that are traded on the stock market during official trading periods similar to traded company shares.

Funds traded in the capital market consist of a group of shares of companies listed on the stock market, which are also tradable. These funds combine the characteristics of mutual funds and stocks. Currently, the Company manages a number of mutual and traded investment funds (please see subsection (3.5.2).) "**Asset Management**" from Section (3) "**Overview of the Company and the nature of its activities**" in this Prospectus), and the most important risks associated with ETFs and mutual funds are the following:

##### 2.1.22.1 Risks related to investing in stocks

Funds managed by the Company may be exposed to the risks associated with investing in common stocks, which may include the risks of market fluctuations, potential fluctuations in stock prices due to supply and demand factors, inflation risks, liquidity risks, and other systematic and unsystematic risks. Stock prices may decline as a result of economic factors, expectations, or factors related to the companies in which the Fund invests. For example, unfavorable reports of returns may cause the market to decline, and the public stock prices of some issuers may respond more quickly to movements that occur in the market. The decline that occurs in the market also affects the value of the stocks in which the Fund invests. Consequently, the value of the fund's portfolio will decrease, which will have a negative and material impact on the Company's performance, results of its operations, and future expectations.

##### 2.1.22.2 Risks related to the index

In the funds managed by it, the Company applies the passive management method by monitoring the performance of the index. This differs from the active management method that works to exceed the performance of the index by directly and actively selecting the target stocks. This may result in the Fund being able to retain components of the index stock regardless of developments at the macro level or in the performance of a particular stock or industry.

Holding shares of specific companies without responding to changes in market factors or the level of performance of certain shares may reflect adversely and materially on the performance of the Company's investment funds, which will adversely and materially affect the Company's performance, the results of its operations and its future expectations.

##### 2.1.22.3 Risks related to low correlation coefficient

The returns of the fund managed by the Company may not match the returns of the index due to the exposure of the fund to a number of operating expenses that are not applicable in the case of the index. The fund may bear some operating expenses in the cases of buying and selling when re-balancing operations are carried out to reflect the changes that occur in the index portfolio. The entirety of the fund's equity investments may not be due to cash flows or cash reserves held by the Fund to meet any expenses or liabilities. Consequently, the value of the fund's portfolio will decrease, which will have a negative and material impact on the Company's performance, results of its operations, and future expectations.

##### 2.1.22.4 Risks related to non-diversification

Opportunities to diversify the portfolio of funds managed by the Company are limited within the framework of the components of the indicative index portfolio. The funds managed by the Company may invest in large proportions of their assets in the shares of a limited number of issuers within the framework of the investment strategy and policy compared to funds that have opportunities to diversify investment through stocks listed in the market. Accordingly, the performance of funds can be affected by fluctuations in the performance of a relatively limited number of shares, which will reflect adversely and substantially on the performance of the Company and the results of its operations and future expectations.

### 2.1.22.5 Risks related to the market

The unit price in investment funds is affected by fluctuations in the Saudi market, economic and political events and conditions in the region and fluctuations in global markets, which will affect the fund's ability to achieve the expected returns for the owners of the fund's units.

### 2.1.22.6 Risks related to liquidity

There are some difficulties and risks related to liquidity. In cases where the market fluctuates, some stocks may become less liquid and therefore difficult to sell quickly or easily. Lack of liquidity may result in a loss or decrease in the returns of the fund.

### 2.1.23 Risks related to the failure to extract or renew licenses, permits and certificates

The Company shall obtain and maintain various statutory permits, licenses and approvals in relation to its activities. These licenses include but are not limited to: Company registration certificates issued by the Ministry of Commerce, CMA license, Saudization certificates, Zakat certificates, VAT registration certificate and social insurance certificates. The Company has obtained all the necessary statutory licenses for the Company's current activity and all such licenses are still valid as of the date of this Prospectus.

The Company's inability to renew its current licenses, permits and certificates or to obtain any of the necessary licenses for its business or if any of its licenses are suspended or expired or if any of those licenses are renewed on conditions that are not suitable for the Company, or in the event that the Company is unable to obtain additional licenses, permits and certificates that may be required in the future, this may expose the Company to stop and refrain from carrying out its business, such as closing the Company or freezing all services provided by the regulatory authorities of the Company (such as renewing licenses and certificates, issuing visas, residence permits, transferring sponsorships, etc.) or subjecting it to financial fines imposed by the authorities related to licenses, permits and certificates, which will result in the disruption of the Company's operations and incurring additional costs, which in turn will adversely and materially affect the Company's business, results of its operations, financial position and future expectations.

### 2.1.24 Credit risk related to the Consulting Sector (Investment Banking)

Credit risk arises when one party fails to meet a certain financial obligation of the other party. The Company may come across credit risks in several temporary or permanent cases, including the presence of debit balances from clients, the failure of other parties to meet their obligations to the Company, etc.

It is worth mentioning that the net trade receivables of the consulting (investment banking) sector amounted to (12.29) million Saudi riyals as of 31 December 2021G, (12.42) million Saudi riyals as of 31 December 2022G, and (4.78) million Saudi riyals as of 30 September 2023G. Unpaid trade receivables for more than 120 days represent (12.63%), (22.61%) and (59.01%) of the total trade receivables of the consulting (investment banking) sector as of 31 December 2021G, 31 December 2022G and 30 September 2023G, respectively. The following table shows the ages of the Company's trade receivables as of 31 December 2021G, 31 December 2022G and 30 September 2023G for the consulting sector (investment banking):

Table No. (2): Table of ages of receivables for the (investment banking) consulting sector as of 31 December 2021G and 31 December 2022G and as on 30 September 2023G

Table of debt ages for the (investment banking) consulting sector	As of December 31, 2021G		As of December 31, 2022G		As of September 30, 2023G	
	Value (SAR)	Ratio (%)	Value (SAR)	Ratio (%)	Value (SAR)	Ratio (%)
From 0 days to 30 days	7,345,625	57.09%	7,863,664	54.26%	1,828,500	26.71%
From 31 days to 60 days	2,372,000	18.43%	2,702,500	18.65%	115,000	1.68%
From 61 days to 90 days	1,525,000	11.85%	649,750	4.48%	862,500	12.60%
From 91 days to 120 days	-	-	-	-	-	-
More than 120 days	1,625,000	12.63%	3,277,500	22.61%	4,040,000	59.01%
Total Receivables	12,867,625	100.00%	14,493,414	100.00%	6,846,000	100.00%
Provision for Expected Credit Losses	575,000	-	2,070,000	-	2,070,000	-
Net Receivables	12,292,625	-	12,423,414	-	4,776,000	-

Source: The Company.

The trade receivables of the five top clients of the consulting sector (investment banking) (not including any related party) constituted a percentage of (31.15%), (35.34%), and (33.83%) of the total balance of trade receivables for the consulting sector (investment banking) as of December 31, 2021G, December 31, 2022G and September 30, 2023G respectively. The net receivables of the consulting sector (investment banking) to total assets accounted for (3.06%), (3.89%) and (1.55%) as of

December 31, 2021G, December 31, 2022G and September 30, 2023G respectively. The Company has also not written off doubtful debts from receivable balances during the financial year ended 31 December 2021G, 31 December 2022G and 30 September 2023G. The average credit period granted to clients ranges from 30 days to 90 days. A balance allocated to doubtful debts amounted to (575,000) Saudi riyals as of 31 December 2021G, and (2,070,000) Saudi riyals as of 31 December 2022G and as of 30 September 2023G. The following table shows the movement of the provision for doubtful debts as of 31 December 2021G and 31 December 2022G and as of 30 September 2023G:

**Table No. (3): Movement of the provision for expected credit losses as on 31 December 2021G and 31 December 2022G and as on 30 September 2023G**

Provision for doubtful debts receivable for the (investment banking) consulting sector	As of December 31, 2021G	As of December 31, 2022G	As of September 30, 2023G
	Value (SAR)	Value (SAR)	Value (SAR)
Balance at beginning of the year	575,000	575,000	2,070,000
Component during the year	0	1,495,000	0
Refund during the year	0	0	0
Balance at the end of the period/ year	575,000	2,070,000	2,070,000

Source: The audited financial statements of the Company for the financial year ended 31 December 2022G and the financial statements of the Company for the period ended 30 September 2023G.

The Company's policy to form a doubtful provision is based on IFRS 9.

The Company cannot guarantee that the parties with whom it deals will not fail to meet their obligations, nor can it anticipate their future ability to adhere accurately. In the event that the debtors fail to pay the Company's dues or delay in collecting receivables from them, this will adversely and materially affect the availability of liquidity for the Company's needs, expenses and cash flows, and thus will adversely and materially affect the Company's business, financial position, results of its operations and future expectations.

### 2.1.25 Risks related to reliance on key personnel and executive management

The Company and its future plans for success rely on the expertise and competencies of its executive management and key employees. The Company aims to attract and employ qualified people to ensure the efficiency and quality of business through effective management and appropriate operation. The Company will also need to increase the salaries of its employees in order to ensure their retention or to attract new cadres with high and appropriate qualifications and experience. Accordingly, if the Company loses any of the senior executives or qualified employees and is unable to employ alternatives with the same level of experience and qualifications at a cost affordable to the Company, this will have a negative and material impact on the Company's business, results of its operations and future expectations.

### 2.1.26 Risks related to employee mistakes or misconduct

The Company may come across employee errors or misconduct, such as cheating, willful misconduct, embezzlement, fraud, theft, forgery, misuse of its property and acting on its behalf without having the required administrative authorizations. Consequently, such actions may entail consequences and responsibilities borne by the Company, regulatory penalties, or financial responsibility, which will adversely and materially affect the Company's reputation, financial position, results of its operations, and future expectations.

### 2.1.27 Risks related to changes in accounting standards and new standards

The Company's financial statements were prepared for the financial year ending on December 31, 2022G and the nine-month period ending on September 30, 2023G in accordance with IFRS approved in the Kingdom of Saudi Arabia and other standards and issuances issued by SOCPA, and the Company is obligated in this case to apply the amendments or changes to these standards from time to time. Any changes in IFRS or the mandatory application of some new standards can adversely affect the financial statements of the Company, which will adversely and materially affect its financial position, results of its operations and future expectations.

The following amendments to the Standards are effective for annual periods beginning on or after 1 January 2023G. The application of these new standards did not have a material impact on the Company's abridged initial financial statements.

- Limited scope amendments to IAS 1, Statement of Practice 2 and IAS 8
- Amendments to IAS 12 Deferred Tax relating to Assets and Liabilities Resulting from a Single Transaction
- IFRS 17, "Insurance Contracts", as amended in December 2021G
- The following are the new amendments to the standards in force for the annual periods beginning on or after January 1, 2024G with allowing early application. However, the Company did not apply them early when

preparing these initial financial statements. The following standards are not expected to have a material impact on the Company's financial statements when applied.

- Amendments to IAS 1 "Presentation of Financial Statements", Classification of Liabilities
- Amendments to IFRS 10 and IAS 28 relating to "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 16 "Lease Obligations in Sale and Leaseback Transactions"
- Amendments to IAS 1 "Non-Current Liabilities with Covenants"

The application of previously applied standards or new standards and modifications to previously applied standards will result in similar changes in subsequent financial years or other changes that may be material and whose effect is not currently apparent or which the Company may not be aware of. Also, the recent application of International Accounting Standards (IFRS) as adopted in the Kingdom may result in material changes to the Company's financial statements in the coming years. Therefore, any changes in these standards or the mandatory application of some new standards could adversely affect the financial statements and therefore on the Company's financial results and financial position.

### 2.1.28 The risks related to the availability of financing in the future

The Company may need to obtain bank loans and facilities to finance future expansion plans. It is worth noting that obtaining financing depends on the Company's capital, financial position, cash flows, guarantees provided and credit record. The Company does not give any assurance or guarantee that it will receive the appropriate financing if needed. Accordingly, the Company's inability to obtain the financing it needs from funding entities, or financing on acceptable preferential terms commensurate with the Company, will have a negative and material impact on the Company's performance, operations and future plans.

### 2.1.29 Risks related to the adequacy of insurance coverage

The Company maintains various types of insurance contracts to cover its business and assets, such as property insurance, vehicle insurance, health insurance and occupational insurance. However, the Company may not have all insurance contracts that are important to its business and assets, or it does not have sufficient insurance coverage in all cases, or it does not cover all the risks that the Company may be exposed to. It is also possible that events may occur in the future against which the Company is not insured to cover potential losses, or may not be insured at all. There is no guarantee that the Company's insurance contracts will remain available on commercially acceptable terms, or at all. Any such event, circumstance or occurrence of an uninsured event of the Company will adversely and materially affect the business and assets of the Company, its financial condition, results of its business and future expectations.

### 2.1.30 Risks related to Saudization requirements

Compliance with the requirements of Saudization is a legal requirement in the Kingdom, according to which all companies operating in the Kingdom, including the Company, are obligated to employ a certain percentage of Saudi employees among their total employees and maintain that percentage. According to the Nitaqat Program issued by the Ministry of Human Resources and Social Development, the Company's Saudization percentage as of September 30, 2023G reached (80.22%) and is classified within the "Platinum" range. However, if it does not continue to maintain these percentages or if the Ministry of Human Resources and Social Development decides to impose more severe nationalization policies in the future, and if the Company is unable to comply with the requirements of the Ministry of Human Resources and Social Development, this will lead to the imposition of sanctions on the Company imposed by government authorities, such as suspending applications for work visas and transferring sponsorship for non-Saudi workers, which will have a negative and material impact on the Company's business, financial position, results of operations and future expectations. (For more information, please refer to subsection (3.15) "Employees and Saudization" of section (3) "Overview of the Company and the nature of its activities" in this Prospectus).

### 2.1.31 Risks related to natural disasters

Any damage from natural disasters to the Company's facilities such as floods, fires, earthquakes and other natural events for which adequate insurance coverage is not available or is not available on commercially reasonable terms, may result in significant and substantial costs to the Company. In the event that the Company incurs costs due to the impact of natural disasters, it will severely affect the Company's ability to perform and exercise its operations and abide by its contractual requirements, thus adversely affecting its operational results. In the event of natural disasters and damage to the facilities and assets of the Company, this will have a negative and material impact on the Company's business, results of its operations, financial position and future expectations.

### 2.1.32 Risks related to operation and unexpected business interruption

The Company's revenues depend mainly on the continuation of its operational operations. The Company is considered exposed to significant operational risks as a result of several factors, including natural disasters, the issuance or changes in relevant government regulations, sudden malfunctions in operational systems, or the cessation of the supply of energy and electricity. These risks may cause major damage to the Company's facilities or its workforce, or disruption of the operation and the Company's ability to deliver its products, resulting in the Company incurring losses, and thus having a negative and material impact on the Company's business, results of its operations, financial conditions and future expectations.

### 2.1.33 Risks related to non-compliance with quality standards and specifications required by clients

The Company seeks to maintain the satisfaction of its clients by continuing to provide the same level of quality of its product. However, in the event that the Company is unable to continue to provide its products with the same level of quality, this will adversely affect its reputation with its clients and thus leads to reluctance to deal with it, which will adversely and materially affect the Company's sales and thus the results of its operations, financial position and future expectations.

### 2.1.34 Risks related to potential Zakat dues and additional claims

The Company submitted its Zakat returns to the Zakat, Tax and Customs Authority since the establishment of the Company until the financial year ending on December 31, 2022G, and obtained a Zakat certificate from the Zakat, Tax and Customs Authority for all years until 2022G, where it obtained a Zakat certificate for the year 2022G No. (1020007290) dated 12/10/1444H (corresponding to 02/05/2023G) which expires on 21/10/1445G (corresponding to 30/04/2024G).

The Company obtained the final zakat assessments from the Zakat, Tax and Customs Authority for all years from the beginning of the Company's establishment until the financial year ending on December 31, 2018G. As for the financial years ending on December 31, 2019G until the financial year ending on December 31, 2022G, the Company did not obtain the final zakat assessments as of the date of this Prospectus, noting that the Zakat, Tax and Customs Authority issued zakat assessments for the years ending from December 31, 2007 until December 31, 2011. In those assessments, an additional zakat of (46) million Saudi riyals was assessed, mainly because investments were not allowed to be deducted from the Company's zakat base. The Company filed an appeal against these assessments to the Supreme Appeal Committee after the ruling issued by the First Appeal Committee earlier, which supported the decision of the Zakat, Tax and Customs Authority. As part of the appeal process, a bank guarantee of the same amount was submitted to Zakat, Tax and Customs Authority. Therefore, the Company agreed to settle the amount of (22.1) million and it was paid in 2020G, when the Board of Directors of FALCOM Holding decided on December 15, 2019G to approve the settlement submitted by the Zakat, Tax and Customs Authority and to recognize it as an expense in the financial statements of FALCOM Holding instead of the Company as part of the restructuring plan implemented in 2017G.

During 2019G, the Zakat, Tax and Customs Authority issued its zakat assessments for the years from 2012 to 2016 and asked the Company to settle an additional zakat assessments of (9.4) million Saudi riyals for the years from 2012 to 2016. The Company filed an objection against these assessments with the General Secretariat of Tax Committees after the ruling issued by the First Appeal Committee earlier, which supported the decision of the Zakat, Tax and Customs Authority. During the year 2023G, the Company received a final decision from the Tax and Customs Committee to reject most of the items of the Company's appeal. Accordingly, the Company is required to pay an amount of 7.35 million Saudi riyals. Therefore, the Company evaluated the impact of Zakat assessments and recorded an amount of (7.35) million Saudi riyals in the statement of comprehensive income.

During the year 2020G, the Zakat, Tax and Customs Authority issued its zakat the year for the years from 2017G to 2018G to require the Company to settle an additional zakat assessments of (3) million Saudi riyals for the years from 2017G to 2018G. The Company accepted the Zakat, Tax and Customs Authority's processing of certain items and settled the outstanding Zakat amounting to (0.8) million Saudi riyals and filed an appeal against the remaining additional zakat obligations. The Zakat, Tax and Customs Authority accepted the Company's lawsuit and issued the amended assessments with no additional zakat obligations for 2017G and 2018G.

It is worth mentioning that the selling shareholder (FALCOM Holding Company) submitted on 06/06/1444H (corresponding to 19/12/2023G) a covenant to bear any additional zakat amounts imposed by the Zakat, Tax and Customs Authority on the Company in the future, in relation to previous years and until the date of listing. Accordingly, in the event that the Zakat, Tax and Customs Authority imposes zakat assessments on the Company and requires it to pay additional zakat amounts for which the Company did not obtain the final assessment, and the failure of the selling shareholder to pay the additional zakat amounts under the covenant issued by it in this regard, this will have a negative and material impact on the Company's business and financial position.

### 2.1.35 Risks related to the protection of trademarks and property rights

The Company's ability to market its services and products and develop its business depends on the use of its name, logo and trademarks, which support its business and competitive position and give it a clear privilege in the market among clients. The Company has registered all its trademarks with the competent authorities. (Please refer to Subsection (3.12) "Trademarks and Proprietary Rights" of Section (3) "Overview of the Company and the nature of its activities" in this Prospectus). Any breach of property rights or illegal use of the Company's trademarks will have a negative impact on the Company's reputation and will result in filing lawsuits and claims before the competent courts to protect these rights. It is a costly process and requires considerable time and effort by the Management to follow it up. In the event that the Company fails to effectively complete the registration or protection of any of its trademarks when renewing the registration certificate or following similar marks, this will adversely affect their value, which will adversely and materially affect the Company's business, results of its operations, financial position and future expectations.

### 2.1.36 Risks related to working capital management

The risk of working capital management is the inability of the Company to meet its obligations related to financial liabilities when they fall due. The trading ratio reached (1.97) times, (3.07) times and (9.71) times as of 31 December 2021G, 31 December 2022G and 30 September 2023G, respectively. The net working capital amounted to (163.10) million Saudi riyals, (168.84) million Saudi riyals and (241.45) million Saudi riyals as of 31 December 2021G, 31 December 2022G and 30 September 2023G, respectively. The Company's current liabilities consist of payables and accruals, due to a related party, payables for short-term Islamic financing, and a provision for zakat. The Company may not be able to fulfill its obligations on due dates. Working capital management risks may also result from the inability to sell financial assets quickly and for an amount close to their fair value. Any emergency or sudden events may occur and require immediate liquidity, which would adversely and materially affect the Company's business and consequently the results of its operational and financial operations.

### 2.1.37 Risks related to the fluctuation of currency exchange rates

Some of the Company's transactions are subject to currencies other than the Saudi riyal, especially the US dollar, with regard to consulting services and information technology technologies, noting that the Company provides all its services in Saudi riyals only until the date of this Prospectus. The tables below indicate the Company's transactions according to currencies:

Table No. (4): The Company's transactions in currencies with respect to procurement.

Currency	The financial year ended 31 December 2021G		For the year ended 31 December 2022G		The financial period ended September 30, 2023G	
	Procurement (SAR)	Percentage of expenses (%)	Procurement (SAR)	Percentage of expenses (%)	Procurement (SAR)	Percentage of expenses (%)
SAR	15,994,488	25.53%	20,604,349	24.91%	14,893,294	30.02%
USD	822,199	1.31%	2,324,314	2.81%	1,361,389	2.74%
<b>Total</b>	<b>16,816,687</b>	<b>26.84%</b>	<b>22,928,663</b>	<b>27.72%</b>	<b>16,254,683</b>	<b>32.76%</b>

Source: The Company

The Company is susceptible to the risk of changes in foreign exchange in relation to its obligations and expenses associated with a currency other than the Kingdom's currency. As part of the Kingdom's policy, the Saudi riyal, as of the date of this Expectations, is pegged to the US dollar at an exchange rate of 3.75 Saudi riyals to 1 US dollar. However, there is no confirmation of the stability of the Saudi riyal exchange rate against the US dollar. Fluctuations in the value of the Saudi riyal against foreign currencies used by the Company may increase transaction costs. On the other hand, the exchange rate of the Saudi riyal against the euro is subject to supply and demand factors and subject to fluctuations at any time. Therefore, fluctuations in the value of the Saudi riyal against foreign currencies (especially the US dollar, the euro and the pound sterling) may adversely and materially affect the results of the Company's operations, its financial position and its future expectations.

### 2.1.38 Risks related to the lack of experience in managing listed joint stock companies

The Company was established as a Saudi joint stock company pursuant to the Ministerial Resolution No. (2631) dated 10/09/1427H (corresponding to 03/10/2006G) and the Ministerial Resolution No. (2489) dated 02/11/1427H (corresponding to 23/11/2006G) and under Commercial Registry No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in the city of Riyadh. Accordingly, the Company's senior executives may not have any experience in managing a listed joint stock company and adhering to the laws and regulations to which it is subject. The senior executives will have to make extra efforts to ensure the Company's compliance with the Capital Market Law, its executive regulations, and related disclosure requirements, which may reduce the time that senior executives devote to managing the Company's daily business, which in turn may lead to an impact on the Company's business results. In addition, in the event that the Company's management makes wrong decisions regarding its business or in the event that the Company does not comply with the relevant laws, regulations and disclosure requirements, this will expose the Company to legal penalties and fines that will adversely and materially affect the Company's operations, financial position, results of its operations and future expectations.

### 2.1.39 Risks related to lawsuits

The Company is a party to lawsuits (as a plaintiff) estimated at (17,903,187.55) Saudi riyals. As of the date of this Prospectus, the Company has made a provision of (975,209) Saudi riyals against the lawsuits filed by it.

The Company is a party to lawsuits (as a defendant) estimated at (4,168,853) Saudi riyals and there are no other cases of the Company (as a defendant). As of the date of this Prospectus, the Company has recorded the full value of (4,168,853) Saudi riyals within the payables to cover the lawsuits filed against it.

The following table shows the summary of the outstanding lawsuits as of the date of this Prospectus:

Table No. (5): Lawsuits

Cases filed by the Company (as plaintiff)			
S/N.	Parties	Description	Claim Amount (SAR)
1	Private Company (former tenant)	<ul style="list-style-type: none"> <li>Yaqeen Capital filed a lawsuit before the Riyadh General Court against a private company (a former tenant) to oblige it to hand over the fixed rent with it, the amount of the penalty clause and the attorneys' fees with a total amount of (1,504,894) Saudi riyals. This is for the period from 26/08/1440H (corresponding to 01/05/2019G) to 01/08/1443H (corresponding to 04/03/2022G), after the Company obtained a ruling of entitling the rent and excluding the above period because it took place during the period of the Corona pandemic. It was directed to file a new lawsuit before the competent circles to review the contracts affected by the Corona pandemic.</li> <li>The case was registered under No. (4470567092) and a visual hearing was set at Riyadh General Court – the 41st General Circle on 10/11/1444H (corresponding to 30/05/2023G). By attending the hearing on the specified date and the presentation of the lawsuit, the defendant's attorney requested a grace period to review the statement of claim.</li> <li>The decision of the Judge in the General Court in Riyadh – 41st General Circle was issued on 21/02/1445H (corresponding to 06/09/2023G) to return the case to the President of the Court for referral to the competent circles.</li> <li>On 08/04/1445H (corresponding to 23/10/2023G), the decision of the President of the Judicial Circle was issued to oblige the defendant, the private company (former tenant), to pay an amount of (1,192,299.45) Saudi riyals to the Company. Accordingly, the defendant submitted on 07/05/1445H (corresponding to 21/11/2023G) a statement of objection to the Court of Appeal. As of the date of this Prospectus, the appeal has not been decided.</li> </ul>	1,192,299.45
2	Related party:	<ul style="list-style-type: none"> <li>The Company filed a lawsuit in the Riyadh Commercial Court, Fourth Circle against a related party for claiming it an amount of (15,210,888.19) Saudi riyals in addition to attorney's fees with a total amount of (1,500,000) Saudi riyals as a result of the Company's (formerly FALCOM Financial) entry on 01/07/2008 in a real estate investment (plot) to buy a common share of (7.6%) with an area of (1,415,939) square meters, of the land with an area of (18,740,362) square meters, with a total amount of (85,000,000) Saudi riyals (that is, the announced price per meter was about 60 Saudi riyals). The related party was authorized to complete the purchase. Accordingly, this investment was registered in the name of the related party personally and an acknowledgment was signed (the counter-deed) proving that it did not own the Company's share in the land due to the consolidation of the land deed at that time and the lack of fragmentation as well as the multiplicity of the common owners. FALCOM Financial earlier waived its share in the land to the parent company, FALCOM Holding, with the land sale contract on 20/09/2020G between the related party and the previous owners (FALCOM Holding). Accordingly, it became clear to the Company that the real purchase price is (49) riyals per meter and the related party hid the difference (11) riyals per meter from the Company (making the total difference obtained by the related party 15,210,888.19 Saudi riyals). The judgment was issued on 25/03/1445H not to accept the lawsuit filed by Yaqeen Financial, and the Company appealed. Accordingly, the hearings of the appeal began on 22/06/1445H (corresponding to 04/01/2024G). The decision of the Court of Appeal was issued not to accept the lawsuit.</li> </ul>	16,710,888.1



Cases filed against the Company (as defendant)			
S/N.	Parties	Description	Claim Amount (SAR)
1	Sole Proprietorship	<ul style="list-style-type: none"> <li>A case filed against the Company with the 21st Commercial Circle of the Riyadh Commercial Court in by a sole proprietorship regarding the last payment due to a contracting company, related to the construction of the Company's main building (For details of the building, please refer to section "3.14.1" entitled (<i>List of properties owned by the company</i>), noting that the sole proprietorship represents the contracting company regarding the aforementioned claim.</li> <li>It was ruled in favor of the Company that the lawsuit filed by the sole proprietorship is inadmissible because the arbitration award is not peremptory.</li> <li>The sole proprietorship objected to the ruling and a hearing was scheduled with the Court of Appeal on 06/09/1444H (corresponding to 28/03/2023G). It was ruled to cancel the judgment of the 21st Circle of Riyadh Commercial Court dated 08/07/1444H (corresponding to 30/01/2023G) issued in the case not to accept the case and return the case to the Court of First Instance issuing the judgment to consider its merits.</li> <li>The case was returned to the Court of First Instance, and a hearing was scheduled to review the case. After the Court's consideration, the Court ruled that the case is inadmissible on 16/12/1444H (corresponding to 04/07/2023G).</li> <li>The plaintiff filed an objection on 15/01/1445H (corresponding to 02/08/2023G), and a hearing was scheduled on 22/01/1445H (corresponding to 09/08/2023G). Accordingly, the ruling of not accepting the case was upheld and the case ended accordingly.</li> </ul>	4,168,853

Source: The Company

The Company may also find itself a party to other lawsuits, whether plaintiff or defendant, and any negative result in relation to litigation and regulatory proceedings may adversely affect the Company's business, financial position, results of its operations and future expectations. The Company cannot accurately predict the cost of the lawsuits or judicial proceedings that it may file or filed against it in the future, the final results of those lawsuits or judgments issued in their regard, the compensation and penalties they contain, and the negative impact on the Company's reputation. Such lawsuits may include, but are not limited to, Zakat and tax issues, the Labor Law, errors, complaints and other damages that result from negligence or fraud by persons or institutions. The cost of cases filed against the Company by third parties may exceed the value of the provisions that the Company has formed. Therefore, any negative results of such issues will adversely and materially affect the Company's business, results of its operations, financial position and future expectations.

#### 2.1.40 Risks related to non-compliance with the Capital Market Law and its executive regulations

After offering in the parallel market, the Company will be subject to the Capital Market Law and the laws, regulations and circulars issued by the Capital Market Authority. In the event that the Company is unable to comply with any of the regulations and laws to which it is subject, it will bear costs and penalties such as temporarily suspending trading on shares or de-listing the Company's shares in the event of non-compliance, which will adversely and materially affect the Company's business, results of its operations, financial performance and profitability.

#### 2.1.41 Risks related to operating systems, information technology and cybersecurity

The Company relies on information technology systems to manage its business and facilities, which exposes the Company to the risks of failure of these systems, such as system collapse, failure of protection systems, penetration of the Company's systems, electronic viruses, natural disasters, fires, communication errors, or the unavailability of skilled workers necessary to operate and manage these systems, or Leakage of confidential data and information related to the Company, its clients, or its employees, or a decrease in the degree of security of that data and information or malicious software and programming defects, and the systems belonging to the Company or third party service providers may be vulnerable to security breaches or acts of cyber terrorism. If the Company fails to maintain and develop its information technology systems, or in the event of any malfunctions in its functions, or the occurrence of a major malfunction or repeated failure or occurrence of an act of cyber terrorism, or in the event of occurring any of events mentioned above, this will have a negative impact on the Company's business, financial position, and financial and operating results.

#### 2.1.42 Risks related to reliance on non-Saudi employees

As of September 30, 2023G, the percentage of non-Saudi employees constituted (19.78%) of the Company's total employees, which may adversely affect the Company's business results, financial condition, and operational results if it is unable to maintain its non-Saudi employees or find replacements for them with the same skills and required expertise or in the event of any change in the policies, regulations and systems of the Ministry of Human Resources and Social Development resulting in an increase in the percentage of Saudization of the sector, which makes it difficult for the Company to maintain its cadres of non-Saudi employees. This may cause an increase in the financial cost incurred by the Company, which would have a negative and material impact on its business, profits, and results of operations.

The number of non-Saudi employees reached (19), (20), and (18) employees as of December 31, 2021G, December 31, 2022G, and September 30, 2023G, respectively. The total value of remuneration paid to non-Saudi employees amounted to (206,771) Saudi riyals, (174,550) Saudi riyals, and (130,386) Saudi riyals, as of December 31, 2021G, December 31, 2022G, and September 30, 2023G, respectively.

### 2.1.43 Risks related to trade payables

The balance of the Company's trade payables amounted (5.71) million Saudi riyals, (6.65) million Saudi riyals, and (5.18) million Saudi riyals as of December 31, 2021G, December 31, 2022G, and September 30, 2023G, respectively. The percentage of trade payables out of the Company's total liabilities represents (3.14%), (6.85%), and (9.85%) as of December 31, 2021G, December 31, 2022G, and September 30, 2023G, respectively. Noting that the credit period granted to the Company by suppliers ranges from 15 days to 60 days, and the following table shows the ages of payables.

Item	As of December 31, 2021G		As of December 31, 2022G		As of September 30, 2023G	
	Value (SAR)	Ratio (%)	Value (SAR)	Ratio (%)	Value (SAR)	Ratio (%)
From 0 days to 30 days	105,810	1.85%	761,665	11.45%	13,570	0.26%
From 31 days to 60 days	35,428	0.62%	-	-	-	-
From 61 days to 90 days	870,832	15.26%	733,062	11.02%	29,079	0.56%
More than 90 days	4,696,073	82.27%	5,156,073	77.53%	5,140,484	99.44%
<b>Total Payables</b>	<b>5,708,143</b>	<b>100%</b>	<b>6,650,800</b>	<b>100%</b>	<b>5,183,133</b>	<b>100%</b>

Source: The Company

In the event that the payables become obsolete, the Company may not be able to pay all of its commercial payables or pay within the agreed upon period, which may make it difficult for the Company to obtain debt purchase agreements on appropriate terms in the future, or this may expose it to the filing of lawsuits by creditors, which will adversely and materially affect its operations, financial condition, results of operations and future expectations.

### 2.1.44 Risks related to the Company's inability to provide the workforce to meet the Company's need for future expansion

The Company's ability to expand its business and future performance depends on several factors, including the ability to provide workforce to meet the Company's needs to carry out its future plans. If the Company is unable to provide sufficient workforce that suits its business and needs, this will adversely and materially affect the Company's success in implementing future plans to expand the business, thus adversely and materially affecting its business results, financial performance and future expectations.

### 2.1.45 Risks related to the prices of the Company's products

The Company's clients may demand lower prices for services and products provided by the Company. It may lead to the entry of new investment banks into the financial services sector or the expansion, development or merger of the business of existing competitors. Therefore, this will lead to a decrease in the prices of the services and products provided by the Company to its clients. Reducing prices for one of the reasons mentioned above will result in a decrease in the percentage of profit margin that the Company achieves from its services and products provided to clients, thus reducing the percentage of the Company's profits from its business in general. The above-mentioned factors will have a negative and material impact on the Company's business, financial position and results of operations.

### 2.1.46 Risks related to contracts with third parties

The Company has entered into a number of contracts and agreements with third parties. These contracts include contracts and agreements to provide its services, whether investment banking services, portfolio services, or asset management (for more details, please see subsection (3.6) "Distribution of the Company's revenues, major clients and suppliers and assets under management" of the section (3) "Overview of the Company and the nature of its activities" in this Prospectus). The Company provides its services to all sectors on a contractual basis. The most important contractual terms and obligations of the Company are as follows:

- The contract shall include a preamble in which the facts and events preceding the contract are explained.
- The most important objectives and reasons for contracting, because this explains many points within the contract in the event of a dispute.
- The more detailed and clear the contract is, the easier it will be to resolve future disputes.
- Providing details of the role of each party in the contract, especially if there are different roles between the parties. These roles shall also be detailed in a detailed, clear and professional manner that prevents overlap between the roles, which in turn reduces the possibility of any conflict to be a subject of dispute between the contracting parties.

- Taking into account the accuracy of the start and end dates of the contract. If the contract has different stage stages, care must be taken to describe each stage in a way that distinguishes it from the other in terms of time and also in terms of all related matters.
- Establishing a clear mechanism that is applicable for exit between the parties in the event of a dispute or the parties' desire to exit or even terminate the contract.
- Establishing a dispute resolution mechanism, such as resorting to the judiciary or arbitration.
- Location of jurisdiction, which becomes more important if there is a foreign party to the contract. It is necessary to stipulate the governing law and jurisdiction to resolve disputes.

The Company is exposed to the risk that its contracting parties are unable or unwilling to fulfill their contractual obligations. The parties with which the Company contracts may breach their obligations for any reason, including as a result of their bankruptcy, financial insolvency, or the disruption of its operations, or in the event of the Company's inability to fulfill its contractual obligations towards third parties, including the supply contract or any other contracts that will be signed in the future. The risks arising from dealing with these entities are more severe under difficult market conditions.

It is also not possible to confirm that those parties or the Company will live up to the aspirations of the Company or the parties contracting with it. In the event that the Company or the parties contracting with it are unable to adhere to the terms of those contracts, or in the event of any future disputes or issues occurring, and the Company loses those disputes, this will adversely affect its financial position, cash flows, operating results and future expectations.

The Company cannot guarantee that its current tenants will renew the lease contracts concluded with them upon their expiration. The Company may not be able to renew the lease contracts concluded with current tenants on terms similar to the current lease contracts or on better terms. If any lease contracts are not renewed, tenants whose contracts have expired may delay vacating and handing over the properties to the Company or to the new tenants.

If the Company is unable to renew lease contracts with current tenants or conclude new contracts with new tenants, or is unable to conclude these contracts on favorable terms as a result of any factors, including the loss of attractiveness of the Company's properties, this may result in a decrease in the Company's revenues, which will have a negative and material impact on the Company's business, results of operations, financial condition and future expectations.

#### 2.1.47 Risks related to the lack of independent members

The Company depends on its Board of Directors to manage the Company's business due to the practical experience they possess. The Company's Board of Directors in its current session, which began on 28/07/1445H (corresponding to 09/02/2024G) and for a period of three years, consists of six (6) members, including two (2) independent members (for more information, please see Section No. (4.3.1) "*Members of the Board of Directors and the Secretary of the Board*" in this Prospectus). Given the Company is currently committed to the requirements of Paragraph Three (3) of Article Sixteen (16) of the Corporate Governance Regulations issued by the Capital Market Authority, which stipulated that the number of independent board members should not be less than two members or one third of the board members, whichever is more. Although the Corporate Governance Regulations are considered indicative for companies listed in the parallel market as of the date of this Prospectus, if it is mandatorily implemented, it means that the Company will be obligated to implement all its mandatory articles, including the commitment to the number of independent members of the Board of Directors as mentioned above. If it does not adhere to this in the future, it will be subject to penal violations by the Capital Market Authority, which will have a negative and material impact on the Company's business, financial position and results of operations.

#### 2.1.48 Risks related to related parties

In the ordinary course of its business, the Company deals with related parties such as management and Substantial shareholders, which includes, but is not limited to, rents, professional fees, and accrued transaction fees. The total transactions with related parties amounted to one hundred and thirty-five million, three hundred and eighty-five thousand, one hundred and nine (135,385,109) Saudi riyals, representing (68.35%) of the total value of contracts and transactions during the year, (22.18%) of the total revenues during the year and (58.00%) of the total assets during the year as in the financial year ending on December 31, 2021G. The total transactions with related parties amounted to fifty-eight million, eight hundred and fifty-nine thousand and twenty-three (58,859,023) Saudi riyals, representing (32.40%) of the total value of contracts and transactions during the year, (50.12%) of the total revenues during the year, and (9.57%) of the total assets during the year as in the financial year ending on December 31, 2022G. It amounted to three million nine hundred and eighty-three thousand five hundred and eighty-seven (3,983,587) Saudi riyals, representing (3.82%) of the total value of contracts and transactions during the year, (5.48%) of the total revenues during the year and (0.02%) of total assets during the nine-month period ending on September 30, 2023G.

The total transactions due from related parties amounted to thirty million and forty-six thousand one hundred and twenty-eight (30,046,128) Saudi riyals, representing (15.17%) of the total value of contracts and transactions during the year and (22.18%) of total revenues during the year as in the financial year ending on December 31, 2021G. The total transactions due from related parties amounted to forty-nine million, five hundred and sixty-five thousand, seven hundred and ninety (49,565,790) Saudi riyals, representing (27.28%) of the total value of contracts and transactions during the year and (50.12%) of total revenues during the year as in the financial year ending on December 31, 2022G. The transactions due from related parties amounted to three million nine hundred and seventy-three thousand five hundred and eighty-seven (3,973,587) Saudi riyals, representing (3.81%) of the total value of contracts and transactions during the period and (5.48%) of the total revenues during the financial period ending on September 30, 2023G.

While the value of transactions due to related parties amounted to one hundred and five million three hundred and thirty-eight thousand nine hundred and eighty-one (105,338,981) Saudi riyals, representing (53.18%) as a percentage of transactions of the total value of contracts and transactions during the year, and (58.00%) of the total obligations during the year as in the financial year ending on December 31, 2021G. The value of transactions due to related parties amounted to nine million two hundred and ninety-three thousand two hundred and thirty-three (9,293,233) Saudi riyals, representing (5.12%) as a percentage of transactions from the total value of contracts and transactions during the year, and (9.57%) of the total obligations during the year as in the financial year ending on December 31, 2022G. The value of transactions due to related parties amounted to ten thousand (10,000) Saudi riyals, representing (0.01%) as a percentage of transactions of the total value of contracts and transactions during the year, and (0.02%) of total obligations during the nine-month period ending on September 30, 2023G. It should be noted that the Company obtained the approval of the General Assembly for the transactions that took place during the financial year ending on December 31, 2021G and 2022G, and the nine-month period ending September 30, 2023G. For more details, please refer to subsection "3.16" (*Transactions with Related Parties*) of this Prospectus.

All transactions with related parties must be subject to the approval of the Board of Directors and the Ordinary General Assembly of the Company. If there are any future transactions with related parties, they will be presented to the nearest General Assembly meeting. If the Company's General Assembly does not approve these transactions, the Company will have to search for other parties from non-related parties to deal with them to carry out the business assigned to related parties.

The Company's inability to renew or conclude contracts with related parties, or renew them on terms that do not suit the Company, or if the Company is unable to find a suitable alternative for the related parties within a reasonable period of time, this will adversely and materially affect the Company's business, financial condition, and results of its operations and its future expectations. In addition, if transactions with related parties in the future are not carried out on purely commercial grounds, this will have a material and negative impact on the Company's business, financial condition, results of its operations and future expectations.

#### 2.1.49 Risks related to technical issues specific to brokerage clients' accounts

The total balance of the Company's local stock brokerage clients' accounts amounted to (375) million Saudi riyals, (275) million Saudi riyals, and (175) million Saudi riyals, as of December 31, 2021G, 31, 2022G, and September 30, 2023G respectively, noting that the Company did not include these accounts in these financial statements in accordance with the provisions of Article (71) of the "Capital Market Institutions Regulations" pursuant to the decision issued by the Capital Market Authority Board No. (1-83-2005) dated 21/05/1426H (corresponding to 28/06/2005G), and in accordance with the Capital Market Authority Regulations issued by Royal Decree No. M/30 dated 02/06/1424H.

During the year 2022G, the Company implemented a new trading system. At the same time, the Saudi Tadawul Group implemented new amendments to the post-trade infrastructure called the Post-Trade Technology Program.

Given the system was newly launched during the year, the Management came across minor issues in configuring the settings due to which, during the reconciliation process on customer funds accounts, a difference arose from the reconciliation indicating that a larger amount of money was needed in the relevant customer accounts. In compliance with Article (80) (e) of the Capital Market Institutions, the Company paid the difference from its own funds to clients' fund accounts. Since it could not be determined from whom the funds should be recovered, the amount was recorded as an expense. It is important to note that the Company could recover an amount of 300,000 Saudi riyals from some clients during the year 2023G, and work is underway to communicate with its clients to collect the remaining balances.

In the event that the Company's clients are unable to pay the amounts owed to them, whether due to their bankruptcy or their unwillingness to fulfill their obligations with the Company and/or in the event of similar technical problems recurring, this will have a negative and material impact on the availability of liquidity for the Company's needs, expenses and cash flows, and thus it will have a negative and material impact on the Company's business, financial condition, results of operations and future expectations.

#### 2.1.50 Risks related to client concentration

The Company's revenues depend on a number of major clients, all of them from the corporate category, noting that the relationship with all clients, including major clients, is based on purchase orders and a contractual relationship. Revenues from the Company's five (5) largest major clients amount to (13,326,250) Saudi riyals, (11,582,669) Saudi riyals and (8,453,200) Saudi riyals as of December 31, 2021G, 2022G and September 30, 2023G respectively, and constituted (9.84%), (13.04%), and (16.34%) of the Company's total revenues as of December 31, 2021G, 2022G and September 30, 2023G respectively. Please see subsection (3.6.3) "*Major Clients*" from Section (3) "*Overview of the Company and the nature of its activities*" in this Prospectus. Accordingly, in the event of stopping or suspending the relationship with any or a group of major clients and the Company's failure to find the necessary relationships with new clients, this will have a negative and material impact on the Company's business and thus on the results of its operations and financial performance.

### 2.1.51 Risks related to supplier concentration

The Company relies on a number of major suppliers. It should be noted that dealing is done on a cash basis as there are no credit policies with suppliers. Purchases from the Company's five (5) largest suppliers amounted to (6,535,086) Saudi riyals, (7,976,017) Saudi riyals, and (6,131,718) Saudi riyals as of December 31, 2021G, 2022G and September 30, 2023G respectively, and constituted (10.43%), (9.64%) and (13.65%) of the total operating expenses as of December 31, 2021G, 2022G and September 30, 2023G respectively. Please see Subsection (3.6.3) "Major Clients" of Section (3) "Overview of the Company and the nature of its activities" in this Prospectus).

Therefore, if the Company is unable to maintain good relations with the Company's major suppliers, or if the Company is unable to find other suppliers on suitable terms for the Company, this will affect the Company's operations, financial position, and results of its operations, profitability, and future expectations.

### 2.1.52 Risks related to investments held at fair value through profit or loss

The Company has investments held at fair value through profit or loss. These investments include units of the Yaqeen Saudi Equity ETF, Yaqeen Petrochemicals ETF, Yaqeen Gold Fund, Yaqeen Arar Hills Fund, and Yaqeen Murabaha Financing Fund (for more information, please see subsection (3.5.2) "Asset Management" in this Prospectus). Below are explanations of the investments and the details of profit and loss from them as of December 31, 2021G, 2022G, and September 30, 2023G:

Table No. (6): Investments held at fair value through profit or loss as of December 31, 2021G, 2022G, and September 30, 2023G

	As of December 31, 2021G (Thousand Saudi riyals)	As of December 31, 2022G (Thousand Saudi riyals)	As of September 30, 2023G (Thousand Saudi riyals)
<b>Current</b>			
Yaqeen Murabaha Financing Fund (Level 3)	-	-	9,054
Yaqeen Saudi Equity ETF (Level 1)	2,205	7,585	11,352
Yaqeen Petrochemicals ETF (Level 1)	4,274	2,797	3,263
<b>Total</b>	<b>6,479</b>	<b>10,382</b>	<b>23,669</b>
<b>Non-Current</b>			
Yaqeen Gold Fund (Level 2)	3,625	3,592	3,679
Yaqeen Income Generating Fund (Level 3)	-	-	16,634
Yaqeen Arar Hills Fund (Level 3)	988	1,064	1,123
Yaqeen Murabaha Financing Fund (Level 3)	1,145	1,194	8,272
<b>Total</b>	<b>5,758</b>	<b>5,850</b>	<b>29,708</b>
<b>Total investments at fair value through profit or loss</b>	<b>12,237</b>	<b>16,232</b>	<b>53,377</b>

Source: The Company

The following tables show the movement of the Company's investments at fair value through profit or loss as of December 31, 2021G, 2022G, and September 30, 2023G:

Table No. (7): Movement of investments at fair value through profit or loss as of December 31, 2021G, 2022G, and September 30, 2023G

	As of December 31, 2021G (Thousand Saudi riyals)	As of December 31, 2022G (Thousand Saudi riyals)	As of September 30, 2023G (Thousand Saudi riyals)
Fair Value	11,504	12,237	16,232
Unite purchased during the year	8,369	468,657	348,374
Unite recovered during the year	(10,647)	(464,670)	(311,539)
Change in fair value	3,011	8	310
Fair Value	12,237	16,232	53,377

Source: The Company

Below are the details of the profit/(loss) from the investment at fair value through profit or loss as of December 31, 2021G, 2022G and September 30, 2023G:

Table No. (8): Details of the profit/(loss) from the investment at fair value through profit or loss as of December 31, 2021G, 2022G and September 30, 2023G

	As of December 31, 2021G (Thousand Saudi riyals)	As of December 31, 2022G (Thousand Saudi riyals)	As of September 30, 2023G (Thousand Saudi riyals)
Unrealized (loss)/ profit from investments at fair value through profit or loss, net	(121)	2,861	311
Unrealized profit from selling at fair value through profit or loss, net	-	8	-
Profit/ (loss) from investments at fair value through profit or loss, net	3,132	(963)	13,694
	3,011	1,906	14,005

Source: The Company

If those funds referred to above are exposed to operational risks, or their performance is adversely affected, or they are exposed to losses, this will affect the income generated from them, and the market value of those investments will be affected, thus having a negative and material impact on the Company's results, financial condition, and future expectations.

