

## Report – Board of Directors

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## Foreword

We, Awaed Alosool Capital, “Awaed”, are pleased to present the Report of the Board of Directors and of the Committees thereof for the financial year 2023 (from March 21, 2023, the date of our commencement). As we can foresee, it is expected to be a year of economic, geopolitical and social upheaval, the Board of Directors has continued its work of supervising, coordinating and defining the Company’s governance model, guided by the highest standards of transparency, ethics, risk & compliance. With the publication of this report, we reaffirm our commitment to maintaining a Governance and Sustainability System at the forefront of the best and most demanding international practices, through the constant revision and renewal thereof.

Awaed Alosool Capital Saudi Closed Joint Stock Company with Paid Up Capital of SR 50,000,000.00. licensed by the Saudi Arabian Capital Market Authority. Commercial Registration No. 1010734817. Head Office: Mohammed Al Zawahri district 2890, Al Orouba Street, HomeOffice # 19, Riyadh, 6755, Saudi Arabia.

## Activities – 2023

In this year's board report, we are pleased to announce significant milestones achieved by Awaed, marking a year of substantial growth and expansion. On March 21, 2023, we received our commencement license for brokerage activities and asset management, a pivotal moment that set the stage for our strategic foray into the financial services industry. Further expanding our service portfolio, we obtained the license for custody commencement on February 8, 2024, enabling us to offer a comprehensive suite of investment services to our clients.

Throughout this period, Awaed has successfully obtained approvals for three funds, demonstrating our capability to meet the diverse investment needs of our clientele. Additionally, we have launched our brokerage service for the US market, providing our clients with access to one of the world's largest and most dynamic investment landscapes.

Currently, we are in the process of enhancing our single application for multi market trading and multi asset investing, incorporating a state-of-the-art Fintech platform. This advancement underscores our commitment to leveraging cutting-edge technology to deliver superior service quality and operational efficiency. These achievements reflect Awaed's dedication to excellence and our strategic vision to position ourselves as a leading player in the financial services sector.

## Future plans

Awaed is undergoing a strategic transformation to enhance its operational efficiency and market reach. Key structural changes may include:

**Technology Infrastructure Overhaul:** Implementing advanced technological solutions to streamline brokerage and asset management operations, improve customer experience, and ensure robust security measures.

**Human Capital Development:** Investing in the professional development of its workforce to align with the evolving financial landscape and regulatory requirements.

**Corporate Governance Enhancement:** Strengthening corporate governance practices to support transparency, accountability, and strategic decision-making processes.

**Brokerage Services for Tadawul:** Preparing to offer comprehensive brokerage services for the Saudi Stock Exchange (Tadawul), aiming to focus on retail investors. This move is expected to significantly increase its market presence and customer base.

**Launching New Funds and Financial Products:** The company plans to launch several funds and financial products tailored to meet the diverse investment needs and risk profiles of its clients. These offerings may include mutual funds and bespoke investment solutions focusing on various sectors and geographical regions.

**Future Expectations** Looking ahead, Awaed is poised for significant growth, with a few expectations outlined below:

**Market Leadership:** By entering the brokerage services for Tadawul and launching innovative financial products, Awaed aims to establish itself as a market leader in the financial services sector in the region.

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**Client Base Expansion:** These strategic moves are expected to attract a broader client base, including high-net-worth individuals, corporate clients, and international investors looking to invest in the Middle Eastern markets.

**Regulatory Compliance and Innovation:** Ongoing commitment to regulatory compliance and innovation will be crucial in navigating the complexities of financial markets and meeting the evolving needs of clients. Awaed Alosool Capital's strategic plans indicate a proactive approach to leveraging opportunities in the financial markets, enhancing its service offerings, and expanding its footprint in the industry. The success of these initiatives will depend on effective execution, market conditions, and the company's ability to adapt to the rapidly changing financial landscape.

