



000201

Date: 08 April 2024

الكويت في 08 ابريل 2024

To: Boursa Kuwait

السادة/ شركة بورصة الكويت المحترمون

Dear Sirs,

تحية طيبة وبعد،

**Subject: Annual Analyst Conference
Transcript of FY2023**

الموضوع: محضر مؤتمر المحللين السنوي للعام 2023

In reference to the above, and in align with Arzan Financial Group for Finance and Investment Company's interest in adhering to Article (7-8-1/4) of Boursa Kuwait Rulebook regarding the Listed Companies Obligation (Analyst Conference Transcript), attached is the Annual Analyst Conference Transcript covering FY2023.

بالإشارة إلى الموضوع أعلاه، وحرصاً من مجموعة أرزان المالية للتمويل والاستثمار (ش.م.ك.ع) على الالتزام بمتطلبات المادة (7-8-1/4) من كتاب قواعد البورصة بشأن التزامات الشركات المدرجة (محضر مؤتمر المحللين)، نرفق لكم محضر مؤتمر المحللين السنوي للعام 2023.

Sincerely Yours,

وتفضلوا بقبول فائق الاحترام والتقدير،،،

Jassem Zainal
Vice Chairman & CEO

جاسم زينل

نائب رئيس مجلس الإدارة والرئيس التنفيذي



Copy to the Capital Market Authority

نسخة للسادة / هيئة أسواق المال.



مجموعة أركان المالية
للتمويل والاستثمار

Conference English Record: 3/4/2024 , 1 PM

Ahmed El-Shazly	<p>Good afternoon, everyone, and welcome to Arzan Financial Group's YE 2023 Results Conference Call. This is Ahmet El-Shazly, from EFG Hermes, and it's a pleasure to have with us on the call today from Arzan's management, Mr Mohammed Farid, Executive Director, Finance Department, Mr Fawaz Al Munaya, Marketing & PR Manager and Head of Investor Relations. I will now hand the call over to Mr Fawaz to start with the presentation.</p>
Fawaz Almunaya	<p>Thank you, Ahmad . Welcome everyone.</p> <p>As you know, this is Arzan Financial Group financial analyst conference for YE 2023, and I hope that the presentation that you will see today will helps you as analysts.</p> <p>So, we'll start our session with the financial analysts' presentation by Mr. Mohammed Farid.</p>
Mohammed Farid	<p>Dear esteemed guests, good afternoon. With great pleasure, I welcome you to our annual earnings briefing for the year ending December 31st, 2023. Your presence underscores the importance of transparency in our financial reporting.</p> <p>Access to Financial Information:</p> <p>Before proceeding, I wish to highlight the accessibility of our financial information for the year ended December 31st, 2023, including audited financial statements and the independent auditor's report, which are readily available on AFG's website and the Boursa portal.</p> <p>Key Financial Metrics YE - 2023:</p> <p>First The Income Statement:</p> <ul style="list-style-type: none">• Net Profit: Despite prevailing market challenges, AFG demonstrated resilience by achieving a net profit of 7 million, a testament to our prudent management practices and strategic decision-making.• Basic Earnings per Share (EPS) stood at 8.7 fils, reflecting our unwavering commitment to delivering value to our esteemed shareholders amid dynamic market conditions.• Total Comprehensive Income: Notably, total comprehensive income surged to 20.22 million, signaling a remarkable turnaround from the previous year and affirming our ability to capitalize on opportunities amidst adversity.



مجموعة أرزان المالية
للتمويل والاستثمار وش.م.ع.

Moving to The Financial Position:

- Total Assets: Our total assets expanded to 209.66 million, representing an 8% increase driven by strategic investments and asset appreciation strategies.
- Total Liabilities: While total liabilities experienced a marginal uptick to 37.74 million, our disciplined approach to debt management ensures a robust and sustainable financial position.
- Equity: Equity attributable to the parent company's shareholders reached 131.8 million, representing a 14% increase reflecting our unwavering commitment to fostering long-term shareholder value and financial stability.

Moving to Key Ratios:

- Return on Assets (ROA) and Return on Equity (ROE) at 4.14% and 5.34%, respectively, underscore our ability to generate favorable returns on invested capital and shareholder equity.
- Leverage Ratio: A commendable leverage ratio of 0.145:1 reflects our prudent capital structure management, minimizing financial risk and ensuring optimal operational efficiency.
- Quick Ratio: Though the quick ratio experienced a slight decline to 3.0:1, it remains robust, affirming our liquidity position and ability to fulfill short-term obligations easily.

Next slide: Financial performance

The financial performance attributable to the parent company's shareholders for the year 2023 compared to the last four years is as follows:

- The net profit and EPS for the year ended December 31, 2023, declined due to a loss from the change in the fair value of the investment at P&L.
- **Total Comprehensive Income:** There was an increase in total comprehensive income during the year ended December 31, 2023, due to an increase in the change of the fair value of the investment at OCI.