### 2.1.53 Risks related to the dismissal of the Fund Manager (the Company) and the implications thereof

The Company has (9) investment funds as of the date of this Prospectus. The Company may be dismissed as a fund manager in accordance with the provisions of the Investment Funds Regulations or the Real Estate Investment Funds Regulations issued by the Capital Market Authority, by a decision issued by the Authority or a special decision by the fund unit owners requesting the Authority to dismiss the Company from managing the fund. The dismissal of the Company from managing the fund will result in it not being entitled to any fees for managing this fund and a decline in its revenues from fund management services, and thus a decline in its revenues in general. It should be noted that the Company's revenues from fund management amounted to (25,951,570) Saudi riyals, i.e. (19.16%) of the Company's total revenues, (23,629,101), i.e. (23.86%) of the Company's total revenues and (10,015,651), i.e. (19.35%) of the Company's total revenues as of December 31, 2021G, 2022G and September 30, 2023G respectively. Accordingly, if the Company is dismissal from the management of one or all of these funds, this will lead to a decrease or cessation of the Company's entire revenues from these funds, which will have a negative and material impact on the Company's revenues, results of its operations, financial condition and future expectations.

### 2.1.54 Risks related to vacant positions in executive management

As of the date of this Prospectus, the Company has a number of vacant positions (please refer to Section 4.4 "**Executive Management**" in this Prospectus). In the event that the Company delays in finding experienced and highly qualified employees to hold those positions at an affordable cost to the Company, this will affect the Company's ability to implement its strategy and manage its business and thus adversely and materially affect the Company's business, financial results and future expectations.

### 2.1.55 Risks related to the vacant position of Asset Management Manager

As of the date of this prospectus, there is a vacancy in the position of Asset Management Manager and the Company is currently working to find a suitable replacement. It should be noted that revenues from asset management amounted to (25,951,570) Saudi riyals, representing (19.16%), (23,629,101) Saudi riyals, representing (23.86%) and (10,015,651) Saudi riyals, representing (19.35%) of the total revenues in the financial year ending on December 31, 2021G and 2022G, and as of September 30, 2023G, respectively (please see Subsection (3.6.1) "**Revenues according to business sectors**" of Section (3) "**Overview of the Company and the nature of its activities**" of this Prospectus). It is also worth noting that the Company is currently working to find a suitable replacement and is expected to complete the appointment of an asset management manager during the first half of 2024G.

In the event that the Company is unable to find a suitable replacement as soon as possible, this will lead to a decrease in the Company's revenues, which will have a negative and material impact on the Company's business, the results of its operations, and its future expectations.

## 2.2 Risks related to the market and the sector in which the Company operates

### 2.2.1 Risks related to the Kingdom's economic performance

The Company's expected future performance depends on a number of factors related to the economic conditions in the Kingdom in general, including, but not limited to, inflation factors, domestic product growth, average per capita income, etc. The Kingdom's macro and micro economy depends mainly on oil and the oil industries, which still control a large share of the gross domestic product. Accordingly, any unfavorable fluctuations that occur in oil prices will have a direct and material impact on the plans and growth of the Kingdom's economy in general and on government spending rates, which would adversely impact the Company's financial performance, given its operation within the Kingdom's economic ecosystem and its impact on government spending rates.

The continued growth of the Kingdom's economy also depends on several other factors, including continued population growth and government and private sector investments in infrastructure. Therefore, any negative change in any of these factors will have a significant impact on the economy and will therefore have a negative and material impact on the Company's business, financial results, and future expectations.

### 2.2.2 Risks related to the competing environment

The Company operates in a strong competitive environment. There is no guarantee that the Company will continue to be able to compete effectively with other companies in the market. The pricing policies of the Company's competitors also greatly affect its financial performance, and the Company may be constantly unable to compete with those companies, which leads to a decrease in the Company's market share and thus has a negative and material impact on the Company's business, results of its operations, financial condition and future expectations.

### 2.2.3 Risks related to political and economic instability in the Middle East

The Company's financial performance depends on the prevailing economic and political conditions in the Kingdom in addition to the global economic conditions that in turn affect the Kingdom. Some countries in the Middle East region suffer from economic and political instability. There are no guarantees between those economic and political conditions in those countries, or in other countries that will not adversely and materially affect the Kingdom. These factors may adversely and materially affect the Company's business, results of its operations, financial condition and future expectations.

Any unforeseen major changes in the political, economic or legal environment in the Kingdom and/or other countries in the Middle East, including, but not limited to, normal fluctuations in the markets, economic stagnation, insolvency, high unemployment rates, technological transformations and other developments, would adversely and materially affect the Company's business, results of its operations, financial condition and future expectations.

### 2.2.4 Risks related to the Companies Law

The Companies Law imposes certain statutory requirements that the Company must comply with. This will require the Company to take actions and measures to comply with such requirements that may affect its business plan or take a long time. The existing Companies Law also imposed stricter penalties for violating its provisions and mandatory rules which is, according to the existing Companies Law (Article 260) up to (5,000,000) Saudi riyals. These penalties are doubled if the violations are repeated within three years from the date of sentencing a company for such violations as per the existing Companies Law (Article 263). Therefore, the Company will be subject to such penalties if it does not comply with these rules and provisions, which would adversely and materially affect the Company's business, financial conditions and results of its operations.

### 2.2.5 The risks related to the approval and application of the New Companies Law in KSA

The Company, in its management, conduct of its business and various activities, is subject to the provisions of the Companies Law. On 29/11/1443H (corresponding to 28/06/2022G), the government announced its approval of a new Companies Law to replace the previous Law. This new Law entered into force on 20/01/2023G. The new Companies Law imposes some new requirements related to organization and corporate governance, which the Company must comply with. This requires the Company to take some measures to comply with these new requirements. The new Companies Law also imposes stricter penalties for violating its mandatory provisions and rules. Therefore, the Company may be subject to such penalties if it does not comply with those provisions and rules. This will have a negative and material impact on the Company's business, results of its operations, financial position and future expectations.

### 2.2.6 Risks related to the application of corporate governance regulations

The CMA Board issued a new Corporate Governance Regulation by virtue of Resolution No. (8-16-2017) dated 16/05/1438H (corresponding to 13/02/2017G), based on the Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H (corresponding to 11/11/2015G), as amended by CMA Board Resolution No. (8-5-2023) dated 25/06/1444H (corresponding to 18/01/2023G) based on the Companies Law issued by Royal Decree No. M/132 dated 01/12/1443H (corresponding to 30/06/2022G) and the amendments thereto. It is worth mentioning that the Corporate Governance Regulations obligated the companies listed in the parallel market with some of the paragraphs and articles contained therein, which are as follows

(paragraph (c) of Article (13), paragraph (b) of Article (50), paragraph (a) of Article (51), Article (52), Article (56), and Article (88), which the Company has applied and adhered to all of them as of the date of this Prospectus. Although the rest of the articles in the Corporate Governance Regulations are considered indicative for companies listed in the parallel market as of the date of this Prospectus, if they are applied mandatorily, the success of the Company in implementing governance properly depends on the extent to which the Board of Directors, its committees, the executive management and the Company's employees understand these rules and procedures. In the event that the Company does not comply, it will be subject to penal violations by the Capital Market Authority, which will have a negative and material impact on the Company's business, financial position and results of its operations.

### 2.2.7 Risks related to the lack of adherence to the current regulations and laws and/or the issuance of new regulations and laws

The Company is supervised by a number of government authorities in the Kingdom, including but not limited to the Capital Market Authority and the Ministry of Commerce. Accordingly, the Company is subject to the risks of changes in laws, regulations, circulars and policies in the Kingdom. The legislative and regulatory environment in the Kingdom is witnessing the issuance of many laws and regulations, which are continuously developed and improved. Compliance costs for these laws are high. In the event of any changes to the current regulations, or the issuance of new laws or regulations, this will result in the Company incurring additional unforeseen financial expenses for the purposes of complying with those regulations and meeting the requirements of these laws, or may be subject to penalties and fines imposed by the competent supervisory authorities in the event of non-compliance with these regulations and laws on an ongoing basis, which will adversely and materially affect its business, results of operations, financial position and future expectations.

### 2.2.8 Risks related to value -added tax

The Kingdom has issued the Value Added Tax Law, which entered into force on 1 January 2018G. This Law imposes an added value of (5%) on a number of products and services as stipulated by the Law. The government of the Kingdom has decided to increase the value added tax rate from (5%) to (15%), which began to be applied from July 2020G. Therefore, the relevant enterprises must know the nature of the value added tax and how to apply and calculate it. They will also have to submit their own reports to the relevant government authorities. Accordingly, the Company shall adapt to the changes resulting from the application of VAT, which includes its collection and delivery.

On 8 October 2020G, Zakat, Tax and Customs Authority issued a final VAT assessment notice for the tax periods from January 2018G to December 2019G. An amount of SAR 1.26 million was imposed for output tax and SAR 1.8 million for fines under the final assessment notice issued. The amount was paid to cancel the fines imposed based on the Royal initiative due to the Corona pandemic. Therefore, the Company objected to the final assessment with the Zakat, Tax and Customs Authority, and the objection was rejected. The Company filed an appeal on 4 March 2021G on the portal of the General Secretariat of Tax Committees and the Company held a hearing with the General Secretariat of Tax Committees on 12 August 2021G and with the Tax Violations and Dispute Resolution Committee. The Tax Violations and Dispute Resolution Committee decided to reject the petitions filed. The Company filed an appeal against the decision of the Tax Violations and Dispute Resolution Committee during the period. On 02 August 2022G, the First Appeals Chamber for VAT and Excise Goods Violations and Disputes held its hearing via videoconference to consider the appeal submitted based on paragraph (2) of Article (15) of the Rules of Action of the Committees for the Resolution of Tax Violations and Disputes, which stipulates that: The hearings of the Chamber may be held by means of modern technological means provided by the General Secretariat." The case file, all memoranda and documents, and the decision of the adjudication chamber subject of appeal were reviewed. After discussion and deliberation, the Chamber unanimously decided: Accepting the appeal related to subjecting the commission of the Capital Market Authority to tax with the fixed 5%, canceling the decision of the Second Circuit to adjudicate VAT violations and disputes in the city of Riyadh, and canceling the action of the Appellee (the Authority).

However, any violation or wrong application of the Tax Law by the Company's management will expose it to fines or penalties or damage its reputation. The Company will also bear the value of those penalties imposed by the relevant authorities resulting from the wrong application of the Tax Law, which will also increase operational costs and expenses, which can reduce the competitive position of the Company and the level of demand for its products, which will have a negative and material impact on the Company, its financial condition, the results of its operations and future expectations.

### 2.2.9 Risks related to changing the Zakat and Income Tax calculation mechanism

The Zakat, Tax and Customs Authority (ZATCA) (formerly known as the General Authority of Zakat and Tax) has issued Circular No. 6768/16/1438 dated 05/03/1438H (corresponding to 04/12/2016), which obliges Saudi companies listed in the Capital Market to calculate income and zakat based on the nationality of shareholders and actual ownership among Saudi, GCC and other citizens, as mentioned in the "Tadawulaty System" at the end of the year. Prior to the issuance of this circular, listed companies were generally subject to the payment of zakat or tax on the basis of the ownership of their founders in accordance with their articles of association, and the impact of the listed shares was not taken into account in determining the Zakat base. This circular was to be applied in the year ended 31 December 2016 and the subsequent years. However, the Zakat, Tax and Customs Authority issued its letter No. 12097/16/1438 dated 19/04/1438H (corresponding to 17/01/2017G), which requires postponing the implementation of the circular for the financial year ended 31 December 2017G and subsequent years. Until the Zakat, Tax and Customs Authority issues its directives regarding the mechanisms and procedures for implementing this circular, the implementation of this circular including the final requirements that must be met is still under consideration, as well as the rules that impose income tax on all non-GCC residents contributing to listed Saudi companies and that apply withholding tax



on the dividends of non-resident shareholders regardless of their nationalities. The Company did not assess the financial impact of this circular and take sufficient steps to ensure compliance with it because it is a closed joint stock company owned by Saudi shareholders. In the event that the financial impact of this circular, if applied, is significant or if the Company incurs additional costs to take the necessary steps to ensure compliance with it, this will adversely and materially affect its business, results of operations, financial position and future expectations.

### 2.2.10 Risks related to consumer spending due to poor economic conditions

Fluctuations in economic elements outside the Company's control, including the ability of consumers to borrow, interest rates, unemployment rates, salary levels, tax levels (such as value-added tax, which was increased from (5%) to (15%), starting from July 1, 2020G), water and electricity consumption costs, and the removal of the Saudi government's subsidy - whether fully or partially - for some materials, which in turn adversely affects the level of income available for spending and the levels of consumer spending (including optional spending on various products) and thus adversely affects the demand for the Company's products. Any decline in the number of consumers or their levels of spending will adversely and materially affect the Company's business, results of its operations, financial position and future expectations.

### 2.2.11 Risks related to the imposition of new fees or taxes

Although the Company is not currently subject to any type of tax other than Zakat and VAT, it is likely that the government will impose other fees or new taxes on companies in the future. In the event that other fees or new taxes are imposed on companies other than what is currently applied, this will adversely and materially affect the Company's business, results of its operations and future expectations.

### 2.2.12 Risks related to the Competition Law and its executive regulations

In the event that the Company becomes in a dominant position in the market or is classified as such by the General Authority for Competition, the operational activities of the Company will be subject to the conditions and controls contained in the Competition Law issued by Royal Decree No. (M/75) dated 29/06/1440H (corresponding to 06/03/2019G) and its executive regulations issued by the General Authority for Competition under Resolution No. (327) dated 25/01/1441H (corresponding to 24/09/2019G). The Competition Law aims to protect fair competition in Saudi markets and to encourage and consolidate market rules and price freedom and transparency. In the event that the Company violates the provisions of the Competition Law and a judgment is issued against the Company regarding this violation, it is likely that the Company will be subject to large fines subject to the discretion of the General Authority for Competition, not exceeding (10%) of the value of the annual sales (return) subject of the contract or not exceeding ten million Saudi riyals in the event that the annual return cannot be calculated. In addition, the General Authority for Competition has the right to request the suspension of the Company's activities temporarily or permanently (partially or entirely) in the event of repeated violations by the Company. Furthermore, filing procedures may be financially costly to the Company and may take a long time to be adjudicated. The occurrence of any of these risks mentioned above may have a negative and material impact on the Company's business, financial position, results of its operations and future expectations.

### 2.2.13 Risks related to commission rate fluctuation

Commission rates may change depending on any local or global economic, political or regulatory changes, which will result in the likelihood of an increase in the Company's liabilities. Consequently, this will increase the financing costs that the Company may need for its operations, which will adversely and materially affect the Company's financial position and cash flows, the Company's business, the results of its operations and its future expectations.

## 2.3 Risks related to the Ofer Shares

### 2.3.1 Risks related to potential fluctuations in share price

The market price of the Company's shares may not be stable after the offering, and may be significantly affected by many factors, including but not limited to: Stock market conditions, poor performance of the Company, inability to implement the Company's future plans, new competitors entering the market, change in the vision or estimates of experts and analysts of the stock market, and any announcement of the Company or any of its competitors related to mergers and acquisitions or strategic alliances.

### 2.3.2 Risks related to forward-looking statements

Some of the statements included in this Prospectus are forward-looking statements and include known and unknown risks and some uncertainties that affect the Company's results of operations. If any of the assumptions are incorrect or invalid, the actual results may differ materially from the results mentioned in this Prospectus, which may lead to investors losing their investments in the Shares.

### 2.3.3 Risks related to the possible issuance of new shares

If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares will adversely affect the share price in the market or dilute the current Shareholders' ownership percentage in the Company, if they do not subscribe to such newly issued Shares.

### 2.3.4 Risks related to the effective control by the current shareholders after the offering

Following the Offering, the Substantial Shareholders will hold 80 per cent. of the Shares. As a result, they will have the ability to significantly influence the Company's business through their ability to control decisions and actions that require Shareholders' approval, - including without limitation - mergers and acquisitions, sale of assets, the election of directors, increase or decrease of the capital, issuance or non-issuance of additional shares, distribution of dividends, or any change in the Company. In cases where the interests of the Substantial Shareholders conflict with the interests of minority Shareholders (including the Subscribers), the minority Shareholders may be disadvantaged and the Substantial Shareholders may otherwise exercise their control over the Company in a manner that will have a material adverse effect on the Company's business, financial position, results of operations and prospects.

### 2.3.5 Risks related to the absence of prior market for the Offer Shares

There is currently no public market for the Shares, and there may not be an active and sustainable market for the Shares after the Offering. The offering may result in a limited supply or demand, which will affect the share price. If an active and liquid market is not developed or maintained,

the price of the Shares may be negatively affected.

### 2.3.6 Risks related to selling a substantial number of shares in the parallel market after offering

Sales of a substantial number of the Shares in the capital market following the completion of the Offering, or the perception that these sales will occur, could adversely affect their market price. Upon the successful completion of the Offering,, the Substantial Shareholders will be subject to a Lock-up Period of twenty-four (24) months from the date of listing the Company's Shares on the Parallel Market on all shares owned after the offering by FALCOM Holding Company, which represents a percentage of (40.00%) of the Company's capital after the offering, and fifty percent (50%) of the shares of FALCOM Yaqeen Investment Company (one-person company) (which constitutes twenty percent (20%) of the Company's capital after the offering) based on the Capital Market Authority's approval of the request to obtain a no-objection notice from the Authority to apply offering the Company's shares in the parallel market (Nomu) pursuant to letter No. (p. 3/6/8217/21) dated 28/02/1443H (corresponding to 05/10/2021G), where the Authority stipulated that no less than (60%) of the Company's shares after the offering shall be subject to the Lock-up Period of no less than twenty-four (24) months from the date of the start of trading in the Company's shares in the parallel market. The Authority's prior approval must be obtained before disposing of these shares.

Substantial shareholder selling for a large number of shares after the end of the Lock-up Period may adversely affect the Company's share market, and consequently may result in a decrease in the market price of the shares, which will adversely and materially affect the Company's business and financial condition and the results of its operations and future expectations.

### 2.3.7 Risks related to the Company's Failure to Meet the Requirements for the Transition to the Main Market

The Company may submit an application for listing in the main market after the lapse of the statutory period (two years according to the existing Law of the Capital Market) following the listing in the parallel market. If, after the lapse of the statutory period under the Listing Rules, the Company desires to move to the Main Market, it must fulfil the relevant requirements issued by the Capital Market Authority and the Saudi Tadawul Company (Saudi Exchange) based on the OSCO rules. If the Company is unable to meet such requirements or any additional future regulatory requirements that the regulatory authorities may impose on the Company or the Exchange, it will not be able to move to the Main Market. As trading in the Parallel Market, as of the date of this Prospectus, is restricted to qualified investors only, the daily trading volume and liquidity will be less than the Main Market, which would affect the market value and liquidity of the Shares as well as the Company's business and financial position, results of its operations and future expectations.

### 2.3.8 Risks related to the Company's desire to remain in the parallel market

After offering in the parallel market, and after the expiry of the statutory period under the relevant rules, the Company may be compliant with the regulatory requirements for the transition to the Main Market. However, the Company may desire to continue as a listed company in the Parallel Market instead of moving to the Main Market. As trading in the Parallel Market is restricted to qualified investors only, as of the date of this Prospectus, the daily trading volume and liquidity will be less than the Main Market, which would affect the market value and liquidity of the Shares.

### 2.3.9 Risks related to liquidity of the Offer Shares

There is currently no public market for trading the Company's Shares, and there is no guarantee that an active and continuous market for trading the Company's shares after the Offering develops. If an active market for the Shares does not develop, it will significantly and adversely affect the liquidity and trading price of the Shares, which will adversely and materially affect the Company's business, financial position, results of its operations and future expectations.

### 2.3.10 Risks related to distribution of dividends

The future distribution of dividends will depend on, inter alia, the future earnings, financial position, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. Moreover, the Company may not be able to pay dividends and the Board of Directors may not recommend, and the Shareholders may not approve the payment of dividends. In addition, in the event that the Company enters into any future financing agreements, the Company may become subject to the terms of its future credit financing agreements further restricting dividend payments except after obtaining a written approval from the financing authority.

On the other hand, the Company may incur unforeseen new expenses or obligations that may result in a decrease in the Company's profits or affect the level of its cash liquidity, which may result in a decrease in or absence of dividends. Therefore, this may lead to a decrease in the expected return on the Company's shares, which will adversely and materially affect the expected returns to shareholders. It is worth mentioning that the Company does not provide any guarantee regarding the dividends to be paid in any given year, and the distribution of dividends is subject to certain conditions and controls stipulated in the Company's Bylaws. For further details regarding the Dividends Policy, (please see Section No. (5) "*Dividend Distribution Policy*") in this Prospectus. Based on the above, these factors will adversely and materially affect the Company's business, financial condition, results of its operations and future expectations.

Overview of the Company and the nature of  
its activities

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## 3. Overview of the Company and the nature of its activities

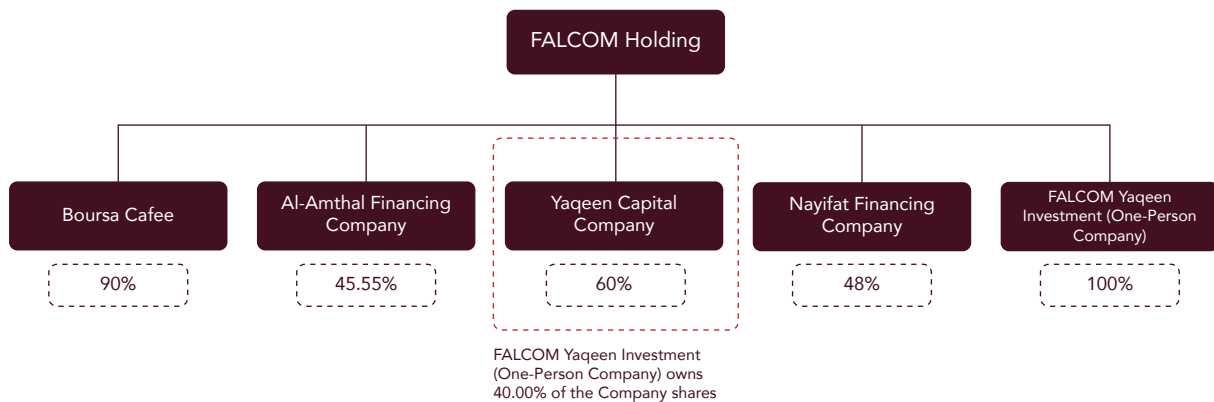
### 3.1 Overview of the Company

Yaqeen Capital is a one-person Saudi joint stock company established pursuant to the Ministerial Resolution No. (2631) dated 10/09/1427H (corresponding to 03/10/2006G) and the Ministerial Resolution No. (2489) dated 02/11/1427H (corresponding to 23/11/2006G), under the commercial registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in the city of Riyadh, pursuant to the decision of the Capital Market Authority Board No. (1-176- 2006M) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) as well as the start of practicing the licensed business on 01/02/1428H (corresponding to 19/02/2007G).

The Company's current capital is one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) equal shares, value of each share is ten (10) Saudi riyals, all of which are value fully paid ordinary shares in one class. They do not give any shareholder any preferential rights. Each shareholder, whatever the number of shares it owns, has the right to attend and vote in the meetings of the shareholders general assembly (the "General Assembly"), Each shareholder has the right to entrust another person who is not a member of the Company's board of directors or the Company's employees to act on his behalf in the attendance of the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years. The Company's main address is, as it is set forth in the commercial registration, in Riyadh - Al -Worood District - Al-Olaya Street, P.O Box 884 Riyadh 11421, Kingdom of Saudi Arabia.

The following figure shows the Company's position among the FALCOM Holding group of companies

Figure (1): The company's position among group of companies affiliated with FALCOM Holding



Source: The Company

### 3.2 Company History and Major Developments in Capital Structure

- Yaqeen Capital Company (Yaqeen Capital) was established as a closed joint stock company under the name "FALCOM Financial Services" pursuant to the Ministerial Resolution No. (2631) dated 10/09/1427H (corresponding to 03/10/2006G) and the Ministerial Resolution No. (2489) dated 02/11/1427H (corresponding to 23/11/2006G), under the commercial registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G) issued in the city of Riyadh, pursuant to the decision of the Capital Market Authority Board No. (1-176- 2006G) dated 29/04/1427H (corresponding to 27/05/2006G) under license No. (06020-37) as well as the start of practicing the licensed business on 01/02/1428H (corresponding to 19/02/2007G) with a capital of one billion (1,000,000,000) Saudi riyals divided into one hundred million (100,000,000) ordinary shares paid in full, the value of each share is ten (10) Saudi riyals. The shareholder structure at incorporation was as follows:

Table No. (9): shareholder ownership structure at establishment

S.N.	Shareholder's name	Nominal value of the share (SAR)	Number of Shares (Share)	Total Nominal Value of Shares (SAR)	Ownership Percentage (%)
1	Ibrahim Abdul Mohsen Abdullah Abanmi	10	500,000	5,000,000	0.50%
2	Adeeb Abdulrahman Musaed Al Swailem	10	6,000,000	60,000,000	6.00%
3	United Trading Est.	10	10,000,000	100,000,000	10.00%
4	Bader Abdullah Mohammed Al-Suwaidan	10	5,000,000	50,000,000	5.00%
5	Hamad Assaf Hussein Al-Assaf	10	6,600,000	66,000,000	6.60%
6	Khaled Omar Jassim Al-Baltan	10	2,000,000	20,000,000	2.00%
7	Khaled Abdullah Mohammed Al-Athel	10	1,500,000	15,000,000	1.50%
8	Saad Ibrahim Abdul Aziz Al-Mujil	10	100,000	1,000,000	0.10%
9	Saudi Gulf Hydraulic Company Limited	10	4,000,000	40,000,000	4.00%
10	Sulaiman Abdullah Sulaiman Al-Amr	10	4,000,000	40,000,000	4.00%
11	Advanced Systems Company, Ltd.	10	2,000,000	20,000,000	2.00%
12	Tanhat Holdings Limited	10	3,000,000	30,000,000	3.00%
13	Al Meem United Company	10	5,000,000	50,000,000	5.00%
14	Tawq Al Khaleej Investment Company	10	10,000,000	100,000,000	10.00%
15	Arabian FAL Holding Limited	10	6,600,000	66,000,000	6.60%
16	Saleh Ali Hammoud Al-Athel	10	500,000	5,000,000	0.50%
17	Abdul Karim Hamad Abdul Karim Al-Mujil	10	350,000	3,500,000	0.35%
18	Abdullah Rashid Ibrahim Al-Manqour	10	400,000	4,000,000	0.40%
19	Abdullah Suleiman Abdulaziz Al-Muqairn	10	7,000,000	70,000,000	7.00%
20	Abdullah Ali Saleh Al-Naeem	10	300,000	3,000,000	0.30%
21	Abdul Mohsen Abdulrahman Musaed Al Swailem	10	2,050,000	20,500,000	2.05%
22	Faisal Ibrahim Abdullah Al-Suwail	10	5,000,000	50,000,000	5.00%
23	Al-Hawafiz Trading and Marketing Co.	10	10,000,000	100,000,000	10.00%
24	Mohammed Saleh Abdulrahman Al-Athel	10	200,000	2,000,000	0.20%
25	Dr. Mohammed Abdulrahman Abdullah Al-Taweel	10	200,000	2,000,000	0.20%
26	Mohammed Abdulrahman Othman Al-Freih	10	300,000	3,000,000	0.30%
27	Prince Mishari Abdullah Abdulaziz Musaed	10	500,000	5,000,000	0.50%
28	Mutlaq Saleh Mutlaq Al-Hanaki	10	500,000	5,000,000	0.50%
29	Dr. Nasser Ibrahim Rashid Al-Rashid	10	3,500,000	35,000,000	3.50%
30	Abdulmohsen Muhammad Abdulrahman Al -Saleh	10	300,000	3,000,000	0.30%
31	Abdullah Mohammed Abdullah Al-Huqail	10	200,000	2,000,000	0.20%

S.N.	Shareholder's name	Nominal value of the share (SAR)	Number of Shares (Share)	Total Nominal Value of Shares (SAR)	Ownership Percentage (%)
32	Abdullah Mubarak Al-Khafra	10	200,000	2,000,000	0.20%
33	Hammoud Ali Hammoud Al Athel	10	200,000	2,000,000	0.20%
34	Dr. Nasser Aqeel Abdullah Al-Tayyar	10	1,000,000	10,000,000	1.00%
35	Faisal Fahd Faisal Melhem	10	600,000	6,000,000	0.60%
36	Abdullah Mohammed Abdulaziz Al-Nimr	10	200,000	2,000,000	0.20%
37	Musa Abdul Karim Musa Al-Rubaian	10	200,000	2,000,000	0.20%
<b>Total</b>			<b>100,000,000</b>	<b>1,000,000,000</b>	<b>100.00%</b>

Source: The Company

- On 29/03/1431H (corresponding to 15/03/2010G), the Extraordinary General Assembly approved an increase in capital from one billion (1,000,000,000) Saudi riyals to one billion and fifty million (1,050,000,000) Saudi riyals, divided into one hundred and five million (105,000,000) ordinary shares paid in full, the value of each share is ten (10) Saudi riyals. The excess subscription amounting to five million (5,000,000) shares with a total nominal value of fifty million (50,000,000) Saudi riyals was subscribed in cash by the Company's employees, namely (1) shareholder/ Adeb Abdulrahman Musaed Al-Suwailem, with a number of two million seven hundred and twenty thousand (2,720,000) shares, (2) shareholder/ Nawaf Abdullah Ali Fawzan, with a number of two hundred and fifty thousand (250,000) shares, (3) shareholder/ Adnan Abdullah Ali Fawzan, with a number one million (1,000,000) shares, (4) shareholder/ Mazen Muhammad Jameel Ikram, with three hundred and fifty thousand (350,000) shares, (5) shareholder/ Saleh Abdullah Saleh Al-Hanaki, amounting to one hundred thousand (100,000) shares, (6) shareholder/ Bandar Muhammad Ahmed with fifty thousand (50,000) shares, (7) shareholder/ Abdulrahman Abdulaziz Saad Nafisa with thirty thousand (30,000) shares, (8) shareholder/ Bilal Muhammad Ezzedine Ragheb with one hundred thousand (100,000) shares, (9) shareholder/ Haitham. Ibn Mueen Ibn Jamil Al-Sarraj with fifty thousand (50,000) shares, (10) shareholder/ Badr Suleiman Hamad Al-Sulai' with one hundred thousand (100,000) shares, (11) shareholder/ Muhammad Abdulrahman Abdulaziz Ababtain with fifty thousand (50,000) shares, and (12) shareholder/ Louay Hassan Ali Hamdallah with two hundred thousand (200,000) shares. In addition, some internal transactions took place among the shareholders where (1) the shareholder/ Abdullah Suleiman Abdulaziz Al-Muqairen sold all of his shares in the Company, amounting to seven million (7,000,000) shares to the shareholder/ FAL Holdings Arabia Co. Ltd., (2) the shareholder/ FAL Holdings Arabia Co. Ltd sold one hundred thousand (100,000) shares to the shareholder/ Faisal Fahd Faisal Melhem, (3) the shareholder/ Muhammad Saleh Abdulrahman Al-Athel sold one hundred and twenty thousand (120,000) shares to the shareholder/ Faisal Fahd Faisal Melhem, (4) the shareholder/ Saleh Ali Hammoud Al-Athel sold one hundred and twenty thousand (120,000) shares to the shareholder/ Faisal Fahd Faisal Melhem. The shareholder structure of the Company was as follows:

Table No. (10): Shareholder ownership structure as of 29/03/1431H (corresponding to 15/03/2010G)

S.N.	Shareholder's name	Nominal value of the share	Number of Shares	Total value of the share	Ownership Percentage (%)
1	Arabian FAL Holding Limited	10	13,500,000	135,000,000	12.86%
2	Al-Hawafiz Trading and Marketing Co.	10	10,000,000	100,000,000	9.52%
3	United Trading Est.	10	10,000,000	100,000,000	9.52%
4	Tawq Al Khaleej Investment Company	10	10,000,000	100,000,000	9.52%
5	Adeb Abdulrahman Musaed Al Swailem	10	8,720,000	87,200,000	8.30%
6	Hamad Assaf Hussein Al-Assaf	10	6,600,000	66,000,000	6.28%
7	Bader Abdullah Mohammed Al-Suwaidan	10	5,000,000	50,000,000	4.76%
8	Faisal Ibrahim Abdullah Al-Suwail	10	5,000,000	50,000,000	4.76%
9	Al Meem United Company	10	5,000,000	50,000,000	4.76%
10	Sulaiman Abdullah Sulaiman Al-Amr	10	4,000,000	40,000,000	3.81%
11	Saudi Gulf Hydraulic Company Limited	10	4,000,000	40,000,000	3.81%
12	Nasser Ibrahim Rashid Al-Rashid	10	3,500,000	35,000,000	3.33%

S.N.	Shareholder's name	Nominal value of the share	Number of Shares	Total value of the share	Ownership Percentage (%)
13	Tanhat Holdings Limited	10	3,000,000	30,000,000	2.86%
14	Abdul Mohsen Abdulrahman Musaed Al Swailem	10	2,050,000	20,500,000	1.95%
15	Khaled Omar Jasser Al-Baltan	10	2,000,000	20,000,000	1.90%
16	Advanced Systems Company, Ltd.	10	2,000,000	20,000,000	1.90%
17	Khaled Abdullah Mohammed Al-Athel	10	1,500,000	15,000,000	1.43%
18	Dr. Nasser Aqeel Abdullah Al-Tayyar	10	1,000,000	10,000,000	0.95%
19	Adnan Abdullah Ali Fawzan	10	1,000,000	10,000,000	0.95%
20	Faisal Fahd Faisal Melhem	10	940,000	9,400,000	0.89%
21	Ibrahim Abdul Mohsen Abdullah Abanmi	10	500,000	5,000,000	0.48%
22	Prince Mishari Abdullah Abdulaziz Musaed	10	500,000	5,000,000	0.48%
23	Mutlaq Saleh Mutlaq Al-Hanaki	10	500,000	5,000,000	0.48%
24	Abdullah Rashid Ibrahim Al-Manqour	10	400,000	4,000,000	0.38%
25	Saleh Ali Hammoud Al-Athel	10	380,000	3,800,000	0.36%
26	Abdul Karim Hamad Abdul Karim Al-Mujil	10	350,000	3,500,000	0.33%
27	Mazen Mohammed Jamil Ikram	10	350,000	3,500,000	0.33%
28	Abdullah Ali Saleh Al-Naeem	10	300,000	3,000,000	0.29%
29	Mohammed Abdulrahman Othman Al-Freih	10	300,000	3,000,000	0.29%
30	Abdulmohsen Muhammad Abdulrahman Al-Saleh	10	300,000	3,000,000	0.29%
31	Nawaf Abdullah Ali Fawzan	10	250,000	2,500,000	0.24%
32	Dr. Mohammed Abdulrahman Abdullah Al-Taweel	10	200,000	2,000,000	0.19%
33	Abdullah Mohammed Abdullah Al-Huqail	10	200,000	2,000,000	0.19%
34	Abdullah Mubarak Al-Khafra	10	200,000	2,000,000	0.19%
35	Hammoud Ali Hammoud Al Athel	10	200,000	2,000,000	0.19%
36	Abdullah Mohammed Abdulaziz Al-Nimr	10	200,000	2,000,000	0.19%
37	Musa Abdul Karim Musa Al-Rubaian	10	200,000	2,000,000	0.19%
38	Louay Hassan Ali Hamdallah	10	200,000	2,000,000	0.19%
39	Saad Ibrahim Abdul Aziz Al-Mujil	10	100,000	1,000,000	0.10%
40	Saleh Abdullah Saleh Al-Hanaki	10	100,000	1,000,000	0.10%
41	Bilal Mohammed Ezzedine Ragheb	10	100,000	1,000,000	0.10%
42	Bader Sulaiman Hamad Al-Sulaie	10	100,000	1,000,000	0.10%
43	Mohammed Saleh Abdulrahman Al-Athel	10	80,000	800,000	0.08%
44	Haitham Ibn Mueen Ibn Jamil Al-Sarraj	10	50,000	500,000	0.05%
45	Bandar Mohammed Ahmed Al-Beez	10	50,000	500,000	0.05%
46	Mohamed Abdel Rahman Abdel Aziz Abateen	10	50,000	500,000	0.05%
47	Abdulrahman Abdul Aziz Saad Nafisa	10	30,000	300,000	0.03%
<b>Total</b>			<b>105,000,000</b>	<b>1,050,000,000</b>	<b>100%</b>

Source: The Company



- On 19/08/1438H (corresponding to 15/05/2017G), the Extraordinary General Assembly approved an increase in the capital from one billion and fifty million (1,050,000,000) Saudi riyals to one billion one hundred and fifty-five million (1,155,000,000) Saudi riyals, divided into one hundred and fifteen million five hundred thousand (115,500,000) fully paid ordinary shares, the value of each share is ten (10) Saudi riyals. The increase amounting to one hundred and five million (105,000,000) Saudi riyals was met by transferring the amount from the retained earnings account as of 31/12/2016. One (1) free share was granted for every ten (10) shares owned by registered shareholders on 19/08/1438H (corresponding to 15/05/2017G), which represents the date of the Extraordinary General Assembly meeting. On 19/08/1438H (corresponding to 15/05/2017G), the Extraordinary General Assembly approved to reduce the Company's capital from one billion one hundred and fifty-five million (1,155,000,000) Saudi riyals to two hundred and fifty million (250,000,000) Saudi riyals, divided into twenty-five million (25,000,000) fully paid ordinary shares, the value of each share is ten (10) Saudi riyals. The value of nine hundred and five million (905,000,000) Saudi riyals was reduced from the Company's capital through the cancellation of ninety million five hundred thousand (90,500,000) ordinary shares with a book value of (10) Saudi riyals as on 31/03/2017G in exchange for the transfer of assets and long-term investments in favor of FALCOM Holding Company in accordance with the approval of the Capital Market Authority dated 01/05/2017G and the certificate of the Chartered Accountant to restructure the company. All shareholders also waived the entire Company's shares amounting to twenty-five million (25,000,000) ordinary shares, with (1) (24,997,500) shares representing a percentage of (99.99%) of the total ownership of the Company in favor of the new shareholder/ FALCOM Holding Company, and (2) two thousand five hundred (2,500) shares representing a percentage of (0.01%) of the total ownership of the Company in favor of the new shareholder/ Fahd Muhammad Saleh Al-Athel.

Table No. (11): Shareholder ownership structure as of 19/08/1438H (corresponding to 05/15/2017G)

S.N.	Shareholder's name	Nominal value of the share	Number of Shares	Total value of the share	Ownership Percentage (%)
1	FALCOM Holding Company	10	24,997,500	249,975,000	99.99%
2	Fahd Muhammad Saleh Al-Athel	10	2,500	25,000	0.01%
<b>Total</b>			<b>25,000,000</b>	<b>250,000,000</b>	<b>100%</b>

Source: The Company

- On 27/03/1440H (corresponding to 12/05/2018G), the extraordinary general assembly agreed to reduce capital from two hundred and fifty million (250,000,000) Saudi riyals to one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) A normal arrow paid fully value, the value of each of them is ten (10) Saudi riyals, where the value of one hundred million (100,000,000) Saudi riyals has been reduced for (1) amortizing the accumulated losses, as on the date of December 31, 2018G, with a value of thirteen million, eighteen and eighteen One thousand hundred and fifty nine (13,118,159) Saudi riyals (2) amortizing the shareholder/FALCOM Holding Company, as on the date of December 31, 2018G, with a value of eighty -six million and eight hundred, eighty thousand and eight hundred and forty one (86,881,841) Saudi riyals. The shareholder structure of the Company was as follows:

Table No. (12): Shareholder ownership structure as of 27/03/1440H (corresponding to 05/12/2018G)

S.N.	Shareholder's name	Nominal value of the share	Number of Shares	Total value of the share	Ownership Percentage (%)
1	FALCOM Holding Company	10	14,998,500	149,985,000	99.99%
2	Fahd Muhammad Saleh Al-Athel	10	1,500	15,000	0.01%
<b>Total</b>			<b>15,000,000</b>	<b>150,000,000</b>	<b>100%</b>

Source: The Company

- On 07/03/1442H (corresponding to 24/10/2020G), the shareholder / Fahd Mohammed Saleh Al-Athel decided to waive all the shares owned by him, amounting to one thousand five hundred (1,500) ordinary shares to FALCOM Holding. Therefore, the Company became fully owned by FALCOM Holding. The shareholder structure of the Company was as follows:

Table No. (13): Shareholder ownership structure as of 07/03/1442H (corresponding to 24/10/2020G)

S.N.	Shareholder's name	Nominal value of the share	Number of Shares	Total value of the share	Ownership Percentage (%)
1	FALCOM Holding Company	10	15,000,000	150,000,000	100%
<b>Total</b>			<b>15,000,000</b>	<b>150,000,000</b>	<b>100%</b>

Source: The Company

- On 07/03/1442H (corresponding to 24/10/2020G), the shareholder / Fahd Mohammed Saleh Al-Athel decided to waive all the shares owned by him, amounting to one thousand five hundred (1,500) ordinary shares to FALCOM Holding. Accordingly, the approval of the Capital Market Authority was obtained to amend the shareholder register so that FALCOM Holding Company becomes a 100% owner of FALCOM Financial Services Company as follows:

Table No. (14): Shareholder ownership structure as 07/03/1442H (corresponding to 24/10/2020G)

S.N.	Shareholder's name	Nominal value of the share	Number of Shares	Total value of the share	Ownership Percentage (%)
1	FALCOM Holding Company	10	15,000,000	150,000,000	100%
Total			15,000,000	150,000,000	100%

Source: The Company

- On 17/05/1443H (21/12/2021G), the Extraordinary General Assembly approved changing the name of the Company from "FALCOM Financial Services Company" to "Yaqeen Capital Company" based on the Company's notification to the Capital Market Authority of its desire to change the name of the Company as on 11/04/1443H (16/11/2021G).
- On 28/06/1443H (corresponding to 31/01/2022G), the Capital Market Authority announced through its official website the change of the name of the Company from "FALCOM Financial Services Company" to "Yaqeen Capital Company".
- On 14/06/1445H (corresponding to 27/12/2023G), FALCOM Holding Company transferred part of its share in the Company, amounting (40.00%) of the Company's shares to FALCOM Yaqeen Investment Company (One-person Company) (for more details, please see Section (4) "Ownership Structure and Organizational Structure". Accordingly, the approval of the Capital Market Authority was obtained to amend the shareholder register so that the ownership of the Company became as follows:

Table No. (15): Shareholder ownership structure as of 14/06/1445H (corresponding to 27/12/2022G)

Name	Pre-Offering				Post-Offering			
	Owned Shares "Direct Ownership"		Owned Shares "Indirect Ownership"		Owned Shares "Direct Ownership"		Owned Shares "Indirect Ownership"	
	Number of (shares)	Ratio (%)	Number of (shares)	Ratio (%)	Number of (shares)	Ratio (%)	Number of (shares)	Ratio (%)
FALCOM Holding Company*	9,000,000	60.00%	6,000,000	40.00%	6,000,000	40.00%	6,000,000	40.00%
FALCOM Yaqeen Investment Company (One-person company)	6,000,000	40.00%	-	-	6,000,000	40.00%	-	-
Total	15,000,000	100.00%	6,000,000	40.00%	15,000,000	100.00%	6,000,000	40.00%

Source: The Company

\*There is indirect ownership of FALCOM Holding Company of 40.00% resulting from its ownership of 100.00% in FALCOM Yaqeen Investment Company (one-person company)

The Company's current capital is one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) ordinary value-equal shares, value of each share is ten (10) Saudi riyals, all of which are value fully paid ordinary shares in one class. They do not give any shareholder any preferential rights. Each shareholder, whatever the number of shares it owns, has the right to attend and vote in the meetings of the shareholders general assembly (the "General Assembly"), Each shareholder has the right to entrust another person who is not a member of the Company's board of directors or the Company's employees to act on his behalf in the attendance of the General Assembly meetings. The Offer Shares will be entitled to their portions of any dividends declared by the Company as of the date of this Prospectus and for the subsequent financial years.

### 3.3 General Nature of the Company's Activities

The Company carries out its activities under the Commercial Registration No. (1010226584) dated 04/12/1427H (corresponding to 25/12/2006G), which expires on 04/12/1444H (corresponding to 22/06/2023G).

The activities of the Company as set forth in its commercial registration are dealing in securities, arranging in securities, advising in securities, custody in securities, managing investments, operating funds and managing investments.

The activities of the Company, according to the Articles of Association, are to carry out and implement the following purposes:

- Activity of dealing as principal and agent and undertaking to provide coverage.
- Management activity to establish and manage investment funds and manage portfolios.
- Arrangement activity.
- Consultancy activities.
- Custody activity for the purposes of administrative procedures and arrangements for investment funds, portfolio management and international brokerage.

The Company exercises its activities under the applicable laws and after being granted the necessary licenses from the competent authorities, if any.

The Company has obtained all the necessary legal licenses for the current activities, all of which are valid until the date of this Prospectus. (For more information about the licenses under which the Company carries out its activities, please refer to Section (3.13) "Licenses" in this Prospectus).

The Company's current actual activity as of the date of this Prospectus is to conduct asset management, investment banking, brokerage and custodial services in accordance with the Companies Law and the executive regulations issued by the Saudi Capital Market Authority.

The Company does not have any important new products or activities as of the date of this Prospectus.

### 3.4 Overview of the Company's Activities

The Company's main activity is providing financial, investment and advisory services, including asset management, brokerage and investment banking under the decision of the Board of the Capital Market Authority No. (1-176-2006) dated 29/04/1427H (corresponding to 27/05/2006G) under license No, (06020-37) and the commencement of the licensed work on 01/02/1428H (corresponding to 19/02/2007G).

- Dealing
- Management
- Arrangement
- Advising
- Custody

### 3.5 Business Sectors

The Company's business consists of three main sectors:

1. Management of the investment banking group
2. Asset Management
3. Brokerage Service management

### 3.5.1 Management of the Investment Banking Group

Investment Banking Group at Yaqeen provides a number of consulting services and investment products compatible with the provisions of Islamic Sharia, through which it seeks to meet the various financial and investment needs of its clients. Among the most prominent services it provides in this field are:

- Initial public offering (in the main and parallel market).
- Direct listing in the parallel market (Nomu).
- Capital increases by offering priority rights shares.
- Capital reductions.
- Merger and acquisition.
- Private offerings.
- Financing arrangement services that comply with Sharia standards and controls.
- Crowdfunding services (through Yaqeen crowdfunding platform).
- In addition to a list of supporting financial consultations.