In conclusion, since obtaining our license in March 2023, Awaed Alosool Capital has embarked on a remarkable journey, marked by significant achievements and promising prospects. Our successful inception into the US stock market via our Fintech platform stands as a testament to our innovative capabilities and our commitment to providing exceptional value to our customers. As we look forward, we are excited about the opportunity to expand our offerings and introduce a diverse range of valuable financial products tailored to meet the needs of our customers in Saudi Arabia. This endeavor not only reflects our dedication to excellence and customer satisfaction but also reinforces our position as a forward-thinking leader in the financial sector. With a solid foundation established in our inaugural year and a clear vision for the future, Awaed Alosool Capital is poised for continued growth and success. We express our sincere gratitude to our esteemed board of directors for their unwavering support and guidance, and we eagerly anticipate the opportunities that lie ahead as we continue to innovate, expand, and serve our valued customers.

## Board – Composition

1. Faisal Khamisi – Chairman Board – Non-Executive Member
2. Sami Al Hilwa – Vice Chairman – Non-Executive Member
3. Mutb Al Qani – Board Member – Non-Executive Member
4. Sultan Ghaznawi – Board Member – Executive Member
5. Adel Ateeq – Board Member – Executive Member
6. Sultan Al Anezi – Independent
7. Abdullah Al Ribdi – Independent

## Board – Association

Entities (inside and outside the Kingdom) of which a member of the board of directors of Awaed Alosool Capital is a member of its boards of directors or one of its directors:

Board member – Name	Company (s)	Position
Faisal Khamisi	<ol style="list-style-type: none"> <li>1. The Saudi Federation for Cyber Security and Programming (SAFCSP)</li> <li>2. Tuwaiq Academy (<i>Parent organization, SAFCSP</i>)</li> <li>3. Barraq Company</li> <li>4. Cloud Computing Company/</li> <li>5. Sahm Capital</li> <li>6. Gulf Applications Company (<i>GAAP</i>)</li> <li>7. United Technologies Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Chairman of the Board</li> <li>2. Chairman of the Board</li> <li>3. Chairman of the Board</li> <li>4. Chairman of the Board</li> <li>5. Board Member</li> <li>6. Board Member</li> <li>7. Chairman of the Board</li> </ol>
Mutb Al Qani	<ol style="list-style-type: none"> <li>1. The Saudi Federation for Cyber Security and Programming (SAFCSP)</li> <li>2. Barraq Company</li> <li>3. Saudi Crafts and Handicrafts Company</li> <li>4. United Technolgies Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Board Member</li> <li>2. Board Member</li> <li>3. Board Member</li> <li>4. Board Member</li> </ol>
Sami Al Hilwa	<ol style="list-style-type: none"> <li>1. Exa Information Technology</li> <li>2. Nana Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Chairman of the Board</li> <li>2. Board Member</li> </ol>
Sultan Ghaznawi	<ol style="list-style-type: none"> <li>1. Scene Investments</li> <li>2. Sak Real Estate Company</li> <li>3. Barraq Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Chairman of the Board</li> <li>8. Board Member</li> <li>2. Board Member</li> </ol>
Adel Ateeq	<ol style="list-style-type: none"> <li>1. Securities depository center</li> <li>2. Boudl Hotel &amp; Resorts</li> <li>3. Riyadh Valley Company</li> <li>4. Taiba Valley Company</li> </ol>	<ol style="list-style-type: none"> <li>1. Board Member</li> <li>2. Board Member</li> <li>3. Board Member</li> <li>4. Board Member</li> </ol>
Abdullah Al Ribdi	<ol style="list-style-type: none"> <li>1. Rasana Capital</li> <li>2. Bunat Venture</li> </ol>	<ol style="list-style-type: none"> <li>1. Board Member</li> <li>2. Board Member</li> </ol>
Sultan Al Anezi	Tap Payments	Board Member

### Board's Roles and Responsibilities

The Board shall oversee the business of the Awaed, including approving and overseeing the implementation of the Awaed's risk strategy, corporate governance rules and principles of professional conduct. This report outlines our efforts to maintain high standards of corporate governance and implement effective controls to ensure the integrity of our operations and financial reporting. The Board is also responsible for supervision of Senior Management. Members of the Board shall carry out the tasks and responsibilities entrusted to them by ensuring that adequate policies and procedures for supervision and control of the Awaed's performance are in place. Establishment of committees, reviewing reports by risk, compliance & audit and providing instructions to resolve the breaches in a timely manner.