Next Slide: Financial Position

The financial position as of December 31, 2023, compared to the last four years, is as follows:

- Total assets increased by 8% due to an increase in the fair value of investment at fair value through OCI.
- Total liabilities slightly increased by 2% due to increased accounts payable balances.
- Total equity as of December 31, 2023, increased by 14% compared to year-end 2022, due to an increase in the fair value reserves.



مجموعة أرزان المالية
للتمويل والاستثمار وش.م.ع.

	<p>Next Slide: Key Ratios: Key financial ratios for the year ended December 31, 2023, compared to the last four years, are as follows:</p> <ul style="list-style-type: none">• There is a slight decrease in ROA and ROE compared to 2022, but the ratios are within the average of previous years.• The leverage ratio has slightly decreased compared to 2022 but remains within the average of previous years.• The quick ratio has slightly decreased compared to 2022 but is within the average of previous years. <p>Next Slide: Income and Expense Drivers:</p> <ul style="list-style-type: none">• Income Drivers:<ul style="list-style-type: none">• Diverse revenue streams,<ul style="list-style-type: none">• including 31% dividend income,• 12% installment sales and interest income,• 11% revenue from contracts with customers,• 7% gains on the sale of properties under development,• and 10% share of results of associates,• Expense Drivers:<ul style="list-style-type: none">• While essential for operational continuity,<ul style="list-style-type: none">• 41% prudent management of staff costs,• 22% general & administrative expenses,• and 25% finance costs• Expenditure remains pivotal in ensuring optimal cost efficiency and sustainable profitability. <p>Next Slide: Geographical Distribution of Assets: Strategic asset allocation across key markets, including Kuwait, Saudi Arabia, UAE, Jordan, Lebanon, Egypt, Switzerland, Netherlands, Norway, Germany, the UK, the US, and the Cayman Islands, underscores our commitment to global diversification and risk mitigation strategies.</p> <p>I sincerely appreciate your continued support and trust in our endeavors.</p> <p>Now, I invite Mr. Fawaz Al Munaya to elaborate on our strategic vision and future outlook.</p> <p>Thank you.</p>
Fawaz Almunaya	Thank you, Mr Mohammed. I'd like to provide you with a short brief about the AFG services, mission and the vision of the Group. As you know, AFG provides



مجموعة أرزان المالية
للتمويل والاستثمار وش.م.ع.

several services, financial solutions, such as the Asset Management & Brokerage, a credit services through the Corporate Credit and Easy Buy services with the BNPL business model for individuals, collections through the debt collection services, Investment services by Arzan Capital through Arzan Wealth and Arzan Venture Capital.

Our mission in Arzan Financial Group is create a long-term value for our stakeholders by delivering an attractive and solid investment performance across the economy cycles, while fulfilling our responsibilities to employees and society, and our vision is to be a leading global platform for clients to invest in a diverse set of unique opportunities that create value, consistent performance, and safeguard client wealth.

And now, a brief of ongoing strategy and some points of focus. Our strategies in Arzan rely on a diversified income stream, a global footprint, strategic investing, portfolio-building, human capital, investor base expansion and the CSR, which is our corporate social responsibilities.

As part of our constant efforts to promote positive societal initiatives, AFG has supported the following :

- Kuwait University & KFAS.
- Kuwait Society for Smoking and Cancer Prevention
- Kuwait Heart Foundation
- Kuwait Red Crescent Society
- Kuwaiti Charities
- Union of Investment Companies : “ Financial awareness for Kuwait Society”

2023 was full of important milestones and many achievements, the most notable achievement was the promotion of Arzan Financial Group to the premium market after fulfilling the terms of promotion in Bursa Kuwait. This promotion is a result of AFG diligence in the past ten years, the group also launched one of the new services “Arzan Trader Platform” , which allows clients to trade in Bursa Kuwait, regional and international stock exchanges , in addition AFG continued to provide the rest of its various investment and financial services and solutions with the highest levels of quality and standards. during 2023 AFG donated and participated in many humanitarian and community projects in various fields as a part of its corporate social responsibility.



مجموعة أرزان المالية
للتمويل والاستثمار شركة

	Mr Ahmed, if there are any enquiries or questions from your side, please go ahead. We are ready for the Q&As.
Ahmed El-Shazly	<p>Thank you so much, Gentlemen, for the presentation. We'll now open the floor for your questions. If you'd like to ask a question, you can send it through the Q&A box on the platform.</p> <p>I think there are not questions from the attendees. so I'd like to end the call. So, I'd like to thank everyone for joining, and I'd like to thank Management for taking the time for us today. Thanks, everyone, and have a good day.</p>
Mohammed Farid	Thank you.
Fawaz Al Munaya	Thank you.
Ahmed El-Shazly	Thank you.



FINANCIAL ANALYSIS CONFERENCE YE-2023
April 3, 2024



ARZAN FINANCIAL GROUP FOR FINANCING AND INVESTING K.P.S.C.