The following table shows the details of the revenues from the management of the Investment Banking Group

Table No. (16): Statement of the Company's revenues from the management of the Investment Banking Group

Service	The financial year ended 31 December 2021G	For the year ended 31 December 2022G	The financial period ended September 30, 2023G
	Revenues (SAR)	Revenues (SAR)	Revenues (SAR)
Initial public offering in the parallel market	32,532,500	44,789,984	14,781,200
Direct listing in the parallel market	5,300,000	3,850,000	600,000
Offering Right Issue shares in the main market	12,018,750	1,980,000	-
Crowdfunding	779,999	600,000	-
Mergers and acquisitions in the main market	1,750,000	300,000	1,900,000
Other*	79,516	240,000	350,000
<b>Total</b>	<b>52,460,765</b>	<b>51,759,984</b>	<b>17,631,200</b>

Source: The Company

\* Includes custody fees in addition to fees for providing financial consulting services for the purpose of transferring companies from the parallel market to the main market

### 3.5.2 Asset Management

The Company's Asset Department works on the establishment and management of investment funds and portfolio management, through which it works to create various investment opportunities to meet the desires of its clients. The following table shows the list of investment funds that the Company currently manages:

Table No. (17): List of investment funds that the Company currently manages

Fund Type	Fund Name	Fund Summary	Fund Objective	Date of establishment/ approval of the CMA	Custodian/ Custodians	Fund Net Assets as of December 31, 2021G (SAR)	Fund Net Assets as of December 31, 2022G (SAR)	Fund Net Assets as of September 30, 2023G (SAR)
ETFs	Yaqeen Saudi Equity ETF	A public, open-ended investment fund compatible with Sharia standards, licensed by the Capital Market Authority that invests in shares that follow a portfolio of target index shares, which contains 30 shares of large companies.	Capital Development	16/03/2010	Al Bilad Capital	35,451,673	45,639,888	50,827,312
	Yaqeen Petrochemicals ETF	A public, open-ended investment fund compatible with Sharia standards licensed by the Capital Market Authority. The fund invests in Saudi Petrochemical shares, Saudi listed shares, for the purpose of achieving a performance level similar to the performance of the index before fees and expenses.	Capital Development	21/06/2010	Al Bilad Capital	6,423,326	5,944,721	5,939,983
Mutual Funds	Yaqeen Saudi Equity ETF	A public open-ended investment fund compatible with Sharia standards licensed by the Capital Market Authority. The fund invests in stocks listed on the Saudi market that comply with the provisions of Islamic Sharia.	Capital Development	26/03/ 2007	Al Bilad Capital	197,755,415	149,006,240	171,135,417

Fund Type	Fund Name	Fund Summary	Fund Objective	Date of establishment/ approval of the CMA	Custodian/ Custodians	Fund Net Assets as of December 31, 2021G (SAR)	Fund Net Assets as of December 31, 2022G (SAR)	Fund Net Assets as of September 30, 2023G (SAR)
Mutual Funds	Yaqeen Murabaha Financing Fund in SAR	An open-ended public investment fund compatible with Sharia standards licensed by the Capital Market Authority. The fund invests in money market instruments, Murabaha and Sukuk in accordance with Sharia controls applicable in the Kingdom of Saudi Arabia and the GCC countries.	Income	19/05/ 2007	Al Bilad Capital	2,924,458,359	915,992,059	386,229,398
	Yaqeen IPO Fund	An open-ended public investment fund compatible with Sharia standards licensed by the Capital Market Authority. The fund invests mainly in shares of public companies during the initial public Offering Period of their shares or in shares of new listed companies that have not passed five years since their listing.	Growth and Income	09/06/ 2007	Al Bilad Capital	37,436,673	38,365,124	45,484,712
	Yaqeen Gold Fund	An open-ended public commodity fund compatible with Sharia standards licensed by the Capital Market Authority. The fund invests in the Swiss gold commodity market, which is a capital market in which the gold commodity is bought and sold by participants from central banks and commercial banks via communication and computer networks and is supervised by the Swiss Financial Market Supervisory Authority. The fund does not invest in gold mining companies or companies that invest in gold trading.	Capital Development	24/02/ 2020G	Main Custodian Yaqeen Capital Sub-Custodian EFG Bank Switzerland	3,025,796	3,504,403	3,340,737

Fund Type	Fund Name	Fund Summary	Fund Objective	Date of establishment/ approval of the CMA	Custodian/ Custodians	Fund Net Assets as of December 31, 2021G (SAR)	Fund Net Assets as of December 31, 2022G (SAR)	Fund Net Assets as of September 30, 2023G (SAR)
Mutual Funds	Yaqeen Murabaha Financing Fund	A private, open-ended margin financing fund compatible with Sharia standards, licensed by the Capital Market Authority. The fund invests in Murabaha financing operations guaranteed by clients' assets.	Capital Development	29/10/ 2018G	Al Bilad Capital	244,192,976	277,103,508	85,383,201
	Yaqeen Arar Hills Fund	A closed, privately-offered initial real estate development fund, compatible with Sharia standards and controls, licensed by the Capital Market Authority. The fund invests in real estate development in the medium term by transferring ownership of the land of Arar Hills project for the benefit of the fund, developing the infrastructure therein, then dividing it and selling the developed lands. The time schedule for this project is within a period of 3 years from the closing date.	Capital Development	01/07/ 2019G	Saudi Kuwaiti Finance House	273,394,173	269,215,717	347,545,051

Fund Type	Fund Name	Fund Summary	Fund Objective	Date of establishment/ approval of the CMA	Custodian/ Custodians	Fund Net Assets as of December 31, 2021G (SAR)	Fund Net Assets as of December 31, 2022G (SAR)	Fund Net Assets as of September 30, 2023G (SAR)
Mutual Funds	Yaqeen Income Generating Fund	A closed, private, income-generating real estate investment fund that is privately offered, compatible with Sharia standards and regulations, and licensed by the Capital Market Authority. The fund's investment objective is to acquire real estate that can generate periodic rental income. A percentage of no less than 90% of the income is distributed from the fund's annual net profits, and it is distributed on a biannual basis.	Capital Development	16/03/ 2023G	Alinma Investment	-	-	96,740,523

Source: The Company

In addition to the investment funds described above, the Company provides portfolio management services to allow clients the opportunity to manage their investments, based on multiple factors and achieve the client's investment aspirations, return expectations, and risk tolerance. The client may always select a specialized service that matches its individual requirements. This service enables it to access a wide range of investment opportunities compatible with Islamic Sharia, in addition to stable investment performance and a low risk rate over time.

### 3.5.3 Brokerage Service Management

The Company's Brokerage Service Department works to provide the trading service in the Saudi capital market through the Yaqeen platform known as "Tadawuli", which allows the client to invest and trade in the shares of companies listed in the Saudi capital market (whether main or parallel), in addition to the margin trading service.

### 3.5.4 Financing Investment Portfolios

The Company provides financing guaranteed by portfolio assets with a contract compatible with Islamic Sharia of up to 1:1 (example: Customer amount is 100,000 riyals, maximum financing reaches 100,000 riyals). The Company provides the following financing options to finance portfolios.

- **Murabaha**
  - Specific profit margin
  - Exemption from fees for financing applications
  - No minimum trading
  - Clients may benefit from the full financing amount or part thereof.
  - The financing ratio reaches 1:1 of the value of the cash amount or the value of the assets in the client's portfolio
- **Interest-free loan (Qard Hassan)**
  - Exemption from loan application fees.
  - No minimum trading



- Suitable for the active investor.
- Possibility of requesting additional financing.
- Clients may benefit from the full financing amount or part thereof.
- The financing ratio reaches 1:1 of the value of the cash amount or the value of the assets in the client's portfolio.

### 3.6 Distribution of the Company's revenues, major clients and suppliers and assets under management

#### 3.6.1 Revenues according to business sectors

The following table shows details of the Company's revenues according to business sectors for the years 2021G, 2022G and September 30, 2023G.

Table No. (18): Revenues details according to business sectors

Sector/Product	The financial year ended 31 December 2021G		The financial year ended 31 December 2021G		The financial period ended September 30, 2023G	
	Revenues (SAR)	Percentage of total revenues (%)	Revenues (SAR)	Percentage of total revenues (%)	Revenues (SAR)	Percentage of total revenues (%)
Consulting services revenue (investment banking)	52,460,765	38.74%	51,759,984	52.27%	17,631,200	34.06%
Management fees and subscription charges in investment funds (asset management)	25,951,570	19.16%	23,629,101	23.86%	10,015,651	19.35%
Commission on brokerage services	51,011,298	37.67%	18,250,519	18.43%	8,692,061	16.79%
Investment and Rental Revenue*	5,999,985	4.43%	5,392,000	5.44%	15,428,244	29.80%
<b>Total</b>	<b>135,423,618</b>	<b>100.00%</b>	<b>99,031,604</b>	<b>100.00%</b>	<b>51,767,156</b>	<b>100.00%</b>

Source: The Company

\* Rental revenues are the revenues generated by the leasing the property owned by the Company. It is worth noting that on 26/11/1444H (corresponding to 15/06/2023G) the Company sold the property (for more details about the property owned by the Company, please see the subsection "3.14.1" (List of properties owned by the company)).

#### 3.6.2 Revenues according to the nature of clients

The following table shows details of revenues according to the nature of clients as of December 31, 2021G, 2022G and September 30, 2023G:

Table No. (19): Revenues according to the nature of clients

Sector/Product	The financial year ended 31 December 2021G		The financial year ended 31 December 2022G		The financial period ended September 30, 2023G	
	Revenues (SAR)	Percentage of total revenues (%)	Revenues (SAR)	Percentage of total revenues (%)	Revenues (SAR)	Percentage of total revenues (%)
Corporate Clients	84,412,320	62.33%	80,781,085	81.57%	43,075,095	83.21%
Individual Clients	51,011,298	37.67%	18,250,519	18.43%	8,692,061	16.79%
<b>Total</b>	<b>135,423,618</b>	<b>100.00%</b>	<b>99,031,604</b>	<b>100.00%</b>	<b>51,767,156</b>	<b>100.00%</b>

Source: The Company

### 3.6.3 Major Clients

The following table shows a list of the five largest clients of the company as of 31 December 2021G and 31 December 2022G and as of 30 September 2023G. Noting that the relationship with all clients, including major clients, is on a contractual basis:

Table No. (20): List of Major Five Clients

Company	Nature of relationship		Revenue (SAR)	Percentage of Total Revenue (%)
<b>Financial year ended December 31, 2021G</b>				
Corporate Client (1)	Independent party	Contractual	3,805,000	2.81%
Corporate Client (2)	Independent party	Contractual	2,890,000	2.13%
Corporate Client (3)	Independent party	Contractual	2,793,750	2.06%
Corporate Client (4)	Independent party	Contractual	2,000,000	1.48%
Corporate Client (5)	Independent party	Contractual	1,837,500	1.36%
<b>Total</b>			<b>13,326,250</b>	<b>9.84%</b>
<b>Financial year ended December 31, 2022G</b>				
Corporate Client (6)	Independent	Contractual	3,050,000	3.43%
Corporate Client (7)	Independent	Contractual	2,557,969	2.88%
Corporate Client (8)	Independent	Contractual	2,550,000	2.87%
Corporate Client (9)	Independent	Contractual	1,777,500	2.00%
Corporate Client (10)	Independent	Contractual	1,647,200	1.85%
<b>Total</b>			<b>11,582,669</b>	<b>13.04%</b>
<b>Financial period ended 30 September 2023G</b>				
Corporate Client (11)	Independent	Contractual	2,203,200	4.26%
Corporate Client (12)	Independent	Contractual	1,800,000	3.48%
Corporate Client (13)	Independent	Contractual	1,640,000	3.17%
Corporate Client (14)	Independent	Contractual	1,630,000	3.15%
Corporate Client (15)	Independent	Contractual	1,180,000	2.28%
<b>Total</b>			<b>8,453,200</b>	<b>16.34%</b>

Source: The Company

### 3.6.4 Major Suppliers

The following table shows a list of the company's five largest suppliers as of 31 December 2021G and 31 December 2022G and as of 30 September 2023G.

Table No. (21): List of Major Five Suppliers

Company	Nature of relationship		Procurement (SAR)	Materials/Services	Country	Percentage of Operating Expenses (%)
<b>Financial year ended December 31, 2021G</b>						
Insurance Company (1)	Independent party	Contractual	1,731,462	Insurance Policy	Kingdom of Saudi Arabia	2.76%
Public Joint Stock Company (1)	Independent party	Contractual	1,694,047	Services fee	Kingdom of Saudi Arabia	2.70%
Public Joint Stock Company (2)	Independent party	Non-contractual	1,134,939	Services fee	Kingdom of Saudi Arabia	1.81%
Software vendor	Independent party	Contractual	1,078,553	Providing software services	Kingdom of Saudi Arabia	1.72%
Electronic Devices Supplier	Independent party	Contractual	896,085	Supplying electronic devices (servers, computers, etc.)	Kingdom of Saudi Arabia	1.43%
<b>Total</b>			<b>6,535,086</b>	<b>-</b>	<b>-</b>	<b>10.43%</b>
<b>Financial year ended December 31, 2022G</b>						
Public Joint Stock Company (1)	Independent	Contractual	1,417,203	Services fee	Kingdom of Saudi Arabia	1.71%
Public Joint Stock Company (2)	Independent	Non-contractual	1,199,534	Services fee	Kingdom of Saudi Arabia	1.45%
Trading system supplier	Independent	Contractual	1,691,788	Services fee	Kingdom of Saudi Arabia	2.05%
Chartered Accountant (1)	Independent	Contractual	1,116,219	Consulting Services	Kingdom of Saudi Arabia	1.35%
Insurance Company (2)	Independent	Contractual	2,551,274	Insurance Policy	Kingdom of Saudi Arabia	3.08%
<b>Total</b>			<b>7,976,017</b>	<b>-</b>	<b>-</b>	<b>9.64%</b>
<b>Financial period ended 30 September 2023G</b>						
Trading System supplier	Independent	Contractual	1,613,715	Services fee	Kingdom of Saudi Arabia	3.59%
Technology company	Independent	Contractual	632,155	Providing technical services	Kingdom of Saudi Arabia	1.41%
Electricity company	Independent	Non-contractual	811,937	Provide the company with electricity service	Kingdom of Saudi Arabia	1.81%
Subscription Management System Supplier	Independent	Contractual	920,000	Services fee	United Arab Emirates	2.05%
Insurance Company (1)	Independent	Contractual	2,153,911	Insurance Policy	Kingdom of Saudi Arabia	4.79%
<b>Total</b>			<b>6,131,718</b>			<b>13.65%</b>

Source: The Company

### 3.6.5 Assets under management

The following table shows the details of the assets under management and the total revenues resulting from the management of the company's assets for the years 2021G and 2022G and as of 30 September 2023G.

Table No. (22): Assets under Management

Item	Financial year ended December 31, 2021G	Financial year ended December 31, 2022G	Financial period ended 30 September 2023G
Assets under management	3,806,375,197	1,768,158,311	1,361,998,899
Total income from assets under management	25,951,570	23,629,101	10,015,651
Revenue Ratio of Assets Under Management to Total Assets Under Management	0.68%	1.39%	0.74%
Percentage of Asset Revenues Under Management from the Company's Total Revenues	19.16%	23.86%	19.35%

Source: The Company

## 3.7 Company Vision

We are leveraging our expertise to move towards a future with a new vision as we seek to lead the future of banking investment in the Kingdom by combining expertise with creativity and innovation.

## 3.8 Company Mission

We aspire to become the trusted and preferred financial advisor by providing comprehensive investment solutions that enable our clients to achieve their financial goals.

## 3.9 Company's General Strategy

The company's strategy is based on many initiatives and focuses on developing the current business by searching for new investment opportunities, attracting new clients to invest and providing them with the highest levels of service through the services provided by the company. Since its establishment, the company has been working to develop its business and services and enhance its leadership in the investment and securities business under the supervision and follow-up of the Capital Market Authority and the Saudi Tadawul Company (Saudi Exchange). The company continues to maintain and develop its leading position in the Saudi market by increasing its market share in all investment activities and providing high quality and Sharia-compliant services to its clients in order to meet the needs of investors through trading channels and various products such as smart phone applications and the development of current trading screens.

- Dealing activity: The company plans to expand the business by adding brokerage in international stocks and foreign currencies.
- Arrangement and Advisory Services Activity: The Company plans to contribute to the further development of mergers, acquisitions, prime and parallel market IPOs, corporate financing arrangement and related advisory services.
- Asset Management Activity: The company will seek to increase the volume of managed assets by achieving superior returns according to risk and the Company seeks to offer new investment products such as the new fund (Yaqaen Gold Fund), which is the first of its kind in the Kingdom of Saudi Arabia and aims to achieve absolute return and capital gains in the long term by investing in gold with the fund manager while adhering to the controls of Islamic Sharia.

## 3.10 Strengths and Competitive Advantages of the Company

1. Highly experienced and professional team in the field of brokerage, asset management and investment banking.
2. A flexible and highly dynamic culture that enables management to adapt and respond to market needs quickly.
3. Proven track record in investment banking.
4. A group of experienced and reputable business shareholders.
5. A strong brand and identity that supports the company's business and competitive position and gives it market differentiation among clients.
6. Fast and smooth implementation of brokerage.

7. Supporting Vision 2030G and transformative plans with huge potential.
8. Supporting the innovation of financial markets products and services.
9. Openness to the financial market.
10. The company has always been a pioneer in introducing new ideas and products for financial market companies such as ETFs, gold fund and crowdfunding.

### 3.11 Commercial Registrations of the Company and its Branches

Table No. (23): Commercial Registrations of the Company and its Branches



No.	Company Name	Legal Entity Type	Commercial Registration Number	Branch	Activity	Date of Issue	End date
1.	Yaqeen Capital Company (Yaqeen Capital)	Closed Joint Stock	1010226584	Main Branch	Dealing as principal and agent and undertaking to cover and manage the establishment and management of international portfolio and brokerage funds in accordance with CMA Resolution No. 1-176-2006.	04/12/1427H (corresponding to 25/12/2006G)	04/12/1446H (Corresponding to 31/05/2025G)
.2	Yaqeen Capital Company (Yaqeen Capital) - Branch	Closed Joint Stock	2051062669	Al Khobar Branch	brokerage activities, dealing in securities, dealing in securities as an agent, dealing in securities as an underwriter, arranging in securities, providing advice in securities, custody in securities, managing investments and operating funds, managing investments	24/09/1437H (corresponding to 29/06/2019G)	24/09/1446H (corresponding to 24/03/2025G)
.3	Yaqeen Capital Company (Yaqeen Capital) - Branch	Closed Joint Stock	4030290109	Jeddah Branch	Commercial brokerage activities, dealing in securities as principal, dealing in securities as an agent, dealing in securities as a underwriter, arranging in securities, providing advice in securities, custody in securities, managing investment funds, managing client portfolios.	24/09/1437H (corresponding to 29/06/2019G)	24/09/5144H (corresponding to 03/04/2024G)

Source: The Company

### 3.12 Trademarks and Proprietary Rights

In marketing its services and products, the company relies on its registered trade name in its commercial register, which is reflected in its logo, which supports its business and competitive position, and gives it a clear differentiation in the market among clients. The Company's trademarks are set out in the table below.

Table No. (24): Company Trademarks

Brand	Owner Name	Registration number	Date of Registration	Country of Registration	Protection Start Date	Protection End Date
	Yaqeen Capital Company (Yaqeen Capital)	1443028072	29/10/1443H (corresponding to 31/05/2022G)	Kingdom of Saudi Arabia	24/08/1443H (corresponding to 27/03/2022G)	23/08/1453H (corresponding to 08/12/2031G)
	Yaqeen Capital Company (Yaqeen Capital)	142709217	21/06/1429H (corresponding to 25/06/2008G)	Kingdom of Saudi Arabia	05/11/1437H (corresponding to 08/08/2016G)	04/11/1447H (corresponding to 21/04/2026G)

Source: The Company

### 3.13 Licenses

The Company has obtained a number of licenses to enable it to carry out its operations, which are as follows:

Table No. (25): Licenses

License	License Number	Activity/Purpose	Licensor	Date of Issue	License Expiry Date
License to practice securities business	(06020-37)	Exercising the activity of dealing as principal, agent, and underwriter, managing, arranging, advising and preserving in securities	Capital Market Authority	19/02/2007G (corresponding to 01/02/1428H)	N/A

Source: The Company

### 3.14 Properties Owned and Leased by the company

#### 3.14.1 List of properties owned by the company

None:

On 01/08/1444 H (corresponding to 21/02/2023G), the company notified the Capital Market Authority and established the Yaqeen Income Generating Fund on 15 June 2023G (for the details of the fund, please refer to section (3.5.2) "Asset Management" entitled List of investment funds currently managed by the company). On 26/11/1444H (corresponding to 15/06/2023G), the company sold the land, building and real estate investment to the fund, which has a book value of (61.16) million Saudi riyals and a fair value of (96.5) million Saudi riyals, with a value of (93.6) million Saudi riyals, (76.67) million Saudi riyals were received in cash and the remaining amount for units in the fund was accounted for as an investment at fair value through profit or loss, and a profit of (29.7) million Saudi riyals was recognized in the initial statement of comprehensive income. Subsequent to the aforementioned sale, the Company re-leased part of the Building from the Fund for a period of five (5) years as described in Section 3.14.2 "Properties Leased from the Company".

#### 3.14.2 Properties Leased from the Company

The following table shows the list of properties leased from the company

Table No. (26): List of Properties Leased from the Company

Lessor	Property Location	Property Type	Use	Contract start date	Contract End Date	Area (m <sup>2</sup> )	Contract Value (SAR per year)
Madinah Square Company (Madinah Square Real Estate Company - the heirs of Princess Nouf bint Abdulaziz Al Saud)	Al-Muhammadiyah District - Jeddah City	Gallery	Office	08/08/1441H (corresponding to 01/04/2020G)	02/10/1446H (corresponding to 31/03/2025G)	180	125,000
Al Jazeera Real Estate Development Investment Group	Al-Hizam Al-Akhdar District - Al-Khobar City	Gallery	Office	16/01/1441H (corresponding to 15/09/2019G)	15/01/1446H (corresponding to 21/07/2024G)	150	180,000
Al-Nayifat Financing Company	Al-Quds District - Riyadh City	Cabinet	Server Room (Servers)	22/12/1442H (corresponding to 01/08/2021G)	14/01/1446H (corresponding to 20/08/2024G) renewed annually	4	10,000
Yaqeen Income Generator Fund	Al-Woroud District - Riyadh City	Building	Office	26/11/1444H (corresponding to 15/06/2023G)	21/01/1450H (corresponding to 14/06/2028G)	2099	18,586,645

Source: The Company

### 3.15 Employees and Saudization

The company is currently included in Nitaqat program within the "Platinum" range. The number of employees of the company as of 30 September 2023G was (91) employees, including (73) Saudi employees and (18) non-Saudi employees, with a Saudization rate of (80.22%).

The following tables show the number of employees and the percentage of Saudization and their distribution to the company's departments during the years 2021G and 2022G and as of 30 September 2023G.

Table No. (27): Number of Employees in the Company

Category	Employees as of 31 December 2021G		Employees as of 31 December 2022G		Employees as of 30 September 2023G	
	Number (Employed)	Percentage (%)	Number (Employed)	Percentage (%)	Number (Employed)	Percentage (%)
Saudis	71	78.89%	76	79.17%	73	80.22%
Non-Saudis	19	21.11%	20	20.83%	18	19.78%
<b>Total</b>	<b>90</b>	<b>%100.00</b>	<b>96</b>	<b>100.00%</b>	<b>91</b>	<b>100.00%</b>

Source: The Company

Table No. (28): Distribution of employees to departments

Department	Employees as of 31 December 2021G		Employees as of 31 December 2022G		Employees as of 30 September 2023G	
	Saudis	Non-Saudis	Saudis	Non-Saudis	Saudis	Non-Saudis
Office of the Chief Executive Officer	0	1	1	1	1	1
Operations Department	8	0	9	0	10	0
Risk Department	3	0	4	0	2	0
Compliance and AML Department	3	0	4	0	5	0
Investment Banking Department	14	6	16	7	14	6
Asset Department	7	4	6	3	6	2
Brokerage Department	5	0	5	0	7	0
Sales Department	16	1	17	2	12	1
Shari 'a Supervisory Department	0	1	0	1	0	1
Business Development Department	0	0	1	0	1	1
Information Technology Department	1	3	1	3	1	3
Marketing Department	1	0	1	0	1	0
Cybersecurity Department	1	0	1	0	1	0
Administrative Services Department	7	1	6	1	6	1
Financial Department	3	2	2	2	3	2
Human Resources Department	2	0	2	0	3	0
<b>Total</b>	<b>71</b>	<b>19</b>	<b>76</b>	<b>20</b>	<b>73</b>	<b>18</b>
	<b>90</b>		<b>96</b>		<b>91</b>	

Source: The Company

### 3.16 Transactions with Related Parties

In the normal course of its business, the company deals with related parties to the company, which are based on terms agreed upon between the two parties. The related parties consist of FALCOM Holding Company and investment funds managed by the Company and its associates. The following table shows the transactions that took place with related parties during the years ending 31 December 2021G and 31 December 2022G and during the period ending 30 September 2023G.

Table No. (29): Transactions with related parties as of 31 December 2021G

Transactions with related parties for the financial year ended 31 December 2021G							
Related Party	Nature of relationship	Nature of Transaction	Total Transaction Value (SAR)	Balance As of 31 December 2021G (SAR)	Percentage of transactions of the total value of contracts and transactions during the year (%)	Percentage of transactions of total revenues during the year (%)	Percentage of transactions of total liabilities during the year (%)
<b>(Due from related parties)</b>							
Fal Holding Company *	Sister company	Receivables	-	3,378,959	N/A	N/A	N/A
FALCOM Holding Company	Parent company	Rental Income	1,383,966	-	0.70%	1.02%	N/A
Al-Amthal Financing Company	Sister company	Rental Income	12,000	-	0.01%	0.01%	N/A
		Commissions on Brokerage Services	221,000	-	0.11%	0.16%	N/A
Logistics and Warehouses Company	Sister company	Receivables	476,900	274,218	0.24%	0.35%	N/A
Yaqeen Murabaha Fund in Saudi Riyals	Investment fund	Receivables	-	63,150	N/A	N/A	N/A
Al-Nayifat Financing Company	Sister company	Receivables	1,115,650	36,225	0.56%	0.82%	N/A
Provision for doubtful debts *	N/A	N/A	-	(3,378,959)	N/A	N/A	N/A
Investment Funds **	Mutual Funds	Accrued management fees and other receivables	25,589,023	15,771,836	12.92%	18.90%	N/A
		Subscriptions Fees	362,547	-	0.18%	0.27%	N/A
FALCOM Holding Company	Parent company	Expenses related to FALCOM Holding Company	885,042	-	0.45 %	0.65%	N/A
<b>Total</b>			<b>30,046,128</b>	<b>16,145,429</b>	<b>15.17%</b>	<b>22.18%</b>	<b>-</b>
<b>(Due to related party)</b>							
Yaqeen Murabaha Fund in Saudi Riyals	Investment fund	Murabaha Finance	81,921,189	129,389,129	41.36%	N/A	45.10%
FALCOM Holding Company	Parent company	Dividend - Clearing	15,000,000	***5,230,513	7.57%	N/A	8.26%



Transactions with related parties for the financial year ended 31 December 2021G							
Related Party	Nature of relationship	Nature of Transaction	Total Transaction Value (SAR)	Balance As of 31 December 2021G (SAR)	Percentage of transactions of the total value of contracts and transactions during the year (%)	Percentage of transactions of total revenues during the year (%)	Percentage of transactions of total liabilities during the year (%)
Yaqeen Murabaha Fund in Saudi Riyals	Investment fund	Financing Costs	8,335,871	****228,132	4.21%	N/A	4.59%
Fal Media	Sister company	Announcements and Folders	66,125	-	0.03%	N/A	0.04%
Al-Nayifat Financing Company*****	Sister company	Rental of a server room for Yaqeen Capital	10,000	-	0.01%	N/A	0.01%
Berain*****	Managing Director and CEO Yeqin Former Board Member of Berain	Purchases	5,796	-	0.003%	N/A	0.003%
<b>Total</b>			<b>105,338,981</b>	<b>134,847,774</b>	<b>53.18%</b>	<b>-</b>	<b>58.00%</b>

Source: The Company

\* During 2020G, the administration formed a provision of 100% against the outstanding balance for a long time due from Fal Holding Company amounting to SAR 3,379 million. During 2022G, the company received an amount of SAR 2.4 million from Fal Holding Company against the outstanding balance, and therefore the provision was reversed against the collected amount.

\*\* Represents accrued department fees and other receivables from related parties consisting mostly of Arar Hills Fund and Yaqeen Murabaha Fund and included as part of the item of other assets.

\*\*\* Dividends due to shareholders are included in expenses due in payables and accruals.

\*\*\*\* Financing costs due to Yaqeen Murabaha Fund in Saudi Riyals and included in the item of payables and accruals.

\*\*\*\*\* was not included in the financial statements as the financial statements summarized the significant transactions.

Table No. (30): Transactions with Related Parties as of 31 December 2022G

Transactions with related parties for the financial year ended 31 December 2022G							
Related Party	Nature of relationship	Nature of Transaction	Total Transaction Value (SAR)	Balance As of 31 December 2022G (SAR)	Percentage of transactions of the total value of contracts and transactions during the year (%)	Percentage of transactions of total revenues during the year (%)	Percentage of transactions of total liabilities during the year (%)
<b>(Due from related parties)</b>							
Fal Holding Company *	Sister company	Receivables	-	975,209	N/A	N/A	N/A
FALCOM Holding Company	Parent company	Receivables	1,836,900	720,121	1.01%	1.85%	N/A
		Purchase of shares of Gulf Union Cooperative Insurance Company	22,231,000	-	12.23%	22.45%	N/A
Al-Amthal Financing Company	Sister company	Receivables	12,000	13,800	0.01%	0.01%	N/A
		Consulting Income	200,000	-	0.11%	0.20%	N/A
Al-Nayifat Finance Company	Sister company	Rental Income	1,115,650	-	0.61%	1.13%	N/A
		Management and Subscription Fees from Mutual Funds	353,408	-	0.19%	0.36%	N/A
Provision for doubtful debts *	N/A	N/A	-	(975,209)	N/A	N/A	N/A
Mutual Funds **	Mutual Funds	Accrued management fees and other receivables	23,629,101	16,231,979	%13.02	23.89%	N/A
		Subscriptions Fees	187,732	-	0.10%	0.23%	N/A
<b>Total</b>			<b>49,565,790</b>	<b>16,965,901</b>	<b>27.28%</b>	<b>50.12%</b>	<b>-</b>
<b>(Due to related parties)</b>							
Yaqeen Murabaha Fund in Saudi Riyals	Investment fund	Finance Costs	6,048,345	-	3.33%	N/A	6.23%
Yaqeen Murabaha Fund	Investment fund	Cover for impairment losses of financial assets	3,234,888	-	1.78%	N/A	3.33%
Al-Nayifat Finance Company ***	Sister company	Rental of a server room for Yaqeen Capital	10,000	-	0.01%	N/A	0.01%
<b>Total</b>			<b>9,293,233</b>	<b>-</b>	<b>5.12%</b>	<b>0.00%</b>	<b>9.57%</b>

Source: The Company

\* During 2020G, the administration formed a provision of 100% against the outstanding balance for a long time due from Fal Holding Company amounting to SAR 3,379 million. During 2022G, the company received an amount of SAR 2.4 million from Fal Holding Company against the outstanding balance, and therefore the provision was reversed against the collected amount.

\*\* Represents accrued department fees and other receivables from related parties consisting mostly of Arar Hills Fund and Yaqeen Murabaha Fund and included as part of the item of other assets.

\*\*\* They were not added to the financial statements as the financial statements summarized significant transactions.

Table No. (31): Transactions with related parties as of 30 September 2023G

Transactions with related parties for the financial period ended 30 September 2023G							
Related Party	Nature of relationship	Nature of Transaction	Total Transaction Value (SAR)	Balance As of 30 September 2023G (SAR)	Percentage of transactions of the total value of contracts and transactions during the period (%)	Percentage of transactions of total revenues during the period (%)	Percentage of transactions of total liabilities during the period (%)
<b>(Due from related parties)</b>							
FALCOM Holding Company	Parent company	Rental income	834,367	-	0.80%	1.15%	N/A
		Professional fees	674,456	1,545,108	0.65%	0.93%	N/A
Al-Nayifat Finance Company	An associate of the parent company	Accrued Rentals	1,012,724	-	0.97%	1.40%	N/A
		Accrued transaction fees	1,451,021	-	1.39%	2.00%	N/A
Al-Amthal Financing Company	An associate of the parent company	Accrued Rentals	1,019	0	0.00%	0.00%	N/A
<b>Total</b>			<b>3,973,587</b>	<b>1,545,108</b>	<b>3.81%</b>	<b>5.48%</b>	<b>N/A</b>
<b>(Due to related parties)</b>							
Al-Nayifat Finance Company ***	Sister company	Rental of a server room for Yaqeen Capital	10,000	-	0.01%	N/A	0.02%
<b>Total</b>			<b>10,000</b>	<b>-</b>	<b>0.01%</b>	<b>N/A</b>	<b>0.02%</b>

Source: The Company

\*\*\* They have not been added to the financial statements as the financial statements summarized the significant transactions.

### 3.17 Invested Company

Article (4) of the Company's Articles of Association stipulates that the company may establish companies on its own (limited liability or closed joint stock), and it may also own stocks and shares in other existing companies or merge with them and have the right to participate with others in the establishment of joint stock or limited liability companies after fulfilling the requirements of the regulations and instructions followed in this regard. The company may also dispose of these stocks or shares, provided that this does not include brokerage in their trading. As of the date of this Prospectus, Yaqeen Capital has one investor company, "Fal City Industrial Company".

Fal City Industrial Company is a limited liability company registered under C.R No. (1010293818) dated 14/09/1431H (corresponding to 24/08/2010G). The head office of this invested company is located in Riyadh.

During 2017G, the company transferred the ownership of Fal Industrial City to FALCOM Holding through an investment transfer deal. However, the names of the partners of Fal Industrial City Company have not been updated since the date of the transition transaction.

It should be noted that this invested company is so inactive that it was established for a special purpose, which is to own land to build a logistical industrial fund. Since the company was unable to own the required land, the project for which the company was established was canceled. Thus, the company has not achieved any revenue since its establishment until the present time. Accordingly, the partners are in the process of studying the decision to liquidate the company.

The company has no commercial activity outside the Kingdom and does not own any assets outside it until the date of publication of this prospectus.

The company's management is constantly following the market, whether inside or outside the Kingdom, to learn about new developments, ideas and innovations in the company's field of work. With the exception of this, the company does not have any specific or written policies on research and development of new products.

The members of the Board of Directors acknowledge that there has been no interruption in the company's business that could affect or have a noticeable impact on the financial position during the last twelve (12) months.

The members of the Board of Directors also acknowledge that there is no intention to make any fundamental change in the nature of the company's work.

Ownership Structure and Organizational  
Structure

04

## 4.

## Ownership Structure and Organizational Structure

## 4.1 Ownership Structure of the Company Pre- and Post-Offering

The following table shows the ownership structure of the company pre- and post-Offering:

Table No. (32): Ownership Structure of the Company Pre- and Post-Offering

Name	Pre- Offering				Post-Offering			
	Owned Shares "Direct Ownership"		Owned Shares "Indirect Ownership "		Owned Shares "Direct Ownership "		Owned Shares "Indirect Ownership "	
	Number of (Shares)	Percentage (%)	Number of (Shares)	Percentage (%)	Number of (Shares)	Percentage (%)	Number of (Shares)	Percentage (%)
FALCOM Holding Company*	9,000,000	60.00%	6,000,000	40.00%	6,000,000	40.00%	6,000,000	40.00%
FALCOM Yaqeen Investment Company (One Person Company)	6,000,000	40.00%	-	-	6,000,000	40.00%	-	-
Public (Qualified Investors)	-	-	-	-	3,000,000	20.00%	-	-
<b>Total</b>	<b>15,000,000</b>	<b>100.00%</b>	<b>6,000,000</b>	<b>40.00%</b>	<b>15,000,000</b>	<b>100.00%</b>	<b>6,000,000</b>	<b>40.00%</b>

Source: The Company

\* There is indirect ownership of FALCOM Holding Company of 40.00% resulting from its ownership of 100.00% in FALCOM Yaqeen Investment Company (one person company)

## 4.1.1 FALCOM Holding Company

FALCOM Holding Company was established as a closed joint stock company on 03/06/1438H (corresponding to 01/03/2017G) under Commercial Registration No. (1010468790) dated 10/06/1438H (corresponding to 08/03/2017G), issued in Riyadh City, with a capital of one billion one hundred and fifty-five million (1,155,000,000) Saudi riyals divided into 115,500,000 ordinary shares with a nominal value of ten (10) riyals per share.

According to the articles of association, the purposes of FALCOM Holding are as follows:

1. Managing its subsidiaries or participating in the management of other companies in which it participates and provide the necessary support to them.
2. Investing money in shares and other securities.
3. Owning real estate and movables necessary to carry out its activity.
4. Owning and exploiting industrial property rights such as patents, trademarks, industrial and franchise rights, and other moral rights and leasing it to its subsidiaries or others.

The following table shows the ownership structure of FALCOM Holding

Table No. (33): Ownership Structure of FALCOM Holding Company

No.	Name	Number of (Share)	Share Value (SAR)	Total Value (SAR)	Ownership Percentage (%)
1	Prince Mohammed Fahd Abdulaziz Al Saud	25,300,000	10	253,000,000	21.90%
2	Badriya Hussein Al-Assaf	11,660,635	10	116,606,350	10.10%
3	Prince/ Khalid Fahd Abdulaziz Al Saud	11,000,000	10	110,000,000	9.52%
4	Muhammad Fahd al-Athil	5,475,885	10	54,758,850	4.74%
5	Turki Fahd Al-Athel	5,475,885	10	54,758,850	4.74%
6	Prince/ Saud Fahd Abdulaziz Al Saud	5,200,000	10	52,000,000	4.50%
7	Nasser Ibrahim Rashid Al-Rashid	3,850,000	10	38,500,000	3.33%
8	Prince/ Abdulaziz Saud Fahd Abdulaziz Al Saud	2,900,000	10	29,000,000	2.51%
9	Prince Mohammed Saud Fahd Abdulaziz Al Saud	2,900,000	10	29,000,000	2.51%
10	Ghada Fahad Al-Athel	2,737,945	10	27,379,450	2.37%
11	Fallujah Fahad Al-Athel	2,737,945	10	27,379,450	2.37%
12	Masha'el Fahad Al-Athel	2,737,945	10	27,379,450	2.37%
13	Rabaa Fahad Al-Athel	2,737,945	10	27,379,450	2.37%
14	Hala Fahad Al-Athel	2,737,945	10	27,379,450	2.37%
15	Munira Fahad Al-Athel	2,737,945	10	27,379,450	2.37%
16	Seetah Fahad Al-Athel	2,737,945	10	27,379,450	2.37%
17	Khalid Omar Jasser Al-Baltan	1,650,000	10	16,500,000	1.43%
18	Abdulaziz Adeeb Abdulrahman Al-Suwailem	1,648,452	10	16,484,520	1.43%
19	Sarah Adeeb Abdulrahman Al-Suwailem	1,648,452	10	16,484,520	1.43%
20	Adeeb Abdulrahman Musa'ed Al-Suwailem	1,648,451	10	16,484,510	1.43%
21	Prince Saud Khalid Saud Al Saud	1,237,500	10	12,375,000	1.07%
22	Prince Faisal Turki Abdullah Al Saud	1,237,500	10	12,375,000	1.07%
23	Fahd Mohammed Saleh Al-Athil	1,154,980	10	11,549,800	1.00%
24	Prince / Khalid Saud Mohammed Al Saud	825,000	10	8,250,000	0.71%
25	Prince Nawaf Nayef Abdulaziz Al Saud	600,000	10	6,000,000	0.52%
26	Ibrahim Abdul Mohsen Abdullah Aba Nami	550,000	10	5,500,000	0.48%
27	Prince/ Mishari Abdullah Abdulaziz	550,000	10	5,500,000	0.48%
28	Mutlaq Saleh Mutlaq Al-Hanaki	550,000	10	5,500,000	0.48%
29	Abdul-Ilah Mohammed Saleh Al-Athel	550,000	10	5,500,000	0.48%
30	Waqf Mohammed Saleh Al-Athel Investment Company one person	550,000	10	5,500,000	0.48%
31	Salman Mohammed Saleh Al-Athil	550,000	10	5,500,000	0.48%
32	Mazen Mohammed Mohammed Jamil Ikram	495,000	10	4,950,000	0.43%
33	Saleh Ali Hamoud Al-Athel	418,000	10	4,180,000	0.36%
34	Abdullah Ali Saleh Al-Nuaim	330,000	10	3,300,000	0.29%
35	Abdulrahman Mohammed Abdulrahman Al-Furaih	330,000	10	3,300,000	0.29%
36	Abdul Mohsen Mohammed Al Saleh	330,000	10	3,300,000	0.29%
37	Al Mojil Trading & Contracting Co.	330,000	10	3,300,000	0.29%

No.	Name	Number of (Share)	Share Value (SAR)	Total Value (SAR)	Ownership Percentage (%)
38	Prince Saud Abdullah Thunayan Al Saud	314,285	10	3,142,850	0.27%
39	Nawaf Abdullah Ali Al-Fawzan	308,000	10	3,080,000	0.27%
40	Prince/ Fahad Nayef Abdulaziz Al Saud	264,000	10	2,640,000	0.23%
41	Abdullah Rashid Ibrahim Al-Manqour	220,000	10	2,200,000	0.19%
42	Mohammed Abdulrahman Abdullah Al-Taweel	220,000	10	2,200,000	0.19%
43	Emsa Investment Company	220,000	10	2,200,000	0.19%
44	Abdullah Mohammed Abdulaziz Al-Nimr	220,000	10	2,200,000	0.19%
45	Dar Mousa Company for Commercial and Real Estate Investment	220,000	10	2,200,000	0.19%
46	Louay Hassan Ali Hamdallah	220,000	10	2,200,000	0.19%
47	Al Khafra Holding Company	220,000	10	2,200,000	0.19%
48	Faisal Fahd Faisal Melhem	170,000	10	1,700,000	0.15%
49	Abdul Karim Hamad Abdul Karim Al-Mujil	165,000	10	1,650,000	0.14%
50	Fahd Abdulrahman Musaed Al-Suwailem	158,838	10	1,588,380	0.14%
51	Hessa Abdulrahman Abdullah Al-Balihad	146,668	10	1,466,680	0.13%
52	Sarah Ibrahim Saad Said	142,932	10	1,429,320	0.12%
53	Bader Sulaiman Hamad Al-Sulaie	137,500	10	1,375,000	0.12%
54	Princess/ Feryal Abdulrahman Al-Suwailem	131,866	10	1,318,660	0.11%
55	Saleh Abdullah Saleh Al-Hanaki	110,000	10	1,100,000	0.10%
56	Bilal Mohammed Ezzedine Wadid Ragheb	110,000	10	1,100,000	0.10%
57	Ibrahim Suleiman Mohammed Balghunaim	110,000	10	1,100,000	0.10%
58	Bandar Mohammed Ahmed Al-Beez	104,500	10	1,045,000	0.09%
59	Princess/ Rakia Hamed Mohammed Al-Ahdali	102,144	10	1,021,440	0.09%
60	Mohammed Saleh Abdulrahman Al-Athel	88,000	10	880,000	0.08%
61	Fahd Saleh Mohammed Al-Masbahi	88,000	10	880,000	0.08%
62	Prince/ Mohammed Faisal Abdullah Thunayan	78,572	10	785,720	0.07%
63	Hala Saad Abdullah Al-Tuwaijri	73,335	10	733,350	0.06%
64	Mohammed Abdulrahman Abdulaziz Abateen	55,000	10	550,000	0.05%
65	Prince/ Turki Faisal Abdullah Thunayan	55,000	10	550,000	0.05%
66	Khalid Saleh Abdulaziz Al-Rajhi	55,000	10	550,000	0.05%
67	Salman Saleh Abdulaziz Al-Rajhi	55,000	10	550,000	0.05%
68	Nayef Saleh Abdulaziz Al-Rajhi	55,000	10	550,000	0.05%
69	Tahani Saleh Abdulaziz Al-Rajhi	55,000	10	550,000	0.05%
70	Abdulaziz Mohammed Abdullah Al-Arifi	55,000	10	550,000	0.05%
71	Abdulrahman Ibrahim Saleh Al-Muhanna	55,000	10	550,000	0.05%
72	Abdulrahman Abdulaziz Saad Nafisa	52,250	10	522,500	0.05%
73	Yasser Abdullah Mohammed Al- Huqail	35,100	10	351,000	0.03%
74	Hossam Abdullah Mohammed Al- Huqail	35,100	10	351,000	0.03%
75	Mohammed Abdullah Mohammed Al- Huqail	35,100	10	351,000	0.03%
76	Fahd Abdullah Mohammed Al-Huqail	35,100	10	351,000	0.03%
77	Al-Bandari Badr Mohammed Al-Abduljabbar	32,436	10	324,360	0.03%

No.	Name	Number of (Share)	Share Value (SAR)	Total Value (SAR)	Ownership Percentage (%)
78	Hisham Abdullah Mohammed Al-Huqail	29,616	10	296,160	0.03%
79	Haitham Moin Jameel Al-Sarraj	27,500	10	275,000	0.02%
80	Osama Abdulaziz Abdullah Al-Mubarak	27,500	10	275,000	0.02%
81	Ziyad Abdulaziz Abdullah Al-Mubarak	27,500	10	275,000	0.02%
82	Mazen Abdulaziz Abdullah Al-Mubarak	27,500	10	275,000	0.02%
83	Majid Abdulaziz Abdullah Al-Mubarak	27,500	10	275,000	0.02%
84	Ahmed Ibrahim Mohammed Al-Shabana	22,000	10	220,000	0.02%
85	Saud Abdullah Fahad Al-Jawfan	22,000	10	220,000	0.02%
86	Thamer Mohammed Abdulrahman Muammar*	22,000	10	220,000	0.02%
87	Tariq Saleh Hamoud Al-Safir	22,000	10	220,000	0.02%
88	Abdulaziz Abdullah Abdulaziz Al-Muhareb	22,000	10	220,000	0.02%
89	Thamer Abdulrahman Abdullah Al-Askar	22,000	10	220,000	0.02%
90	Mohammed Saad Mohammed Al-Haqbani	22,000	10	220,000	0.02%
91	Shamma Mohammed Youssef Al-Shanifi	22,000	10	220,000	0.02%
92	Ibtihaj Saleh Abdulaziz Al-Rajhi	19,250	10	192,500	0.02%
93	Munira Abdullah Mohammed Al-Huqail	17,553	10	175,530	0.02%
<b>Total</b>		<b>115,500,000</b>	<b>-</b>	<b>1,155,000,000</b>	<b>100.00%</b>

Source: The Company

\* Currently works for the financial advisor, Alinma Investment

#### 4.1.2 FALCOM Yaqeen Investment Company (One Person Company)

FALCOM Yaqeen Investment Company (One Person Company) was established as a limited liability company under Commercial Registration No. (1010963181) dated 05/06/1445H (corresponding to 18/12/2023G, issued in Riyadh City, with a capital of five thousand (5,000) Saudi riyals divided into five hundred (500) cash shares of equal value, each share of ten (10) Saudi riyals.

According to the articles of association, the purposes of Yaqeen Investment Company (one-person company) are as follows:

Carrying out financial and insurance activities and other financial services activities with the exception of insurance and pension financing not otherwise classified.

The following table shows the ownership structure of FALCOM Yaqeen Investment Company (One Person Company)

Table No. (34): Ownership Structure of FALCOM Holding Company

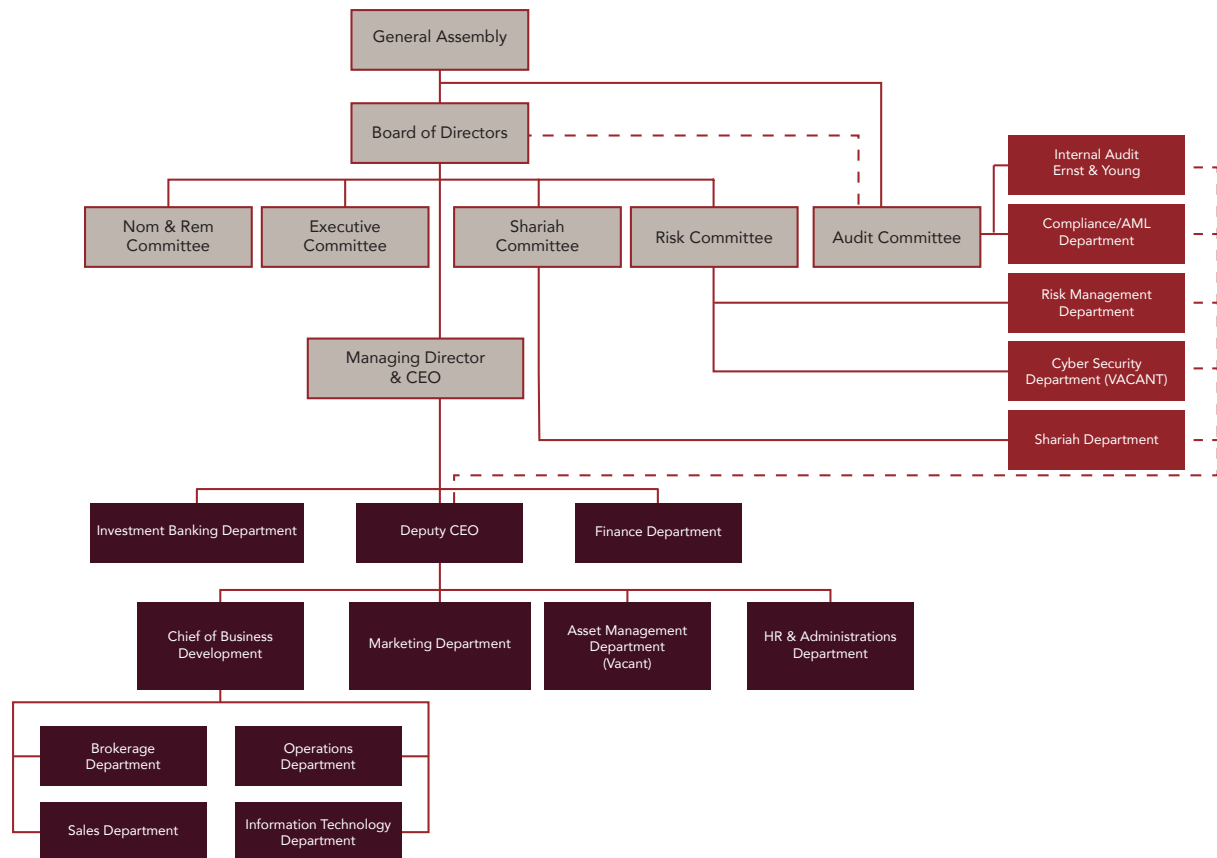
No.	Name	Number of Shares (Share)	Share Value (SAR)	Total Value (SAR)	Ownership Percentage (%)
1	FALCOM Holding Company Closed Joint Stock	500	10	5,000	100%

Source: The Company



## 4.2 Organizational Structure

Figure (2): Company Organizational Structure



Source: The Company

## 4.3 Board of Directors

### 4.3.1 Members of the Board of Directors and the Secretary of the Board

The Company is managed by a Board of Directors consisting of six (6) members, two (2) of whom are independent and four (4) of whom are non-independent.