### Board Composition and Diversity

The Board of Directors is composed of highly experienced individuals with diverse backgrounds and expertise. Our Directors bring a wealth of knowledge and experience to the company, and their skills and perspectives help us make informed decisions that benefit our shareholders and stakeholders.

We recognize the importance of diversity in the Boardroom and are committed to promoting diversity and inclusion in all aspects of our business. We have established policies and programs to increase diversity on our Board and in our workforce. We believe that a diverse and inclusive workplace is essential to our success and that it will help us better serve the needs of our clients and stakeholders.

### Stakeholder Engagement

Awaed is committed to engaging with our stakeholders and listening to their concerns and feedback. We regularly communicate with our clients, employees, regulators, and other stakeholders to ensure that we understand their needs and expectations.

We have established a robust client feedback program that enables us to gather feedback from our clients on our products and services. This feedback helps us identify areas where we can improve and develop new products and services that better meet the needs of our clients.

We also engage with our employees through various channels, including town hall meetings, employee surveys, and other forums. We value the input of our employees and use their feedback to improve our operations and create a positive and inclusive workplace culture.

## Board meetings – 2023

Board member Name	Faisal Khamisi	Mutb Al Qani	Sami Al Hilwa	Sultan Ghaznawi	Adel Ateeq	Sultan Al Anezi	Abdullah Al Ribdi
30/3/2023	X	X	X	X	X	X	X
29/6/2023	X	X	X	X	X	X	X
28/9/2023	X	X	X	X	X	X	X
28/12/2023	X	X	X	X	X	X	X

Present X

## Reviews – Financial Statement, Risk and Compliance

The Board of Directors has diligently reviewed the audited financial statements for the fiscal year ending in 2023, alongside the notes and records of the Risk and Compliance Committee's meetings.

Given that the company secured its CMI license in 2023, all reported assets, liabilities, and business outcomes are specific to the financial year 2023, as outlined in the subsequent table. Consequently, due to the company's licensing timeline, comparative results from the previous financial year are not relevant for 2023.

### Statement of Financial Position – As at December 31, 2023

<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	40,232,940
Prepayments and other debtors	1,796,762
Due from related parties	693,335
<b>Total current assets</b>	<b>42,723,037</b>
<b>Non-current assets</b>	
Property and equipment, net	1,303,385
Intangible assets, net	802,739
Work in progress	14,092,997
Right-of-use assets, net	3,340,353
<b>Total non-current assets</b>	<b>19,539,474</b>
<b>Total assets</b>	<b>62,262,511</b>
<b>Equity and Liabilities</b>	
<b>Equity</b>	
Share capital	50,000,000
Accumulated Losses	(27,295,701)
<b>Total equity</b>	<b>22,704,299</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Lease liabilities current portion	341,443
Accounts Payable	1,972,272
Accrued expenses and other creditors	222,169
Due to related parties	32,520,421
Zakat Provision	345,901
<b>Total current liabilities</b>	<b>35,402,206</b>
<b>Non-current liabilities</b>	
Lease liabilities non-current portion	3,511,882
Employee defined benefits plan obligations	644,124
<b>Total non-current liabilities</b>	<b>4,156,006</b>
<b>Total liabilities</b>	<b>39,558,212</b>
<b>Total equity and liabilities</b>	<b>62,262,511</b>