The following table shows the members of the Board of Directors and the Secretary of the Board:

Table No. (35): Directors and Secretary of the Board

Directors <sup>(1)</sup>													
Name	Position	Membership status	Independence <sup>(3)</sup>	Nationality	Age (years)	Shares owned Pre-Offering "directly"		Shares held Pre-Offering "Indirectly"		Shares held Post-Offering "directly"		Shares held Post-Offering "Indirectly"	
						Number (Shares)	Percentage (%)	Number (Shares)	Percentage (%)	Number (Shares)	Percentage (%)	Number (Shares)	Percentage (%)
Abdul Mohsen Mohammed Abdulrahman <sup>(2)</sup>	Chairman	Non-executive	Non-independent	Saudi	84	-	-	42,857 <sup>(4)</sup>	0.29%	-	-	34,286	0.23%
Salman Abdulaziz Saad Shahiwain <sup>(2)</sup>	Deputy Chairman	Non-executive	Non-independent	Saudi	65	-	-	-	-	-	-	-	-
Almaa Saeed Muhammad Almaa AlMoter	Member of Board of Directors	Non-executive	Independent	Saudi	50	-	-	-	-	-	-	-	-
Salman Abdulaziz Saad Shahiwain	Member of Board of Directors	Non-executive	Non-independent	Saudi	65	-	-	-	-	-	-	-	-
Moath Qasim Mohammed Alkhasawneh	Member of the Board of Directors, Managing Director and CEO	Executive	Non-independent	Canadian	41	-	-	-	-	-	-	-	-
Ahmed Ibrahim Mohammed Al-Shabana	Member of the Board of Directors	Executive	Non-independent	Saudi	45	-	-	2,857 <sup>(5)</sup>	0.02%	-	-	2,286	0.02%
Abdulrahman Hamad Muhammad Al Rabie	Member of the Board of Directors	Non-executive	Independent	Saudi	45	-	-	-	-	-	-	-	-
<b>Secretary of the Board of Directors</b>													
Vacant	Secretary of the Board of Directors	-	-	-	-	-	-	-	-	-	-	-	-

Source: The Company

(1) The Ordinary General Assembly held on 26/07/1445H (corresponding to 07/02/2024G) approved the election of the members of the Board of Directors mentioned above, for a period of three years starting from 28/07/1445H (corresponding to 09/02/2024G).

(2) The Board of Directors held on 17/08/1445H (corresponding to 27/02/2024G), approved the following:

- The appointment of Mr. Abdul Mohsen Muhammad Abdulrahman Al Saleh to the position of Chairman of the Board of Directors.
- The appointment of Mr. Salman Abdulaziz Saad Shahiwain as Deputy Chairman of the Board of Directors.

(3) The Corporate Governance Regulation issued by the Capital Market Authority has been considered in determining the independence issues of the members of the Board of Directors. Independence issues attributed to the members of the Board of Directors are as follows:

- To be the owner of five percent or more of the shares of the company or of the shares of another company of its group or related to the

- one who owns this percentage.
- A related to any of the directors of the company or in another company of its group.
  - Related to any of the senior executives in the company or in another company of its group.
  - A member of the Board of Directors of another company of the company's group nominated for membership of its Board of Directors.
  - Work or have worked as an employee during the past two years for the company or another company of its group, or to be the owner of control shares with the company or any party dealing with the company or another company of its group, such as auditors and senior suppliers during the past two years.
  - Have a direct or indirect interest in the business and contracts made for the favor of the Company.
  - Receive sums of money from the company in addition to the remuneration of the membership of the Board of Directors or any of its committees exceeding (200,000) riyals or %50 of its remuneration in the previous year that he receives in return for membership of the Board of Directors or any of its committees, whichever is less.
  - Participate in a business that would compete with the company, or to trade in one of the branches of the activity practiced by the company.
  - Have spent more than nine consecutive or separate years in the membership of the Board of Directors.
  - Work or have worked as an employee during the past two years for the company or any party dealing with it or another company of its group, such as auditors and senior suppliers, or to be the owner of controlling shares in any of those parties during the past two years.
- (4) The indirect ownership of the Chairman of the Board of Directors/ Abdul Mohsen Mohammed Abdulrahman Al-Saleh results from his direct ownership of (0.29%) in FALCOM Holding Company, noting that FALCOM Holding Company owns (60.00%) in the company before the offering and will own (40.00%) after the offering. In addition, FALCOM Holding Company owns (100.00%) in FALCOM Yaqeen Investment Company (one person company), which owns (40.00%) in the company pre- and post-Offering.
- (5) The indirect ownership of Mr. Ahmed Ibrahim Mohammed Al-Shabana is the result of his direct ownership of (0.02%) in FALCOM Holding Company, noting that FALCOM Holding Company owns (60.00%) in the company before the offering and will own (40.00%) after the offering. In addition, FALCOM Holding Company owns (100.00%) in FALCOM Yaqeen Investment Company (one-person company), which owns (40.00%) in the company pre- and post-Offering.

## 4.3.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman of the Board of Directors, the members of the Board of Directors, the Chief Executive Officer and the Secretary of the Board include the following:

### 4.3.2.1 Directors

In accordance with the Companies Law, the Articles of Association of the Company and the Internal Corporate Governance Regulations, the Board of Directors has the maximum powers in managing the daily business of the Company. Under the internal corporate governance regulation, the board of directors has the following responsibilities:

- Approving the strategic directions and main objectives of the Company and supervising their implementation, including:
  - Developing, reviewing, and directing the company's full strategy, key business plans and risk management policy.
  - Determining the optimal capital structure of the company, its strategy, and financial objectives, and approve annual budgets.
  - Supervising the Company's major capital expenditures and owning and disposing of assets.
  - Setting performance goals and monitoring implementation and overall performance of the company.
  - Periodic review and approval of organizational and functional structures of the company.
- Establishing systems and controls for internal control and general supervision, including:
  - Developing a written policy that regulates conflicts of interest and addresses potential conflicts between the members of the Board of Directors, the executive management and the shareholders, including misuse of the company's assets and facilities, and misconduct resulting from dealings with related persons.
  - Ensuring the integrity of accounting financial systems, including systems related to financial reporting.
  - Ensuring the application of appropriate control systems for risk management, by determining the general perception of the risks that the company may face and presenting them transparently.
  - Annual review of the effectiveness of internal control procedures in the company.
  - Preparation and approval of the matrix of powers of the company.
- Establishing a corporate governance system for the company, in a manner that does not conflict with the companies' system and the company's Articles of Association.
- Establishing clear and specific policies, standards and procedures for membership in the Board of Directors and put them into effect after their approval by the General Assembly.
- Developing a written policy to regulate this relationship with stakeholders in order to protect them and preserve their rights. In particular, this policy shall cover the following:
  - Mechanisms for compensating stakeholders, and in the event of violation of their rights recognized by the regulations and protected by contracts.

- Mechanisms for resolving complaints or disputes that may arise between the company and stakeholders.
- Appropriate mechanisms to establish good relationships with clients and suppliers and maintain the confidentiality of information related to them.
- Rules of professional conduct for managers and employees of the company, so that they comply with sound professional and ethical standards and regulate the relationship between them and stakeholders, provided that the Board of Directors establishes mechanisms to monitor the application of these rules and adherence to them.
- Develop policies and procedures that ensure the Company's respect for laws and regulations and its obligation to disclose material information to shareholders, creditors and stakeholders to others.

#### 4.3.2.2 Chairman of the Board of Directors:

The responsibility of the Chairman of the Board of Directors is to lead the Board and facilitate constructive contributions and initiatives by all members of the Board of Directors to ensure the effectiveness of the Board in performing its functions through the exercise of its duties and responsibilities.

In accordance with the Companies Law and the Articles of Association of the Company, the Chairman of the Board of Directors shall have the maximum powers to represent the Company before other government agencies. Under the Corporate Governance Regulations, the primary responsibilities of the Chairman of the Board of Directors shall include the following:

- Ensure that directors have timely access to the complete, clear, correct and non-misleading information.
- Ensure that the Board discusses all key issues effectively and in a timely manner.
- Representing the company before third parties as stipulated in the Companies Law, its executive regulations and the company's Articles of Association.
- Encouraging the members of the Board of Directors to exercise their functions effectively in the interest of the Company.
- Ensuring that there are channels for actual communication with shareholders and communicating their views to the Board of Directors.
- Encouraging constructive relations and effective participation between the Board of Directors and the executive management and between executive, non-executive and independent members, and creating a culture that encourages constructive criticism.
- Preparing the agenda of the meetings of the Board of Directors, taking into account any matter raised by a member of the Board of Directors or raised by the Auditor, and consulting with the members of the Board and the Managing Director when preparing the agenda of the Board.
- Holding periodic meetings with non-executive directors without the presence of any executive directors in the company.
- Inform the Ordinary General Assembly upon holding of the works and contracts in which a member of the Board of Directors has a direct or indirect interest.

Other responsibilities of the Chairman include being the Spokesperson for the Board. In addition, the Chairman is the focal point between administration and the Board.

It is also the role of the Chairman to manage the Annual General Meetings and play the key role in the Company's relationship with any of the Company's stakeholders.

#### 4.3.2.3 Managing Director and CEO

The Company has a managing director and a chief executive officer who represents the shareholders in following up the daily activities of the company, directing management and reviewing important decisions before passing them to the board of directors. According to the company's Articles of Association, the managing director and the CEO have the maximum powers to represent the company before various government agencies, and under the company's internal governance regulations, the main responsibilities of the CEO include the following:

- Implementing the internal policies and systems of the company approved by the Board of Directors.
- Implementation and general supervision of internal control systems and controls.
- Effectively implement the company's governance rules and propose to amend them when needed.
- Implement policies and procedures that ensure the Company's compliance with laws and regulations and its obligation to disclose material information to shareholders and stakeholders.
- Provide the Board of Directors with the necessary information to exercise its competences.
- Propose policies and types of remuneration to be granted to employees.
- Prepare periodic financial and non-financial reports on the progress of the company's activity in light of the company's strategic plans and objectives and present those reports to the Board of Directors.

- Manage the daily work of the company and conduct its activities, as well as manage its resources optimally and in line with the company's objectives and strategy.
- Actively participate in building and developing a culture of ethical values within the company.
- Implement internal control and risk management systems, verify the effectiveness and adequacy of those systems, and ensuring compliance with the level of risk approved by the Board of Directors.
- Propose internal policies related to the work of the company and its development, including defining the tasks, competencies and responsibilities assigned to the various organizational levels.
- Propose a clear policy for business delegation to the department and the method of its implementation.
- Propose the powers delegated to it, the decision-making procedures and the period of delegation, provided that periodic reports are submitted to the Board of Directors on its exercise of those powers.

#### 4.3.2.4 Secretary of the Board

The Secretary of the Board of Directors shall be responsible for organizing the meetings of the Board. The main tasks of the Secretary of the Board of Directors are the following:

- Documenting the meetings of the Board of Directors and preparing minutes for them.
- Maintaining the reports submitted to the Board of Directors and the reports prepared by the Board.
- Provide the Board members with the Board's agenda, working papers, documents and information related thereto, and any additional documents or information requested by any of the Board members related to the topics covered in the meeting agenda.
- Verify the compliance of the directors with the procedures approved by the board.
- Informing the members of the Board of Directors of the dates of the meetings of the Board in advance of the specified date.
- Presenting the draft minutes to the members of the Board of Directors to express their views on them before signing them.
- Providing assistance and advice to the members of the Board of Directors.
- Ensure that the directors have full and prompt access to a copy of the minutes of the board meetings, information and documents relating to the company.

The following is a summary of the C.Vs of the directors and the secretary of the board

Table No. (36): Curriculum Vitae of Abdul Mohsen Mohammed Abdulrahman Al-Saleh

Abdul Mohsen Mohammed Abdul Rahman Al-Saleh	
Age	84 years old
Nationality	Saudi
Position	Chairman
Education	Bachelor's degree in Business Administration and Economics from the University of Tierrain the United States of America in 1967.
Work Experience	<ul style="list-style-type: none"> <li>• Served as a member of the Board of Directors of Malath Cooperative Insurance Company (a public joint stock company operating in the insurance field) during the period from 2007 to 2022G.</li> <li>• Served as a member of the Board of Directors of Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) during the period from 2015 to 2020G.</li> <li>• Served as Chairman of the Board of Directors of the Saudi Industrial Export Company (a public joint stock company working in the field of marketing and exporting industrial products) during the period from 2007 to 2016.</li> <li>• Served as a member of the Board of Directors of Logistics and Warehouses Company (a closed joint stock company working in the field of logistics services) during the period from 2008 to 2016.</li> <li>• Served as Chairman of the Board of Directors of Filling &amp; Packing Materials MFG. Co. (FIPCO) (a public joint stock company working in the field of packaging) during the period from 2009 to 2015.</li> <li>• Served as a member of the Board of Directors of Barclays Bank Saudi Arabia (a closed joint stock company operating in the field of financial services) during the period from 2011 to 2014.</li> <li>• Served as a member of the Board of Directors of Filling &amp; Packing Materials MFG. Co. (FIPCO) (a public joint stock company working in the field of packaging) during the period from 1990 to 2009.</li> <li>• Served as a senior advisor at Samba Financial Group (currently National Bank of Saudi Arabia) (a public joint stock company operating in the field of banking services) during the period from 1980 to 1999.</li> <li>• Served as a member of the Saudi American Joint Committee for Economic Cooperation.</li> </ul>

	<ul style="list-style-type: none"> <li>Served as Vice President at Citibank Saudi Arabia (a closed joint stock company operating in the field of financial services) during the period from 1975 to 1980.</li> <li>Served as the Head of the Private Banking Department at Citibank Saudi Arabia (a closed joint stock company operating in the field of financial services) during the period from 1975 to 1980.</li> </ul>
Memberships in boards and committees of other companies	<ul style="list-style-type: none"> <li>He is the Vice Chairman of the Board of Directors of Nayifat Financing Company (a public joint stock company operating in the field of finance) from 2022G to date.</li> <li>He is Chairman of the Board of Directors of FALCOM Holding Company (a closed joint stock company working in the field of diversified investment) from 2022G to date.</li> <li>He is the Chairman of the Executive Committee, the Chairman of the Risk Committee and a member of the Nomination and Remuneration Committee of Yaqeen Capital Company (a closed joint stock company working in the field of financial services) from 2021G until now.</li> <li>He is Chairman of the Board of Directors of Masadar Holding Company (a closed joint stock company working in the field of diversified investment) during the period from 2008 to date.</li> <li>He is the Chairman of the Strategic Committee, a member of the Executive Committee and a member of the Credit Committee of Nayifat Financing Company (a public joint stock company working in the field of finance) from 2022G until now.</li> </ul>

Source: The Company

Table No. (37): Curriculum Vitae of Salman Abdulaziz Saad Shahwain

Salman Abdulaziz Saad Shahiwain	
Age	65 years
Nationality	Saudi
Position	Deputy Chairman
Education	Bachelor's degree in Sharia Sciences from Imam Mohammed Saud University in the Kingdom of Saudi Arabia in 1400H
Work Experience	<ul style="list-style-type: none"> <li>He is the Executive Director of the Custodian of the Two Holy Mosques, King Fahd Abdulaziz, from 2013 to date.</li> <li>He held several administrative positions in the Ministry of Interior in the Kingdom of Saudi Arabia, including Director General - Thirteenth Rank, Advisor for Expatriates Affairs - Thirteenth Rank, Director General of the Expatriates Affairs Department - Fourteenth Rank, and Director General of the General Administration of Administrative and Financial Affairs - Fifteenth Rank, during the period from 1400H to 1437H.</li> </ul>
Memberships in boards and committees of other companies	<ul style="list-style-type: none"> <li>He is the Deputy Chairman of FALCOM Holding Company (a closed joint stock company working in the field of diversified investment) from 2020G to date.</li> <li>He is a member of the Board of Directors of Nayifat Financing Company (a public joint stock company working in the field of finance) from 2022G to date.</li> </ul>

Source: The Company

Table No. (38): Curriculum Vitae of Almaa Saeed Muhammad Almaa AIMoter

Almaa Saeed Muhammad Almaa AIMoter	
Age	50 years
Nationality	Saudi
Position	Member of Board of Directors
Education	<ul style="list-style-type: none"> <li>• Holds a master's degree in accounting from Griffith University in Australia in 2007.</li> <li>• Bachelor's Degree in Accounting from King Abdulaziz University in the Kingdom of Saudi Arabia in 1994.</li> </ul>
Work Experience	<ul style="list-style-type: none"> <li>• Serves as Deputy Chairman for Review of Technology and Support Units in the Saudi Telecom Company (a public joint stock company working in the field of telecommunications) from 2022G to present.</li> <li>• Served as Head of Internal Audit at the Arab Internet and Communications Services Company (Solutions) (a public joint stock company working in the field of Internet and communications) from 2020G to 2022G.</li> <li>• Served as General Manager of Business Unit Review at the Saudi Telecom Company (a public joint stock company working in the field of telecommunications) from 2018G to 2020G.</li> <li>• Served as General Manager of Review of Operations and Investment at the Saudi Telecom Company (a public joint stock company operating in the field of telecommunications) from 2017G to 2018G.</li> <li>• Served as Director of the Investment Review and Special Operations Department at the Saudi Telecom Company (a public joint stock company operating in the field of telecommunications) from 2015 to 2017G.</li> <li>• Served as Senior Director of Transformation and Sustainability Operations at the Company National Water Company (a closed joint stock company operating in the field of water supply services) from 2013 to 2015.</li> <li>• Served as Senior Director of Quality and Compliance at the National Water Company (a closed joint stock company operating in the field services) from 2011 to 2013.</li> </ul>
Memberships in boards and committees of other companies	<ul style="list-style-type: none"> <li>• He has been a member of the Audit Committee at Roaa Holding Company (a closed joint stock company operating in the field of) real estate development and investment) from 2023G to date.</li> <li>• Member of the Audit Committee of Twal Company (a closed joint stock company working in the field of communications and information technology infrastructure) from 2023G to date.</li> <li>• Holds the position of member of the Audit Committee at STC Bahrain (a closed public joint stock company operating in the field of communications) from 2023G to date.</li> <li>• Holds the position of member of the Audit Committee at the Saudi Investment Bank (a public joint stock company operating in the field of banking) from 2022G to date.</li> <li>• Holds the position of Chairman of the Audit Committee at Samama Holding Company (a closed joint stock company operating in the field of contracting, maintenance and operation services) from 2021G to date.</li> </ul>

Source: The Company

Table No. (39): Curriculum Vitae of Moath Qasim Mohammed Alkhasawneh

Moath Qasim Mohammed Alkhasawneh	
Age	41 years
Nationality	Canadian
Position	Member of the Board of Directors, Managing Director and CEO
Education	<ul style="list-style-type: none"> <li>• Master's degree in business administration from Dalhousie University in Canada in 2005.</li> <li>• Bachelor's degree in finance and banking from the University of St. Mary in Canada in 2003.</li> <li>• Bachelor's degree in computing and information systems from the University of St. Mary in Canada in 2003.</li> </ul>
Work Experience	<ul style="list-style-type: none"> <li>• He is the CEO and Managing Director of Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) since 2016 until now.</li> <li>• He is a member of the Executive Committee of Yaqeen Capital Company (a closed joint stock company working in the field of financial services) from 2021G until now.</li> <li>• Served as a member of the Board of Directors of Al-Amthal Financing Company (a closed joint stock company working in the field of finance) during the period from 2014 to 2022G.</li> <li>• Served as a member of the Board of Directors of Berain Company (a closed joint stock company working in the field of water production) from 2020G to 2021G.</li> <li>• Served as a member of the Board of Directors of the Arab Medical Center Company (a Jordanian limited liability company operating in the health field) during the period from 2016 to 2019G.</li> <li>• Served as Chairman of the Investment Banking Group at Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) during the period from 2012 to 2016.</li> <li>• Served as the Director of the Investment Banking Department at Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) during the period from 2008 to 2012.</li> <li>• Served as a senior advisor at Deloitte Canada (a Canadian professional company working in the field of financial consulting) from 2007 to 2008.</li> <li>• Served as an advisor at Grant Thornton International (a company working in the field of financial consulting) from 2006 to 2007.</li> <li>• Served as a customer relationship analyst at Invesco Canada (an asset management company working in the field of investments during the period from 2005 to 2006).</li> <li>• Served as President of Atlantic Business Consulting (a professional consulting firm) from 2003 to 2005.</li> <li>• Served as Chairman of the Board of Directors in a number of funds of Yaqeen Capital Company (funds subject to the regulations of the Capital Market Authority and operating in the investment sector) during the period from 2016 to 2022G, as follows: <ul style="list-style-type: none"> <li>• Yaqeen Saudi Equities ETF – General Trading Fund</li> <li>• Yaqeen Petrochemical ETF – General Trading Fund</li> <li>• Yaqeen ETF for IPOs – Open Public Fund</li> <li>• Yaqeen Saudi Equities Fund – Open-ended Public Fund</li> <li>• Yaqeen Murabaha Fund in Saudi Riyals – Open General Fund</li> <li>• Yaqeen Murabaha Fund – Special Open- ended Fund</li> </ul> </li> <li>• Served as Chairman of Yaqeen Arar Hills Fund (a closed private real estate investment fund licensed by the Capital Market Authority) during the period from 2019G to 2022G.</li> <li>• Served as Chairman of the Board of Directors of Yaqeen Gold Fund (an open-ended public commodity fund licensed by the Capital Market Authority) during the period from 2020G to 2022G.</li> </ul>
Memberships in boards and committees of other companies	None

Source: The Company



Table No. (40): Curriculum Vitae of Ahmed Ibrahim Mohammed Al Shabana

Ahmed Ibrahim Mohammed Al Shabana	
Age	45 years
Nationality	Saudi
Position	Member of the Board of Directors
Education	<ul style="list-style-type: none"> <li>Master's degree in Business Administration from the Swiss Business School in Switzerland in 2021G.</li> <li>Bachelor's degree in Business Administration from King Faisal University in Saudi Arabia. in 2018G.</li> </ul>
Work Experience	<ul style="list-style-type: none"> <li>He is the Executive Vice President of Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) from 2022G until now.</li> <li>Served as a member of the Follow-up and Risk Committee at Samama Holding Company during the period from 2021G to 2023G.</li> <li>Served as Head of Asset Management at Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) during the period from 2020G to 2022G.</li> <li>Served as Director of Fixed Income Instruments for Asset Management at Yaqeen Capital Company (a closed joint stock company working in the field of financial services) during the period from 2017G to 2020G.</li> <li>Served as Director of Treasury Department at Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) during the period from 2014 to 2017G.</li> <li>Served as Chief Dealer in the Treasury Department at Yaqeen Capital Company (a closed joint stock company working in the field of financial services) during the period from 2012 to 2014.</li> <li>Served as a senior dealer in the Treasury Department in the Department of Foreign Exchange and Money Markets at Yaqeen Capital Company (a closed joint stock company working in the field of financial services) during the period from 2007 to 2012.</li> <li>Served as Treasury Department Dealer in the Foreign Exchange and Sales Department of Gulf International Bank (a closed joint stock company working in the field of banking services) during the period from 2006 to 2007.</li> <li>Served as Assistant Treasury Department Dealer in the Foreign Currency Department at Alawwal Bank (currently SAB Bank) (a public joint stock company working in the field of banking services) during the period from 2004 to 2006.</li> <li>Served as Market Risk Officer in the Treasury Department at Alawwal Bank (currently SAB Bank) (a public joint stock company working in the field of banking services) during the period from 2000 to 2004.</li> <li>Served as the Coordinator of Central Operations at Alawwal Bank (currently SAB Bank) (a public joint stock company working in the field of banking services) during the period from 1997 to 2000.</li> </ul>
Memberships in boards and committees of other companies	<p>He holds the position of Chairman of the Board of Directors in a number of funds of Yaqeen Capital Company (funds subject to the regulations of the Capital Market Authority and operating in the investment sector) from 2022G to date, as follows:</p> <ul style="list-style-type: none"> <li>Yaqeen Saudi Equities ETF – General Trading Fund</li> <li>Yaqeen Petrochemical ETF – General Trading Fund</li> <li>Yaqeen ETF for IPOs – Open Public Fund</li> <li>Yaqeen Saudi Equities Fund – Open-ended Public Fund</li> <li>Yaqeen SAR Murabaha Fund – Open General Fund</li> <li>Yaqeen Murabaha Fund – Special Open-ended Fund</li> <li>Yaqeen Gold Box – Open General Commodity Box</li> <li>Yaqeen Arar Hills Fund – Private Closed Box</li> <li>Yaqeen Income Generating Fund - A special fund that has been closed since 2023G until now.</li> </ul>

Source: The Company

Table No. (41): Curriculum Vitae of Abdulrahman Hamad Muhammad Al Rabie

Abdulrahman Hamad Muhammad Al Rabie	
Age	43 years
Nationality	Saudi
Position	Member of the Board of Directors
Education	Bachelor's degree in Accounting from King Saud University in the Kingdom of Saudi Arabia in 2003.
Work Experience	<ul style="list-style-type: none"> <li>• Holds the position of CFO at the Arabian Internet and Communications Services Company (Solutions) (a public joint stock company working in the field of Internet and communications) from 2018G to date.</li> <li>• Held several positions, including fund accountant, senior accountant, director of the accounts payable and cash management department, head of accounts, and director of the financial accounting department at the Arabian Internet and Communications Services Company (Solutions) (a public joint stock company working in the field of Internet and communications) during the period from 2004 to 2018G.</li> <li>• Held the position of customer service representative at the Saudi National Bank (a public joint stock company operating in the field of banking) in 2003.</li> </ul>
Memberships in boards and committees of other companies	<ul style="list-style-type: none"> <li>• Member of the Audit Committee of Call Centers Company "CCC" (a closed joint stock company working in the field of customer service, technical services, digital business, consulting, support, and various specialized services) from 2023G to date.</li> <li>• Holds the position of Chairman of the Audit Committee at Giza Systems Group (a closed joint stock company working in the field of information technology and technological solutions) from 2023G to date.</li> <li>• Holds the position of member of the Board of Directors of Giza Systems Group (a closed joint stock company working in the field of information technology and technological solutions) from 2022G to date.</li> <li>• Holds the position of member of the Audit Committee at Samama Holding Company (a closed joint stock company operating in the field of contracting, maintenance and operation services) from 2021G to date.</li> </ul>

Source: The Company

## 4.4 Executive Management

Table No. (42): Members of the Executive Management

No.	Name	Position	Nationality	Age (years)	Appointment Date	Shares owned "Indirectly" Pre-Offering*		Shares owned "Indirectly" Pre-Offering	
						Number	Percentage	Number	Percentage
1	Moath Qasim Mohammed Khasawnah	CEO	Canadian	41	27/06/2016G	-	-	-	-
2	Ahmed Ibrahim Mohammed Al-Shabana	Executive Vice President	Saudi	45	15/11/2022G	-	-	2,857	0.02%**
3	vacant	Asset Management Manager	-	-	-	-	-	-	-
4	Rami Jihad Othman Atwan	Managing Director, Investment Banking Group	Jordanian	45	01/08/2016	-	-	-	-
5	Ayman Abdel Rahman Youssef Odeh	Director of Finance	Jordanian	39	29/01/2020G	-	-	-	-
6	vacant	Head of Business Development	-	-	-	-	-	-	-
7	Mohammed Abdulrahman Mohammed Al-Shami	Director of Risk Management	Austrian	48	17/10/2023G	-	-	-	-

No.	Name	Position	Nationality	Age (years)	Appointment Date	Shares owned "Indirectly" Pre-Offering*		Shares owned "Indirectly" Pre-Offering	
						Number	Percentage	Number	Percentage
8	Khaled Samah Khaled AlMoteri	Secretary of the Board of Directors and Head of Compliance and Anti-Money Laundering	Saudi	32	11/09/2022G	-	-	-	-
9	Al-Anoud Mohammed Ali Al-Awam	Director of Human Resources and Administrative Services in charge	Saudi	27	08/01/2023G	-	-	-	-
10	Mohammed Bashir Ahmed Bashrahil	Director of Marketing Department	Saudi	38	01/12/2022G	-	-	-	-
11	Vacant	Director of Cybersecurity Department	-	-	-	-	-	-	-

Source: The Company

\* There is no direct ownership of any of the members of the executive management as of the date of this Prospectus.

\*\* The indirect ownership of the Executive Vice President/ Ahmed Ibrahim Mohammed Al-Shabana is the result of his direct ownership of (0.02%) in FALCOM Holding Company, noting that FALCOM Holding Company owns (60.00%) in the company before the offering and (40.00%) after the offering, in addition to FALCOM Holding Company owns (100.00%) in FALCOM Yaqeen Investment Company (one-person company), which owns (40.00%) in the Company pre- and post-Offering.

The following is an overview of the C.Vs' summary of the members of the executive management

Table No. (43): Curriculum Vitae of Moath Qasim Mohammed Alkhasawneh

Moath Qasim Mohammed Alkhasawneh
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

Table No. (44): Curriculum Vitae of Ahmed Ibrahim Mohammed Al-Shabana

Ahmed Ibrahim Mohammed Al-Shabana
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

Table No. (45): Curriculum Vitae of Rami Jihad Othman Atwan

Rami Jihad Othman Atwan	
Age	45 years
Nationality	Jordanian
Position	Managing Director, Investment Banking Group
Education	<ul style="list-style-type: none"> <li>• Master's degree in finance from the University of Leicester in the United Kingdom in 2000.</li> <li>• Bachelor's degree in economics from the University of Jordan in the Hashemite Kingdom of Jordan in 1998.</li> <li>• Certificate of Chartered Financial Analyst (CFA) from the Institute of Chartered Financial Analysts in the United States of America in 2010.</li> <li>• Certificate of Certified Management Accountant (CMA) from the Institute of Certified Management Accountants in the United States of America in 2008.</li> </ul>
Work Experience	<ul style="list-style-type: none"> <li>• He is the Director of the Investment Banking Group at Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) from 2016 until now.</li> <li>• Served as the CEO of Abu-Moati Libraries Company (a public joint stock company working in the field of library services) during the period from 2012 to 2016.</li> <li>• Served as Head of Corporate Finance Department at Kasb Capital Company (a closed joint stock company operating in the field of financial services) during the period from 2006 to 2012.</li> <li>• Served as Director of Brokerage Department at Securities Company (a Jordanian financial company licensed in the Hashemite Kingdom of Jordan operating in the field of financial services) during the period from 2005 to 2006.</li> <li>• Served as a trader in the Treasury and Private Banking Department at Arab Bank (a Jordanian public joint stock company working in the field of financial services) during the period from 2003 to 2005.</li> <li>• Served as a financial analyst at Tadawul Investment Trading Company (an Emirati company working in the field of commercial investment) during the period from 2000 to 2003.</li> </ul>

Source: The Company

Table No. (46): Curriculum Vitae of Ayman Abdel Rahman Youssef Odeh

Ayman Abdel Rahman Youssef Odeh	
Age	39 years
Nationality	Jordanian
Position	Director of Finance
Education	Bachelor's degree in accounting from Yarmouk University in the Hashemite Kingdom of Jordan in 2007.
Work Experience	<ul style="list-style-type: none"> <li>• He is the Director of Financial Management at Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) from 2020G until now.</li> <li>• Served as Financial Controller in Yaqeen Capital Company (a closed joint stock company working in the field of financial services) during the period from 2016 to 2020G.</li> <li>• Served as a lead auditor at PricewaterhouseCoopers (a professional company working in the field of financial auditing and financial consulting) during the period from 2008 to 2016.</li> <li>• Served as an auditor at PricewaterhouseCoopers (a professional company working in the field of financial auditing and financial consulting) during the period from 2007 to 2008.</li> </ul>

Source: The Company

Table No. (47): Curriculum Vitae of Khaled Samah Khaled AIMoteri

Khaled Samah Khaled AIMoteri	
Age	32 years
Nationality	Saudi
Position	Head of Compliance and Anti-Money Laundering
Education	<ul style="list-style-type: none"> <li>Bachelor's degree in Finance from the University of Houston in the United States of America in 2013</li> <li>Master's degree in Finance from the University of Dallas, USA in 2015</li> </ul>
Work Experience	<ul style="list-style-type: none"> <li>He is the Head of Compliance and Anti-Money Laundering at Yaqeen Capital Company (a closed joint stock company working in the field of financial services) from 2022G until now.</li> <li>Served as Compliance Manager at Saudi Fransi Capital (a closed joint stock company operating in the field of financial services) during the period from 2019G to 2022G</li> <li>Served as Anti-Money Laundering Analyst at Al-Rajhi Financial Company (a closed joint stock company operating in the field of financial services) during the period from 2018G to 2019G</li> <li>Served as Compliance and Anti-Money Laundering Officer in Al-Bilad Financial Company (a closed joint stock company working in the field of financial services) on two separate terms during the period from 2016 to 2018G and during the period from 2013 to 2014</li> </ul>

Source: The Company

Table No. (48): Curriculum Vitae of Mohammed Abdulrahman Mohammed Al-Shami

Mohammed Abdulrahman Mohammed Al-Shami	
Age	48 years
Nationality	Austrian
Position	Head of Risk Management
Education	<ul style="list-style-type: none"> <li>Bachelor of Business Administration – Northeastern University, Boston, USA, 1998.</li> <li>MBA – Northeastern University, Boston, USA, 2002.</li> <li>Certified Internal Auditor (CIA) from the Association of Internal Auditors in the United States of America, 2007.</li> <li>Certificate (CME1) from the Capital Market Authority in the Kingdom of Saudi Arabia, 2013.</li> </ul>
Work Experience	<ul style="list-style-type: none"> <li>He is the Head of Risk Department at Yaqeen Capital Company (a closed joint stock company operating in the field of financial services) from 2023G until now.</li> <li>Served as Director of Risk Department at Al-Nayifat Financing Company, a public joint stock company operating in the financial services and finance sector from 2017G to 2023G.</li> <li>Served as Head of Consulting Services at Atta Albayouk Chartered Accountants, a professional sole proprietorship working in the field of auditing from 2017G to 2017G.</li> <li>Served as Head of Risk Department at Albilad Capital, a closed joint stock company operating in the financial and advisory services sector from 2016 to 2017G.</li> <li>Served as Head of Risk Department at Saudi Fransi Capital, a closed joint stock company operating in the financial and advisory services sector, from 2013 until 2016.</li> <li>Served as Senior Manager - Risk Advisory Services at Ernst &amp; Young in the Kingdom of Saudi Arabia, a professional company operating in the audit services sector, from 2004 until 2013.</li> </ul>

Source: The Company

Table No. (49): Curriculum Vitae of Al- Anoud Mohammed Ali Al-Awam

Al-Anoud Mohammed Ali Al-Awam	
Age	27 years
Nationality	Saudi
Position	Director of Human Resources and Administrative Services in charge
Education	Bachelor degree in Business Administration, Human Resources Management track from King Saud University in the Kingdom of Saudi Arabia in 2017G.
Work Experience	<ul style="list-style-type: none"> <li>• She is the Director of Human Resources and Administrative Services at Yaqeen Capital (a closed joint stock company working in the field of financial services) from 2023G until now.</li> <li>• Served as Senior Human Resources Officer at Yaqeen Capital (a closed joint stock company working in the field of financial services) during the period from 2019G to 2023G.</li> <li>• Served as Assistant Human Resources Officer at Yaqeen Capital (a closed joint stock company working in the field of financial services) during the period from 2018G to 2019G.</li> <li>• Served as trainee Talent Acquisition Officer at Takamul Holding Company (a closed joint stock company that provides comprehensive solutions for government services) during the period from 2016 to 2017G</li> <li>• Served as Operations Officer at Roasting House Trading Establishment (a sole proprietorship working in the field of selling coffee products) during the period from 2015 to 2018G.</li> </ul>

Source: The Company

Table No. (50): Curriculum Vitae of Mohamed Bashir Ahmed Bashraheel

Mohammed Bashir Ahmed Bashraheel	
Age	38 years
Nationality	Saudi
Position	Director of Marketing Department
Education	<ul style="list-style-type: none"> <li>• Bachelor's degree in economics and administrative sciences from Ohio University in the United States in 2011</li> <li>• Holds a Project Management Professional (PMP) certificate in 2008.</li> <li>• Diploma in marketing from the Saudi Commercial Institute in 2003.</li> </ul>
Work Experience	<ul style="list-style-type: none"> <li>• He is the Director in charge of the Marketing Department at Yaqeen Capital (a closed joint stock company working in the field of financial services) from 2022G until now.</li> <li>• Served as Director of Administrative Services Department at Yaqeen Capital (a closed joint stock company working in the field of financial services) from 2006 to 2022G.</li> <li>• Served as Director of Contracts and Maintenance Department at the Ministry of Health – Directorate General of Health Affairs (a government entity working in the field of health services) during the period from 2004 to 2006.</li> <li>• Served as the Director of the Administrative Services Department at the Saudi Gulf Company for Environmental Protection (SAPCO) from 2003 to 2004.</li> </ul>

Source: The Company

## 4.5 Company Committees

### 4.5.1 Audit Committee

The Ordinary General Assembly held on 26/07/1445H (corresponding to 07/02/2024G) approved the formation of the Audit Committee and determined its tasks and controls of its work, the remuneration of its members and the term of their membership for the first period, which begins on 28/07/1445H (corresponding to 09/02/2024G) for a period of three years.

#### Functions of the Audit Committee

The Audit Committee is responsible for verifying the adequacy of the internal control system in order to achieve the objectives of the company and the interests of the shareholders. It is also entitled to review all information as well as study the preliminary and annual financial statements and accounting policies and propose the appointment of a chartered accountant for each financial year. After reviewing the control system represented in the approved systems, the Committee confirms the integrity and effectiveness of the internal control system in the company.

The following table shows the members of the Audit Committee:

Table No. (51): Audit Committee Members

Name	Position
Almaa Saeed Muhammad Almaa AlMoter	Member
Mohammed Ibrahim Mohammed Abu Jabal	Member
Abdulrahman Hamad Muhammad Al Rabie	Member

Source: The Company

Table No. (52): Curriculum Vitae of Almaa Saeed Muhammad Almaa AlMoter

Almaa Saeed Muhammad Almaa AlMoter
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

Table No. (53): Curriculum Vitae of Mohammed Ibrahim Mohammed Abu Jabal

Mohammed Ibrahim Mohammed Abu Jabal	
Age	42 years
Nationality	Jordanian
Position	Member of the Audit Committee
Education	Bachelor's degree in accounting from Al-Ahliyya Amman University in Jordan in 2003.
Work Experience	<ul style="list-style-type: none"> <li>• He is the Head of the Financial Department at FALCOM Holding (a closed joint stock company working in the field of diversified investment) since 2017G until now.</li> <li>• Served as the Head of the Financial Department at Yaqeen Capital (a closed joint stock company operating in the field of financial services) during the period from 2012 to 2017G.</li> <li>• Served as Chairman of the Audit Committee at Yaqeen Capital and their partners in the Sultanate of Oman (an Omani closed joint stock company operating in the field of financial services) during the period from 2012 to 2018G.</li> <li>• Served as Vice Chairman of the Board of Directors of Yaqeen Capital and their partners in the Sultanate of Oman (an Omani closed joint stock company operating in the field of financial services) during the period from 2012 to 2018G.</li> <li>• Served as Director of Financial Accounting at Yaqeen Capital (a closed joint stock company operating in the field of financial services) during the period from 2007 to 2012.</li> <li>• Served as a member of the Board of Directors of the Arab Medical Center Company (a Jordanian limited liability company operating in the health field) during the period from 2007 to 2020G.</li> <li>• Served as Chairman of the Audit Committee at the Arab Medical Center Company (a Jordanian limited liability company operating in the health field) during the period from 2017G to 2020G.</li> <li>• Served as a member of the Executive Committee of the Arab Medical Center Company (a Jordanian limited liability company operating in the health field) during the period from 2017G to 2020G.</li> <li>• He worked as an external senior auditor at PricewaterhouseCoopers (a professional company working in the field of accounting) during the period from 2004 to 2007.</li> <li>• He worked as an external advisor and auditor in Ernst &amp; Young Company in Amman – Jordan (a Jordanian professional company working in the field of accounting) during the period from 2003 to 2004.</li> </ul>
Memberships in boards of directors of other companies	<ul style="list-style-type: none"> <li>• He is a member of the Board of Directors of Al-Amthal Financing Company (a closed joint stock company working in the field of financing services) since 2019G until now.</li> <li>• He is a member of the Credit and Risk Committee of Al-Amthal Financing Company (a closed joint stock company working in the field of financing services) since 2016 until now.</li> <li>• He is a member of the Audit Committee of Al-Amthal Financing Company (a closed joint stock company working in the field of financing services) since 2013 until now.</li> </ul>

Source: The Company

Table No. (54): Curriculum Vitae of Abdulrahman Hamad Muhammad Al Rabie

Abdulrahman Hamad Muhammad Al Rabie
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company



## 4.5.2 Executive Committee

At its meeting held on 17/08/1445H (corresponding to 27/02/2024G), the Board of Directors decided to form the Executive Committee and determine its tasks, work controls and remuneration for its members.

### Functions of the Executive Committee

The Executive Committee is responsible before the Board of Directors for the matters related to supervising the executive management of the company, reviewing and monitoring the company's business on a regular basis, making the necessary recommendations to the Board when needed, and taking the decisions delegated to it by the Board of Directors. The committee may also, at the request of the Board, make the necessary studies and recommendations in strategic matters.

The following table shows the members of the Executive Committee:

Table No. (55): Members of the Executive Committee

Name	Position
Abdul Mohsen Mohammed Abdulrahman Al-Saleh	President
Moath Qasim Mohammed Alkhasawneh	Member
Salman Abdulaziz Saad Shahiwin	Member

Source: The Company

Table No. (56): Curriculum Vitae of Abdul Mohsen Mohammed Abdulrahman Al-Saleh

Abdul Mohsen Mohammed Abdulrahman Al-Saleh
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

Table No. (57): Curriculum Vitae of Moath Qasim Mohammed Alkhasawneh

Moath Qasim Mohammed Alkhasawneh
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

Table No. (58): Curriculum Vitae of Salman Abdulaziz Saad Shahiwin

Salman Abdulaziz Saad Shahiwin
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

### 4.5.3 Nomination and Remuneration Committee

At its meeting held on 17/08/1445H (corresponding to 27/02/2024G), the Board of Directors decided to form the Nomination and Remuneration Committee and determine its tasks, work controls and remuneration of its members.

#### Functions of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall undertake the tasks of determining the size and efficiency of the Board and making recommendations regarding new candidates to the Board, as well as reviewing and recommending the distribution of the annual remuneration of the Company and approving the distribution mechanism or not.

The following table shows the members of the Nomination and Remuneration Committee:

Table No. (59): Members of the Nomination and Remuneration Committee

Name	Position
Salman Abdulaziz Saad Shahiwain	President
Abdul Mohsen Mohammed Abdulrahman Al-Saleh	Member
Almaa Saeed Muhammad Almaa AIMoter	Member

Source: The Company

Table No. (60): Curriculum Vitae of Salman Abdulaziz Saad Shahwain

Salman Abdulaziz Saad Shahiwain
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

Table No. (61): Curriculum Vitae of Abdul Mohsen Mohammed Abdulrahman Al-Saleh

Abdul Mohsen Mohammed Abdulrahman Al-Saleh
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

Table No. (62): Curriculum Vitae of Almaa Saeed Muhammad Almaa AIMoter

Almaa Saeed Muhammad Almaa AIMoter
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

#### 4.5.4 Risk Committee

At its meeting held on 17/08/1445H (corresponding to 27/02/2024G), the Board of Directors decided to form the Risk Committee and determine its tasks, work controls and remuneration of its members.

##### Functions of the Risk Committee

The Risk Committee shall help the Board of Directors to develop and implement current and future plans and strategies for risk management in the company and to work with the executive management to develop a comprehensive risk management policy in line with the nature and objectives of the company and its strategy and to assist the management in risk management activities and decisions in addition to the recommendation of the Board of Directors on determining the acceptable levels of risk that the company may be exposed to.

The following table shows the members of the Risk Committee:

Table No. (63): Risk Committee Members

Name	Position
Abdul Mohsen Mohammed Abdulrahman Al-Saleh	President
Almaa Saeed Muhammad Almaa AlMoter	Member
Abdulrahman Hamad Muhammad Al Rabie	Member

Source: The Company

Table No. (64): Curriculum Vitae of Abdul Mohsen Mohammed Abdulrahman Al-Saleh

Abdul Mohsen Mohammed Abdulrahman Al-Saleh
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

Table No. (65): Curriculum Vitae of Almaa Saeed Muhammad Almaa AlMoter

Almaa Saeed Muhammad Almaa AlMoter
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

Table No. (66): Curriculum Vitae of Abdulrahman Hamad Muhammad Al Rabie

Abdulrahman Hamad Muhammad Al Rabie
Please refer to Section 4.3.1 "Members of the Board of Directors and the Secretary of the Board"

Source: The Company

#### 4.5.5 Sharia Committee

At its meeting held on 17/08/1445H (corresponding to 27/02/2024G), the Board of Directors decided to form the Sharia Committee and determine its tasks, work controls and remuneration for its members.

##### Functions of the Sharia Committee

1. Ensuring that the relevant products and services provided by the company are in accordance with the provisions of Sharia, through the reports provided by the Sharia Supervisory Department.
2. Issuing decisions on Sharia matters related to products and services, and approving the compatibility of contracts, agreements and other legal documents in the company's related transactions with the provisions of Sharia.
3. Ensure that the Sharia compliance policy is consistent with the provisions of Sharia and endorse it.
4. Informing the Board of Directors of the Company of the irregularities in some transactions, recommending appropriate measures, and informing the Board of Directors in the event of non-response.
5. Providing advice on relevant Sharia matters to concerned parties inside or outside the company, such as: legal advisor, reviewer or any other advisors upon request.

6. Preparing an annual report on the extent of the company's compliance in its work with the decisions of the Sharia Committee, and including the Sharia standards adopted by the Committee in issuing its decisions, and submitting it to the Board of Directors of the company (to be submitted by the Secretary of the Sharia Committee to the Executive Director and the Secretary of the Board of Directors), based on the report of the Internal Sharia Supervision Department.

Table No. (67): Members of the Sharia Committee

Name	Position
Abdulrahman Abdul Aziz Saad Al Nafisa	President
Ammar Ahmed Abdullah	Member

Source: The Company

Table No. (68): Curriculum Vitae of Abdulrahman Abdul Aziz Saad Al-Nafisa

Abdulrahman Abdul Aziz Saad Al-Nafisa	
Age	54 years
Nationality	Saudi
Position	Secretary of the Sharia Committee
Education	<ul style="list-style-type: none"> <li>Master's degree in sociology from King Saud University in the Kingdom of Saudi Arabia in 2007.</li> <li>Master's degree in Islamic Economics from the American University in Washington, USA in 2008.</li> <li>Bachelor's degree in Sharia from Imam Mohammed Saud Islamic University in the Kingdom of Saudi Arabia in 2015.</li> <li>Bachelor's degree in sociology from Imam Mohammed Saud Islamic University in the Kingdom of Saudi Arabia in 1994.</li> <li>PhD in Islamic Economics from Istanbul University in 2019G.</li> </ul>
Work Experience	<ul style="list-style-type: none"> <li>He holds the position of Chairman of the Sharia Committee of Yaqeen Capital Company (Yaqeen Capital) (one person closed joint stock company operating in the financial and investment services sector) from 2024G to date.</li> <li>He is a member and secretary of the Sharia Committee at Al-Nayifat Financing Company (a public joint stock company working in the field of finance) since 2014 to date.</li> <li>Member and Secretary of the Sharia Committee at Yaqeen Capital (one person closed joint stock company operating in the financial and investment services sector) since 2015 to 2023G.</li> <li>Served as Member and Secretary of Sharia Supervision Department at Yaqeen Capital (one person closed joint stock company operating in the financial and investment services sector) from January 2006 to August 2017G</li> <li>He is a member and secretary of the Sharia Committee at Al-Amthal Financing Company (a closed joint stock company working in the field of finance) since 2014 until now.</li> <li>He is the Director of the Sharia Supervision Department at FALCOM Holding Company from September 2017G until now.</li> <li>Served as a collaborating lecturer at Imam Mohammed Saud Islamic University (a public university working in the field of education) from 2010 to 2019G.</li> <li>Served as a student counselor in the Ministry of Education (a government agency working in the field of education) during the period from 1994 to 2005.</li> <li>Served as a social worker in the Ministry of Social Affairs (formerly) during the period from 1993 to 1994.</li> </ul>

Source: The Company

Table No. (69): Curriculum Vitae of Ammar Ahmed Abdullah

Ammar Ahmed Abdullah	
Age	49
Nationality	Syrian
Position	Sharia Committee Member
Educational Qualifications	<ul style="list-style-type: none"> <li>• PhD in Islamic Jurisprudence from Mohammed V University in Morocco.</li> <li>• MA in Islamic Jurisprudence from the University of Jinan in Lebanon.</li> <li>• Executive Professional Master in Islamic Finance from the General Council of Islamic Banks and Financial Institutions.</li> <li>• Holds a master's degree in Islamic Economics from the American University in Washington, USA in 2008.</li> </ul>
Work Experience	<ul style="list-style-type: none"> <li>• Member of the Sharia Committee of Yaqeen Capital Company (Yaqeen Capital) (one person closed joint stock company operating in the financial and investment services sector) from 2024G to date.</li> <li>• Held the position of Sharia Supervisory Officer at Al-Nayefat Finance Company (a public joint stock company operating in the field of finance) from 2015 to date.</li> <li>• Held the position of Professor of Graduate Studies at the Islamic University of Minnesota (an educational institution operating in the field of education) from 2022G to date.</li> </ul>

Source: The Company



Dividend Distribution Policy

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## 5. Dividend Distribution Policy

In accordance with Article 45 of the Company's bylaws, the annual net profits of the Company shall be distributed as follows:

1. 10.0 per cent. of the net profits shall be set aside to form a statutory reserve. Such obligation may be discontinued by the Ordinary General Assembly when such statutory reserve totals 30.0 per cent. of the Company's paid-up capital.
2. The Ordinary General Assembly may, upon the proposal of the Board of Directors, set aside a percentage of the net profits to form a reserve to be allocated for a specific purpose decided by the General Assembly.
3. The Ordinary General Assembly may decide to form other reserves, to the extent that achieves the interest of the company or ensures the distribution of fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct from the net profits amounts to establish social institutions for the company's employees or to assist what is in place from these institutions.
4. The remainder shall then be distributed to the shareholders at least (5%) of the paid-up capital of the company.
5. Subject to the provisions stipulated in Article (20) of this Law, and Article (76) of the Companies Law, a percentage not exceeding (10%) of the net profits shall be allocated, after deducting the reserves decided by the General Assembly in application of the provisions of the Companies Law and this Law, and after distributing a profit to shareholders of not less than (5%) of the paid-up capital of the company, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member, and every estimate to the contrary shall be void.

The company may, after fulfilling the controls set by the competent authorities, distribute semi-annual and quarterly profits.

The following table shows the net profits during the financial years ended December 31, 2021G, December 31, 2022G, and the financial period ended September 30, 2023G, indicating that no other profits have been announced or distributed as of the date of this Prospectus:

Table No. (70): Distribution of Dividend

Description	Financial year ended December 31, 2021G	Financial year ended December 31, 2022G	Financial period ended 30 September 2023G
Net income for the year / period	67,214,339	3,817,034	33,976,154
Dividends declared during the year / period	15,000,000*	0	0
Dividends paid during the year / period	0	0	0
Adjustments with Outstanding Balance with Sole Shareholder	15,000,000	0	0
Earnings per share from net income	4.48	0.25	2.27
Dividend to Net Income Ratio	22.32%	N/A	N/A

Source: The Company

\* The Extraordinary General Assembly approved on 17/05/1443H (corresponding to 21/12/2021G) the distribution of dividends to shareholders of (15,000,000) Saudi riyals for the entire financial year ended as on 31/12/2021G at a rate of (1.00) riyals per share based on the number of shares as of the end of 2021G, amounting to fifteen million (15,000,000) shares.

Although the Company has distributed dividends during previous years, it does not provide any guarantees of future dividends, and the shares offered are entitled to its share of any dividends announced by the Company as of the date of this Prospectus and for the following financial years.



## Use of Offering Proceeds

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## 6. Use of Offering Proceeds

The expected value of the total proceeds of the offering is (••×) ••× Saudi riyals, of which approximately five million (5,000,000) Saudi riyals will be paid as expenses for the offering, which include the fees of the financial advisor, the Lead Manager, the chartered accountant, marketing and printing costs, and other expenses and costs related to the offering.

The net proceeds of the offering, estimated at SAR (••×), will be distributed to the selling shareholder, and the company will not receive any amount from the net proceeds of the offering.



Directors' Declarations

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## 7. Directors' Declarations

The Directors of the Company declare that:

1. There has been no interruption in the issuer's business that could affect or have significantly affected the financial position during the last (12) months.
2. No commissions, discounts, brokerage fees, or any non-monetary consideration were granted by the Issuer during the year immediately preceding the date of the application for registration and the offering of shares in connection with the issue or offering of any share.
3. There has been no adverse and material change in the financial and commercial position of the Issuer during the year immediately preceding the date of application for registration and offering of shares.
4. Contrary to what is stated on pages (iii, 63) of this Prospectus, the directors or any of their relatives do not have any shares or interest of any kind in the issuer.
5. Except as disclosed in Risk No. (2.1.39) "*Risks related to lawsuits*" in Section (2) "*Risk Factors*" in this Prospectus, the Company is not subject to any lawsuits or legal proceedings that may affect the Company's business or financial position.
6. Except as disclosed in Risk No. (2.1.48) "*Risks related to related parties*" in Section (2) "*Risk Factors*" in this Prospectus, the Company does not have any dealings with related parties as of the date of this Prospectus, and that the Company has obtained the approval of the General Assembly of the Company's shareholders for all business dealings with related parties, and that all business and contracts with related parties will be voted on at the General Assembly of the Company's shareholders.
7. Except as disclosed in Risk No. (2.1.48) "*Risks related to related parties*" in Section (2) "*Risk Factors*" in this Prospectus, there is no conflict of interest related to the members of the Board of Directors regarding contracts or transactions concluded with the Company.
8. None of the directors shall engage in acts which are competitive with the Company.
9. The company is committed to all the provisions of the Companies Law and has never violated the provisions of the Companies Law as of the date of this Prospectus.
10. There are no other facts that could affect the application for registration of securities that are not included in this Prospectus.
11. The company holds all the basic licenses and approvals required to carry out its activities.
12. The company has obtained all the necessary approvals to register and offer its shares in the parallel market.
13. Except as stated in Section (2) "*Risk Factors*", the directors are not aware of any other material risks that could affect the decision of prospective investors to invest in the shares of the Company.
14. The directors shall not be subject to any lawsuits or legal proceedings which alone or in their entirety may materially affect the business or financial position of the Company.
15. There is no power to give a director or CEO the right to vote on remuneration granted to them.
16. There is no power for directors or senior executives to borrow from the issuer.
17. No member of the Board of Directors of the Company or any member of the Executive Management of the Company or the Secretary of the Board of Directors has been declared bankrupt and has not been subject to any bankruptcy procedures.
18. Except as disclosed in Risk No. (2.1.34) "*Risks related to potential Zakat dues and additional claims*" in Section (2) "*Risk Factors*" in this Prospectus, the Company does not have any disputes or claims for Zakat differences existing by the Zakat, Tax and Customs Authority.
19. The Company is in compliance with all the provisions of the Companies Law up to the date of this Prospectus.
20. The financial information contained in this Prospectus has been extracted without material change and has been provided in conformity with the financial statements. In addition, some of the financial information contained in this Prospectus has been extracted from the Company.
21. The legal entity of the issuer and the relevant legal documents shall be amended at the first meeting of the General Assembly after listing.
22. The company is working to appoint a director of Asset Management and a director of Cybersecurity Department. It is expected that their appointment will be completed and they begin their work before the end of the first half of 2024G. The company will not undertake the procedures for offering the Company's shares and publishing the Prospectus until the approval of the Capital Market Authority is obtained to appoint the proposed members of the Board of Directors (for more details, please see Subsection No. (4.3) "*Board of Directors*" of this Prospectus).

Offering Expenses

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## 8.

**Offering Expenses**

All costs related to the offering, which are expected to be approximately five million (5,000,000) Saudi riyals, will be borne by the Selling Shareholder and will be fully deducted from the total subscription proceeds of (••) Saudi riyals (••).

The offering expenses include the fees of the financial advisor and Lead Manager, the chartered accountant, marketing and printing costs, and other expenses related to the offering.

It is worth mentioning that the Company will not bear any of the expenses related to the offering but will be fully deducted from the total proceeds of the subscription, and the selling shareholder will pay all the expenses of the offering incurred by the company once the offering process is completed.



Details on Shares and Subscription Terms and  
Conditions

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## 9.

## Details on Shares and Subscription Terms and Conditions

The Company has applied to the Capital Market Authority to register and offer shares in the parallel market in accordance with the requirements of the Securities Offering Rules and the ongoing obligations issued by the Capital Market Authority. This Prospectus has been approved and all supporting documents requested by the Authority have been submitted, and all official approvals necessary for the process of the Offer Shares on the parallel market have been obtained.

All Qualified Investors shall read the terms and conditions of the Offering carefully before completing the electronic Subscription Application Form. Whereas submitting the Subscription Application Form through the websites and platforms of the Lead Manager and the Receiving Agents that provide this service to subscribers, or through any other means provided by the Lead Manager and the Receiving Agents, is considered an acknowledgment of acceptance of the said terms and conditions of the offering.

### 9.1 Subscription to the Offered Shares

(3,000,000) three million ordinary shares with a nominal value of (10) ten Saudi riyals per share, representing (20.00%) twenty percent of the company's capital, will be offered for subscription in the parallel market at a price of (●●) Saudi riyals per share and a total value of (●●●●) Saudi riyals, and the offering is limited to the categories of Qualified Investors, which are as follows:

1. Capital Market Institutions acting on their own behalf.
2. Clients of a Capital Market Institution authorized to perform management activities, provided that the Capital Market Institution has been appointed under terms that enable it to take decisions to accept participation in Offering and to invest in the parallel market on the client's behalf without the need for his/her prior approval.
3. The Kingdom's Government, any governmental entity, or any international body recognized by the Capital Market Authority in the Kingdom (the "CMA"), the Saudi Exchange (the "Exchange"), or any other stock exchange recognized by the CMA, or the Securities Depository Center Company (Edaa) in the Kingdom (the "Depository Center").
4. Government-owned companies, whether investing directly or through a portfolio managed by a Capital Market Institution authorized to perform management activities.
5. Companies and funds established in the Gulf Cooperation Council (GCC) countries.
6. Investment funds.
7. Any other legal persons may open an investment account in the Kingdom and an account with the Depository Center.
8. Natural persons who may open an investment account in the Kingdom and an account at the Depository Center, and who:
  - a. have made transactions in the securities market with a total value of not less than forty million Saudi Arabian Riyals (SAR 40,000,000) and not less than ten (10) transactions per quarter during the past 12 months.
  - b. have assets whose net value is not less than five million Saudi Arabian Riyals (SAR 5,000,000).
  - c. are working or have worked in the financial sector for at least three (3) years.
  - d. have a CME-1 approved by the CMA; or
  - e. hold a professional certificate that is related to dealing with securities and accredited by an internationally recognized entity; or
9. Any other persons determined by CMA.

### 9.2 Offering price and Nominal Value per Share

There are no recent private offering deals on the company's shares, and in the event of such deals, ownership is transferred under a sale contract between the two parties and the company has nothing to do with knowing the sale price that took place between them.

The offering price was determined by determining the fair market value of the company, which was carried out by Alinma Investment. The offering price per share is (●) Saudi riyals, and the nominal value of the share is ten (10) Saudi riyals, and it is worth noting that the company's capital is one hundred and fifty million (150,000,000) Saudi riyals, divided into fifteen million (15,000,000) ordinary shares paid in full.

The opening price of the shares is determined based on the supply and demand for the share through the opening auction mechanism, which is a period preceding the opening of the market (9:30 am to 10:00am). During this period, investors can enter purchase and selling orders, and then the trading system finds the fair price at which the orders are executed after matching them in the auction period. The execution price is the opening price with a permissible daily fluctuation of (30% up and down). The indicative price is considered as a reference only for the fair market value, which is the offering price for the first day only, and the market calculates the opening and closing prices as follows:

1. The trading system determines the price of the maximum number of securities that can be traded.
2. If two or more prices may trade the same amount, the trading system determines the price that leaves the lowest remaining minimum, which is the number of securities that do not match at that price.
3. If there are two or more prices with the same remaining minimum, the trading system shall determine the price as follows:
  - a. The highest price when the mismatched amount is unbalanced at the purchase party only.
  - b. The lowest price when the mismatched amount is unbalanced at the selling party only.
  - c. The average prices of (a) and (b) when the mismatched amount is unbalanced in both parties (purchase and selling), the average of the two prices is rounded up to the nearest unit of price change when possible.

Shares are traded from Sunday to Thursday, except for public holidays in the Kingdom. The trading day follows the sequence of sessions specified in the following table:

Session	Timeline
Session 1: Opening Auction	9:30-10:00
Session 2: Market Open -Execution	10:00-15:00
Session 3: Closing Auction	15:00-15:10
Session 4: Trading on Closing Price	15:10-15:20
Session 5: The Market is Closed	15:00-16:00

- Passing, modifying and canceling orders are available during the first session, the second session, the third session and the fourth session. Modifying and canceling the validity of the order is available during the fifth session, as well as disabling non executed orders is available during the trading day.
- Orders are displayed grouped by price at a specific price level (market offer by price) during the first and third sessions.
- Orders are matched at the end of the first session and the third session and during the second session and the fourth session.

The end time of the first and third sessions is determined in a daily variable of 30 seconds according to the times specified for the two sessions in the above table.

### 9.3 Subscription Method

Qualified Investors shall submit the subscription application to the Lead Manager "Alinma Investment" and the Receiving Agents through the websites and platforms of the Lead Manager and the Receiving Agents that provide this service to subscribers, or through any other means provided by the Lead Manager and the Receiving Agents that enable the Qualified Investors to subscribe for the company's shares, provided that the subscription application is submitted no later than 04:00 pm from the closing date. The subscription application for the Offer Shares shall be accompanied by all supporting documents required as instructed. By completing the subscription application, each investor acknowledges that he has received and read this prospectus, and accordingly wishes to subscribe to the offered shares as indicated in the subscription application.

The Subscriber shall fill out the subscription application electronically in accordance with the subscription instructions set forth in the subscription form and in this Prospectus. The Subscriber shall agree to all terms and conditions and complete all relevant sections of the subscription form.

The Company reserves the right to reject any subscription application, in part or in full, in the event that any of the terms and conditions of the subscription is not met or the necessary instructions are not followed. Any amendments to the subscription application form may not be made or withdrawn after its submission except after the approval of the Lead Manager, as the subscription application form once submitted represents a legally binding agreement between the Subscriber and the Company.

Investors may obtain an electronic copy of this Prospectus and the subscription application form from the Financial Advisor and the Lead Manager through the contact information set out below:



Financial Advisor and Lead Manager	
<p><b>Alinma Investment</b>            Al Anoud Tower 2- King Fahad Road, Olaya District, Riyadh            P.O Box 55560 Riyadh 11544            Kingdom of Saudi Arabia            Tel: +966 11 218 5999            Fax: +966 11 218 5970            Website: www.alinmainvestment.com            Email: info@alinmainvestment.com</p>	 <p>الإئماء للاستثمار  <b>alinma investment</b></p>

## 9.4 Offering Period and Conditions

The subscription will be available to Qualified Investors from Sunday 26/10/1445H (corresponding to 05/05/2024G) to Sunday 04/11/1445H (corresponding to 12/05/2024G). Upon completion of the Subscription Application, the Lead Manager of the Subscription Application will notify the Subscriber of this by text message. In the event that the Subscription Application is incomplete, or the information provided therein is incorrect, the Subscription Application shall be considered null and void.

Qualified Investors shall submit the subscription application to the Lead Manager "Alinma Investment" and the Receiving Agents through the websites and platforms of the Lead Manager and the Receiving Agents that provide this service to subscribers, or through any other means provided by the Lead Manager and the Receiving Agents, through which Qualified Investors will be able to subscribe to the company's shares, provided that the subscription application is submitted no later than 4 pm from the closing date. The subscription application for the Offer Shares shall be accompanied by all supporting documents required as instructed. By completing the subscription application, each investor acknowledges that he has received and read this prospectus, and accordingly wishes to subscribe to the offered shares as indicated in the subscription application.

The investor shall indicate in the subscription application form the number of shares he wishes to subscribe for, so that the total subscription amount is the result of multiplying the number of shares he wishes to subscribe for by the offering price of (●) Saudi riyals per share. The minimum subscription is ten (10) shares. The maximum subscription is seven hundred and forty-nine thousand nine hundred and ninety (749,990) shares per subscriber.

The Subscription Application Form shall be submitted electronically during the Offering Period with the following documents attached (as the case may be):

1. Original and copy of the civil status card (for the individual subscriber).
2. Original and copy of the power of attorney deed (when the subscription application is submitted by the agent on behalf of the subscriber).
3. A copy of the commercial register and a copy of the authorization to sign on behalf of the company (if the subscriber is a company).
4. A copy of the commercial register, a copy of the identity of the authorized signatory and a copy of the licenses of the Capital Market Authority (in the event that the subscriber is an investment fund or a company licensed by the Capital Market Authority, and a copy of the agreement between the subscriber and the licensed company shall be added in the case of the governor or the acting investment agreements).
5. Any other documents requested or reviewed.

The full value of the subscribed shares shall be paid by direct transfer to the trust account of the offering, and the company has the right to reject the subscription application form in whole or in part if it does not meet the terms and conditions of the offering, and the subscriber will accept the number of shares allocated to him unless these shares exceed the shares for which he requested to subscribe.

## 9.5 Method of Allotment and Excess Refund

The Lead Manager will open a trust account to receive the subscription amounts collected from the Receiving Agents (on the subscribers' behalf). Each subscriber shall fill out the subscription application electronically and submit it through the websites and platforms of the Lead Manager and the Receiving Agents that provide this service to subscribers, or through any other means provided by the Lead Manager and the Receiving Agents, through which Qualified Investors will be able to subscribe to the company's shares and transfer the subscribed amounts.

The shares offered for subscription will be allocated according to what is proposed by the financial advisor and the Lead Manager in consultation with the company, and the final allotment of the Offer Shares will be announced no later than Wednesday 07/11/1445H (corresponding to 15/05/2024G) and the surplus will be refunded within (4) working days from the date of allocation, and there will be no commissions or deductions from the Lead Manager, the receiving entities or the company for the proceeds of the offering.

- a. The financial advisor, the Lead Manager and the recipients will send notices to the subscribers indicating the final number of shares allocated to each of them and the surplus amounts to be refunded to them, if any.
- b. For more information, subscribers should contact the financial advisor or the Lead Manager.

### Miscellaneous

1. The Subscription Application and all relevant terms, conditions and undertakings shall be binding and for the benefit of the subscription parties, their successors and assigns, executors, administrators and heirs. None of the Subscription Application nor any rights, interests or obligations arising therefrom may be assigned or delegated by the subscription parties without the prior written consent of the other Party.
2. These instructions and clauses and any receipt of subscription application forms or contracts resulting therefrom shall be subject to the laws of the Kingdom and shall be interpreted and implemented in accordance with them.
3. This Prospectus will be published in Arabic after its approval by the Capital Market Authority.
4. Subject to the requirements of Article (97) ninety-seven of the Securities Offering Rules and the continuing obligations, the Company shall submit a supplementary prospectus to the Authority at any time after the date of the initial prospectus and before the completion of the offering, if it is found that:
  - a. There is a significant change in the material matters mentioned in the prospectus.
  - b. Any significant issues that should have been included in the prospectus arise.

It should also be noted that the subscriber who submitted a subscription request for the Offer Shares before the supplementary prospectus has the right to cancel or amend his subscription request for those shares before the end of the Offering Period, in accordance with paragraph (d) of Article (97) of the rules of offering securities and continuing obligations.

## 9.6 Times and circumstances where the offering may be suspended, or the listing is canceled

### 9.6.1 Suspension of trading or cancel the listing

- a. The CMA may suspend trading or cancel the listing of the Shares at any time as it deems fit, in any of the following circumstances:
  1. The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
  2. The Issuer fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its Implementing Regulations or the Exchange rules.
  3. The Issuer fails to punctually pay any fees due to the CMA or the Exchange or any fines due to the CMA.
  4. The CMA deems that the Issuer, its business, the level of its operations or its assets are no longer suitable to warrant the continued listing of its securities on the Exchange.
  5. When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the Issuer has provided sufficient information regarding the target and the CMA is convinced, following the Issuer's announcement that sufficient public information is available on the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage.
  6. When information about a proposed reverse takeover is leaked and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
  7. If the liquidity requirements specified in paragraph (b) of Article Forty-One of the Listing Rules are not met after the lapse of the period specified in subparagraph (1) of paragraph (d) of Article Forty-Two of the Listing Rules.
  8. When an application for the financial reorganization of the Issuer is registered with a court in accordance with the Bankruptcy Law, if its losses exceed 50.0 per cent. of its share capital.
  9. When an application for liquidation or administrative liquidation of the Company is registered with the court in accordance with the Bankruptcy Law.
  10. When a court issues a final ruling to terminate a financial reorganization procedure and commence a bankruptcy proceeding or administrative liquidation procedure of the Issuer in accordance with the Bankruptcy Law.
  11. Upon the issuance of a final court ruling to commence a bankruptcy proceeding or administrative liquidation procedure of the Issuer in accordance with the Bankruptcy Law.
- b. The lifting of the trading suspension imposed under paragraph (a) above shall be subject to the following:
  1. The events which led to the suspension have been sufficiently remedied, and the suspension is no longer necessary for the protection of investors.

2. The lifting of the suspension is unlikely to affect the normal activity of the Exchange.
  3. The issuer is in compliance with any other conditions that the CMA may require.
  4. Upon the issuance of a final judgment initiating the financial restructuring of the Issuer under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, in the event that the suspension was imposed in accordance with paragraph a(8) above.
  5. Upon the issuance of a final court judgment dismissing the initiation of a liquidation procedure or administrative liquidation procedure under the Bankruptcy Law, unless it was suspended from carrying out its activities by the relevant competent authorities, if the suspension was enforced in accordance with paragraph a)(9) above.
- c. The Exchange shall suspend the trading of the Issuer's securities in any of the following cases:
1. The Issuer does not comply with the deadlines specified for disclosing its periodic financial information in accordance with the relevant implementing regulations.
  2. The Auditor's Report on the Issuer's financial statements contains a negative opinion or an abstention from expressing an opinion.
  3. The liquidity requirements of Chapters (2) and (8) of the Listing Rules are not met after the lapse of the period set by the Exchange for the Issuer to rectify its conditions, unless the CMA agrees otherwise; or
  4. The Issuer's Extraordinary General Assembly issues a decision to reduce its capital, for the two trading days following the issuance of the decision.
- d. The Exchange shall remove the suspension referred to in Paragraph c (1 and 2) above, following one trading session after the cause of suspension is eliminated. In the event that the over-the-counter trade of the Issuer's Shares is allowed, the Exchange shall remove the suspension within a period of no more than five (5) trading sessions after the cause of suspension is eliminated.
- e. The Exchange may at any time suggest that the CMA suspend the trading of any listed security or cancel its listing if, in its opinion, any of the circumstances of paragraph (a) of this Article are likely to occur.
- f. An issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its Implementing Regulations and the Exchange Rules.
- g. In the event that the listing suspension continues for six (6) months with no appropriate procedure adopted by the Issuer to correct such suspension, the CMA may cancel the Issuer's listing.
- h. When the Issuer completes a reverse acquisition, the Issuer's Shares shall be de-listed. If the Issuer wishes to re-list its Shares, it must submit a new application to list its Shares in accordance with the Listing Rules and fulfil the relevant requirements stipulated in the OSCO Rules.
- i. This Article shall not prejudice the suspension of trading and the cancellation of listing resulting from the Company's losses pursuant to the relevant Implementing Regulations and the Exchange Rules.

### 9.6.2 Voluntary Cancellation of Listing

- a. An issuer whose securities have been admitted to listing may not cancel such listing on the Exchange without the prior approval of the CMA. In order to obtain such approval, the Issuer must submit an application for the cancellation to the CMA, with concurrent notification to the Exchange, which must include the following:
  1. The specific reasons for the request for the cancellation.
  2. A copy of the disclosure described in Paragraph (D) below.
  3. A copy of the relevant documentation and a copy of each related communication to the Shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the issuer.
  4. The names and contact information of the financial and legal advisors appointed in accordance with the relevant regulations.
- b. The CMA may, at its full discretion, accept or reject the request for cancellation.
- c. The Issuer must obtain the consent of its Extraordinary General Assembly to cancel a listing, but only after the CMA has approved such cancellation.
- d. Where a cancellation is made at the Issuer's request, it must make a disclosure to the public as soon as possible. This disclosure must include at least the reason for cancellation, the nature of the event resulting in the cancellation and the extent to which it affects the Issuer's activities.

### 9.6.3 Temporary Trading Suspension at the Issuer's Request

- a. The Issuer may request a temporary trading suspension if an event occurs during trading hours which requires immediate disclosure under the CML, its Implementing Regulations or the Exchange Rules, where the issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange shall suspend the trading of the Issuer's securities immediately upon receipt of the request.
- b. When a temporary trading suspension is made at the Issuer's request, the Issuer must announce the reason for the trading suspension, the anticipated period of the trading suspension and the event affecting the Issuer's activities as soon as possible.
- c. The CMA may impose a temporary trading suspension without a request from the Issuer if it becomes aware of information or circumstances affecting the Issuer's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. An issuer whose securities are subject to temporary trading suspension must continue to comply with the CML and its implementing regulations and the Exchange Rules.
- d. The Exchange may propose that the CMA exercise its powers in accordance with subparagraph (c) above if it is found to have information about circumstances that may affect Issuer's activities and potentially affect the Exchange activity or the protection of investors.
- e. A temporary trading suspension will be lifted following the lapse of the period referred to in the announcement specified in subparagraph (b) above, unless the CMA or the Exchange decides otherwise.

### 9.6.4 Re-listing and Admission of Cancelled Securities

If the issuer wishes to re-list its shares after a cancellation, it shall submit a new application to list its shares in accordance with the Listing Rules and comply with the applicable requirements under the OSCO and listing rules.

## 9.7 Resolutions and consents under which the shares will be offered

All necessary formal approvals have been obtained for the share offering process including:

1. The decision of the Board of Directors of the Company issued on 12/11/1442H (corresponding to 22/06/2021G) approving the offering of (3,000,000) three million shares representing (20.00%) of the company's capital in the parallel market after obtaining the necessary legal approvals.
2. The Extraordinary General Assembly held on 24/01/1443H (corresponding to 01/09/2021G) approved the registration and offering of the company's shares in the parallel market.
3. Approval from Saudi Tadawul Company "Saudi Exchange" for listing on 13/01/1445H (corresponding to 31/07/2023G), and this approval is subject to obtaining the approval of the Capital Market Authority.
4. The CMA's approval of this Prospectus and all supporting documents requested by the Authority on the date of its announcement on its official website on 08/09/1445H (corresponding to 18/03/2024G).

## 9.8 Statements on Current Arrangements to Prevent the Disposal of Certain Shares

The substantial shareholders who own (5%) or more of the company's shares may not dispose of their shares before the lapse of a period of twelve (12) months from the date of registration and offering of the company's shares in the Parallel Market.

In addition, based on the Capital Market Authority's approval of the request for a no-objection notice from the Authority to apply for offering the Company's shares in the parallel market (Nomu) under letter No. (3/6/8217/21) dated 28/02/1443H (corresponding to 05/10/2021G), the Authority stipulated that at least (60%) of the Company's shares after the offering shall be subject to a prohibition period of no less than twenty-four (24) months from the date of commencement of trading of the Company's shares in the parallel market. The prior approval of the Authority shall be obtained before disposing of these shares.



## Subscription Undertakings

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## 10. Subscription Undertakings

### 10.1 Subscribers Acknowledgments

By completing and submitting the Subscription Application Form, each Subscriber:

- Agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form.
- Warrants that they have read this Prospectus and understood its content.
- Accepts the Company's Articles of Association and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form, and subscribes for the Offer Shares accordingly.
- Confirms that they will not waive their right to have recourse against the Company for any damage arising from any incorrect or inadequate significant information in the Prospectus, or for any material information missing therefrom which would directly impact the Subscriber's acceptance of the subscription had it been contained in the Prospectus.
- Declares that neither they nor any of their included family members have previously submitted a Subscription Application Form for any Shares and that the Company has the right to reject any or all duplicate applications.
- Accepts the number of Offer Shares allocated to them (up to the maximum amount they have subscribed for) as per the Subscription Application Form and all other Subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form.
- Agrees not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager.

### 10.2 Share Register and Trading Arrangements

Tadawul shall maintain a record of shareholders containing their names, nationalities, addresses of residence, occupations, shares held, and amounts paid out for these shares.

### 10.3 Overview About Saudi Tadawul (Saudi Exchange)

Tadawul was established in 2001 as an alternative system to the electronic securities information system, and electronic stock trading began in the Kingdom in 1990. The trading process is carried out through an integrated electronic system from the execution of the trade to its settlement. Every working day of the week from Sunday to Thursday is traded on one period from 10 am to 3 pm, during which orders are executed. Outside of these times, it is permitted to enter, modify and cancel orders from 9:30 am to 10 am.

Trades are executed through automatic matching of orders, and orders are received and prioritized according to price. In general, market orders are executed first, which are orders with the best prices, followed by orders with a specific price. In the event that several orders are entered at the same price, they are executed according to the timing of the entry.

Tadawul distributes a comprehensive range of information through various channels, most notably the Tadawul website. Market data is provided instantly to well-known information providers such as Reuters. Trades are settled automatically within two working days according to (T+2).

The company should disclose all decisions and information that are important to investors through the Tadawul system. A trading system is responsible for monitoring the market, with the aim of ensuring fair trading and efficient market operations.

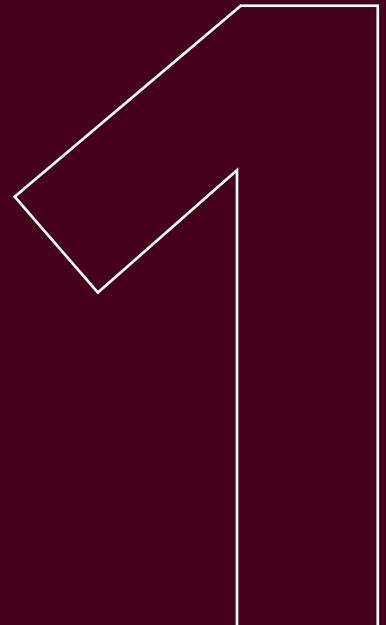
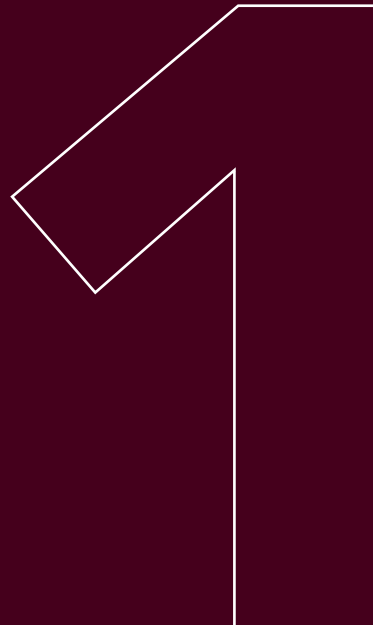
### 10.4 Trading of Shares on the Parallel Market

An application was submitted to the CMA to register and offer the Company's Shares on the Parallel Market, and an application was submitted to the Exchange to list the Company's Shares on the Parallel Market. It is expected that trading in the Company's Shares will commence upon the final allocation of those Shares and after all relevant statutory procedures are met. The dates and times included in this Prospectus are only indicative and may be changed or extended subject to the approval of the CMA.

Furthermore, Offer Shares can only be traded after all allocated Shares have been credited to the Shareholders' accounts on the Exchange, the Company has been registered in the Official List and its Shares have been listed on the Exchange. Pre-trading is strictly prohibited and investors entering into any pre-trading activities will be acting at their own risk. The Company shall bear no legal responsibility in connection with pre-trading activities.

Trading in Shares listed on the Parallel Market shall be restricted to Qualified Investors (see Section 1 (*Definitions and Terms*) of this Prospectus).

## Procedures for Incomplete Offering



## 11. Procedures for Incomplete Offering

If the Offering is not completed on the date specified for the end of the Offering process stated in this Prospectus (see “**Key Dates and Subscription Procedures**” on page (xi) of this Prospectus), the Financial Advisor will, within ten (10) days from the end of the Offering Period, notify the CMA in writing of the non-completion of the Offering and then notify the Subscribers. The amounts collected from the Subscribers (if any) will be refunded without deducting any commissions or fees.

The Company confirms that it will comply with any decisions, instructions and procedures issued by the CMA in the event that the Offering is not completed.



Documents Available for Inspection

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## 12. Documents Available for Inspection

The following documents will be available for inspection at the company's headquarters during working days (Sunday to Thursday) between 9:00 am to 4:00 pm, or through a virtual data room that will be made available by the financial advisor "Alinma Investment" starting from 23/10/1445H (corresponding to 02/05/2024G) until 04/11/1445H (corresponding to 12/05/2024G) (provided that period is not less than (7) days before the end of the Offering Period):

- The Company's Bylaws and Articles of Association.
- The Company's commercial registration certificate.
- No-objection of CMA for applying for offering the Company's shares in the Parallel Market.
- The Capital Market Authority approval of the application for registration and offering of the company's shares in the Parallel Market as a printed copy of the Capital Market Authority website.
- Saudi Tadawul Company (Saudi Exchange) approval to the application for listing in the parallel market.
- The Board of Directors of the Company approval, held on 12/11/1442H (corresponding to 22/06/2021G), to the recommendation of the General Assembly to approve the registration and offering of the Company's shares in the parallel market.
- The Extraordinary General Assembly approval, held on 24/01/1443H (corresponding to 01/09/2021G), to the registration and offering of the company's shares in the parallel market.
- The mechanism according to which the offering price was determined (the evaluation report of the company prepared by the financial advisor "Alinma Investment")
- Letters of consent from each of:
  - a. the Financial Advisor and Lead Manager (Alinma Investment) for the inclusion of its name, logo and statements within this Prospectus.
  - b. The Chartered Accountant (PwC) for the inclusion of its name, logo and statements within this Prospectus.
  - c. The Chartered Accountant (KPMG Professional Consulting) for the inclusion of its name, logo and statements within this Prospectus.
  - d. SNB Capital, Riyad Capital, Saudi Fransi Capital, Aljazira Capital, Yaqeen Capital, Albilad Capital, Anb Capital, Alistithmar Capital, Derayah Financial and Al Rajhi Capital and shall be referred to them in this Prospectus as Receiving Agents of the Company's Offered Shares in the Parallel Market and to include the shares, logo and acknowledgement into this Prospectus.
- Audited financial statements for the financial year ended 31 December 2022G.
- Summary interim financial statements for the nine-month period ended 30 September 2023G.
- Audited financial statements for the financial year ended 31 December 2023G.



Chartered Accountant Report

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## 13. Chartered Accountant Report

13.1 Audited financial statements for the financial year ended 31 December 2022G

**YAQEEN FINANCIAL (YAQEEN CAPITAL)  
(SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**YAQEEN FINANCIAL (YAQEEN CAPITAL)**  
**(Single Person Saudi Closed Joint Stock Company)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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Statement of changes in shareholder's equity	5
Statement of cash flows	6
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**Independent auditor's report to the shareholder of Yaqeen Financial (Yaqeen Capital) (A Single Shareholder Closed Joint Stock Company)**

**Report on the audit of the financial statements**

**Our opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yaqeen Financial (Yaqeen Capital) (the "Company") as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

**What we have audited**

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in shareholder's equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

**Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

**Responsibilities of management and those charged with governance for the financial statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

PricewaterhouseCoopers, License No. 25,  
Kingdom Tower, P.O. Box 8282, Riyadh 11482, Kingdom of Saudi Arabia  
T: +966 (11) 211-0400, F: +966 (11) 211-0401, www.pwc.com/middle-east



*Independent auditor's report to the shareholder of Yaqeen Financial (Yaqeen Capital) (A Single Shareholder Closed Joint Stock Company) (continued)*

*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**PricewaterhouseCoopers**

Bader I. Benmohareb  
License Number 471

20 March 2023



**YAQEEN FINANCIAL (YAQEEN CAPITAL)**  
**(Single Person Saudi Closed Joint Stock Company)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31 December 2022	31 December 2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	37,211	33,735
Margin deposit with Muqassa	5	45,263	-
Margin lending and Murabaha financing	6	75,748	255,301
Investments at fair value through profit or loss (FVTPL)	7	10,382	6,479
Due from related parties	9	738	374
Other assets	10	38,894	35,043
		<b>208,236</b>	<b>330,932</b>
Investment classified as held for sale	8	42,227	-
		<b>250,463</b>	<b>330,932</b>
<b>NON-CURRENT ASSETS</b>			
Investments at fair value through profit or loss (FVTPL)	7	5,850	5,758
Property and equipment, net	14	52,536	53,932
Investment property	15	10,528	10,870
		<b>68,914</b>	<b>70,560</b>
<b>TOTAL ASSETS</b>		<b>319,377</b>	<b>401,492</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accruals	16	19,037	33,703
Due to a related party	9	-	129,389
Short term Islamic financing payable.	12	50,000	-
Provision for zakat	17	12,586	4,736
		<b>81,623</b>	<b>167,828</b>
<b>NON-CURRENT LIABILITY</b>			
Employee end of service benefits	18	15,462	13,798
<b>TOTAL LIABILITIES</b>		<b>97,085</b>	<b>181,626</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	19	150,000	150,000
Statutory reserve	20	16,300	15,918
Other reserves	18	(3,794)	(2,402)
Retained earnings		59,786	56,350
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>222,292</b>	<b>219,866</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>319,377</b>	<b>401,492</b>

The accompanying notes from (1) to (34) form an integral part of these financial statements.

**YAQEEN FINANCIAL (YAQEEN CAPITAL)**  
**(Single Person Saudi Closed Joint Stock Company)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>INCOME</b>			
Commission on brokerage services	11.1	<b>18,251</b>	51,011
Management and subscription fee from mutual funds		<b>23,629</b>	25,952
Advisory services income	11.2	<b>51,760</b>	52,461
Fair value gain from investments at FVTPL, net	23	<b>1,906</b>	3,011
Other income	25	<b>3,486</b>	2,989
		<b>99,032</b>	135,424
<b>EXPENSES</b>			
Salaries and related benefits		<b>(41,230)</b>	(42,287)
Finance costs	9	<b>(6,048)</b>	(8,336)
Other general and administrative expenses	24	<b>(16,944)</b>	(12,711)
(Charge) / reversal of allowance for expected credit losses	13	<b>(833)</b>	686
Absorption of impairment on financial assets	9.4	<b>(3,234)</b>	-
Impairment loss on investment classified as held for sale	8	<b>(10,174)</b>	-
Loss on customers' accounts	27	<b>(4,252)</b>	-
		<b>(82,715)</b>	(62,648)
<b>Profit before zakat</b>		<b>16,317</b>	72,776
Zakat	17	<b>(12,499)</b>	(5,561)
<b>Profit for the year</b>		<b>3,818</b>	67,215
<b>Other comprehensive loss</b>			
Not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on employee end of service benefits	18	<b>(1,392)</b>	(2,402)
<b>Total comprehensive income for the year</b>		<b>2,426</b>	64,813
<b>Earnings per share:</b>			
Basic and diluted, Profit for the year	26	<b>0.25</b>	4.48

The accompanying notes from (1) to (34) form an integral part of these financial statements.

**YAQEEN FINANCIAL (YAQEEN CAPITAL)**  
**(Single Person Saudi Closed Joint Stock Company)**  
**STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total
<b>1 January 2022</b>	<b>150,000</b>	<b>15,918</b>	<b>(2,402)</b>	<b>56,350</b>	<b>219,866</b>
Profit for the year	-	-	-	3,818	3,818
Other comprehensive loss	-	-	(1,392)	-	(1,392)
Total comprehensive income for the year	-	-	(1,392)	3,818	2,426
Transfer to statutory reserve	-	382	-	(382)	-
<b>31 December 2022</b>	<b>150,000</b>	<b>16,300</b>	<b>(3,794)</b>	<b>59,786</b>	<b>222,292</b>
<b>1 January 2021</b>	150,000	9,196	-	10,857	170,053
Profit for the year	-	-	-	67,215	67,215
Other comprehensive loss	-	-	(2,402)	-	(2,402)
Total comprehensive income for the year	-	-	(2,402)	67,215	64,813
Transfer to statutory reserve	-	6,722	-	(6,722)	-
Dividends (note 21)	-	-	-	(15,000)	(15,000)
<b>31 December 2021</b>	<b>150,000</b>	<b>15,918</b>	<b>(2,402)</b>	<b>56,350</b>	<b>219,866</b>

The accompanying notes from (1) to (34) form an integral part of these financial statements.

**YAQEEN FINANCIAL (YAQEEN CAPITAL)**  
**(Single Person Saudi Closed Joint Stock Company)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31 December 2022	31 December 2021 (restated)
<b>Cash flows from operating activities:</b>			
Profit before zakat for the year		16,317	72,776
<b>Adjustments for non-cash and other items:</b>			
Depreciation of property and equipment	14	1,818	1,823
Depreciation of investment property	15	342	294
Impairment loss on investment classified as held for sale	8	10,174	-
Fair value gain from investments at FVTPL, net	23	(1,906)	(3,011)
Provision for employee end of service benefits	18	1,570	1,185
Finance costs	9	6,048	8,336
Charge /(reversal) of allowance for expected credit losses	13	833	(686)
Absorption of impairment on financial assets	9.4	3,234	-
Other expense	27	4,252	-
<b>Changes in operating assets and liabilities:</b>			
Margin lending and murabaha financing		177,811	19,558
Due from related parties		2,039	(7,993)
Other assets		(12,832)	(16,842)
Accounts payable and accruals		(14,437)	11,367
Margin deposit with Muqassa		(45,263)	-
<b>Net cash from operations</b>		<b>150,000</b>	<b>86,807</b>
Employee end of service benefits paid	18	(1,298)	(88)
Zakat paid	17	(4,649)	(3,719)
<b>Net cash generated from operating activities</b>		<b>144,053</b>	<b>83,000</b>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment	14	(422)	(998)
Purchase of investment classified as held for sale	8	(125,607)	-
Proceeds from sale of investment classified as held for sale	8	76,067	-
Purchase of investments at FVTPL	7	(12,158)	(8,369)
Proceeds from disposal of investments at FVTPL	7	7,208	10,647
<b>Net cash (used in) / generated from investing activities</b>		<b>(54,912)</b>	<b>1,280</b>
<b>Cash flows from financing activities:</b>			
Net repayments from a related party - murabaha financing	9	(129,389)	(81,921)
Proceeds from short term Islamic financing payable.	12	50,000	-
Finance costs paid		(6,276)	(8,336)
<b>Net cash used in financing activities</b>		<b>(85,665)</b>	<b>(90,257)</b>
<b>Net change in cash and cash equivalents</b>		<b>3,476</b>	<b>(5,977)</b>
Cash and cash equivalents at the beginning of the year		33,735	39,712
<b>Cash and cash equivalents at the end of the year</b>	4	<b>37,211</b>	<b>33,735</b>
<b>Supplemental non-cash information:</b>			
Offsetting dividends payable against amount due from Falcom Holding Company	21	-	(15,000)

The accompanying notes from (1) to (34) form an integral part of these financial statements.

**YAQEEEN FINANCIAL (YAQEEEN CAPITAL)**  
**(Single Person Saudi Closed Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
(All amounts in Saudi Riyals thousands unless otherwise stated)

**1 GENERAL INFORMATION**

Yaqeen Financial (Yaqeen Capital) (the "Company"), (Single Person Saudi Closed Joint Stock Company), was incorporated in Kingdom of Saudi Arabia and was formed pursuant to the Ministerial Resolution number 2631 dated 10 Ramadan 1427H (corresponding to 3 October 2006). The Company operates under Commercial Registration number 1010226584, dated 4 Dhu Al Hijjah 1427H (corresponding to 25 December 2006) in Riyadh, through its two branches in the Kingdom of Saudi Arabia.

In the General Assembly meeting held on Jumada al-Ula 17, 1443H (corresponding to 21 December 2021 G), the name of the Company was changed from "Falcom Financial Services" to "Yaqeen Financial (Yaqeen Capital)". The Company amended its Commercial Registration and the Company's By-laws.

On 1 September 2021 (G) (corresponding to Muharram 24, 1443H), the General Assembly of the Company decided to offer 20% of the Company's shares in the market through an Initial Public Offering (IPO). A preliminary no objection letter was received from the Capital Market Authority ("CMA") on 5 October 2021 (G) (corresponding to Safar 28, 1443H). The IPO is subject to a final approval from CMA after submitting the IPO file.

On 12 June 2022, the Company's Board of Directors recommended to the General Assembly a proposed increase in the share capital from SR 150 million to SR 200 million by increasing the number of shares from 15 million shares to 20 million shares. The proposed increase of SR 50 million in the share capital will be capitalized from the retained earnings. The proposed capital increase is subject to obtaining the necessary approvals from the official authorities and the General Assembly of the Company.

The Company has the following branches in the Kingdom Saudi Arabia and the results, assets and liabilities, of the following branches are included in those financial statements.

S. No	Commercial Registration Number	Date (Hijri)	City
1	2051062669	24 Ramadan 1437H	Khobar
2	4030290109	24 Ramadan 1437H	Jeddah

The address of the Company's Head Office is as follows:

Yaqeen Financial (Yaqeen Capital)  
P.O. Box 884  
Riyadh 11421  
Kingdom of Saudi Arabia

The Company obtained License (number 37-06020) from CMA to perform the following securities related activities:

- 1 Act as principal and agent and provide cover,
- 2 Manage and establish mutual funds and portfolios,
- 3 Provide arranging services,
- 4 Provide advisory services, and
- 5 Provide custodial services for the purposes attributable to mutual funds and management of portfolios and brokerage for international equity.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These financial statements have been prepared on a going concern basis under historical cost basis following the accrual basis of accounting, except for financial assets at fair value through profit or loss ("FVTPL") that have been measured at fair value and the employees' end-of-service benefits, which have been valued by an independent actuary using the Projected Unit Credit Method as required by IFRS.

The financial year of the Company commences on 1 January and ends on 31 December of each calendar year.

The Company has used consistent accounting policies which were used for the year ended 31 December 2021, unless mentioned otherwise.

**YAQEEEN FINANCIAL (YAQEEEN CAPITAL)**  
**(Single Person Saudi Closed Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.2 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and at banks and other short-term highly liquid deposits with maturities of three months or less from the purchase date.

**2.3 Financial instruments**

**(a) Initial recognition**

The Company initially recognises financial assets and financial liabilities when it becomes party to the contractual provisions of the financial instrument.

**(b) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**(c) Measurement**

At initial recognition, the Company measures financial assets at its fair value, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement comprehensive income.

**Subsequent measurement of financial assets:**

It depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments:

- (i) Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and profit are measured at amortized cost. A gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of the hedging relationship is recognised in statement of comprehensive income when the asset is derecognised or impaired. Profit from these financial assets is calculated based on the effective yield method.
- (ii) Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and profit, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, profit on financial instruments (revenue) and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of comprehensive income and recognised in other income/(expense).
- (iii) Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss account. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss account and is not part of a hedging relationship is recognised in profit or loss account and presented net in the statement of comprehensive income within other income/(expense) in the year in which it arises.

**YAQEEEN FINANCIAL (YAQEEEN CAPITAL)**  
**(Single Person Saudi Closed Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.3 Financial instruments (continued)**

*(c) Measurement (continued)*

**Subsequent measurement of equity instrument:**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss account following the derecognition of the investment. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Dividends from such investments continue to be recognised in statement of comprehensive income as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other income/ (expense) in the comprehensive income as applicable.

*(d) Impairment of financial assets*

The Company assesses on a forward-looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortized cost and FVOCI (If any).

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant change in credit risk on an ongoing basis throughout each reporting period. The impairment model was developed considering probability of default and loss given default which were derived from historical data of the Company and are adjusted to reflect the expected future outcome which includes macroeconomic factors such as inflation and gross domestic product growth rate.

For financial assets, a credit loss is calculated as the present value (at effective profit rate) of the difference between:

- (a) the contractual cash flows that are due to an entity under the contract; and
- (b) the cash flows that the entity expects to receive.

The financial assets of the Company are categorized as follows:

**1 Performing:**

These represent the financial assets where Customers have a low risk of default and a strong capacity to meet contractual cash flows.

As per the management past due information is the most appropriate basis for assessing the increase in credit risk in the Company and based on their experience and analysis, the balances which are less than 60 days past due does not result in significant increase in credit risk and considered as performing.

The Company measures the loss allowance for performing financial assets at an amount equal to 12-month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime. 12-month expected credit losses are the portion of expected credit losses that results from default events on the financial assets that are possible within 12 months after the reporting date.

**2 Underperforming:**

These represent the financial assets where there is a significant increase in credit risk and that is presumed if a debtor is more than 60 days past due in making a contractual payment/ installment.

The Company measures the loss allowance for underperforming financial assets at an amount equal to life-time expected credit losses.

**YAQEEEN FINANCIAL (YAQEEEN CAPITAL)**  
**(Single Person Saudi Closed Joint Stock Company)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
 (All amounts in Saudi Riyals thousands unless otherwise stated)

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.3 Financial instruments (continued)**

*(d) Impairment of financial assets (continued)*

**3 Non-performing:**

These represent defaulted financial assets. A default on a financial asset is considered when the debtor fails to make a contractual payment/ installment within 90 days after they fall due.