**Statement of Profit and Loss and other comprehensive Income – As at December 31, 2023**

Revenue from investment services and assets management	1,960,740
<b>Cost of Revenue</b>	<u>(356,540)</u>
<b>Gross Profit</b>	<b>1,604,200</b>
<b>Operating expenses</b>	
Depreciation of property and equipment	(283,930)
Amortization of intangible assets	(88,932)
Depreciation of right-of-use-assets	(835,088)
Finance costs of lease liability	(250,527)
General and administration expenses	(20,570,658)
Selling and marketing expenses	<u>(2,933,869)</u>
<b>Total operating expenses</b>	<b><u>(24,963,004)</u></b>
<b>Net operating loss</b>	<b><u>(23,358,804)</u></b>
Other revenue	<u>1,903,246</u>
<b>Net loss for the period before zakat</b>	<b><u>(21,455,558)</u></b>
Zakat	<u>(345,901)</u>
<b>Net loss for the period</b>	<b><u>(21,801,459)</u></b>
<b>Other comprehensive loss</b>	
<b>Items that will not subsequently reclassified to the statement of profit or loss</b>	
Loss from re-measurement of employee defined benefits plan obligations	<u>(12,761)</u>
<b>Total other comprehensive loss for the period</b>	<b><u>(12,761)</u></b>
<b>Total comprehensive loss for the period</b>	<b><u>(21,814,220)</u></b>

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Throughout the year, the company did not procure loans from any institutions or their affiliates, with the sole exception being financing obtained from Sanabil Financial Company an affiliate company owned by the same shareholders. This financing amounted to a total of SAR 32,484,778 as of December 31, 2023.

Furthermore, In our comprehensive review of the Risk and Compliance Committee's notes and records of meetings conducted throughout the year, the Board of Directors is pleased to acknowledge the Committee's outstanding efforts and contributions. The Committee's rigorous oversight and proactive initiatives have been instrumental in fortifying Awaed's first line of defense, a crucial element in safeguarding our institution against significant regulatory challenges.

The Board extends its sincere gratitude to the Risk and Compliance Committee for their invaluable support and tireless efforts in safeguarding the institution. We are confident that the strategies and measures implemented will continue to uphold Awaed's reputation for excellence in governance and compliance, thereby securing our long-term success and stability in the competitive landscape of the capital markets.

In conclusion, the Board acknowledges and appreciates the diligent work of all parties involved in the preparation of the financial statements and the effective governance practices exhibited by the Risk and Compliance Committee. We are confident that these efforts have significantly contributed to the institution's stability and growth, positioning us well for future challenges and opportunities.

## Corporate Governance

Awaed is committed to upholding the principles of transparency, accountability, and ethical conduct in all our business activities. To this end, we have established a comprehensive governance framework that is overseen by the Board of Directors. The Board is responsible for setting the company's strategic direction, overseeing management, and ensuring compliance with applicable laws and regulations.

During the past year, the Board has focused on enhancing its oversight of the company's risk management processes. We have implemented a risk management framework that provides a systematic approach to identifying, assessing, and managing risks. The Board regularly reviews and updates the framework to ensure that it remains effective in mitigating the risks facing the company.

We have also taken steps to strengthen our internal controls to prevent and detect fraud, errors, and other irregularities. Our internal control systems are designed to provide reasonable assurance that our financial reporting is accurate and reliable. We have established policies and procedures for financial reporting, and we regularly monitor and evaluate our controls to ensure they remain effective.

### Risk and Compliance Committee

The Risk and Compliance Committee is responsible for overseeing the company's risk management framework and ensuring that our risk management processes are effective in identifying, assessing, and managing risks, it complies with applicable laws and regulations, financial reporting processes and ensuring that our financial statements are accurate and reliable. The committee also oversees the company's internal audit function and external auditors.

Following our commencement in March 2023, we engaged our Risk Compliance department to contribute to the establishment of our first line of defense. This department has actively participated in the formulation of policies and procedures, and has provided crucial regulatory guidance to ensure the effective development of our systems and controls. Additionally, our Risk and Compliance team plans to perform a comprehensive regulatory risk assessment once our infrastructure is completed and we are fully operational.