The Company measures the loss allowance for non-performing financial assets at an amount equal to life-time expected credit losses.

Financial asset is written-off only when:

- (i) that is past due at least from two years, and
- (ii) there is no reasonable expectation of recovery.

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. Where financial assets are written off, the Company continues to engage enforcement activities to attempt to recover the receivable due. Where recoveries are made, after write-off, they are credited against the (Charge) / reversal of allowance for expected credit losses "ECL".

*(e) Financial liabilities - classification, measurement and de recognition*

Financial liabilities are classified and subsequently measured at amortized cost using the effective yield method. The effective yield rate is the rate that discounts the estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

The Company derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

*f) Modifications of financial assets and financial liabilities*

**Financial assets**

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the statement of comprehensive income.

**Financial liabilities**

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of comprehensive income.

**2.4 Margin lending and murabaha financing**

Margin lending and murabaha financing are recognised when cash is advanced to the borrowers. They are derecognised when either borrower repays their obligations, or the balance is sold or written-off, or substantially all the risks and rewards of ownership are transferred to other party. These facilities are advanced to customers for the purpose of investments and trading in shares.

Margin lending and murabaha financing are carried at the amount advanced to the customers, including related transaction cost less any allowance for credit losses, if any. An allowance against expected credit losses incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. A macroeconomic adjustment is applied in order to incorporate forward looking outcome.



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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.5 Investment management services**

The Company offers investment services to its customers which include management of certain investment funds. The Company's share of these funds is included in investment mutual funds. Assets held in trust or in a fiduciary capacity, if any, are not treated as assets of the Company and, accordingly, are not included in the financial statements.

**2.6 Settlement date accounting**

All regular-way purchases and sales of financial assets are recognised and derecognised on the settlement date, i.e. the date the asset is delivered to/or received from the counter party. The Company accounts for any change in fair value between the trade date and the settlement date in the same way as it accounts for the acquired asset. Regular-way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the marketplace.

**2.7 Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-current assets, other than goodwill, that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the assets or cash-generating unit in prior years. A reversal of an impairment loss is recognised to (charge) / reversal of impairment for non-financial assets in the statement comprehensive income.

**2.8 Foreign currency translations**

(a) Functional and presentation currency

These financial statements are presented in Saudi Riyals (SR) which is the functional currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into Saudi Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

**2.9 Borrowing cost**

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other financing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

**2.10 Zakat**

The Company is subject to zakat in accordance with the regulations of zakat and Income Tax. Provision for zakat is charged to the profit or loss section of the statement of comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes, if any, on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under the Tax Law.

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.11 Provisions**

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

**2.12 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation on assets is charged to the statement of comprehensive income, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

Buildings and freehold improvements	3-40 years
Leasehold improvements	useful life or lease term whichever is shorter
Furniture and fixtures	4-5 years
Motor vehicles	5 years
Computers	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statement comprehensive income.

Maintenance and normal repairs, which do not materially extend the estimated useful life of an asset, are charged to the statement comprehensive income as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

**2.13 Investment property**

Investment property is held to earn rentals or for capital appreciation rather than for use in the Company purposes. Investment property is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses if any, except for land which is carried at cost. Depreciation on investment property is charged to the statement of comprehensive income, using the straight-line method based on the following estimated useful lives:

Investment property	40 years
---------------------	----------

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statement of comprehensive income.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment. Its fair value as at the date of reclassification becomes its cost for subsequent accounting purposes. If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item as at the date of transfer is treated in the same way as a revaluation under IAS 16.

The fair value of investment property (as disclosed in note 15.1) is based on a valuation by an independent valuer, as engaged by the Company, who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

**2.14 Revenue**

The revenue of the Company broadly categorised as:

- Contract with customers (including brokerage income, investment banking and asset management fees)
- Dividend income
- Trading income / (loss)

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.14 Revenue (continued)**

The related accounting policies are follows:

**1 Contracts with customers (including brokerage income, investment banking and asset management fees)**

The Company recognises revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the above five steps the revenue recognition policy for each revenue stream is as follow:

**Brokerage income**

Brokerage income is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Company is satisfied when the Company carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

**Asset management fees**

Asset management fees are recognised based on a fixed percentage of net assets under management (“asset-based”), or a percentage of returns from net assets (“returns-based”) subject to applicable terms and conditions and service contracts with customers and funds. The Company attributes the revenue from management fees to the services provided during the year, because the fee relates specifically to the Company’s efforts to transfer the services for that period. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised.

**2 Dividend income**

Dividend income is recognised when the right to receive the income is established.

**3 Trading income/ (loss)**

Results arising from trading activities include all gains and losses from changes in fair values and disposal of investments.

**Other income**

**Rental income**

Rental income receivable from operating lease of the property is recognised on a straight-line basis over the term of the lease.

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.15 Special commission income on Murabaha contract receivable**

Special commission income for all special commission bearing financial instruments (Murabaha contract receivables) are recognised in the statement comprehensive income using the effective commission rate basis. The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective commission rate, Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The carrying amount of the financial asset is adjusted if Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as impairment losses.

If a financial asset subsequently becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of.

the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

The calculation of the effective yield takes into account all contractual terms of the financial instruments (Murabaha contract receivables) and includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective special commission rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset.

**2.16 Leases**

**Right of use asset ("RoU") / lease liabilities**

On initial recognition at the inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

**Right of use assets**

The Company applies cost model and measures the right of use asset at cost;

- (a) Less any accumulated depreciation and any accumulated impairment losses; and
- (b) Adjusted for any re-measurement of the lease liability for lease modifications

Generally, the RoU asset would equate to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

**Lease liability**

On initial recognition, the lease liability is the present value of all remaining payments to the lessor.

After the commencement date, the Company measures the lease liability by:

- 1 Increasing the carrying amount to reflect the interest on the lease liability;
- 2 Reducing the carrying amount to reflect the lease payments made; and
- 3 Re-measuring the carrying amount to reflect any re-assessment or any lease modification.

**Short-term and low values leases**

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.17 Statutory reserve**

As required by Saudi Arabian Regulations for Companies and the Company's By-laws, 10% of profit for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals at least 30% of the share capital. The reserve is not available for distribution.

**2.18 Expenses**

Expenses, other than employee's costs and financial charges are classified as general and administrative expenses.

**2.19 Contingent assets and liabilities**

A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events or where the amount of obligations cannot be measured with reasonable reliability. Contingent assets are not recognized, but are disclosed where an inflow of economic benefits is probable.

**2.20 Dividends**

Dividends are recorded in the financial statements in the year in which they are approved by the shareholder of the Company.

**2.21 Critical accounting estimates and adjustments**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

**Employees' terminal benefits liabilities**

The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions.

and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. For details of the assumptions please refer (note 18.1).

**Economic useful lives of property and equipment**

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Company periodically reviews estimated useful lives and the depreciation method to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

**Provision for zakat**

The calculation of the Company's zakat charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits and losses and/or cash flows.

**Impairment losses on trade and other receivables**

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss (ECL). The allowance for ECL on trade and other receivables is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade accounts receivable are normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

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**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.21 Critical accounting estimates and adjustments (continued)**

**Investment property**

Investment property is held to earn rentals or for capital appreciation rather than for use in the Company purposes.

IAS 40 requires management to perform impairment assessment and disclose the fair value of the investment property in the financial statements. For details please refer (note 2.13).

**3 APPLICATION OF NEW AND REVISED STANDARDS**

**3.1 New standards**

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 but they had no material impact on these financial statements. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16**

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

**Reference to the Conceptual Framework – Amendments to IFRS 3**

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

**Cost of Fulfilling a Contract Amendments to IAS 37**

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

**Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021)**

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions.

**Annual Improvements to IFRS Standards 2018–2020**

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

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**3 APPLICATION OF NEW AND REVISED STANDARDS (continued)**

**3.1 New standards (continued)**

**Annual Improvements to IFRS Standards 2018–2020 (continued)**

- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

**3.2 Standards issued but not yet effective**

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early, and they do not have a significant impact on those financial statements.

The most significant of these are as follows:

Standards	Title	Effective date
IFRS 4	Insurance Contracts-Amendments regarding the expiry date of the deferral approach	1 January 2023
IAS1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	1 January 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024
IAS1	Narrow scope amendments to IAS1 , Practice statement 2 and IAS 8	1 January 2023
IFRS 9	Amendments regarding the interaction of IFRS 4 and IFRS 9	1 January 2023
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17	1 January 2023
IAS 8	Amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
IFRS 10 & IAS 28	Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	Deferred

**4 CASH AND CASH EQUIVALENTS**

		31 December 2022	31 December 2021
Cash in hand		43	46
Cash at banks	4.1	37,168	33,689
Total cash and cash equivalents		<u>37,211</u>	<u>33,735</u>

**4.1** Amount comprises cash at bank in current accounts.

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**5 MARGIN DEPOSIT WITH MUQASSA**

As at 31 December 2022, the Company had a restricted cash balance of SR 45 million (31 December 2021: nil) deposited with the Securities Center Company ("Muqassa") which acts as an intermediary between two parties to a securities trade. Muqassa is responsible for the settlement of the transaction and the trading parties eliminate counterparty risk. Muqassa requires the Company to have margin and default fund contributions that are calculated based on trading activities as an exchange member for the past one year. Therefore, the Company has deposited SR 45 million with Muqassa and they are currently restricted.

**6 MARGIN LENDING AND MURABAHA FINANCING**

	Note	31 December 2022	31 December 2021
Margin lending	6.1, 6.3	<b>38,502</b>	255,301
Murabaha financing	6.2, 6.3	<b>38,988</b>	-
Allowance for expected credit losses	6.3	<b>(1,742)</b>	-
		<b>75,748</b>	255,301

**6.1** The Company provides margin lending facilities to certain clients for dealing in the local stock market through the Company. The Company has the option to liquidate the client's investment portfolio to ensure repayment of the lending amount in case of default. These facilities have tenure up to a maximum period of three months. Such lending does not bear any commission or charges. The reduction in the margin lending is due to the settlements made by the certain clients during the current year.

**6.2** The Company provides murabaha financing to acquire shares for a limited period through the Company. The Company has the option to liquidate the client's investments portfolio to ensure repayment of the murabaha amount in case of default. Such financing bears a pre-agreed profit margin.

**6.3** All the balances at the year end were classified as performing and current and except for Saudi Riyals 1.7 million which is provided for fully. The Company has the option to liquidate the client's investment portfolio to ensure repayment of the lending amount in case of default. Outstanding amounts are subsequently settled within the tenure of the facilities. The facilities are fully collateralized. The Company is continuously monitoring the market value of the collateral of each customer and the Company has stop loss measure in case if its value falls by 25% of the original value of the portfolio, then the Company liquidate the investment up to the amount lent. If the proceeds from the disposal of the investment is below the carrying value, the borrower is followed up to recover the difference. During the year ended 31 December 2022, the Company has performed an impairment assessment for the outstanding balances and recorded the provision of Saudi Riyals 1.7 million on margin lending.

**6.4** The Company business model for Margin lending and Murabaha financing is to hold assets to collect contractual cash flows. The Company has assessed that those financial instruments' cash flows represent solely payment of principal and interest (the "SPPI" test). The Company has considered whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest (or special commission income) includes only consideration for the time value of resources, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

**7 INVESTMENTS AT FAIR VALUE AT PROFIT OR LOSS (FVTPL)**

	31 December 2022	31 December 2021
<b>FVTPL</b>		
<b>Current</b>		
Yaqeen Saudi Equity ETF fund (level 1)	<b>7,585</b>	2,205
Yaqeen Petrochemical ETF fund (level 1)	<b>2,797</b>	4,274
<b>Total</b>	<b>10,382</b>	6,479
<b>Non-current</b>		
Yaqeen Gold Fund (level 2)	<b>3,592</b>	3,625
Arar Hills Fund (level 3)	<b>1,064</b>	988
Murabaha Financing Fund (level 3)	<b>1,194</b>	1,145
<b>Total</b>	<b>5,850</b>	5,758
<b>Total investments at FVTPL</b>	<b>16,232</b>	12,237



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**7 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) (continued)**

Movement in the investments at FVTPL is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Opening balance</b>	<b>12,237</b>	11,504
Additions	<b>12,158</b>	8,369
Proceeds from disposal of investments at FVTPL	<b>(7,208)</b>	(10,647)
(Loss) / gain on investments at FVTPL, net	<b>(955)</b>	3,011
<b>Total</b>	<b>16,232</b>	12,237

**8 INVESTMENT CLASSIFIED AS HELD FOR SALE**

During the year the Company entered an agreement where it acted as an Underwriter for Gulf Union Cooperative Insurance Company during their rump offering and allocation of rights issue shares. A total of 22.9 million shares were offered, 6.2 million shares were sold during the trading and subscription period, and 4.18 million shares were sold to the institutional investors. The unpurchased shares of 12.5 million shares were covered by the underwriter, Yaqeen Financial (Yaqeen Capital). As a result, Yaqeen Financial (Yaqeen Capital) owned 27.37% in Gulf Union Cooperative Insurance Company. The cost of the investment in Gulf Union Cooperative Insurance Company was SR 125.6 million.

The 27.37% investment in Gulf Union Cooperative Insurance Company was initially classified as an investment in associate but since it was acquired exclusively with a view to its subsequent disposal, this investment was classified as a non-current asset held for sale at the acquisition date in accordance with the requirements of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. An impairment loss of SR 10.17 million was recorded when the investment was accounted for as a non-current asset held for sale.

As per the plan, the Company started to liquidate the acquired investments. On 13 July 2022, the Company sold 2,227,000 shares at Saudi Riyals 10 per share through a private deal, CMA and the Saudi Central Bank (SAMA) were notified. On 23 August 2022, the Company sold 1,880,620 shares at Saudi Riyals 10 per share through a private deal. On 8 September 2022, the Company sold 144,648 shares from its outstanding shares in Gulf Union Cooperative Insurance Company through a private deal for a price of SR 10 per share in a total amount of SR 1,446,480 million. On 20 November 2022 the Company sold 1.87 million shares from its outstanding shares in Gulf Union Cooperative Insurance Company through private deals for a price of SR 10 per share in a total amount of SR 18.7 million. Furthermore, on 24 November 2022 the Company sold 1.5 million shares from its outstanding shares in Gulf Union Cooperative Insurance Company through a private deal for a price of SR 10 per share in a total amount of SR 15 million.

During 2022, Yaqeen Financial (Yaqeen Capital) ownership in Gulf Union Cooperative Insurance Company decreased from 27.37% to 10.765%. Due to the reduction in the ownership to 10.765%, the Company ceases to have the significant influence in Gulf Union Cooperative Insurance Company. Therefore, the investment ceased to be measured in accordance with IFRS 5 and is now measured in accordance with the requirements of IFRS 9 – Financial instruments, as an investment at fair value through profit or loss.

Below is the movement in the investment at 31 December 2022:

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Opening balance</b>	-	-
Purchase of investment classified as held for sale	<b>125,607</b>	-
Proceeds from sale of investment classified as held for sale	<b>(76,067)</b>	-
Fair value gain from investment at FVTPL	<b>2,861</b>	-
Impairment loss on investment classified as held for sale	<b>(10,174)</b>	-
<b>Fair value of investment classified as held for sale</b>	<b>42,227</b>	-

The fair value gain is included in the Fair value gain from investments at FVTPL, net, in the statement of comprehensive income.

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**9 RELATED PARTY**

In the ordinary course of business, the Company enters into transactions with its related parties and these transactions are based on the agreed terms. The principal parties of the Company are Falcom Holding Company, investment funds managed by the Company and its affiliate (The entities owned by the Parent Company, which is Falcom Holding Company), executive members of Company's Board of Directors, key management personnel and companies of which these related parties are principal owners. Related party balances were as of 31 December 2022 and 31 December 2021 were as follows:

<b>Related Party name and Nature of balance outstanding</b>	<b>Relationship</b>	<b>Notes</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Due from related parties</b>				
Fal Holding Company – Rent receivables	Affiliate		975	3,379
Falcom Holding Company – Rent receivables	Parent Company		724	-
Al Amthal Financing Company – Rent receivables	Affiliate		14	-
Warehouse Logistic Company– Rent receivables	Affiliate		-	274
Yaqeen for Private Equity – Other receivables	Investment fund		-	63
Nayifat Finance Company – Rent receivables	Affiliate		-	37
Provision for doubtful accounts		9.1	(975)	(3,379)
			<b>738</b>	<b>374</b>
<b>Due to a related party</b>				
Yaqeen Murabaha SAR Fund –Murabaha financing	Investment fund	9.2	-	129,389
			-	129,389
<b>Other assets</b>				
Investment Funds-Accrued management fee and other receivables	Investment funds	9.3	16,232	15,772
<b>Employees end of service benefits</b>				
	directors and key management personnel		5,586	3,924

**9.1** During 2020, the management provided 100% against the long outstanding balance receivable from Fal Holding Company amounting to SR 3,379 million. During the year ended 31 December 2022, the Company received an amount of SR 2.4 million from FAL Holding Company against the outstanding receivables and accordingly the provision is reversed for the collected amount.

**9.2** This represents Murabaha financing from Yaqeen Murabaha SAR Fund, a fund managed by the Company bearing a commission at an average rate of 4.5% with a tenor of 3 months. The Company has repaid the financing amount in full during 2022. The movement in the borrowing is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Opening balance	129,389	211,310
Repayments	(556,621)	(777,898)
Additions	427,232	695,977
Closing balance	-	129,389

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**9 RELATED PARTY (continued)**

**9.3** This includes SR 17.4 million (31 Dec 2021: SR 15.8 million) accrued management fee and other receivables due from related parties majorly from Arar Hills Fund and Yaqeen Murabaha Fund included as part of other assets (Note 10).

(a) Significant related party transactions during the year were as follows:

Significant transactions with related parties in the ordinary course of business included in the financial statements are summarized below:

	Note	31 December 2022	31 December 2021
<b>a) Falcom Holding Company – Parent Company:</b>			
Expenses related to the Falcom Holding Company		-	(885)
Dividends off-set	21	-	(15,000)
Rental income	25	<b>1,837</b>	1,384
Purchase of Gulf Union Cooperative Insurance Company Shares		<b>22,231</b>	-
<b>b) Affiliates:</b>			
Rental income	25	<b>1,128</b>	1,605
Advertising and brochures		-	66
Advisory services income	11.2	<b>200</b>	-
Commission on brokerage services		-	221
Management and subscription fee from mutual funds		<b>353</b>	-
<b>c) Investment funds:</b>			
Management fees from mutual funds	10.1	<b>23,655</b>	25,589
Yaqeen Murabaha financing fund - Absorption of impairment on financial assets	9.4	<b>(3,234)</b>	-
Finance costs	9.2	<b>(6,048)</b>	(8,336)
Mutual fund subscription		<b>188</b>	363
<b>d) Directors and key management (*)</b>			
Key management compensation		<b>(9,763)</b>	(14,913)
Directors' remunerations and related committees		<b>(3,115)</b>	(3,149)

**9.4** This represents absorption of impairment losses on financial assets held by Murabaha Financing Fund managed by the Company. The Company has passed a resolution on 29 June 2022 for the absorption of impairment losses amounting to SR 7.26. Subsequently, the Company recovered an amount of SR 4.1 million from the fund accordingly adjusted the absorption loss.

(\*) Key management personnel are those persons, including executive directors, having authority and responsibility for planning, directing and controlling the activities at the Company level.

**9.5** During the year 2017, the Company has transferred the ownership of the Fal Industrial City Company to Falcom Holding Company through investments transition transaction. However, the Article of Association of the investee company is not yet updated since the transition transaction date.

**10 OTHER ASSETS**

	Note	31 December 2022	31 December 2021
Advances and accounts receivable		<b>20,776</b>	16,552
Commission and fees receivables	10.1	<b>17,407</b>	16,351
Prepaid expenses		<b>1,720</b>	1,472
Loans to employees		<b>1,061</b>	1,243
Allowance for doubtful accounts	10.2	<b>(2,070)</b>	(575)
		<b>38,894</b>	35,043

**10.1** This includes SR 17.4 million (31 December 2021: SR 15.8 million) accrued management fee and other receivables due from related parties majorly from Arar Hills Fund and Yaqeen Murabaha Fund.

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**10 OTHER ASSETS (continued)**

**10.2** The Company has made the provision against receivables from an Investment Banking Group (IBG) client. Receivables are only written-off when there is no reasonable expectation of recovery. During the year ended 31 December 2022, the Company has provided additional provision on receivables from IBG and has charged an amount of SR 1.5 million to the statement of comprehensive income.

**11 INCOME**

**11.1** The commission and brokerage fees have decreased significantly during 2022 comparing to 2021 due to the reduction in the total value of shares traded and the reduction in margin lending during the year ended 31 December 2022.

**11.2** The advisory services income has slightly decreased during the current year comparing to corresponding year due to the slight reduction in the advisory services for the initial public offering, financial restructuring etc.

**12 SHORT TERM ISLAMIC FINANCING PAYABLE.**

On 29 December 2022 the company has obtained short term Islamic financing from local bank with a total amount of SR 50 million (2021: nil) to finance its lending book. The rate of this loan is three-months average SIBOR plus 2%. The amount of the loan is secured by the Company's Head Office building (also refer to note 14). The agreements include covenant to maintain a minimum actual market value coverage of the head office building of 120% of the total facility value and the Company was in compliance with this covenant at 31 December 2022.

**13 (CHARGE) / REVERSAL OF ALLOWANCE FOR EXPECTED CREDIT LOSSES**

	Note	31 December 2022	31 December 2021
Charge of allowance for expected credit losses for Margin lending and murabaha financing	6	(1,742)	-
Reversal of allowance for expected credit losses for due from related parties	9.1	2,404	686
Charge of allowance for expected credit losses for accounts receivable	10.2	(1,495)	-
		<u>(833)</u>	<u>686</u>

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**14 PROPERTY AND EQUIPMENT, NET**

	Land, buildings and freehold improvements *	Leasehold improvements	Furniture and fixtures	Motor vehicles	Computers	Total
<b>2022</b>						
<b>Cost:</b>						
1 January 2022	65,222	324	13,321	114	29,034	108,015
Additions	-	-	173	-	249	422
Disposals	-	-	(1,561)	-	-	(1,561)
31 December 2022	<b>65,222</b>	<b>324</b>	<b>11,933</b>	<b>114</b>	<b>29,283</b>	<b>106,876</b>
<b>Accumulated depreciation:</b>						
1 January 2022	12,779	324	13,108	114	27,758	54,083
Charge for the year	1,165	-	116	-	537	1,818
Disposals	-	-	(1,561)	-	-	(1,561)
31 December 2022	<b>13,944</b>	<b>324</b>	<b>11,663</b>	<b>114</b>	<b>28,295</b>	<b>54,340</b>
<b>Net book value at:</b>						
<b>31 December 2022</b>	<b>51,278</b>	<b>-</b>	<b>270</b>	<b>-</b>	<b>988</b>	<b>52,536</b>
<b>2021</b>						
<b>Cost:</b>						
1 January 2021 – as restated	70,666	324	13,260	114	28,293	112,657
Additions	196	-	61	-	741	998
Transfers to investment property (note 15)	(5,640)	-	-	-	-	(5,640)
31 December 2021	<b>65,222</b>	<b>324</b>	<b>13,321</b>	<b>114</b>	<b>29,034</b>	<b>108,015</b>
<b>Accumulated depreciation:</b>						
1 January 2021 – as restated	13,063	324	13,007	114	27,243	53,751
Charge for the year	1,207	-	101	-	515	1,823
Transfers to investment property (note 15)	(1,491)	-	-	-	-	(1,491)
31 December 2021	<b>12,779</b>	<b>324</b>	<b>13,108</b>	<b>114</b>	<b>27,758</b>	<b>54,083</b>
<b>Net book value at:</b>						
<b>31 December 2021</b>	<b>52,443</b>	<b>-</b>	<b>213</b>	<b>-</b>	<b>1,276</b>	<b>53,932</b>

**14.1** At 31 December 2022, land, buildings and freehold improvements with a net carrying value of SR 51.3 million (2021: SR 52.4 million) have been pledged as collateral for short term Islamic financing payable. (also refer to note 12).

\* This included land with a carrying value as of 31 December 2022 of SR 20 million (2021: SR 20 million).

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**15 INVESTMENT PROPERTY**

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Cost</b>		
<b>Opening balance</b>	<b>15,070</b>	9,430
Transfers from property and equipment (note 14)	-	5,640
<b>Closing balance</b>	<b>15,070</b>	15,070
<b>Accumulated depreciation</b>		
<b>Opening balance</b>	<b>4,200</b>	2,415
Transfers from property and equipment (note 14)	-	1,491
Charge for the year	<b>342</b>	294
<b>Closing balance</b>	<b>4,542</b>	4,200
<b>Net book value</b>	<b>10,528</b>	10,870

The Company owns fully the Head Office building. The Company has leased a part of the building to Falcom Holding Company (Parent Company), Nayifat Financing Company, Al Amthal Financing Company, and Warehouse Logistic Company (related parties), therefore this leased part has been classified to "Investment property". The Company's rental income is amounting to SR 3.48 million (2021: SR 2.99 million). The Company measures investment property at cost.

**15.1 Fair value of property**

As of 31 December 2022, the average fair value of the property, estimated by three independent evaluators is SR 12 million. The fair value of the property was determined by Taqeen certified valuers in accordance with Taqeen Regulations (Saudi Authority for Accredited Valuers) in conformity with the International Valuation Standards Council (IVSC's) and International Valuation Standards. The Company's real property fair value is classified under Level- 2 of fair value hierarchy. The evaluator used 'market approach' for the valuation of property as of 31 December 2022.

**16 ACCOUNTS PAYABLE AND ACCRUALS**

	<b>31 December 2022</b>	<b>31 December 2021</b>
Accounts payable	<b>6,651</b>	5,708
Accrued sales incentives	<b>6,033</b>	10,946
Accrued expense to the Board of Directors'	<b>2,771</b>	2,858
VAT payable	<b>1,742</b>	2,504
Accrued employee bonus	<b>1,208</b>	5,123
Accrued expense	<b>573</b>	6,119
Accrued finance costs	-	228
Others	<b>59</b>	217
	<b>19,037</b>	33,703

**17 ZAKAT**

**17.1 Components of zakat base**

The significant components of the zakat base of Company under zakat and income tax regulations are principally comprised of shareholder's equity, provisions at the beginning of year, long-term borrowings and estimated taxable income, less deduction for the net book value of property and equipment, investment property, investments, and certain other items.

	<b>31 December 2022</b>	<b>31 December 2021</b>
Balance at the beginning of the year	<b>4,736</b>	2,894
Provision for the year	<b>5,145</b>	5,561
Provision for prior years zakat assessments	<b>7,354</b>	-
Payments during the year	<b>(4,649)</b>	(3,719)
Closing balance at the end of the year	<b>12,586</b>	4,736

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**17 ZAKAT (continued)**

**17.2 Status of assessments**

The Company has submitted its zakat declarations with the Zakat, Tax and Customs Authority ("ZATCA") up to the year ended 31 December 2021. And prior year assessments are summarized as follows:

**i. For the years from 2012 to 2016**

During 2019, the ZATCA has issued its final zakat assessments for the years 2012 to 2016 requesting the Company to settle additional zakat liability amounting to SR 9.4 million for the above years. The Company has appealed against such assessments at the Higher Appeal Committee following the ruling issued by the preliminary appeal committee earlier, which upheld ZATCA's decision. Subsequently in 2023, the Company received a final resolution from GSTC in which they rejected most items in the Company's appeal. Therefore, the Company has assessed the impact of the zakat assessments and has recorded an amount of SR 7.35 million in the statement of comprehensive income for the assessment.

**ii. For the years from 2017 to 2018**

During 2020, the ZATCA has issued its final zakat assessments for the years 2017 and 2018 requesting the Company to settle additional zakat liability amounting to SR 3 million for the above years. The Company has accepted ZATCA's treatment in relation to certain items and settled the respective zakat due amounting to SR 0.8 million and filed appeal against the remaining additional zakat liability. ZATCA has accepted Company's contention and issued its revised assessment with no additional zakat liability for the years 2017 and 2018.

Falcon Holding Company (Parent Company) made an undertaking to bear any future additional amounts of zakat imposed by ZATCA on the Company in relation to previous years and up to date of listing.

**18 EMPLOYEE END OF SERVICE BENEFITS**

	<b>31 December 2022</b>	<b>31 December 2021</b>
January 1	<b>13,798</b>	10,299
Provision for the year	<b>1,570</b>	1,185
Payments during the year	<b>(1,298)</b>	(88)
Remeasurement loss	<b>1,392</b>	2,402
December 31	<b>15,462</b>	13,798

**18.1 Key actuarial assumptions**

	<b>31 December 2022</b>	<b>31 December 2021</b>
End of service benefits:		
Discount rate	<b>4.65%</b>	2.30%
Salary growth rate	<b>4.65%</b>	2.30%
Rate of employee turnover	<b>High</b>	High

**18.2 Sensitivity analysis for actuarial assumptions**

	Increase / (decrease) in assumption	Impact on employee benefit obligations	
		<b>31 December 2022</b>	<b>31 December 2021</b>
<b>End of service benefits:</b>			
Discount rate	<b>+ 0.5%</b>	<b>(443)</b>	(483)
	<b>-0.5%</b>	<b>466</b>	516
Salary growth rate	<b>+ 0.5%</b>	<b>464</b>	513
	<b>-0.5%</b>	<b>(445)</b>	(485)

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**18 EMPLOYEE END OF SERVICE BENEFITS (continued)**

**18.2 Sensitivity analysis for actuarial assumptions (continued)**

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee end of service benefits.

**18.3 Maturity Profile of employee end of service benefits**

The weighted average duration of the employees' end of service benefits is 5.8 years. The expected maturity analysis of undiscounted employees' end of service benefits is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
2022	-	1,867
2023	<b>2,808</b>	1,671
2024	<b>2,946</b>	1,563
2025	<b>2,584</b>	1,506
2026	<b>2,441</b>	1,441
2027 thereafter	<b>15,027</b>	6,352
	<b>25,806</b>	14,400

**19 SHARE CAPITAL**

The authorized and paid-in capital of the Company as of 31 December 2022 is SR 150 million (December 31, 2021: SR 150 million) divided into 15 million shares of SR 10 each.

The list of shareholders as of 31 December 2022 and 2021 were as follows:

<b>Name of shareholder</b>	<b>Percentage</b>	<b>Number of shares</b>	<b>Share capital in Saudi Riyal</b>
<b>31 December 2022</b>			
Falcom Holding Company	<b>100%</b>	<b>15,000,000</b>	<b>150,000,000</b>
<b>31 December 2021</b>			
Falcom Holding Company	<b>100%</b>	<b>15,000,000</b>	<b>150,000,000</b>

**20 STATUTORY RESERVE**

In accordance with the Regulations for Companies in Saudi Arabia and the Company's By-laws, the Company is required to set aside a statutory reserve, after absorption of accumulated losses, by the appropriation of 10% of net income until the reserve equals at least 30% of the share capital. This reserve is not available for distribution to the shareholder.

**21 DIVIDENDS**

During the year ended 31 December 2022, the shareholder approved the dividends of SR nil per share (2021: SR 0.1 per share) amounting to SR nil (2021: SR 15 million). During 2021, the management has off-set the dividend payable against the balance receivable for Falcom Holding Company (Parent Company).

**22 CONTINGENCIES AND COMMITMENTS**

Except for zakat (Note 17), there were no contingent liabilities as at 31 December 2022 and 2021.

There are no capital commitments as at 31 December 2022 and 2021.



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**23 FAIR VALUE GAIN FROM INVESTMENTS AT FVTPL, NET**

		<b>31 December 2022</b>	<b>31 December 2021</b>
(Loss) / gain from investments at FVTPL, net	7	<b>(955)</b>	3,011
Fair value gain from investment at FVTPL	8	<b>2,861</b>	-
		<b>1,906</b>	<b>3,011</b>

**24 OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>Note</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Utilities and communication expenses		<b>7,364</b>	5,405
Legal and professional charges		<b>2,378</b>	1,754
Depreciation of property and equipment	14	<b>1,818</b>	1,823
Electricity		<b>986</b>	886
Rental and premises related expenses		<b>670</b>	614
Marketing expenses		<b>552</b>	274
Depreciation of investment property	15	<b>342</b>	294
Insurance		<b>338</b>	392
Other		<b>2,496</b>	1,269
		<b>16,944</b>	<b>12,711</b>

**25 OTHER INCOME**

The balance of SR 3.4 million (31 December 2021: SR 2.9 million) includes rental income for building of the Head Office. The Company owns fully the Head Office and has leased a part of the building to Falcom Holding Company (Parent Company), Nayifat Financing Company, Al Amthal Financing Company (affiliates) and Warehouse Logistic Company.

**26 EARNINGS PER SHARE**

Earnings per share were calculated by dividing net income for the year by the weighted average of the shares outstanding during the year of 15 million shares (2021: 15 million shares).

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Earnings per share:</b>		
Basic and diluted, Profit for the year	<b>0.25</b>	<b>4.48</b>

**27 CUSTOMERS' ACCOUNTS**

**Customers' accounts balances:**

These comprise the accounts of brokerage customers in local shares maintained with Banque Saudi Fransi amounting to SR 275 million at 31 December 2022 (2021: SR 375 million). These accounts are not included in these financial statements in accordance with Article (71) of "Capital Market Institutions" (previously known as "Authorised Persons") by the Capital Market Authority Board's resolution No. 1-83-2005 issued on 21/5/1426H (corresponding to June 28, 2005) and pursuant to the Capital Market Authority regulations enacted by Royal Decree No. M/30 dated 2/6/1424H.

**Loss on customers' accounts:**

In line with its ongoing commitment to advance the Saudi capital market, Saudi Tadawul Group introduced a bundle of new post trade infrastructure enhancements during the year that were launched across Saudi Exchange, the Securities Clearing Centre Company ("Muqassa") and the Securities Depository Center Company ("Edaa"). In April 2022, the Company implemented a new system at the same time implementing the new enhancements as mentioned above in the market called Post-trade Technology Program ("PTTP").

Since the system was newly implemented during the year, management faced certain configuration issues due to which, during the reconciliation process on the client money accounts, a difference arose from the reconciliation which indicates that there is a need to have a greater amount of money in the relevant client accounts. In compliance with Article (80) (e) of "Capital Market Institutions" the Company has paid the difference from its own money into the client money accounts and as it is not possible to determine from whom to recover the funds, the amounts have been expensed. Subsequently in 2023, the Company was able to recover an amount of SR 300K from certain clients and will continue to pursue collection of the remaining amount where possible.

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**28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Effective risk management is of primary importance to the Company. Risks include market risk (primarily foreign exchange risk, price risk and commission rate risk), credit risk, liquidity risk, and operational risk. The Company ensures that it is conservatively capitalized relative to its risk levels, as well as external requirements and benchmarks.

Financial instruments carried on the balance sheet include cash and bank balances, margin lending and murabaha financing, other assets, investments at FVTPL – current, investments at FVTPL non-current, accounts payable and accruals, due to a related party (Short-term murabaha financing) and bank loan. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are offset, and net amounts are reported in the financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

**28.1 Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

**a) Commission rate risk**

Commission rate risk is the impact on future earnings of the Company resulting from increase in the market interest/ commission rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to interest rate adjustment within a specified period. The most important source of such risk is the Company's short term Islamic financing payable. Since short term Islamic financing payables has a short term nature the increase or decrease in market interest / commission rates is not significant. and therefore, there is no significant commission rate risk as at balance sheet date. The Company financing receivables and other financial liabilities are at fixed rates and are carried in the financial statements at amortized cost, hence there is no commission rate risk as at balance sheet date.

	Within 3 months	3-12 months	Over 1 year	Non-commission bearing	Total
<b>Commission rate risk</b>					
<b>31 December 2022</b>					
<b>Assets</b>					
Cash and bank balances	-	-	-	37,211	37,211
Margin lending and murabaha financing	-	38,988	-	36,760	75,748
Other assets	-	-	-	38,894	38,894
Investments at FVTPL – current	-	-	-	10,382	10,382
Investments at FVTPL – non-current	-	-	-	5,850	5,850
Investment classified as held for sale	-	-	-	42,227	42,227
<b>Total financial assets</b>	-	38,988	-	171,324	210,312
<b>Liabilities</b>					
Accounts payable and accruals	-	-	-	6,651	6,651
Short term Islamic financing payable.	-	50,000	-	-	50,000
Due to a related party (Short-term murabaha financing)	-	-	-	-	-
<b>Total financial liabilities</b>	-	50,000	-	6,651	56,651

	Within 3 months	3-12 months	Over 1 year	Non-commission bearing	Total
<b>Commission rate risk</b>					
<b>31 December 2021</b>					
<b>Assets</b>					
Cash and bank balances	-	-	-	33,735	33,735
Margin lending and murabaha financing	-	255,301	-	-	255,301
Other assets	-	-	-	32,903	32,903
Investments at FVTPL – current	-	-	-	6,479	6,479
Investments at FVTPL – non-current	-	-	-	5,758	5,758
<b>Total financial assets</b>	-	255,301	-	78,875	334,176
<b>Liabilities</b>					
Accounts payable and accruals	-	-	-	5,708	5,708
Due to a related party (Short-term murabaha financing)	-	129,389	-	-	129,389
<b>Total financial liabilities</b>	-	129,389	-	5,708	135,097

**b) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and US Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not material. Since the SAR is pegged to US Dollar, therefore, there is no foreign exchange risk.

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**28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**28.2 Credit risk**

The Company is exposed to credit risk as a result of the counterparty's failure to meet its contractual obligations when due, in respect of:

- Margin lending and murabaha financing
- Due from related parties
- Cash at bank
- Other assets
- Margin deposit with Muqassa

Credit risk is the risk that the Company will incur a financial loss as a result of the failure of the customer or counterparty to a financial instrument to fulfil its contractual obligations. Credit risk arises from cash and cash equivalents as well as credit exposures to other assets, balances due from related parties, Margin lending, murabaha financing and Margin deposit with Muqassa.

**Exposure**

Cash and cash equivalents are deposited with the Bank, which has sound credit ratings. Margin deposit with Muqassa is deposited with Muqassa which is a regulatory related entity. The receivables relate to Margin lending and murabaha financing portfolios and have adequate coverage ratios. The portfolios are closely monitored, and any margin calls or liquidations are performed at predefined thresholds as and when needed to ensure that the Company's exposure is sufficiently collateralized. Other assets mainly comprise of fees receivables and receivables relate to investment banking group. The fees receivables mainly relate to amounts due from the counterparties on quarterly basis and are settled within a short period of time. The receivables related to the investment banking group are closely monitored by the Company and specific controls are being applied in accordance with the Company policies and procedures. The carrying amount of financial assets represents their maximum credit exposure. Allowance for expected credit losses on financial assets recognized in the statement of comprehensive income for 31 December 2022 amounted to SR 833 thousand.

Revenues are settled mainly in cash for commission income therefore the related credit risk is minimal. For other receivables, the Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are then assigned.

For banks and financial institutions, only independently rated parties with a minimum rating of A2 are accepted. Therefore, the ECL on cash and cash equivalents is immaterial.

The Company has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as at 31 December 2022 amounted to nil (31 December 2021: nil). The cash at banks as at 31 December 2022 is SR 37.2 million (31 December 2021: SR 33.7 million). For banks and financial institutions, only independently rated parties with a minimum rating of A2 are accepted.

The credit ratings of banks in which the Company holds cash as at 31 December are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Moody's Credit rating</b>		
<b>A2</b>	<b>37,168</b>	33,689

Trade receivables are shown net of allowance for expected credit losses. The Company applies the IFRS 9 simplified approach for measuring expected credit losses on trade receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The ECL on trade receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, days past due, expected recovery, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date. A significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments after 90 days of when they fall due. Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery.

Due from related parties amounting to SR 738 thousand are expected to be settled within the next 12 months. Related party receivables are callable overnight if payment is required earlier. Given the short life of the receivable and the fact they are with intercompany entities with no history of default, the related party balance considered to have low credit risk, therefore ECL is expected to be negligible on these receivables.

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**28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**28.2 Credit risk (continued)**

ECL for receivables against margin lending and murabaha financing is SR 1.7 million (2021:nil), the Company holds equity instruments of customers as collateral against margin lending and murabaha receivables which are carried at amortised cost. The Company uses those collaterals as part of the loss given default "LGD" calculation. The value of collateral is regularly monitored by the Company to ensure that it is sufficient to cover the exposure of margin lending and murabaha financing receivables. As part of the ongoing monitoring of margin lending and murabaha financing receivables, the Company has stop loss measure in case if its value falls by 25% of the original value of the portfolio, then the Company liquidate the investment up to the amount lent.

There are no significant concentrations of credit risk, whether through exposure to individual customers and specific industry sectors. The nature of businesses of the Company does not expose it to credit concentration risk.

Management analyses credit risk in the following categories:

**Credit quality analysis**

The following table sets out the credit analysis for financial assets:

	Investment grade	Non- investment grade	Unrated	Total
<b>31 December 2022</b>				
<b>Financial assets</b>				
Cash and bank balances	37,211	-	-	37,211
Margin lending and murabaha financing	-	-	75,748	75,748
Other assets	-	-	38,894	38,894
Margin deposit with Muqassa	-	-	45,263	45,263
<b>Total</b>	<b>37,211</b>	<b>-</b>	<b>159,905</b>	<b>197,116</b>
<b>31 December 2021</b>				
<b>Financial assets</b>				
Cash and bank balances	33,735	-	-	33,735
Margin lending and murabaha financing	-	-	255,301	255,301
Other assets	-	-	32,903	32,903
<b>Total</b>	<b>33,735</b>	<b>-</b>	<b>288,204</b>	<b>321,939</b>

The credit quality of the above financial assets is based on external credit rating agencies. For unrated financial assets the credit quality of financial assets is determined by the customers' history of meeting commitments, market intelligence related information and management's trade experience.

The credit risk exposure for receivable against margin lending and murabaha financing by geographic region is as follows:

	31 December 2022	31 December 2021
Saudi Arabia	75,748	255,301

The credit risk exposure for receivables against margin lending and murabaha financing by type of customer representing only retail clients as at 31 December 2022 and 2021.

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**28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**28.3 Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial obligation. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Below are the amounts expected to be recovered or settled no more than 12 months and those more than 12 months after the reporting date.

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>ASSETS</b>		
<b>Less than 12 months</b>		
Cash and bank balances	37,211	33,735
Margin deposit with Muqassa	45,263	-
Margin lending and murabaha financing	75,748	255,301
Investments at fair value through profit or loss (FVTPL)	10,382	6,479
Investment classified as held for sale	42,227	-
Due from related parties	738	374
Other assets	38,894	35,043
	<b>250,463</b>	<b>330,932</b>
<b>More than 12 months</b>		
Investments at fair value through profit or loss (FVTPL)	5,850	5,758
Property and equipment, net	52,536	53,932
Investment property	10,528	10,870
	<b>68,914</b>	<b>70,560</b>
	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>LIABILITIES</b>		
<b>Less than 12 months</b>		
Accounts payable and accruals	19,037	33,703
Due to a related party	-	129,389
Short term Islamic financing payable.	50,000	-
Provision for zakat	12,586	4,736
	<b>81,623</b>	<b>167,828</b>
<b>More than 12 months</b>		
Employee end of service benefits	15,462	13,798
	<b>15,462</b>	<b>13,798</b>

Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due equal their carrying balances, unless material, as the impact of discounting is immaterial.

	<b>Less than 1 year</b>	<b>Total</b>
<b>31 December 2022</b>		
Accounts payable and accruals	6,651	6,651
Short term Islamic financing payable.	50,000	50,000
Due to a related party (Short-term murabaha financing)	-	-
End of service less than 12 months (note 18)	2,808	2,808
	<b>59,459</b>	<b>59,459</b>
	<b>Less than 1 year</b>	<b>Total</b>
<b>31 December 2021</b>		
Accounts payable and accruals	5,708	5,708
Due to a related party (Short-term murabaha financing)	129,389	129,389
	<b>135,097</b>	<b>135,097</b>

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**28 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

**28.4 Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

Operational risk is a distinct risk category which the Company manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. The objective in managing operational risk is to ensure control of the Company's resources by protecting its assets and minimizing the potential for financial loss.

The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring and measuring the risks associated with operations. The management of operational risk has a key objective of minimizing the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

**28.5 Equity price risk**

The Company's listed equity investments are susceptible to price risk, arising from uncertainties about fair values of investments. The Company manages equity price risk through diversification, setting limits on investments and monitoring continuously the developments in the stock and international funds markets. In addition, the key factors that affect the stock and bond market movements are monitored including analysis of the operational and financial performance of investees. The exposure to investment and its impact on equity is detailed in the table below with a % change in equity prices.

Markets Investments at FVTPL	31 December 2022	Sensitivity	
		Profit	Percentage
Saudi Arabia	10,382	+/-104	+/- 1%
<b>Investment classified as held for sale</b>			
Saudi Arabia	42,227	+/-422	+/- 1%
Markets Investments at FVTPL	31 December 2021	Sensitivity	
		Profit	Percentage
Saudi Arabia	6,479	+/-65	+/- 1%

**29 FINANCIAL INSTRUMENT FAIR VALUE**

As at 31 December 2022 and 2021, the fair values of the Company's financial instruments are estimated to approximate their carrying values since the financial instruments are short term in nature.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS that are endorsed in the Kingdom of Saudi Arabia, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** quoted market prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**29 FINANCIAL INSTRUMENT FAIR VALUE (continued)**

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The table below presents the financial assets and financial liabilities at their fair values as at 31 December 2022 and 2021 based on the fair value hierarchy:

31 December 2022	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Investments at FVTPL – current	10,382	10,382	-	-	10,382
Investment classified as held for sale	42,227	42,227	-	-	42,227
Investments at FVTPL – non-current	5,850	-	3,592	2,258	5,850
	<b>58,459</b>	<b>52,609</b>	<b>3,592</b>	<b>2,258</b>	<b>58,459</b>

31 December 2021	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets measured at fair value</b>					
Investments at FVTPL – current	6,479	6,479	-	-	6,479
Investments at FVTPL – non-current	5,758	-	3,625	2,133	5,758
	<b>12,237</b>	<b>6,479</b>	<b>3,625</b>	<b>2,133</b>	<b>12,237</b>

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During the years ended 31 December 2022 and 2021, there were no transfers into or out of Level 1, level 2 and level 3 fair value measurements.

The fair values of financial position financial instruments not measured at fair value are not significantly different from the carrying values included in the financial statements. The fair values of cash and bank balances, margin lending and murabaha financing, margin deposit with Maqassa, other assets, accounts payable and accruals and short term Islamic financing payable, which are carried at amortized cost, are not significantly different from the carrying values included in the financial statements, due to the short term duration of financial instrument and the current market commission rates are not significantly different from the contracted rates for bank loan. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

**29.1 Fair valuation techniques**

For level 1 Investments the valuation technique used is using active market inputs.

The following tables show the valuation techniques used in measuring Level 3 and Level 2 fair values:

Description	Valuation techniques	Unobservable inputs
<b>Investments at FVTPL</b>		
Yaqeen Gold Fund (level 2)	Net assets value	
Murabaha Financing Fund (level 3)	Net assets value	Valuation is based on the NAV received from fund managers
Arar Hills Fund (level 3)	Net assets value	

**30 CAPITAL RISK MANAGEMENT**

The Company's objectives when managing capital is, to comply with the capital requirements set by CMA to safeguard the Company's ability to continue as a going concern, so that it could continue to provide adequate returns to its shareholder by pricing products and services commensurate with the level of risk. It is the policy of the Company to maintain adequate capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The Company's capital base sufficiently covers all material risks meeting the minimum capital requirement and the Company intends to maintain a healthy capital ratio to cater future business growth. The capital management is monitored by the Chief Financial Officer and reports to the Company's Board of Directors. As at 31 December 2022, the Company was in compliance with the externally imposed capital restrictions.

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**31 SEGMENT INFORMATION**

For management purposes, the Company is organized into business units based on their products and services and has four reportable segments, as follows:

- **Brokerage:** Providing services through trading channels and margin trading to customers.
- **Investment Banking Group (IBG):** Providing advisory and IPO services to the customers.
- **Asset management:** Manage and establish mutual funds and portfolios.
- **Investments and others:** investment and other segments.

No operating segments have been aggregated to form the above reportable operating segments.

The Board of Directors is the Chief Operating Decision Maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The segment wise breakup is as follows:

	<b>Brokerage</b>	<b>IBG</b>	<b>Asset management</b>	<b>Investments and others</b>	<b>Total</b>
<b>For the year ended 31 December 2022</b>					
Income	18,251	51,760	23,629	5,392	99,032
Expenses	(22,108)	(16,255)	(7,558)	(49,293)	(95,214)
<b>Segment (loss) / profit after zakat</b>	<b>(3,857)</b>	<b>35,505</b>	<b>16,071</b>	<b>(43,901)</b>	<b>3,818</b>
<b>As at 31 December 2022</b>					
Assets	75,748	12,423	17,407	213,799	319,377
Liabilities	-	-	-	97,085	97,085
	<b>Brokerage</b>	<b>IBG</b>	<b>Asset management</b>	<b>Investments and others</b>	<b>Total</b>
<b>For the year ended 31 December 2021</b>					
Income	51,011	52,461	25,952	6,000	135,424
Expenses	(16,651)	(12,168)	(5,942)	(33,448)	(68,209)
<b>Segment profit / (loss) after zakat</b>	<b>34,360</b>	<b>40,293</b>	<b>20,010</b>	<b>(27,448)</b>	<b>67,215</b>
<b>As at 31 December 2021</b>					
Assets	255,301	12,868	16,351	116,972	401,492
Liabilities	-	-	-	181,626	181,626

**32 IMPACT OF COVID-19**

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures were taken to contain the virus that could have affected economic activity. Management has taken several measures, such as safety and health measures for people (such as social distancing and working from home).

Management believes that there is minimal impact on the Company from COVID-19. In addition, the Company assessed that there is minimal risk on collections of margin lending as the policy of lending to the customers. The Company will continue to do the utmost to continue operations in the best and safest way possible without jeopardizing the health and safety of its employees.



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**33 RESTATEMENT**

In prior years, cash flows on short term murabaha financing of 3 months and less and with a quick turnover were presented on a gross basis under financing cash flows. In 2022, the Statement of Cash Flows was corrected for better presentation, and the amounts were shown as a net amount as required under IAS 7 - Statement of Cash Flows. Accordingly, the comparatives were also adjusted for the same.

Following is the summary of the restatement made in the comparative financial statements,

**For the year ended 31 December 2021**

	<b>As previously stated</b>	<b>Adjustment</b>	<b>Restated</b>
<b>Cash flows from financing activities:</b>			
Proceeds from related party murabaha financing	695,977	(695,977)	-
Repayments of related party murabaha financing	(777,898)	777,898	-
Net repayments from a related party – murabaha financing	-	(81,921)	(81,921)

**34 APPROVAL OF FINANCIAL STATEMENTS**

The accompanying financial statements were approved for issue by the Company's Board of Directors on 20 March 2023.

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13.2 Bridged initial financial statements for the nine-month period ended 30 September 2023G

**YAQEEEN CAPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the three months and nine months period ended 30 September 2023  
Together with the  
**Independent auditor's review report**

**YAQEEEN CAPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the nine months periods ended 30 September 2023

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## KPMG Professional Services

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Kingdom of Saudi Arabia  
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Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤  
المركز الرئيسي في الرياض

# Independent auditor's report on the review of the condensed interim financial statements

To the shareholders of Yaqeen Capital Company

## Introduction

We have reviewed the accompanying 30 September 2023 condensed interim financial statements of Yaqeen Capital Company ("the Company") which comprises:

- the condensed interim statement of financial position as at 30 September 2023;
- the condensed interim statement of comprehensive income for the three- months and nine-months period ended 30 September 2023;
- the condensed interim statement of changes in equity for the nine-months period ended 30 September 2023;
- the condensed interim statement of cash flows for the nine-months period ended 30 September 2023; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with the International Accounting Standards 34: *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* that is endorsed in the Kingdom of Saudi Arabia. A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2023 condensed interim financial statements of the Company are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of SAR 40,000,000. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدوّج بالتكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون"، وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لتي كي بي إم جي العالمية المحدودة، شركة التطويرية محدودة بضمان، جميع الحقوق محفوظة.



## Independent auditor's report on the review of the condensed interim financial statements

To the shareholders of Yaqeen Capital Company (continued)

### Other matter - comparative information

The condensed interim financial statements of the Company for the three-months and nine-months periods ended 30 September 2022, were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 25 December 2022. Furthermore, the financial statements of the Company as at and for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 20 March 2023.

### KPMG Professional Services



**Hani Hamzah A. Bedairi**  
License no: 460

Riyadh: 7 January 2024  
Corresponding to: 25 Jamad Al Thani 1445H

**YAQEEN CAPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**As at 30 September 2023**  
(Amount in Saudi Riyals thousands unless otherwise stated)

	<u>Note</u>	<b>30 September 2023 (Unaudited)</b>	31 December 2022 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	106,474	37,211
Margin deposits with Muqassa	6	22,439	45,263
Margin lending and Murabaha financing	7	85,981	75,748
Investments held at fair value through profit or loss	8	23,669	10,382
Accounts receivables		26,217	36,113
Due from related parties	11	1,545	738
Other assets	12	2,836	2,781
Investment classified as held for sale	10	-	42,227
		<b>269,161</b>	<b>250,463</b>
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	8	29,708	5,850
Property and equipment	9	832	52,536
Investment property	9	-	10,528
Right of use asset	9	9,165	-
<b>Total assets</b>		<b>308,866</b>	<b>319,377</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Short term financing		-	50,000
Accounts payable and accruals		13,650	19,037
Current portion of lease liability	9	2,015	-
Zakat and income tax payable	13	12,049	12,586
		<b>27,714</b>	<b>81,623</b>
<b>Non-current liability</b>			
Employees' end of service benefits		14,234	15,462
Lease liability	9	10,650	-
<b>Total liabilities</b>		<b>52,598</b>	<b>97,085</b>
<b>Shareholders' equity</b>			
Share capital	14	150,000	150,000
Statutory reserve		16,300	16,300
Re-measurements EOSB recognised in OCI		(3,794)	(3,794)
Retained earnings		93,762	59,786
<b>Total shareholders' equity</b>		<b>256,268</b>	<b>222,292</b>
<b>Total liabilities and shareholders' equity</b>		<b>308,866</b>	<b>319,377</b>

The accompanying notes 1 through 24 form an integral part of these condensed interim financial statements

**YAQEEEN CAPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
For the three months and nine months period ended 30 September 2023  
(Amount in Saudi Riyals thousands unless otherwise stated)

	Notes	For the three months period		For the nine months period	
		ended 30 September 2023	ended 30 September 2022	ended 30 September 2023	ended 30 September 2022
<b>Revenue</b>					
Commission on brokerage services		2,264	3,216	6,774	15,255
Management and subscription fee from mutual funds		2,255	5,287	10,016	18,648
Advisory services income		5,830	6,265	17,631	31,560
Gain / (loss) on investment at fair value through profit and loss, net	8	480	(529)	14,005	(309)
Income from Murabaha investments		1,279	-	1,424	-
Income from Murabaha financing		746	-	1,919	-
<b>Total revenue</b>		<b>12,854</b>	<b>14,239</b>	<b>51,769</b>	<b>65,154</b>
Other income	15	-	900	31,814	2,609
<b>Total income</b>		<b>12,854</b>	<b>15,139</b>	<b>83,583</b>	<b>67,763</b>
<b>Expenses</b>					
Salaries and employee related expenses		(10,015)	(9,822)	(32,855)	(28,853)
Other general and administrative expenses		(4,852)	(2,857)	(12,671)	(11,867)
Finance cost		(208)	(1,803)	(1,951)	(5,323)
Reversal of allowance for expected credit losses	7	-	2,404	401	662
Fair value loss on investment classified as held for sale	10	-	-	-	(10,174)
Reversal of loss on customers' accounts	16	38	1,106	339	-
Other expenses - net	17	49	-	1,780	(6,237)
<b>Total operating expenses</b>		<b>(14,988)</b>	<b>(10,972)</b>	<b>(44,957)</b>	<b>(61,792)</b>
<b>Net Income / (loss) before zakat and tax</b>		<b>(2,134)</b>	4,167	<b>38,626</b>	5,971
Zakat and income tax	12	(1,650)	(900)	(4,650)	(2,700)
<b>Net Income / (loss) for the period</b>		<b>(3,784)</b>	3,267	<b>33,976</b>	3,271
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income / loss for the period</b>		<b>(3,784)</b>	3,267	<b>33,976</b>	3,271
<b>EARNING PER SHARE</b>					
Basic and diluted	21	(0.25)	0.22	2.27	0.22

The accompanying notes 1 through 24 form an integral part of these condensed interim financial statements.

**YAQEEN CAPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the nine months period ended 30 September 2023  
(Amount in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total Shareholder's equity
<b>Balance at 1 January 2023 (Audit)</b>	150,000	16,300	(3,794)	59,786	222,292
Net Income for the period	-	-	-	33,976	33,976
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	33,976	33,976
<b>Balance at 30 September 2023 (Unaudited)</b>	<b>150,000</b>	<b>16,300</b>	<b>(3,794)</b>	<b>93,762</b>	<b>256,268</b>
<b>Balance at 1 January 2022 (Audit)</b>	150,000	15,918	(2,402)	56,350	219,866
Net Income for the period	-	-	-	3,271	3,271
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	-	-	3,271	3,271
<b>Balance at 30 September 2022 (Unaudited)</b>	<b>150,000</b>	<b>15,918</b>	<b>(2,402)</b>	<b>59,621</b>	<b>223,137</b>

The accompanying notes 1 through 24 form an integral part of these condensed interim financial statements.



**YAQEEN CAPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**  
For the nine months period ended 30 September 2023  
(Amount in Saudi Riyals thousands unless otherwise stated)

	<b>Note</b>	<b>30 September 2023</b>	30 September 2022
<b>Cash flows from operating activities:</b>			
Net Income before zakat for the period		38,626	5,971
<b>Adjustments for non-cash and other items:</b>			
Depreciation of property and equipment		973	1,616
Depreciation of investment property		157	-
Depreciation on right of use assets		574	-
Gain on disposal of property and equipment		(24,704)	-
Gain on disposal of investment property		(5,044)	-
Fair value gain from investments at FVTPL, net	8	(14,005)	309
Provision for employee end of service benefits		1,725	2,078
Finance costs		1,705	5,323
Interest on lease liability		246	-
Reversal of allowance for expected credit losses	7	(401)	(662)
Reversal of absorption of impairment on fund's financial assets		(1,780)	6,237
Reversal of loss on customers' accounts		(339)	-
Fair value loss on investment classified as held for sale		-	10,174
<b>Changes in operating assets and liabilities:</b>			
Margin lending and Murabaha financing		(9,269)	188,519
Due from related parties		(811)	970
Other assets		11,402	(8,011)
Accounts payable and accruals		(5,386)	(24,164)
Margin deposit with Muqassa		22,824	(45,080)
<b>Net cash from operations</b>		<b>16,493</b>	<b>143,280</b>
Employee end of service benefits paid		(2,953)	-
Zakat paid		(5,190)	(4,649)
<b>Net cash generated from operating activities</b>		<b>8,350</b>	<b>138,631</b>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment		(65)	(332)
Purchase of investment classified as held for sale		-	(125,607)
Proceeds from disposal of investments held for sale	10	54,683	42,449
Purchase of investments at FVTPL		(331,739)	(10,228)
Proceeds from disposal of investments at FVTPL	8	312,778	5,802
Proceeds from disposal of property and equipment	9	63,912	-
Proceeds from disposal of investment property	9	13,049	-
<b>Net cash generated / (used in) from investing activities</b>		<b>112,618</b>	<b>(87,916)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from a related party		-	(34,207)
Murabaha Financing		(50,000)	-
Finance costs paid		(1,705)	(1,660)
<b>Net cash used in from financing activities</b>		<b>(51,705)</b>	<b>(35,867)</b>
<b>Net change in cash and cash equivalents</b>		<b>69,263</b>	<b>14,848</b>
Cash and cash equivalents at the beginning of the year		37,211	33,735
<b>Cash and cash equivalents at the end of the year</b>	5	<b>106,474</b>	<b>48,583</b>
<b>Supplemental non-cash information</b>			
Investment in units of Yaqeen Income Generating Fund		16,635	-

**YAQEEEN CAPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the nine months period ended 30 September 2023  
(Amount in Saudi Riyals thousands unless otherwise stated)

The accompanying notes 1 through 24 form an integral part of these condensed interim financial statements.

**1. GENERAL**

Yaqeen Capital Company (the “Company”), (Single Person Saudi Closed Joint Stock Company), was incorporated in Kingdom of Saudi Arabia and was formed pursuant to the Ministerial Resolution number 2631 dated 10 Ramadan 1427H (corresponding to 3 October 2006). The Company operates under Commercial Registration number 1010226584, dated 4 Dhu Al Hijjah 1427H (corresponding to 25 December 2006) in Riyadh, through its two branches in the Kingdom of Saudi Arabia. The Company is a wholly owned subsidiary of the Falcom Holding Company which is the ultimate controlling entity of the Yaqeen Capital Company.

On September 1, 2021 (G) corresponding to Muharram 24, 1443 (H), the general assembly of the Company decided to offer 20% of the Company’s shares in Nomu – Parallel market through an Initial Public Offering (IPO). A preliminary no objection letter was received from Capital Market Authority (“CMA”) on October 5, 2021 (G) corresponding to Safar 28, 1443 (H). The IPO is subject to a final approval from CMA after submission of IPO file on 09 May 2023 corresponding to Shawwal 19, 1444(H).

On 12 June 2022, the Company’s Board of Directors recommended to the General Assembly a proposed increase in the share capital from SR 150 million to SR 200 million by increasing the number of shares from 15 million shares to 20 million shares. The proposed increase of SR 50 million in the share capital will be through a transfer from the retained earnings. This increase is subject to approval of the General Assembly and would come into effect subsequent to said approval.

The Company has the following branches in the Kingdom Saudi Arabia and the results, assets, and liabilities, of the following branches are included in this condensed interim financial information.

<u>S. No</u>	<u>Commercial Registration Number</u>	<u>Date (Hijri)</u>	<u>City</u>
1	2051062669	24 Ramadan 1437	Khobar
2	4030290109	24 Ramadan 1437	Jeddah

The address of the Company’s principal place of business is as follows:

Yaqeen Capital Company  
P.O. Box 884  
Riyadh 11421  
Kingdom of Saudi Arabia

The Company obtained license (number 37-06020) from the Capital Market Authority (“CMA”) on 19 February 2006 to perform the following securities related activities:

1. Act as principal, agent, and underwriter,
2. Manage and establish mutual funds and portfolios,
3. Provide arranging services,
4. Provide advisory services, and
5. Provide custodial services for the purposes attributable to mutual funds and management of portfolios and brokerage for international equity.

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**2. BASIS OF PREPARATION**

**(i) Statement of compliance**

These condensed interim financial statements of the Company have been prepared in accordance with the International Accounting Standard 34: *Interim Financial Reporting* ("IAS 34") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and therefore, these should be read in conjunction with the Company's annual audited financial statements as at and for the year ended 31 December 2022.

**(ii) Basis of measurement**

These condensed interim financial statements have been prepared under the historical cost convention except for fair value of investments held at fair value through profit or loss and the employees' end-of-service benefits, which have been valued by an independent actuary using the Projected Unit Credit Method. The condensed interim statement of financial position has been presented in current and non-current classification.

**(iii) Going concern**

The company's management has assessed its ability to continue as a going concern and it is satisfied that it has sufficient financial resources and that it will be able to continue as a going concern in the foreseeable future. Furthermore, the Company and the management are not aware of any other material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the condensed interim financial statements are prepared on a going concern basis.

**(iv) Functional and presentation currency**

These condensed interim financial statements are presented in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company.

**(v) Standard amendments issued and effective.**

Following are the amendments to standards which are effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards did not have a significant impact on the condensed interim financial statements of the Company.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction.
- IFRS 17, 'Insurance contracts', as amended in December 2021

**(vi) Standard amendments issued but not yet effective.**

Following are the new amendments to standards, which are effective for annual periods beginning on, or after 1 January 2024 and earlier application is permitted however, the Company has not early adopted them in preparing these interim financial statements. The following standards are not expected to have a significant impact on the financial statements of the Company upon adoption:

- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities
- Amendments to IFRS 10 and IAS 28 related to sale or contribution of assets between an Investor and its Associate or Joint Ventures
- Amendment to IFRS 16, Lease Liability in a Sale and Leaseback
- Amendments to IAS 1, Non-current Liabilities with Covenants

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and risk management policies used in the preparation of these condensed interim financial statements are consistent with those used and disclosed in the annual financial statements for the year ended 31 December 2022 except for the following:

**3.1 Sales and Leaseback**

While acting as a seller- lessee the Company recognizes the sales and leaseback transaction in terms of IFRS 15 (Revenue) requirements to see if it qualifies to be a sale.

If the transfer qualifies as a sale and is on market terms the Company effectively splits the previous carrying amount of the underlying asset into right-of-use asset arising from the leaseback and the rights in the underlying asset retained by the Company at the end of the leaseback. The Company recognizes a portion of the total gain or loss on the sale. However, if the fair value of the consideration for the sale of the asset does not equal the fair value of the asset, or if lease payments are not at market rates, then the Company recognizes the sale proceeds at fair value and accounts for any below-market terms as a prepayment of lease payments and any above-market terms as additional financing provided by the buyer-lessor to the seller-lessee.

If the transfer does not qualify as a sale the Company continues to recognize the underlying asset and recognize a financial liability under IFRS 9 for any amount received from the buyer-lessor.

**4. USE OF JUDGEMENTS AND ESTIMATES**

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates. The interim results may not represent a fully accurate indication of the annual results of operations. In preparing this condensed interim financial information, the significant judgments and assumptions made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the statutory annual financial statements as at and for the year ended 31 December 2022 except for the following:

**DETERMINATION OF CONTROL OVER INVESTEE**

During the period, the Company entered into a significant sales and leaseback transaction with one of its investees Yaqeen Income Generating Fund ("the Fund"). The Company has made an assessment related to its control over the Fund under IFRS 10 in its capacity as a fund manager. In making this assessment the Company has focused on the assessment of aggregate economic interest of the Company in the Fund and the unit holders right to remove the fund manager. The unit holders of the fund (who are 33 in number) are able to vote by 75% majority to remove the Company as fund manager without the cause and the Company's aggregate economic interest in the Fund is only 17%. As a result, the Company has concluded that it acts as an agent for all the unit holders and therefore has not consolidated the Fund.

**5. CASH AND CASH EQUIVALENTS**

		<b>As at 30</b>	As of 31
		<b>September 2023</b>	December 2022
	<u>Note</u>	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash in hand		43	43
Current accounts in Banks		8,949	37,168
Short term Murabaha deposits	5.1	87,925	-
ETF Cash Balance		9,557	-
		<b>106,474</b>	<b>37,211</b>

- 5.1** Murabaha deposits are placed with a commercial bank operating in the Kingdom of Saudi Arabia. These Murabaha deposits have an original maturity period of 3 months and profit rates ranging from 5.65% to 5.85% per annum (31 December 2022: 0% per annum).

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**6. MARGIN DEPOSITS WITH MUQASSA**

As at September 30, 2023, the company had a restricted cash balance of SR 22.4 million (31 December 2022: SR 45 million) deposited with Securities Center Company (Muqassa) who acts as an intermediary between two parties to a securities trade. Muqassa is responsible for the settlement of the transaction and the trading parties eliminating counterparty risk. Muqassa requires the company to have margin and default fund contributions that are calculated based on trading activities as an exchange member for the past one year. Therefore, the Company has deposited SR 22.4 million with Muqassa and they are currently restricted.

**7. MARGIN LENDING AND MURABAHA FINANCING**

	As at 30 September 2023 <u>(Unaudited)</u>	As of 31 December 2022 <u>(Audited)</u>
Margin lending	7.1 <b>45,459</b>	38,502
Murabaha financing	7.2 <b>41,864</b>	38,988
Allowance for expected credit losses	7.3 <b>(1,342)</b>	(1,742)
	<u><b>85,981</b></u>	<u>75,748</u>

- 7.1 The Company provides margin lending facilities to certain clients for dealing in the local stock market through the Company. The Company has the option to liquidate the client's investment portfolio to ensure repayment of the lending amount in case of default. These facilities have tenure up to a maximum period of three months. Such lending does not bear any commission or charges. The increase in the margin lending is due to the advances given to certain clients during the current period.
- 7.2 The Company provides Murabaha financing to acquire shares for a tenure from three to twelve months through the Company. The Company has the option to liquidate the client's investments portfolio to ensure repayment of the Murabaha amount in case of default. Such financing bears a pre-agreed profit margin.
- 7.3 All the balances at the period end were classified as performing. The Company has the option to liquidate the client's investment portfolio to ensure repayment of the lending amount in case of default. Outstanding amounts are subsequently settled within the tenure of the facilities. The facilities are fully collateralized. The Company is continuously monitoring the market value of the collateral of each customer and the Company has stop loss measure in case if its value falls by 25% of the original value of the portfolio, then the Company liquidate the investment up to the amount lent. If the proceeds from the disposal of the investment are below the carrying value, the borrower is followed up to recover the difference. During the period ended 30 September 2023, the Company has performed an impairment assessment for the outstanding balances and recorded the reversal of provision of SR 0.4 million on margin lending.

**8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")**

As at 30 September 2023, investment securities are classified as FVTPL comprises of investments in units of Yaqeen Murabaha Funds, Yaqeen Saudi Equity ETF Fund, Yaqeen Petrochemical ETF fund, Yaqeen Gold Fund, Yaqeen Income generating Fund, Yaqeen Arar Hills Funds and Yaqeen Murabaha financing funds.

	As at 30 September 2023 <u>(Unaudited)</u>	As at 31 December 2022 <u>(Audited)</u>
Opening fair value	<b>16,232</b>	12,237
Units purchased during the period	<b>348,374</b>	468,657
Units redeemed during the period	<b>(311,539)</b>	(464,670)
Change in fair value	<b>310</b>	8
Closing fair value	<u><b>53,377</b></u>	<u>16,232</u>

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**8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”) (CONTINUED)**

As at 30 September 2023, investment securities are classified as FVTPL comprises of investments in units of following funds.

	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
<b>Current</b>		
Yaqeen Murabaha Fund (level 3)	9,054	-
Yaqeen Saudi Equity ETF Fund (level 1)	11,352	7,585
Yaqeen Petrochemical ETF Fund (level 1)	3,263	2,797
<b>Total</b>	<b>23,669</b>	<b>10,382</b>
<b>Non-current</b>		
Yaqeen Gold Fund (level 2)	3,679	3,592
Yaqeen Income Generating Fund (level 3)*	16,634	-
Yaqeen Arar Hills Funds (level 3)*	1,123	1,064
Yaqeen Murabaha Financing Fund (level 3)	8,272	1,194
<b>Total</b>	<b>29,708</b>	<b>5,850</b>
<b>Total investments at FVTPL</b>	<b>53,377</b>	<b>16,232</b>

\*These amounts are based on real estate valuation reports for the period ended 30 June 2023, the management believes that the variation for the three months period ended 30 Sep 2023 is not material.

Following is the breakdown of gain/(loss) from investment at FVTPL:

	For the year ended	
	30 September 2023	31 December 2022
Unrealized gain on investments at fair value through profit or loss, net	311	2,861
Unrealized gain on held for sale at fair value through profit or loss, net	-	8
Realized gain / (loss) on investments at fair value through profit or loss, net	13,694	(963)
	<b>14,005</b>	<b>1,906</b>

**9. LEASES**

During the period, the Company, in its capacity as a Fund Manager, established a real estate fund Yaqeen Income Generating Fund (“the Fund”), on June 15<sup>th</sup>, 2023, following the approval of the CMA. The Company then has sold its land & building and investment property having a carrying value of SR 61.16 million and a fair value of SR 96.5 million to the Fund on June 15<sup>th</sup>, 2023 at a consideration of SR 93.6 million, of which SR 76.67 million has been received in cash and the remaining in return of units in the Yaqeen Income Generating Fund which has been accounted for as an investment at FVTPL (note 8). A gain of SR 29.7 million has been recognized in the statement of comprehensive income related to this transaction.

Subsequent to the above sale, the Company leased back a portion of the building from the Fund for a lease term of five years.

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**9. LEASES (CONTINUED)**

**Right of use asset**

Amounts recognized in statement of financial position and statement of comprehensive income in relation to right of use asset are as follows:

	<b>30 September 2023 (Unaudited)</b>	31 December 2022 (Audited)
Balance at the beginning of the period / year	-	-
Additions during the period / year	<b>9,739</b>	-
Depreciation charge for period	<b>(574)</b>	-
<b>Balance at the end of the period / year</b>	<b>9,165</b>	-

**Lease liability**

Amounts recognized in statement of financial position and statement of comprehensive income in relation to lease liability are as follows:

	<b>As at 30 September 2023 (Unaudited)</b>	As at 31 December 2022 (Audited)
Balance at the beginning of the period / year	<b>12,419</b>	-
Additions during the period / year	-	-
Interest expense for the period	<b>246</b>	-
Payment for lease liability	-	-
<b>Balance at the end of the period / year</b>	<b>12,665</b>	-
Lease liability on right-of-use asset – current	<b>2,015</b>	-
Lease liability on right-of-use asset – non-current	<b>10,650</b>	-

**10. INVESTMENT CLASSIFIED AS HELD FOR SALE**

During the year ended 2022, the Company entered in an agreement where it acted as an Underwriter for Gulf Union Cooperative Insurance Company during their issue of right shares. A total of 22.9 million shares were offered, 6.2 million shares were sold during the trading and subscription period, and 4.18 million shares were sold to the institutional investors. The unpurchased shares of 12.5 million shares were covered by the Company being the underwriter. As a result, the Company owned 27.37% in Gulf Union Cooperative Insurance Company on 07 June 2022. The cost of the investment in Gulf Union Cooperative Insurance Company was SR 125.6 million.

The 27.37% investment in Gulf Union Cooperative Insurance Company was classified as an investment in associate on 07 June 2022 but since it was acquired exclusively with a view to its subsequent disposal, this investment was classified as a non-current asset held for sale at the acquisition date in accordance with the requirements of IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. On 30 June 2023, a fair value loss of SR 10.714 million was recorded against the said non-current asset held for sale.

During the year ended 31 December 2022, the Company partially sold its stake in Gulf Union Cooperative Insurance Company and hence the investment was decreased from 27.37% to 10.765% on 24 November 2022. Due to the said reduction in the ownership to 10.765% on 24 November 2022, the Company ceased to have the significant influence in Gulf Union Cooperative Insurance Company. Therefore, the investment ceased to be measured in accordance with IFRS 5 and is now measured in accordance with the requirements of IFRS 9 – Financial instruments, as an investment at fair value through profit or loss. However, the classification and presentation are in accordance with the requirements of IFRS 5.

During the current period ended 30 September 2023, the Company has completely disposed off its aforementioned investments at an amount of SR 54.5 million, the cost of which was SR 49.4 million.

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**11. RELATED PARTY**

In the ordinary course of business, the Company transacts with its related parties which is based on the agreed terms. The principal related parties of the Company are Falcom Holding Company (“the Parent Company”) and associates of the Parent Company (The entities over which parent has a significant influence).

The transactions with related parties are carried out on mutually agreed terms approved by the management of the Company. The balances with related parties are payable on demand, unsecured and commission free.

Related party balances as of 30 September 2023 were as follows:

<b>Related party name and nature of balance outstanding</b>	<b>Relationship</b>	<b>30 September 2023</b>	<b>31 December 2022</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Due from related parties*</b>			
<b>Falcom Holding Company</b>	<b>Parent Company</b>		
Professional charges		1,545	724
<b>Al Amthal Financing Company</b>	<b>Associate of Parent Company</b>		
Rent receivables		-	14
		<u>1,545</u>	<u>738</u>

\*Management has considered the impact of expected credit loss in relation to these balances outstanding as at the period / year end and considers it to be immaterial.

**11.1 Significant related party transactions during the period were as follows:**

	<b>30 September 2023</b>	<b>30 September 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>a) Falcom Holding Company – Parent company:</b>		
Rental income	834	911
Professional fees	٦٧٤	724
<b>b) Associates of the Parent Company:</b>		
Rental income	1,014	559
Commission on brokerage services	-	11
Management fees	1,451	1,009

**12. OTHER ASSETS**

	<b>30 September 2023</b>	<b>31 December 2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Prepaid expenses	2,452	1,720
Loans to employees	384	1,061
	<u>2,836</u>	<u>2,781</u>



**YAQUEEN CAPITAL COMPANY**  
(A Saudi Closed Joint Stock Company)  
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**13. ZAKAT AND INCOME TAX PAYABLE**

**Status of Zakat assessments**

The Company has submitted its zakat declarations with the Zakat, Tax and Customs Authority ("ZATCA") up to the year ended 31 December 2022. And prior year assessments are summarized as follows:

**I. For the years from 2012 to 2016**

During 2019, the ZATCA has issued its final zakat assessments for the financial years 2012 to 2016 requesting the Company to settle additional zakat liability amounting to SR 9.4 million for the above years. The Company has appealed against such assessments at the Higher Appeal Committee following the ruling issued by the preliminary appeal committee earlier, which upheld ZATCA's decision.

On 14 February 2023, the Company received a final resolution from GSTC in which they rejected most items in the Company's appeal. Therefore, the Company has assessed the impact of the zakat assessments and has recorded an amount of SR 7.35 million in the statement of comprehensive income for the year ended 2022. Subsequent to period end 30 September 2023, Company has paid the amount of SR 1 million against this zakat assessment.

**14. SHARE CAPITAL**

The authorized and paid-in capital of the Company as of 30 September 2023 is SR 150 million (December 31, 2022: SR 150 million) divided into 15 million shares of SR 10 each. The Company's share capital is wholly owned by the Falcom Holding Company as of 30 September 2023 and 31 December 2022.

	<u>Authorized</u>		<u>Issued and fully paid</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Number of Shares	<b>15,000,000</b>	15,000,000	<b>15,000,000</b>	15,000,000
Ordinary Shares (amount)	<b>150,000</b>	150,000	<b>150,000</b>	150,000

**15. OTHER INCOME**

	<u>Note</u>	<u>30 September</u>	<u>30 September</u>
		<u>2023</u>	<u>2022</u>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Gain on disposal of property, plant, and equipment	9	<b>24,704</b>	-
Gain on disposal of investment property	9	<b>5,044</b>	-
Rental Income		<b>2,066</b>	2,609
		<b>31,814</b>	2,609

**16. REVERSAL OF LOSS ON CUSTOMER'S ACCOUNTS**

In April 2022, the Company implemented a new system based on Saudi Tadawul Group's introduction of new post trade infrastructure enhancements called Post-trade Technology Program ("PTTP"). Being a newly implemented system, certain configuration issues were faced by the management which were detected during the reconciliation process on the client money accounts. A difference was noted in reconciliation, which indicated a need to have a greater amount of money in the relevant client accounts.

In compliance with Article (80) (e) of "Capital Market Institutions" the Company paid the difference from its own money into the client money accounts and a loss of SR 4.25 million was recorded for the year ended 31 December 2022. During the current period, the Company has been able to recover an amount of SR 0.34 million from certain clients and will continue to pursue collection of the remaining amount where possible.

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**17. OTHER EXPENSES**

This represents a reversal of losses on the fund's financial assets held by Murabaha Financing Fund managed by the Company. The Company passed a resolution on 29 June 2022 for the absorption of losses amounting to SR 7.34 million of which SR 4.1 million was recovered by the Company from the customers of the Murabaha Financing Fund during the year ended 31 December 2022 and SR 1.78 million were recovered during the nine months period ended 30 September 2023.

**18. FINANCIAL INSTRUMENT FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market are accessible by the Company.

***Fair value hierarchy***

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the carrying amount and fair value including level in fair value hierarchy for financial assets measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets measured at fair value	Carrying value	Fair values			
		Level 1	Level 2	Level 3	Total
<b>30 September 2023 (Unaudited)</b>					
<b>Financial assets</b>					
<b>Investments measured at FVTPL</b>					
Financial assets at fair value through profit or loss – current and non-current	53,377	14,615	3,679	35,083	53,377

Financial assets measured at fair value	Carrying value	Fair values			
		Level 1	Level 2	Level 3	Total
<b>31 December 2022 (Audited)</b>					
<b>Financial assets</b>					
<b>Investments measured as FVTPL</b>					
Financial assets at fair value through profit or loss	58,459	52,609	3,592	2,258	58,459
Investment classified as held for sale (Refer to Note 10)	42,227	42,227	-	-	42,227

**18. FINANCIAL INSTRUMENT FAIR VALUE (CONTINUED)**

The fair values of commission bearing deposits, receivable against margin lending and Murabaha financing, cash and bank balances and accounts receivable and other assets which are carried at

**YAQEEN CAPITAL COMPANY**  
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(Amount in Saudi Riyals thousands unless otherwise stated)

amortized cost, are not significantly different from the carrying values included in the financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates and maturities of these financial instruments are less than twelve months. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

**Valuation techniques and significant unobservable inputs**

The following tables show the valuation techniques used in measuring Level 3 fair values.

<u>Type</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Significant unobservable inputs</u>	<u>Sensitivity to changes in significant unobservable input</u>
Real estate investment funds	17,758	Discounted cashflows	-Expected Cashflows (30 Sep: 487 – 498 / sq. meter 31 Dec: 487 – 498 / sq. meter) - Discount rate (30 Sep: 10 % 31 Dec: 9.5%)	The estimated fair value would increase (decrease) if: -the expected cashflows are higher (lower) by 10% -the /discount rates are lower (higher) by 1%
Other investment funds	35,619	Discounted cashflows	-Discount rate at market terms (30 Sep 2023:5.49% 31 Dec 2022:4.32%)	The estimated fair value would increase (decrease) if the discount rates are lower (higher) by 1%

**18.1** There have been no transfers between Level 1, Level 2 and Level 3 during the reporting periods.

**18.2** The following table shows the reconciliation from opening balance to closing balance for the fair value for level 3 fair value.

	<b>30 September 2023</b>	31 December 2022
	<b>(Unaudited)</b>	(Unaudited)
Balance at the beginning of the period	<b>2,257</b>	2,133
Purchases during the period	<b>51,134</b>	-
Sold during the period	<b>(18,500)</b>	-
<b>Net Changes in investment at FVPTL</b>		
Unrealized fair value gain for the period	<b>191</b>	124
Balance at the end of the period	<b>35,082</b>	2,257

**19. COMMITMENT AND CONTINGENCIES**

The Company has no commitment and contingencies as at 30 September 2023 (31 December 2022: Nil).

**YAQEEN CAPITAL COMPANY**  
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**20. SEGMENT INFORMATION**

For management purposes, the Company is organized into business units based on their products and services and has four reportable segments, as follows:

- **Brokerage:** Providing services through trading channels and margin trading to customers.
- **Investment Banking Group (IBG):** Providing advisory and IPO services to the customers.
- **Asset management:** Manage and establish mutual funds and portfolios.
- **Investments:** Investing activities of the Company in financial and non-financial assets

The executive management is the Chief Operating Decision Maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial information.

The segment wise breakup is as follows:

	Brokerage	IBG	Asset management	Investments	Total
For the Nine month-period ended 30 September 2023					
<u>Revenues from contracts with customer*</u>					
Commission on brokerage services	6,774	-	-	-	6,774
Management and subscription fee from mutual funds	-	-	10,016	-	10,016
Advisory services income	-	17,631	-	-	17,631
<u>Other Income</u>					
Gain / (loss) on investments at fair value through profit or loss, net	-	-	-	14,005	14,005
Other income	-	-	-	35,018	35,018
Income on Murabaha financing	1,919	-	-	-	1,919
Total Revenues	8,693	17,631	10,016	49,023	85,363
Total Expenses	(3,124)	(13,504)	(4,950)	(29,089)	(51,387)
Segment Net Income / (loss) after zakat	5,569	4,127	5,066	19,934	33,976

\*In relation to revenue from contract with customers the revenue from Commission on brokerage services is recognized at point in time while the revenue from management and subscription fees and advisory service income are recognized over the period of time.

\*\* The primary geographical market for the Company's product and services is Kingdom of Saudi Arabia.

As At 30 September 2023					
Assets	87,323	4,776	16,069	200,698	308,866
Liabilities	2,773	1,474	848	47,505	52,600

**YAQEEEN CAPITAL COMPANY**  
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**20. SEGMENT INFORMATION (CONTINUED)**

	Brokerage	IBG	Asset management	Investments	Total
For the Nine month-period ended 30 September 2022					
<u>Revenues from contracts with customer*</u>					
Commission on brokerage services	15,255	-	-	-	15,255
Management and subscription fee from mutual funds	-	-	18,648	-	18,648
Advisory services income	-	31,560	-	-	31,560
<u>Other Income</u>					
Gain / (loss) on investments at fair value through profit or loss, net	-	-	-	-	-
Other income	-	-	-	2,300	2,300
Total Revenues	15,255	31,560	18,648	2,300	67,763
Expenses	(18,832)	(9,866)	(6,694)	(29,100)	(64,492)
Segment Net Income / (loss) after zakat	(3,577)	21,694	11,954	(26,800)	3,271
As At 30 September 2022					
Assets	66,782	9,753	15,714	257,934	350,183
Liabilities	3,092	1,644	946	121,634	127,046

**21. EARNING PER SHARE**

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

	<b>As at 30 September 2023 (Unaudited)</b>	As at 30 September 2022 (Unaudited)
Income for the period	<b>33,976</b>	3,271
Weighted average number of ordinary shares	<b>15,000,000</b>	15,000,000
<b>Basic and diluted</b>	<b>2.27</b>	0.22

**22. SUBSEQUENT EVENTS**

On December 20, 2023 FALCOM Holding Company (the parent company) decided to distribute 40%, which represents 6 million ordinary shares owned by FALCOM Holding in the company, to FALCOM Yaqeen Investment Company. The Capital Market Authority approved amending the company's shareholders list on December 26, 2023. FALCOM Holding owns 100% of FALCOM Yaqeen Investment Company.

**23. COMPARATIVE FIGURES**

Following the review of the financial statements, management has presented accounts receivable account separately from other assets to conform with IAS 1 presentation requirements. The Following table summary the impact of the presentation made in comparatives period:

Financial Statement Caption	As previously Stated,	Adjustment of accounts receivables	Restated
Other Assets	38,894	(36,113)	2,781
Accounts receivables	-	36,113	36,113

**24. APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements were authorized for issue by the Board of Directors on 27 December 2023.

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13.3 Audited financial statements for the financial year ended 31 December 2023G

**YAQEEEN FINANCIAL (YAQEEEN CAPITAL) COMPANY**  
(A Saudi Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
For the year ended 31 December 2023  
Together with the  
**Independent auditor's report**

**YAQEEN FINANCIAL (YAQENN CAPITAL) COMPANY**  
(A Saudi Closed Joint Stock Company)  
**FINANCIAL STATEMENTS**  
**For the year ended 31 December 2023**

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### KPMG Professional Services

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Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494  
Headquarters in Riyadh

### كي بي إم جي للاستشارات المهنية

واجهة روشن، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤  
المركز الرئيسي في الرياض

## Independent auditor's report

To the shareholder of Yaqeen Capital Company

### Opinion

We have audited the financial statements of **Yaqeen Capital Company** ("the Company"), which comprise the statement of financial position as at 31 December 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

### Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISA") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with a paid-up capital of SAR 40,000,000 (previously known as "KPMG Al Fozan & Partners Certified Public Accountants") and a non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مغلقة، مسجلة في المملكة العربية السعودية، رأسمالها (٤٠,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المنتقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة التجاريزية محدودة بضمان. جميع الحقوق محفوظة.





## Independent auditor's report

To the shareholder of Yaqeen Capital Company (continued)

Key audit matter (continued)	
<b>Valuation of investments in units of private real estate funds – held at fair value through profit or loss (“FVPTL”)</b>	
See Note 8 and 3.11 to the financial statements	
Key audit matter	How the matter was addressed in our audit
<p>The carrying value of the Company's investment held in the units of private real estate Funds – held at fair value through profit or loss (FVTPL) amounted to SR 21.5 million as at 31 December 2023.</p> <p>The valuation of investment in private real estate investment Funds are based on estimates and judgements that underpin the valuation of real estate investments held by the Fund, which make up majority of the Fund's underlying assets.</p> <p>We identified assessing the fair value of the Company's investment in the units of private real estate investment Funds as the key audit matter due to the scale of the investment coupled with the judgmental nature of valuing the underlying Fund's assets that drive the overall investment valuation of Fund units.</p>	<p>Our key audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the entity's process for valuation of investments;</li> <li>• Assessed the design and implementation of controls over valuation of private real estate investments;</li> <li>• Obtained the investment Net Asset Values (“NAVs”) from management and agreed the investment NAVs with management accounts or audited fund financial statements (where available).</li> <li>• Verified the number of units held by Company in the Funds by obtaining external confirmation.</li> <li>• Obtained real estate valuation reports from the Company and involved our real estate valuation specialists to assess the reasonableness of the data, methods and assumptions used to arrive at the fair values of the underlying Fund's real estate assets.</li> <li>• Assessed the adequacy of financial statement disclosures.</li> </ul>

### Other matter - comparative information

The financial statements of the Company for the year ended 31 December 2022, were audited by another auditor who expressed an unmodified opinion on those financial statements on 20 March 2023.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report once it is made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



## Independent auditor's report

To the shareholder of Yaqeen Capital Company (continued)

### Responsibilities of the management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists then, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## Independent auditor's report

To the shareholder of Yaqeen Capital Company (continued)

### Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of **Yaqeen Capital Company ("the Company")**.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### KPMG Professional Services

**Hani Hamzah A. Bedairi**  
License number: 460



Riyadh: 21 Ramadan 1445H  
Corresponding to: 31 March 2024

**YAQEEN FINANCIAL (YAQEEN CAPITAL) COMPANY**  
(A Saudi Closed Joint Stock Company)  
**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2023  
(Amount in Saudi Riyals thousands unless otherwise stated)

	Note	31 December <b>2023</b>	31 December <b>2022</b>
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	5	103,468	37,211
Margin deposits with Muqassa	6	22,461	45,263
Margin lending and Murabaha financing	7	86,436	75,748
Investments held at fair value through profit or loss	8	30,403	10,382
Accounts receivables		29,800	36,113
Due from related parties	11	2,011	738
Other assets	12	2,017	2,781
Investment classified as held for sale	10	-	42,227
		<u>276,596</u>	<u>250,463</u>
<b>Non-current assets</b>			
Investments held at fair value through profit or loss	8	33,934	5,850
Property and equipment	9	854	52,536
Investment property	9	-	10,528
Right of use asset	9	8,679	-
<b>Total assets</b>		<u>320,063</u>	<u>319,377</u>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>			
<b>Current liabilities</b>			
Short term financing		-	50,000
Accounts payable and accruals		17,637	19,037
Current portion of lease liability	9	2,062	-
Zakat and income tax payable	13	16,516	12,586
		<u>36,215</u>	<u>81,623</u>
<b>Non-current liability</b>			
Employees' end of service benefits	19	15,843	15,462
Lease liability	9	9,203	-
<b>Total liabilities</b>		<u>61,261</u>	<u>97,085</u>
<b>Shareholders' equity</b>			
Share capital	14	150,000	150,000
Statutory reserve		20,123	16,300
Re-measurements EOSB recognized in OCI		(5,509)	(3,794)
Retained earnings		94,188	59,786
<b>Total shareholders' equity</b>		<u>258,802</u>	<u>222,292</u>
<b>Total liabilities and shareholders' equity</b>		<u>320,063</u>	<u>319,377</u>

The accompanying notes 1 through 29 form an integral part of these financial statements.

**YAQEEEN FINANCIAL (YAQEEEN CAPITAL) COMPANY**  
(A Saudi Closed Joint Stock Company)  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2023**  
(Amount in Saudi Riyals thousands unless otherwise stated)

	Notes	31 December 2023	31 December 2022
<b>Revenue</b>			
Commission on brokerage services		9,044	18,251
Management and subscription fee from mutual funds		13,369	23,629
Advisory services income		30,853	51,760
Gain on investment at fair value through profit and loss, net	8	18,537	1,906
Income from Murabaha investments		2,695	-
Income from Murabaha financing		2,710	-
Dividends		599	-
<b>Total revenue</b>		<u>77,807</u>	<u>95,546</u>
Other income	15	31,815	3,486
<b>Total income</b>		<u>109,622</u>	<u>99,032</u>
<b>Expenses</b>			
Salaries and employee related expenses		(42,545)	(41,230)
Other general and administrative expenses	18	(18,319)	(16,944)
Finance cost		(2,168)	(6,048)
Reversal of allowance for expected credit losses	7	575	(833)
Fair value loss on investment classified as held for sale	10	-	(10,174)
Reversal of loss on customers' accounts	16	343	(4,252)
Other expenses - net	17	845	(3,234)
<b>Total operating expenses</b>		<u>(61,269)</u>	<u>(82,715)</u>
<b>Net Income before zakat</b>		48,353	16,317
Zakat expense	12	(10,128)	(12,499)
<b>Net Income for the year</b>		<u>38,225</u>	<u>3,818</u>
Other comprehensive loss for the year		(1,715)	(1,392)
<b>Total comprehensive income for the year</b>		<u>36,510</u>	<u>2,426</u>
<b>EARNING PER SHARE</b>			
Basic and diluted	21	2.55	0.25

The accompanying notes 1 through 29 form an integral part of these financial statements.

**YAQEEN FINANCIAL (YAQEEN CAPITAL) COMPANY**  
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**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2023**  
(Amount in Saudi Riyals thousands unless otherwise stated)

	Share capital	Statutory reserve	Other reserves	Retained earnings	Total Shareholder's equity
<b>Balance at 1 January 2023</b>	150,000	16,300	(3,794)	59,786	222,292
Net Income for the year	-	-	-	38,225	38,225
Other comprehensive loss	-	-	(1,715)	-	(1,715)
Total comprehensive income for the year	-	-	(1,715)	98,011	36,510
Transfer to statutory reserve	-	3,823	-	(3,823)	-
<b>Balance at 31 December 2023</b>	<b>150,000</b>	<b>20,123</b>	<b>(5,509)</b>	<b>94,188</b>	<b>258,052</b>
<b>Balance at 1 January 2022</b>	150,000	15,918	(2,402)	56,350	219,866
Net Income for the year	-	-	-	3,818	3,818
Other comprehensive loss	-	-	(1,392)	-	(1,392)
Total comprehensive income for the year	-	-	-	3,818	2,426
Transfer to statutory reserve	-	382	-	(382)	-
<b>Balance at 31 December 2022</b>	<b>150,000</b>	<b>16,300</b>	<b>(3,794)</b>	<b>59,786</b>	<b>222,292</b>

The accompanying notes 1 through 29 form an integral part of these financial statements.

**YAQEEEN FINANCIAL (YAQEEEN CAPITAL) COMPANY**  
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**STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2023  
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	Note	31 December 2023	31 December 2022
<b>Cash flows from operating activities:</b>			
Net Income before zakat for the year		48,353	16,317
<b>Adjustments for non-cash and other items:</b>			
Depreciation of property and equipment		1,140	1,818
Depreciation of investment property		157	342
Depreciation on right of use assets	9	1,060	-
Gain on disposal of property and equipment		(24,704)	-
Gain on disposal of investment property		(5,044)	-
Fair value gain from investments at FVTPL, net	8	(18,537)	(1,906)
Provision for employee end of service benefits	19	2,138	1,570
Finance costs	9	1,705	6,048
Interest on lease liability		462	-
(Reversal) provide of allowance for expected credit losses	7	(575)	833
(Reversal) provide of absorption of impairment on fund's financial assets		(845)	3,234
(Reversal) provide of loss on customers' accounts		(343)	4,252
Fair value loss on investment classified as held for sale		-	10,174
<b>Changes in operating assets and liabilities:</b>			
(Increase) / decrease in margin lending and Murabaha financing		(8,383)	177,811
(Increase) / decrease in due from related parties		(1,876)	2,039
Decrease / (increase) in other assets		5,308	(12,832)
(Increase) / decrease in accounts payable and accruals		(1,184)	(14,437)
Decrease / (increase) in margin deposit with Muqassa		22,801	(45,263)
<b>Net cash from operations</b>		<b>21,633</b>	<b>150,000</b>
Employee end of service benefits paid		(3,472)	(1,298)
Zakat paid		(6,199)	(4,649)
<b>Net cash generated from operating activities</b>		<b>11,962</b>	<b>144,053</b>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment		(254)	(422)
Purchase of investment classified as held for sale		-	(125,607)
Proceeds from disposal of investments held for sale	10	54,682	76,067
Purchase of investments held at FVTPL		(334,537)	(12,158)
Proceeds from disposal of investments held at FVTPL	8	309,148	7,208
Proceeds from disposal of property and equipment	9	76,961	-
<b>Net cash generated / (used in) from investing activities</b>		<b>106,000</b>	<b>(54,912)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from a related party		-	(129,389)
Repayment of short term financing		(50,000)	50,000
Finance costs paid		(1,705)	(6,276)
<b>Net cash used in from financing activities</b>		<b>(51,705)</b>	<b>(85,665)</b>
<b>Net change in cash and cash equivalents</b>		<b>66,257</b>	<b>3,476</b>
Cash and cash equivalents at the beginning of the year		37,211	33,735
<b>Cash and cash equivalents at the end of the year</b>	5	<b>103,468</b>	<b>37,211</b>
<b>Supplemental non-cash information</b>			
Investment in units of Yaqeen Income Generating Fund		16,634	-

The accompanying notes 1 through 29 form an integral part of these financial statements.