The Risk and Compliance Committee is composed of three members, the Compliance and Money Laundering Reporting Officer, the Head of Risk Management, and the Chief Executive Officer. In 2023, the Committee convened with all members present on July 17 and December 18 and to conduct a comprehensive review and discussion on the successful implementation of the first line of defense. In the December meeting, the committee expressed their satisfaction with the fact that Awaed had not received any penalties throughout 2023.

The committee reviews and approves the company's risk appetite and tolerance levels and ensures that risk management policies and procedures are in place and up-to-date.

We are committed to maintaining high standards of corporate governance and implementing effective controls to ensure the integrity of our operations and financial reporting. We believe that these efforts will help us achieve our strategic objectives and create long-term value for our shareholders and stakeholders.

## Policies and procedures

**Risk Management Policies and Procedures:** Awaed has established comprehensive risk management policies and procedures in place to identify, assess, and manage risks. These policies and procedures outline the company's risk appetite, tolerance, and mitigation strategies.

**Compliance Policies and Procedures:** Awaed has established comprehensive compliance policies and procedures in place to ensure that they comply with all applicable laws and regulations. This includes;

- Compliance Manual,
- Compliance Monitoring Manual,
- Anti-money laundering policies and procedures,
- Account Opening Instructions,

**Investment Policies and Procedures:** Capital companies typically have policies and procedures in place to govern their investment activities. These policies and procedures outline the types of investments the company is authorized to make, the due diligence process for selecting investments, and the risk management strategies for managing investment risks.

**Financial Reporting Policies and Procedures:** Capital companies are typically required to prepare financial statements and reports in accordance with accounting standards and regulatory requirements. These companies have policies and procedures in place to ensure the accuracy and reliability of their financial reporting. This includes policies related to internal controls, financial statement preparation, and the independent audit process.

**Corporate Governance Policies and Procedures:** Capital companies typically have policies and procedures in place to ensure good corporate governance. These policies and procedures outline the roles and responsibilities of the Board of Directors and senior management, the company's code of conduct and ethics, and the processes for shareholder engagement and communication.

**Information Technology Policies and Procedures:** Capital companies typically have policies and procedures in place to manage their information technology systems and data. These policies and procedures cover areas such as data security, backup and recovery, system access and authentication, and disaster recovery planning.

This brings Awaed with total inventory of policies and procedures as follows;

1. Code of Ethical Behavior,
2. Risk Management Framework,
3. Compliance Manual,
4. Compliance Monitoring Manual,
5. Anti-Money Laundering & Counter Terrorist Financing policy,
6. Business Continuity Policy,
7. Asset Management Department Policy Manual
8. Brokerage Department Policy Manual,
9. Account Opening Policy,
10. Human Resources Policy,
11. Internal Audit Policy, and
12. Remuneration and Compensation Policy

## Compensation and Remunerations – Board members and Senior Executives

We are pleased to report a year marked by strategic and thoughtful compensation decisions, aligned with our institution's performance and long-term objectives. Recognizing the critical role our employees play in achieving our goals, we have continued to implement a compensation framework that is competitive, equitable, and designed to attract, motivate, and retain top talent. Our remuneration strategy this year has been centered around rewarding performance that not only meets but exceeds our stakeholders' expectations, ensuring that our compensation packages are in harmony with the market trends and industry standards.

Statement	Executive Board Members	Non-Executive Board Members	Independent Board Members
Allowance for attendance of the board of directors' sessions			
Allowance for attendance of the committees' sessions			
Periodic and annual remunerations Incentive plans	1,350,774		
Any compensations or other in-kind benefits paid monthly or annually			
Total:	1,350,774		

### Senior executives.

Statement	Five Executives including the CEO
Fixed Pay	4,391,369
Periodic and annual remunerations	
Incentive plans	
Commissions	
Any compensations or other in-kind benefits paid monthly or annually	
Total	4,391,369