**YAQEEEN FINANCIAL (YAQEEEN CAPITAL) COMPANY**  
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**1. GENERAL**

Yaqeen Financial (Yaqeen Capital) Company (the “Company”), (Single Person Saudi Closed Joint Stock Company), was incorporated in Kingdom of Saudi Arabia and was formed pursuant to the Ministerial Resolution number 2631 dated 10 Ramadan 1427H (corresponding to 3 October 2006). The Company operates under Commercial Registration number 1010226584, dated 4 Dhu Al Hijjah 1427H (corresponding to 25 December 2006) in Riyadh, through its two branches in the Kingdom of Saudi Arabia. The Falcom Holding Company is the ultimate parent of the Company.

On September 1, 2021 (G) corresponding to Muharram 24, 1443 (H), the general assembly of the Company decided to offer 20% of the Company’s shares in Nomu – Parallel market through an Initial Public Offering (IPO). A preliminary no objection letter was received from Capital Market Authority (“CMA”) on October 5, 2021 (G) corresponding to Safar 28, 1443 (H). On 18 March 2024 corresponding to Ramadan 08, 1445 (H) CMA has issued its resolution for approving the Company’s application for the registration and offering of shares in Parallel market. The CMA approval on application is valid for the period of six months from the CMA resolution.

On 12 June 2022, the Company’s Board of Directors recommended to the General Assembly a proposed increase in the share capital from SR 150 million to SR 200 million by increasing the number of shares from 15 million shares to 20 million shares. The proposed increase of SR 50 million in the share capital will be through a transfer from the retained earnings. This increase is subject to approval of the General Assembly meeting, which was deferred by General Assembly meeting held for the year ended 31 December 2022 and would be considered in upcoming annual General Assembly meeting for the year ended 31 December 2023.

The Company has the following branches in the Kingdom Saudi Arabia and the results, assets, and liabilities, of the following branches are included in this financial information.

<u>S. No</u>	<u>Commercial Registration Number</u>	<u>Date (Hijri)</u>	<u>City</u>
1	2051062669	24 Ramadan 1437	Khobar
2	4030290109	24 Ramadan 1437	Jeddah

The address of the Company’s principal place of business is as follows:

Yaqeen Capital Company  
P.O. Box 884  
Riyadh 11421  
Kingdom of Saudi Arabia

The Company obtained license (number 37-06020) from the Capital Market Authority (“CMA”) on 19 February 2006 to perform the following securities related activities:

1. Act as principal, agent, and underwriter,
2. Manage and establish mutual funds and portfolios,
3. Provide arranging services,
4. Provide advisory services, and
5. Provide custodial services for the purposes attributable to mutual funds and management of portfolios and brokerage for international equity.



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**2. BASIS OF PREPARATION**

**(i) Statement of compliance**

The accompanying financial statements presenting the operations conducted by the Company for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) accounting standards as issued by the International Accounting Standard Board that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

**(ii) Basis of measurement**

These financial statements have been prepared under the historical cost convention except for fair value of investments held at fair value through profit or loss and the employees’ end-of-service benefits, which have been valued by an independent actuary using the Projected Unit Credit Method. The statement of financial position has been presented in current and non-current classification.

**(iii) Going concern**

The company’s management has assessed its ability to continue as a going concern and it is satisfied that it has sufficient financial resources and that it will be able to continue as a going concern in the foreseeable future. Furthermore, the Company and the management are not aware of any other material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern basis.

**(iv) Functional and presentation currency**

These financial statements are presented in Saudi Arabian Riyals (SAR), which is also the functional currency of the Company.

**(v) Standard amendments issued and effective.**

Following are the amendments to standards which are effective for annual periods beginning on or after 1 January 2023. The adoption of these new standards did not have a significant impact on the financial statements of the Company.

- Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8
- Amendment to IAS 12- deferred tax related to assets and liabilities arising from a single transaction.

**(vi) Standard amendments issued but not yet effective.**

The standards applied in these financial statements are those in issue as at the reporting date and are effective for annual periods beginning on or after 1 January 2024.

Following new standards and amendments that are issued, but not yet effective, up to the date of issuance of the Company’s financial statements are disclosed below:

- Amendment to IFRS 16 – Leases on sale and leaseback
- Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements
- Amendment to IAS 1 – Non-current liabilities with covenants
- Amendments to IFRS 10 and IAS 28

The Company has not early adopted any standards, interpretations, or amendments before their effective date. The management of the Company anticipates that the application of the above new standards and amendments in the future will not have a significant impact on the amounts reported.

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**3. MATERIAL ACCOUNTING POLICIES**

**3.1 Impairment of financial assets**

The Company assesses on a forward-looking basis the expected credit losses (“ECL”) associated with its financial assets carried at amortized cost and FVOCI (If any).

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant change in credit risk on an ongoing basis throughout each reporting period. The impairment model was developed considering probability of default and loss given default which were derived from historical data of the Company and are adjusted to reflect the expected future outcome which includes macroeconomic factors such as inflation and gross domestic product growth rate.

For financial assets, a credit loss is calculated as the present value (at effective profit rate) of the difference between:

- (a) the contractual cash flows that are due to an entity under the contract; and
- (b) the cash flows that the entity expects to receive.

The financial assets of the Company are categorized as follows:

**3.1 (a) *Performing financial assets* :**

These represent the financial assets where Customers have a low risk of default and a strong capacity to meet contractual cash flows.

As per the management past due information is the most appropriate basis for assessing the increase in credit risk in the Company and based on their experience and analysis, the balances which are less than 90 days past due does not result in significant increase in credit risk and considered as performing.

The Company measures the loss allowance for performing financial assets at an amount equal to 12-month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime. 12-month expected credit losses are the portion of expected credit losses that results from default events on the financial assets that are possible within 12 months after the reporting date.

**3.1 (b) *Underperforming financial assets* :**

These represent the financial assets where there is a significant increase in credit risk and that is presumed if a debtor is more than 90 days past due in making a contractual payment/ installment.

The Company measures the loss allowance for underperforming financial assets at an amount equal to life-time expected credit losses.

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### 3. MATERIAL ACCOUNTING POLICIES

#### 3.1(c) *Non-performing financial assets:*

These represent defaulted financial assets. A default on a financial asset is considered when the debtor fails to make a contractual payment/ installment within 180 days after they fall due.

The Company measures the loss allowance for non-performing financial assets at an amount equal to life-time expected credit losses.

#### 3.1(d) *Write off 's:*

Financial asset is written-off only when:

- (i) that is past due at least from two years, and
- (ii) There is no reasonable expectation of recovery.

Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. Where financial assets are written off, the Company continues to engage in enforcement activities to attempt to recover the receivable due. Where recoveries are made, after write-off, they are credited against the (Charge) / reversal of allowance for expected credit losses "ECL".

### 3.2 Margin lending and murabaha financing

Margin lending and murabaha financing are recognized when cash is advanced to the borrowers. They are derecognized when either the borrower repays their obligations, or the balance is sold or written-off, or substantially all the risks and rewards of ownership are transferred to other party. These facilities are advanced to customers for the purpose of investments and trading in shares. The Company classified all margin lending and Murabaha financing facilities on amortized cost model.

Margin lending and murabaha financing are carried at the amount advanced to the customers, including related transaction cost less any allowance for credit losses, if any. An allowance against expected credit losses incorporates forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. A macroeconomic adjustment is applied in order to incorporate forward looking outcome.

### 3.3 Investment management services

The Company offers investment services to its customers which include management of certain investment funds. The Company's share of these funds is included in investment is mutual funds. Assets held in trust or in a fiduciary capacity, if any, are not treated as assets of the Company and, accordingly, are not included in the financial statements.

### 3.4 Zakat

The Company is subject to zakat in accordance with the regulations of zakat and Income Tax. Provision for zakat is charged to the profit or loss section of the statement of comprehensive income. Additional amounts payable, if any, at the finalization of final assessments are accounted for when such amounts are determined.

The Company withholds taxes, if any, on certain transactions with non-resident parties in the Kingdom of Saudi Arabia as required under the Tax Law.

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**3 MATERIAL ACCOUNTING POLICIES**

**3.5 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Depreciation on assets is charged to the statement of comprehensive income, using the straight-line method, to allocate the costs of the related assets to their residual values over the following estimated useful lives:

Leasehold improvements	useful life or lease term whichever is shorter
Furniture and fixtures	4-5 years
Motor vehicles	5 years
Computers	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in statement comprehensive income.

Maintenance and normal repairs, which do not materially extend the estimated useful life of an asset, are charged to the statement comprehensive income as and when incurred. Major renewals and improvements, if any, are capitalized and the assets so replaced are retired.

**3.6 Revenue**

The revenue of the Company broadly categorised as:

- (a) Contract with customers (including brokerage income, investment banking and asset management fees)
- (b) Dividend income
- (c) Trading income / (loss)

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**3 MATERIAL ACCOUNTING POLICIES (continued)**

**3.6 Revenue (continued)**

The related accounting policies are follows:

- 1 Contracts with customers (including brokerage income, investment banking and asset management fees)

The Company recognises revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Company recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the above five steps the revenue recognition policy for each revenue stream is as follow:

**Brokerage income**

Brokerage income is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Company is satisfied when the Company carries out the transaction, which triggers immediate recognition of the revenue, as the Company will have no further commitments. The Company recognizes the revenue at point in time against the brokerage income. The primary geographical market for brokerage income services is Kingdom of Saudia Arabia.

**Asset management fees**

Asset management fees are recognised based on a fixed percentage of net assets under management (“asset-based”), or a percentage of returns from net assets (“returns-based”) subject to applicable terms and conditions and service contracts with customers and funds. The Company attributes the revenue from management fees to the services provided during the year, because the fee relates specifically to the Company’s efforts to transfer the services for that period. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised. The Company recognizes the revenue over a period of time against the asset management fees. The primary geographical market for asset management service is Kingdom of Saudia Arabia.

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**3 MATERIAL ACCOUNTING POLICIES (continued)**

**Advisory Income**

This relates to income generated by providing financial advisory services to financial institutions, individual and institutional investors. The Company charges financial advisory service fee upon delivery of services or once performance obligation is fulfilled based on the agreement between the Company and the counterparty and satisfied over the period of time. The primary geographical market for advisory income services is Kingdom of Saudia Arabia.

**3.7 Special commission income on Murabaha financing**

Special commission income for all special commission bearing financial instruments (Murabaha financing) is recognised in the statement comprehensive income using the effective commission rate basis. The effective commission rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the carrying amount of the financial asset. When calculating the effective commission rate, Company estimates future cash flows considering all contractual terms of the financial instrument but not future credit losses.

The carrying amount of the financial asset is adjusted if Company revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as impairment losses.

If a financial asset subsequently becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

The calculation of the effective yield considers all contractual terms of the financial instruments (Murabaha contract receivables) and includes all fees and points paid or received transaction costs, and discounts or premiums that are an integral part of the effective special commission rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of financial asset.

**3.8 Leases**

**Right of use asset ("RoU") / lease liabilities**

On initial recognition at the inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

**Right of use assets**

The Company applies cost model and measures the right of use asset at cost.

- (a) Less any accumulated depreciation and any accumulated impairment losses; and
- (b) Adjusted for any re-measurement of the lease liability for lease modifications

Generally, the RoU asset would equate to the lease liability. However, if there are additional costs such as site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

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**Lease liability**

On initial recognition, the lease liability is the present value of all remaining payments to the lessor. After the commencement date, the Company measures the lease liability by:

- 1 Increasing the carrying amount to reflect the interest on the lease liability.
- 2 Reducing the carrying amount to reflect the lease payments made; and
- 3 Re-measuring the carrying amount to reflect any reassessment or any lease modification.

**3.9 Statutory reserve**

As required by Saudi Arabian Regulations for Companies and the Company's By-laws, 10% of profit for the year is transferred to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve equals at least 30% of the share capital. The reserve is not available for distribution.

**3.10 Transaction cost related to initial public offering (IPO)**

As per the Company's agreement with the Parent Company, the Company records IPO related costs as an amount due from the Parent Company which would be settled through a deduction from proceeds of the IPO.

**3.11 Critical accounting estimates and adjustments**

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

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**3. MATERIAL ACCOUNTING POLICIES (continued)**

**3.11 Critical accounting estimates and adjustments (continued)**

**Employees' terminal benefits liabilities**

The cost of employees' defined benefit obligation and other post-employment benefits are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. For details of the assumptions please refer (note 19).

**Impairment losses on accounts receivables**

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss (ECL). The allowance for ECL on trade and other receivables is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Margin lending and murabaha financing is normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

**Determination of control over the investee**

The Company performs an assessment and annually re-assesses its control over the Funds under IFRS 10 in its capacity as a fund manager. In making this assessment the Company focuses on the assessment of aggregate economic interest of the Company in the Funds and the unit holders right to remove the fund manager. On the basis of the assessment, the Company concludes as to whether it is acting as an agent for all the unit holders based on which it concludes whether or not to consolidate the financial results of the funds in its financial statements.

**Valuation of Investment in units of private real estate Funds**

The valuation of Company's investments in private real estate investments Funds held at fair value through profit or loss are subject to estimates and judgements that underpin the valuation of underlying real estate assets of the funds. The significant assumptions impacting the fair value of the underlying real estate assets include, amongst others, expected cashflows and discount rate etc. These assumptions are subject to variation primarily based on the location of the underlying real estate assets. The management of the Company engages two third party qualified valuers to perform valuation in accordance with the methods recommended by IFRS 13 and the carrying amount of underlying real estate assets is initially recorded and subsequently adjusted based on the average market values determined by the said valuers.



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**5. CASH AND CASH EQUIVALENTS**

	<u>Note</u>	<b>As at 31 December 2023</b>	As at 31 December 2022
Cash in hand		43	43
Current accounts in Banks		25,420	37,168
Short term Murabaha deposits	5.1	78,005	-
		<u>103,468</u>	<u>37,211</u>

- 5.1 Murabaha deposits are placed with a commercial bank operating in the Kingdom of Saudi Arabia. These Murabaha deposits have an original maturity period of 3 months and profit rates ranging from 5.85% to 6.15% per annum (31 December 2022: Nil).

**6. MARGIN DEPOSITS WITH MUQASSA**

As at December 31, 2023, the company had a restricted cash balance of SR 22.4 million (31 December 2022: SR 45 million) deposited with Securities Center Company (Muqassa) who acts as an intermediary between two parties to a securities trade. Muqassa is responsible for the settlement of the transaction and the trading parties eliminating counterparty risk. Muqassa requires the company to have margin and default fund contributions that are calculated based on trading activities as an exchange member for the past one year. Therefore, the Company has deposited SR 22.4 million with Muqassa and they are currently restricted.

**7. MARGIN LENDING AND MURABAHA FINANCING**

	<u>Note</u>	<b>As at 31 December 2023</b>	As at 31 December 2022
Margin lending	7.1	48,430	38,502
Murabaha financing	7.2	39,174	38,988
Allowance for expected credit losses	7.3	(1,168)	(1,742)
		<u>86,436</u>	<u>75,748</u>

- 7.1 The Company provides margin lending facilities to certain clients for dealing in the local stock market through the Company. The Company has the option to liquidate the client's investment portfolio to ensure repayment of the lending amount in case of default. These facilities have tenure up to a maximum period of three months. Such lending does not bear any commission or charges.
- 7.2 The Company provides Murabaha financing to acquire shares for a tenure from three to twelve months through the Company. The Company has the option to liquidate the client's investments portfolio to ensure repayment of the Murabaha amount in case of default. Such financing bears a pre-agreed profit margin.
- 7.3 All the balances at the year-end were classified as performing. The Company has the option to liquidate the client's investment portfolio to ensure repayment of the lending amount in case of default. Outstanding amounts are subsequently settled within the tenure of the facilities. The facilities are fully collateralized. The Company is continuously monitoring the market value of the collateral of each customer and the Company has stop loss measure in case if its value falls by 25% of the original value of the portfolio, then the Company liquidate the investment up to the amount lent. If the proceeds from the disposal of the investment are below the carrying value, the borrower is followed up to recover the difference. During the year ended 31 December 2023, the Company has performed an impairment assessment for the outstanding balances and recorded the reversal of provision of SR 0.6 million on margin lending.

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**8. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)**

As at 31 December 2023, investment securities are classified as FVTPL comprises of investments in units of Yaqeen Murabaha Funds, Yaqeen Saudi Equity ETF Fund, Yaqeen Petrochemical ETF fund, Yaqeen Gold Fund, Yaqeen Income generating Fund, Yaqeen Arar Hills Funds and Yaqeen Murabaha financing funds.

	<b>As at 31 December 2023</b>	As at 31 December 2022
Opening fair value	16,232	12,237
Units purchased during the year	361,171	468,657
Units redeemed during the year	(317,999)	(464,670)
Change in fair value	4,933	8
Closing fair value	<u>64,337</u>	<u>16,232</u>

As at 31 December 2023, investment securities are classified as FVTPL comprises of investments in units of following funds.

	<b>As at 31 December 2023</b>	As at 31 December 2022
<b>Current</b>		
Yaqeen SAR Murabaha Fund (level 3)	19,304	-
Yaqeen Saudi Equity ETF Fund (level 1)	9,254	7,585
Yaqeen Petrochemical ETF Fund (level 1)	1,845	2,797
<b>Total</b>	<u>30,403</u>	<u>10,382</u>
<b>Non-current</b>		
Yaqeen Gold Fund (level 2)	4,033	3,592
Yaqeen Income Generating Fund (level 3)	20,214	-
Yaqeen Arar Hills Funds (level 3)	1,285	1,064
Yaqeen Murabaha Financing Fund (level 3)	8,402	1,194
<b>Total</b>	<u>33,934</u>	<u>5,850</u>
<b>Total investments at FVTPL</b>	<u>64,337</u>	<u>16,232</u>

Following is the breakdown of gain/(loss) from investment at FVTPL:

	<b>For the year ended</b>	
	<b>31 December 2023</b>	31 December 2022
Unrealized gain on investments at fair value through profit or loss, net	4,933	2,861
Unrealized gain on held for sale investment held at fair value through profit or loss, net	-	8
Realized gain / (loss) on investments at fair value through profit or loss, net	13,604	(963)
	<u>18,537</u>	<u>1,906</u>

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**9. LEASES**

During the year, the Company, in its capacity as a Fund Manager, established a real estate fund Yaqeen Income Generating Fund (“the Fund”), on June 15<sup>th</sup>, 2023, following the approval of the CMA. The Company then has sold its land & building and investment property having a carrying value of SR 61.16 million and a fair value of SR 96.5 million to the Fund on June 15<sup>th</sup>, 2023 at a consideration of SR 93.6 million, of which SR 76.67 million has been received in cash and the remaining in return of units in the Yaqeen Income Generating Fund which has been accounted for as an investment at FVTPL (note 8). A gain of SR 29.7 million has been recognized in the statement of comprehensive income related to this transaction.

Subsequent to the above sale, the Company leased back a portion of the building from the Fund for a lease term of five years.

**Right of use asset**

Amounts recognized in statement of financial position and statement of comprehensive income in relation to right of use asset are as follows:

	<b>As at 31 December 2023</b>	As at 31 December 2022
Balance at the beginning of the year	-	-
Additions during the year	<b>9,739</b>	-
Depreciation charge for year	<b>(1,060)</b>	-
<b>Balance at the end of the year</b>	<b>8,679</b>	-

**Lease liability**

Amounts recognized in statement of financial position and statement of comprehensive income in relation to lease liability are as follows:

	<b>As at 31 December 2023</b>	As at 31 December 2022
Balance at the beginning of the year	-	-
Additions during the year	<b>12,419</b>	-
Interest expense for the year	<b>462</b>	-
Payment for lease liability	<b>(1,616)</b>	-
<b>Balance at the end of the year</b>	<b>11,265</b>	-
Lease liability on right-of-use asset – current	<b>2,062</b>	-
Lease liability on right-of-use asset – non-current	<b>9,203</b>	-

**10. INVESTMENT CLASSIFIED AS HELD FOR SALE**

During the year ended 2022, the Company entered in an agreement where it acted as an Underwriter for Gulf Union Cooperative Insurance Company during their issue of right shares. A total of 22.9 million shares were offered, 6.2 million shares were sold during the trading and subscription period, and 4.18 million shares were sold to the institutional investors. The unpurchased shares of 12.5 million shares were covered by the Company being the underwriter. As a result, the Company owned 27.37% in Gulf Union Cooperative Insurance Company on 07 June 2022. The cost of the investment in Gulf Union Cooperative Insurance Company was SR 125.6 million.

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**10. INVESTEMENT CLASSIFIED AS HELD FOR SALE (CONTINUED)**

The 27.37% investment in Gulf Union Cooperative Insurance Company was acquired exclusively with a view to its subsequent disposal, due to which this investment was classified as a non-current asset held for sale at the acquisition date in accordance with the requirements of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*.

The Company partially sold its stake in Gulf Union Cooperative Insurance Company and hence the investment was decreased from 27.37% to 10.765% during the year ended 31 December 2022 and in current year, the Company completely disposed its investments at an amount of SR 54.5 million, the cost of which was SR 49.4 million.

**11. RELATED PARTY**

In the ordinary course of business, the Company transacts with its related parties which is based on the agreed terms. The principal related parties of the Company are Falcom Holding Company (“the Parent Company”) and associates of the Parent Company (The entities over which parent has a significant influence).

The transactions with related parties are carried out on mutually agreed terms approved by the management of the Company. The balances with related parties are payable on demand, unsecured and commission free.

Related party balances as of 31 December 2023 were as follows:

<b>Related party name and nature of balance outstanding</b>	<b>Relationship</b>	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
<b>Due from related parties*</b>			
<b>Falcom Holding Company</b>	<b>Parent Company</b>		
Professional charges		2,011	724
<b>Al Amthal Financing Company</b>	<b>Associate of Parent Company</b>		
Rent receivables		-	14
		<b>2,011</b>	<b>738</b>

\*Management has considered the impact of expected credit loss in relation to these balances outstanding at the year end and considers it to be immaterial.

11.1 Significant related party transactions during the year were as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>a) Falcom Holding Company – Parent company:</b>		
Rental income	834	1,837
Professional fees	1,291	-
Purchase of Gulf Union Cooperative Insurance Company Shares		22,231
<b>b) Associates of the Parent Company:</b>		
Rental income	1,014	1,128
Commission on brokerage services	-	200
Management fees	2,000	353
<b>c) Directors and Key Management</b>		
Key management compensation	10,807	9,763
Directors remunerations and related committees	6,532	3,115

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**12. OTHER ASSETS**

	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Prepaid expenses	1,698	1,720
Loans to employees	319	1,061
	<b>2,017</b>	<b>2,781</b>

**13. ZAKAT AND INCOME TAX PAYABLE**

**Status of Zakat assessments**

The Company has submitted its zakat declarations with the Zakat, Tax and Customs Authority (“ZATCA”) up to the year ended 31 December 2022. And prior year assessments are summarized as follows:

**I. For the years from 2012 to 2016**

During 2019, the ZATCA has issued its final zakat assessments for the financial years 2012 to 2016 requesting the Company to settle additional zakat liability amounting to SR 7.79 million for the above years. The Company has appealed against such assessments at the Higher Appeal Committee following the ruling issued by the preliminary appeal committee earlier, which upheld ZATCA’s decision. As at 31 December 2023, the Company has maintained a provision in full for the above-mentioned zakat liability.

**II. For the year 2019**

On 21 January 2024 the Company received final zakat assessment for the year 2019 with additional liabilities of SR 1.86 million in relation to which the Company provided a provision in full.

**14. SHARE CAPITAL**

The authorized and paid-in capital of the Company as of 31 December 2023 is SR 150 million (December 31, 2022: SR 150 million) divided into 15 million shares of SR 10 each. Till the year ended 31 December 2022, 100% of the shares of the Company were owned by the Falcom Holding Company, however during the current year Falcom Holding Company established a limited liability Company “Falcom Yaqeen investment Company” on 27 December 2023 and transferred its 40% stake in the Company to Falcom Yaqeen Investment Company. The shareholding structure of the Company is as follows:

	<b>Ownership% Share Capital</b>	<b>Ownership% Share Capital</b>
	<b>As at 31 December 2023</b>	<b>As at 31 December 2022</b>
Falcom Holding Company	60% 9,000,000	100% 15,000,000
Falcom Yaqeen Investment Company	40% 6,000,000	- -
	<b>100% 15,000,000</b>	<b>100% 15,000,000</b>

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**15. OTHER INCOME**

	<u>Note</u>	<b>31 December 2023</b>	31 December 2022
Gain on disposal of property, plant, and equipment	9	<b>24,704</b>	-
Gain on disposal of investment property	9	<b>5,044</b>	-
Rental Income		<b>2,067</b>	3,486
		<b>31,815</b>	3,486

**16. REVERSAL OF LOSS ON CUSTOMER'S ACCOUNTS**

In April 2022, the Company implemented a new system based on Saudi Tadawul Group's introduction of new post trade infrastructure enhancements called Post-trade Technology Program ("PTTP"). Being a newly implemented system, certain configuration issues were faced by the management which were detected during the reconciliation process on the client money accounts. A difference amounting to SR 4.25 million was noted in reconciliation, which indicated a need to have a greater amount of money in the relevant client accounts.

In compliance with Article (80) (e) of "Capital Market Institutions" the Company paid the difference from its own money into the client money accounts. The paid amount was recognized as a receivable from clients and was provided in full for the year ended 31 December 2022. During the current year, the Company has been able to recover an amount of SR 0.34 million from certain clients and will continue to pursue collection of the remaining amount where possible.

**17. OTHER EXPENSES**

This represents a reversal of losses on the fund's financial assets held by Murabaha Financing Fund managed by the Company. The Company passed a resolution on 29 June 2022 for the absorption of losses amounting to SR 7.34 million and amount paid to Murabaha financing fund was initially recognized as a receivable and provided in full for the year ended 31 December 2022. During the financial year ended on 31 December 2022, SR 4.1 million was recovered by the Company from the customers of the Murabaha Financing Fund and SR 1.78 million were recovered during the year ended 31 December 2023.

**18. OTHER GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>31 December 2023</b>	31 December 2022
Utilities and communication expenses	<b>9,508</b>	7,364
Legal and professional charges	<b>1,217</b>	2,378
Depreciation of property and equipment	<b>2,200</b>	1,818
Electricity and other utilities	<b>1,194</b>	986
Rental and premises related expenses	<b>987</b>	670
Marketing expenses	<b>731</b>	552
Depreciation of investment property	<b>157</b>	342
Insurance	<b>610</b>	338
Other	<b>1,715</b>	2,496
<b>Total</b>	<b>18,319</b>	16,944

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**19. EMPLOYEE BENEFIT LIABILITY**

	<b>31 December 2023</b>	31 December 2022
Balance as at the beginning of the year	15,462	13,798
Provision for the year	2,138	1,570
Payments during the year	(3,472)	(1,298)
Remeasurement loss	1,715	1,392
Balance as at the end of the year	<u>15,843</u>	<u>15,462</u>

**19.1 Key actuarial assumptions**

	<b>31 December 2023</b>	31 December 2022
Discount rate	4.60%	4.65%
Salary growth rate	5 %	4.65%
Rate of employee turnover	High	High

**19.2 Sensitivity analysis for actuarial assumptions**

	<b>Increase / (decrease) in assumption</b>	<b>Impact on employee benefit obligations</b>	
		<b>31 December 2023</b>	31 December 2022
<b>End of service benefits:</b>			
Discount rate	+ 0.5%	(499)	(443)
	-0.5%	504	466
Salary growth rate	+ 0.5%	386	464
	-0.5%	393	(445)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with projected unit credit method at the end of the reporting period) has been applied when calculating the employee end of service benefits.

**19.3 Maturity Profile of employee end of service benefits**

The weighted average duration of the employees' end of service benefits is 6.33 years. The expected maturity analysis of undiscounted employees' end of service benefits is as follows:

	<b>31 December 2023</b>	31 December 2022
2023	2,050	-
2024	2,406	2,808
2025	2,008	2,946
2026	2,020	2,584
2027	2,012	2,441
2028 thereafter	10,805	15,027
	<u>21,301</u>	<u>25,806</u>

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**20. FINANCIAL INSTRUMENT FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market are accessible by the Company.

**Fair value hierarchy**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the carrying amount and fair value including level in fair value hierarchy for financial assets measured at fair value. It does not include the fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets measured at fair value	Carrying value	Fair values			
		Level 1	Level 2	Level 3	Total
<b>31 December 2023</b>					
<b>Financial assets</b>					
<b>Investments measured at FVTPL</b>					
Financial assets at fair value through profit or loss – current and non-current	64,337	11,099	4,033	49,205	64,337
Fair values					
Financial assets measured at fair value	Carrying value	Level 1	Level 2	Level 3	Total
<b>31 December 2022</b>					
<b>Financial assets</b>					
<b>Investments measured as FVTPL</b>					
Financial assets at fair value through profit or loss	58,459	52,609	3,592	2,258	58,459
Investment classified as held for sale (Refer to Note 10)	42,227	42,227	-	-	42,227

The fair values of receivable against margin lending and Murabaha financing, cash and cash equivalents, margin deposits with Muqassa and accounts receivable and other assets which are carried at amortized cost, are not significantly different from the carrying values included in the financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates and maturities of these financial instruments are less than twelve months. An active market for these instruments is not available and the Company intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.



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**20. FINANCIAL INSTRUMENT FAIR VALUE (CONTINUED)**

**Valuation techniques and significant unobservable inputs**

The following tables show the valuation techniques used in measuring Level 3 fair values.

<u>Type</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Significant unobservable inputs</u>	<u>Sensitivity to changes in significant unobservable input</u>
Real estate investment funds	21,499	Discounted cashflows	-Expected Cashflows (31 Dec 2023: 600 – 1000 / sq. meter 31 Dec 2022: 487 – 498 / sq. meter) - Discount rate (31 Dec 2023: 10 % 31 Dec 2022: 9.5%)	The estimated fair value would increase or (decrease):  -by approx. SR 0.35 million if the expected cashflows are higher (lower) by 10%  -by approx. SR 2.7 million if the /discount rates are lower (higher) by 1%
Other investment funds*	27,706	Discounted cashflows	-Discount rate at market terms (31 Dec 2023:5.49% 31 Dec 2022:4.32%)	The estimated fair value would increase (decrease) by approx. SR 4.3 million if the discount rates are lower (higher) by 1%.

\* These include the investment of Company in Yaqeen SAR Murabaha Fund and Yaqeen Murabaha Financing Fund.

**20.1** There have been no transfers between Level 1, Level 2 and Level 3 during the year.

**20.2** The following table shows the reconciliation from opening balance to closing balance for the fair value for level 3 fair value.

	<b>31 December <u>2023</u></b>	31 December <u>2022</u>
Balance at the beginning of the year	<b>2,257</b>	2,133
Purchases during the year	<b>61,135</b>	-
Sold during the year	<b>(18,500)</b>	-
<b>Net Changes in investment at FVPTL</b>		
Unrealized fair value gain for the year	<b>4,313</b>	124
Balance at the end of the year	<b>49,205</b>	2,257

**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Effective risk management is of primary importance to the Company. Risks include market risk (primarily foreign exchange risk, price risk and commission rate risk), credit risk, liquidity risk, and operational risk. The Company ensures that it is conservatively capitalized relative to its risk levels, as well as external requirements and benchmarks.

Financial instruments carried on the balance sheet include cash and bank balances, margin lending and murabaha financing, other assets, investments at FVTPL – current, investments at FVTPL non-current, accounts payable and accruals, due to a related party (Short-term murabaha financing) and short-term financing. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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Financial assets and financial liabilities are offset, and net amounts are reported in the financial statements, when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

### 21.1 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

#### a) Commission rate risk

Commission rate risk is the impact on future earnings of the Company resulting from increase in the market interest/ commission rates. The risk arises when there is a mismatch in the assets and liabilities which are subject to interest rate adjustment within a specified period. The most important source of such risk is the Company's short term Islamic financing payable. Since short term Islamic financing payables has a short term nature the increase or decrease in market interest / commission rates is not significant. and therefore, there is no significant commission rate risk as at balance sheet date. The Company margin lending and Murabaha financing and other financial liabilities are at fixed rates and are carried in the financial statements at amortized cost, hence there is no commission rate risk as at balance sheet date.

Commission rate risk	Within 3 Months	3-12 Months	Over 1 year	Non- commission bearing	Total
<b>31 December 2023</b>					
Cash and bank balances	-	-	-	103,468	103,468
Margin lending and murabaha financing	-	39,174	-	47,262	86,436
Margin deposits with Muqassa	-	-	-	22,461	22,461
Accounts receivables	-	-	-	29,800	29,800
Other assets	-	-	-	2,017	2,017
Investments at FVTPL – current	-	-	-	30,403	30,403
Investments at FVTPL – non-current	-	-	-	33,934	33,934
<b>Total financial assets</b>	-	<b>39,174</b>	-	<b>269,345</b>	<b>308,519</b>
Accounts payable and accruals	-	-	-	17,637	17,637
Short term financing	-	-	-	-	-
<b>Total financial liabilities</b>	-	-	-	<b>17,637</b>	<b>17,637</b>
<b>31 December 2022</b>					
Cash and bank balances	-	-	-	37,211	37,211
Margin lending and murabaha financing	-	38,988	-	36,760	75,748
Margin deposits with Muqassa	-	-	-	45,236	45,236
Accounts receivables	-	-	-	36,113	36,113
Other assets	-	-	-	2,781	2,781
Investments at FVTPL – current	-	-	-	10,382	10,382
Investments at FVTPL – non-current	-	-	-	5,850	5,850
<b>Total financial assets</b>	-	<b>38,988</b>	-	<b>174,333</b>	<b>213,321</b>
Accounts payable and accruals	-	-	-	19,037	19,037
Short term financing	-	50,000	-	-	50,000
<b>Total financial liabilities</b>	-	<b>50,000</b>	-	<b>19,037</b>	<b>69,037</b>

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**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

**b) Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's transactions are principally in Saudi Riyals and US Dollars. Management monitors the fluctuations in currency exchange rates and believes that the currency risk is not material. Since the SAR is pegged to US Dollar, therefore, there is no foreign exchange risk.

**21.2 Credit risk**

The Company is exposed to credit risk as a result of the counterparty's failure to meet its contractual obligations when due, in respect of:

- Margin lending and murabaha financing
- Due from related parties
- Cash at bank
- Other assets
- Margin deposit with Muqassa

Credit risk is the risk that the Company will incur a financial loss as a result of the failure of the customer or counterparty to a financial instrument to fulfil its contractual obligations. Credit risk arises from cash and cash equivalents as well as credit exposures to other assets, balances due from related parties, Margin lending, murabaha financing and Margin deposit with Muqassa.

**Exposure**

Cash and cash equivalents are deposited with the Bank, which has sound credit ratings. Margin deposit with Muqassa is deposited with Muqassa which is a regulatory related entity. The receivables relate to Margin lending and murabaha financing portfolios and have adequate coverage ratios. The portfolios are closely monitored, and any margin calls or liquidations are performed at predefined thresholds as and when needed to ensure that the Company's exposure is sufficiently collateralized. Other assets mainly comprise of fees receivables and receivables relate to investment banking group. The fees receivables mainly relate to amounts due from the counterparties on quarterly basis and are settled within a short period of time. The receivables related to the investment banking group are closely monitored by the Company and specific controls are being applied in accordance with the Company policies and procedures. The carrying amount of financial assets represents their maximum credit exposure. Allowance for expected credit losses on financial assets recognized in the statement of financial position for 31 December 2023 amounted to SR 1.16 million.

Revenues are settled mainly in cash for commission income therefore the related credit risk is minimal. For other receivables, the Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are then assigned.

For banks and financial institutions, only independently rated parties with a minimum rating of A2 are accepted. Therefore, the ECL on cash and cash equivalents is immaterial.

The Company has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as at 31 December 2023 amounted to nil (31 December 2022: nil). The cash at banks as at 31 December 2023 is SR 103.4 million (31 December 2022: SR 37.2 million). For banks and financial institutions, only independently rated parties with a minimum rating of A2 are accepted.

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**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

The credit ratings of banks in which the Company holds cash as at 31 December are as follows:

	<b>31 December 2023</b>	31 December 2022
Moody's Credit rating		
A2	<u>103,425</u>	<u>37,168</u>

Accounts receivables are shown net of allowance for expected credit losses. The Company applies the IFRS 9 simplified approach for measuring expected credit losses on accounts receivables. To measure the expected credit losses, accounts receivables are grouped based on shared credit risk characteristics and the days past due. The ECL on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, days past due, expected recovery, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, and an assessment of both the current as well as the forecast direction of conditions at the reporting date. A significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

Due from related parties amounting to SR 738 thousand are expected to be settled within the next 12 months. Related party receivables are callable overnight if payment is required earlier. Given the short life of the receivable and the fact they are with intercompany entities with no history of default, the related party balance considered to have low credit risk, therefore ECL is expected to be negligible on these receivables.

ECL for receivables against margin lending and murabaha financing is SR 1.16 million (2022:1.7 million), the Company holds equity instruments of customers as collateral against margin lending and murabaha receivables which are carried at amortized cost. The Company uses those collaterals as part of the loss given default "LGD" calculation. The value of collateral is regularly monitored by the Company to ensure that it is sufficient to cover the exposure of margin lending and murabaha financing receivables. As part of the ongoing monitoring of margin lending and murabaha financing receivables, the Company has stop loss measure in case if its value falls by 25% of the original value of the portfolio, then the Company liquidate the investment up to the amount lent.

There are no significant concentrations of credit risk, whether through exposure to individual customers and specific industry sectors. The nature of businesses of the Company does not expose it to credit concentration risk.

Management analyses credit risk in the following categories:

**Credit quality analysis**

The following table sets out the credit analysis for financial assets:

<b>31 December 2023</b>	<b>Investment grade</b>	<b>Non- investment grade</b>	<b>Unrated</b>	<b>Total</b>
<b>Financial assets</b>				
Cash and bank balances	103,468	-	-	103,468
Margin deposits with Muqassa	22,461	-	-	22,461
Margin lending and murabaha financing	-	-	86,436	86,436
Other assets	-	-	2,017	2,017
Accounts receivables	-	-	29,800	29,800
<b>Total</b>	<u>125,929</u>	<u>-</u>	<u>118,253</u>	<u>244,182</u>

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**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

31 December 2022	Investment grade	Non- investment grade	Unrated	Total
Financial assets				
Cash and bank balances	37,211	-	-	37,211
Margin deposit with Muqassa	45,263	-	-	45,263
Margin lending and murabaha financing	-	-	75,748	75,748
Accounts receivables	-	-	36,113	36,113
Other assets	-	-	38,894	38,894
<b>Total</b>	<b>84,474</b>	<b>-</b>	<b>150,755</b>	<b>233,229</b>

The credit quality of the above financial assets is based on external credit rating agencies. For unrated financial assets the credit quality of financial assets is determined by the customers' history of meeting commitments, market intelligence related information and management's trade experience.

The credit risk exposure for receivable against margin lending and murabaha financing by geographic region is as follows:

	<b>31 December 2023</b>	31 December 2022
Saudi Arabia	<b>85,269</b>	75,748

The credit risk exposure for receivables against margin lending and murabaha financing by type of customer representing only retail clients as at 31 December 2023 and 2022.

**21.3 Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial obligation. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

Below are the amounts expected to be recovered or settled no more than 12 months and those more than 12 months after the reporting date.

	<b>31 December 2023</b>	31 December 2022
<b>ASSETS</b>		
<b>Less than twelve months</b>		
Cash and bank balances	<b>103,468</b>	37,211
Margin deposit with Muqassa	<b>22,461</b>	45,263
Margin lending and murabaha financing	<b>86,436</b>	75,748
Investments at fair value through profit or loss (FVTPL)	<b>30,403</b>	10,382
Investment classified as held for sale	-	42,227
Accounts receivables	<b>29,800</b>	36,113
Due from related parties	<b>2,011</b>	738
Other assets	<b>2,017</b>	2,781
	<b>276,596</b>	250,463
<b>More than twelve months</b>		
Investments at fair value through profit or loss (FVTPL)	<b>33,934</b>	5,850
	<b>33,934</b>	5,850

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**21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)**

	<b>31 December 2023</b>	31 December 2022
<b>LIABILITIES</b>		
<b>Less than twelve months</b>		
Accounts payable and accruals	17,637	19,037
Short term Islamic financing payable.	-	50,000
Current portion of lease liability	2,062	-
Provision for zakat	16,516	12,586
	<u>36,215</u>	<u>81,623</u>
<b>More than twelve months</b>		
Employee end of service benefits	15,844	15,462
Lease liability	9,203	-
	<u>25,047</u>	<u>15,462</u>

Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet the Company's future commitments. The amounts disclosed in the table are the contractual undiscounted cash flows which are equivalent to their respective carrying amount, as the impact of discounting is immaterial.

**21.4 Operational Risk**

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Company's activities either internally or externally at the Company's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

Operational risk is a distinct risk category which the Company manages within acceptable levels through sound operational risk management practices that are part of the day-to-day responsibilities of management at all levels. The objective in managing operational risk is to ensure control of the Company's resources by protecting its assets and minimizing the potential for financial loss.

The Company's risk management approach involves identifying, assessing, managing, mitigating, monitoring, and measuring the risks associated with operations. The management of operational risk has a key objective of minimizing the impact of losses suffered in the normal course of business (expected losses) and to avoid or reduce the likelihood of suffering a large extreme (unexpected) loss.

**21.5 Equity price risk**

The Company's listed equity investments are susceptible to price risk, arising from uncertainties about fair values of investments. The Company manages equity price risk through diversification, setting limits on investments and monitoring continuously the developments in the stock and international funds markets. In addition, the key factors that affect the stock and bond market movements are monitored including analysis of the operational and financial performance of investees. The exposure to investment and its impact on equity is detailed in the table below with a % change in equity prices.

<b>Markets</b>	<b>31 December 2023</b>	<b>Sensitivity</b>	
		<b>Profit</b>	<b>Percentage</b>
<b>Investments at FVTPL</b>			
Saudi Arabia	30,403	+/-304	+/- 1%
<b>Investment classified as held for sale</b>			
Saudi Arabia			

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Markets Investments at FVTPL	31 December 2022	Sensitivity	
		Profit	Percentage
Saudi Arabia	10,382	+/-104	+/- 1%

## 22. COMMITMENT AND CONTINGENCIES

The Company has no commitment and contingencies as at 31 December 2023 (31 December 2022: Nil).

## 23. CAPITAL RISK MANAGEMENT

The CMA has issued Prudential Rules (the "Rules") dated 17 Safar 1434H (corresponding to 30 December 2012) amended by resolution of the Board of the Capital Market Authority Number 1-129-2022 Dated 04 Jumada II 1444H (Corresponding to 28 December 2022). According to the Rules, the CMA has prescribed the framework and guidance regarding the minimum regulatory capital requirement and its calculation methodology as prescribed under these Rules. In accordance with this methodology, the Company has calculated its minimum capital required. Current year figures are presented based on amended regulations issued by CMA effective from April 1, 2023, and applied prospectively. The prior year's figures are not restated but are presented based on previous Rules and guidance. Capital adequacy ratio are as follows:

	31 December 2023 SAR'000	31 December 2022 SAR'000
<b>Capital base:</b>		
Tier 1 Capital	258,801	222,292
Tier 2 Capital	-	-
<b>Total capital base</b>	<b>258,801</b>	<b>222,292</b>
<b>Risk Weighted Asset:</b>		
Credit risk	308,709	79,284
Operational risk	335,428	20,679
Market risk	60,815	1,662
<b>Total Risk Weighted Asset</b>	<b>704,952</b>	<b>101,625</b>
<b>Total capital ratio</b>	<b>36.71%</b>	<b>2.19</b>
<b>Surplus in capital</b>	<b>202,405</b>	<b>120,667</b>

Capital Base of the Company comprises of:

- Tier-1 capital consists of paid-up share capital, retained earnings, reserves excluding revaluation reserves as per Article 5 of amended Rules / Article 4 of the Rules.
- Tier-2 capital consists of capital instruments as per Article 6 of amended Rules / Article 4 of the Rules.

The Minimum Capital Requirements for Market, Credit & Operational Risk are calculated as per the requirements specified in Part 3 of the Rules.

The Company is required to maintain adequate capital as specified in the Rules. The capital adequacy ratio shall not be less than 8% of the minimum capital required in amended Rules and shall not be less than 1 time in previous Rules.

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The Company's business objectives when managing capital adequacy is to comply with the capital requirements set forth by the CMA to safeguard the Company's ability to continue as a going concern, and to maintain a strong capital base.

#### 24. SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on their products and services and has four reportable segments, as follows:

- **Brokerage:** Providing services through trading channels and margin trading to customers.
- **Investment Banking Group (IBG):** Providing advisory and IPO services to the customers.
- **Asset management:** Manage and establish mutual funds and portfolios.
- **Investments:** Investing activities of the Company in financial and non-financial assets

The executive management is the Chief Operating Decision Maker and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial information.

The segment wise breakup is as follows:

	Brokerage	IBG	Asset management	Investments	Total
For the year ended 31 December 2023					
<u>Revenues from contracts with customer*</u>					
Commission on brokerage services	9,044	-	-	-	9,044
Management and subscription fee from mutual funds	-	-	13,369	-	13,369
Advisory services income	-	30,853	-	-	30,853
<u>Other income streams</u>					
Gain on investments at fair value through profit or loss, net	-	-	-	18,537	18,537
Other income	-	-	-	32,414	32,414
Income on Murabaha financing	-	-	-	5,405	5,405
Total Revenues	9,044	30,853	13,369	56,356	109,622
Total Expenses	(5,188)	(16,194)	(6,105)	(43,910)	(71,397)
Segment Net Income after zakat	3,856	14,659	7,264	12,446	38,225
As At 31 December 2023					
Assets	86,437	8,504	16,202	208,920	320,063
Liabilities	2,712	1,034	867	56,649	61,262

\*In relation to revenue from contract with customers the revenue from Commission on brokerage services is recognized at point in time while the revenue from management and subscription fees and advisory service income are recognized over the period or point in time depending upon contractual arrangement against each customer.

\*\* The primary geographical market for the Company's product and services is Kingdom of Saudi Arabia.



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**24. SEGMENT INFORMATION (CONTINUED)**

	Brokerage	IBG	Asset management	Investments	Total
For the year ended 31 December 2022					
<u>Revenues from contracts with customer*</u>					
Commission on brokerage services	15,255	-	-	-	15,255
Management and subscription fee from mutual funds	-	-	18,648	-	18,648
Advisory services income	-	31,560	-	-	31,560
<u>Other income streams</u>					
Gain / (loss) on investments at fair value through profit or loss, net	-	-	-	-	-
Other income	-	-	-	2,300	2,300
<b>Total Revenues</b>	<b>15,255</b>	<b>31,560</b>	<b>18,648</b>	<b>2,300</b>	<b>67,763</b>
Expenses	(18,832)	(9,866)	(6,694)	(29,100)	(64,492)
<b>Segment Net Income / (loss) after zakat</b>	<b>(3,577)</b>	<b>21,694</b>	<b>11,954</b>	<b>(26,800)</b>	<b>3,271</b>
As At 31 December 2022					
Assets	66,782	9,753	15,714	257,934	350,183
Liabilities	3,092	1,644	946	121,634	127,046

**25. EARNING PER SHARE**

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding.

	<b>As at 31 December 2023</b>	As at 31 December 2022
Income for the year	<b>38,225</b>	3,818
Weighted average number of ordinary shares	<b>15,000</b>	15,000
<b>Basic and diluted</b>	<b>2.55</b>	0.25

**26.1 ASSETS UNDER MANAGEMENT**

These represent the public and private funds' assets, discretionary portfolio and non-discretionary portfolios' assets managed by the Company on behalf of its customers amounted to Saudi Riyals SR 1.4 billion as at 31 December 2023 (31 December 2022: Saudi Riyals 1.8 billion).

**26.2 CLINET CASH MONEY ACCOUTS**

The Company manages clients' cash accounts for brokerage activities, which amounted to Saudi Riyals 172 million as at 31 December 2023 (31 December 2022: Saudi Riyals 280 million)

**27. SUBSEQUENT EVENTS**

Except for events mentioned in paragraph (ii) of note 1, no events have occurred subsequent to reporting date and before the issuance of these financial statement which requires adjustment to, or disclosure, in the financial statements.

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**28. COMPARATIVE FIGURES**

Following the audit of the financial statements, management has presented accounts receivable account separately from other assets to conform with IAS 1 presentation requirements. The following table summarizes the impact of the presentation made in comparative year:

<b>Financial Statement Caption</b>	<b>As previously stated</b>	<b>Adjustment of accounts receivables</b>	<b>Restated</b>
Other Assets	38,894	(36,113)	2,781
Accounts receivables	-	36,113	36,113

**29. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Board of Directors on 28 March 2024.

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