DISCLAIMER

- THIS PRESENTATION HAS BEEN PREPARED AND ISSUED BY ARZAN FINANCIAL GROUP (“AFG”), A PUBLIC KUWAITI SHAREHOLDING COMPANY BASED ON INTERNALLY DEVELOPED DATA AND ANALYSIS.
- THE INFORMATION PROVIDED IN THIS PRESENTATION AND THE SUBSEQUENT DISCUSSIONS DOES NOT REPRESENT AN OFFER TO BUY OR SELL SECURITIES.
- THIS PRESENTATION DOES NOT CONTAIN ALL THE INFORMATION THAT IS CONSIDERED AS MATERIAL INFORMATION FOR THE INVESTOR, AND IT IS PROVIDED AS INFORMATION ONLY.
- THIS PRESENTATION DOES NOT DISCLOSE ALL THE RISKS AND OTHER RELATED ISSUES TO AN INVESTMENT IN ANY SECURITIES. AFG MAY NOT BE HELD LIABLE FOR ANY DECISION MADE IN RELIANCE OF THIS PRESENTATION.
- THE INFORMATION CONTAINED IN THIS DOCUMENT MAY BE SUBJECT TO AMENDMENTS, SUPPLEMENTS, REVISION WITHOUT PRIOR NOTICE. HOWEVER, NEITHER THE SHAREHOLDERS OF THE COMPANY NOR AFG, UNDERTAKE ANY OBLIGATION TO UPDATE, EXPAND, REVISE OR AMEND ANY INFORMATION OR TO CORRECT ANY INACCURACIES CONTAINED IN THIS DOCUMENT OR TO PROVIDE THE RECIPIENTS WITH ADDITIONAL INFORMATION.
- IT IS NOT ALLOWED TO REPRODUCE (FULLY OR PARTIALLY) DISTRIBUTE OR TRANSMIT TO OTHER PARTIES WITHOUT AFG’S PRIOR WRITTEN CONSENT.
- PAST PERFORMANCE PRESENTED IS NOT INDICATIVE OF FUTURE RESULTS AND ANY FORWARD-LOOKING STATEMENTS IN THIS DOCUMENT ARE RESULTS OF THE EXERCISE OF SUBJECTIVE ASSESSMENT AND ASSUMPTIONS. THERE IS NO GUARANTEE THAT SUCH STATEMENTS WOULD BE MATERIALIZED OR EVEN OCCUR AND AFG HAS NO LIABILITY WHATSOEVER AS A RESULT OF SUCH FORWARD-LOOKING STATEMENTS THEREFORE, RECIPIENTS SHOULD NOT RELY ON SUCH FORWARD-LOOKING STATEMENTS.



ARZAN FINANCIAL GROUP FOR FINANCING AND INVESTING K.P.S.C.

AGENDA

CONTENT	PAGE
FINANCIAL HIGHLIGHTS	4-10
OUR STRATEGY FOR FUTURE	11-14
Q & A	15
APPENDIX	16-19



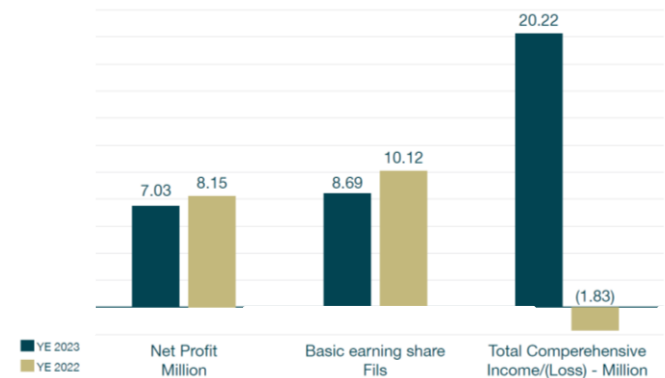
FINANCIAL HIGHLIGHTS

YE-2023

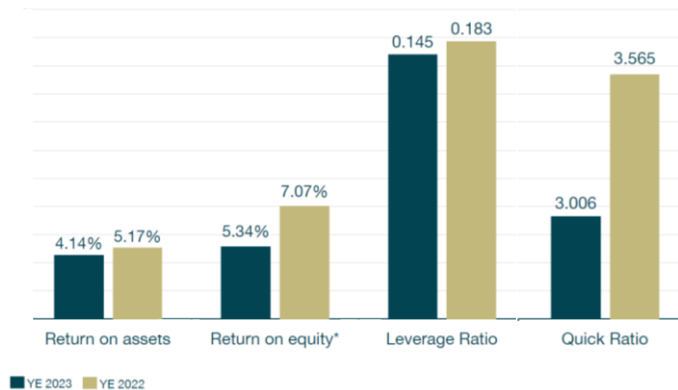
KEY FINANCIAL METRICS YE-2023

	YE-2023	YE-2022	%
Income Statement			
Net Profit *	7.03	8.15	▼
Basic earning per Share *	8.689	10.115	▼
Total Comprehensive Income/(Loss) *	20.22	(1.83)	▲
Financial Position			
Total Assets	209.66	193.59	▲
Total Liabilities	37.74	36.99	▲
Shareholders Equity *	131.78	115.216	▲
Key Ratio			
Return on assets	4.14%	5.17%	▼
Return on equity*	5.34%	7.07%	▼
Leverage Ratio	0.145	0.183	▼
Quick Ratio	3.006	3.565	▼

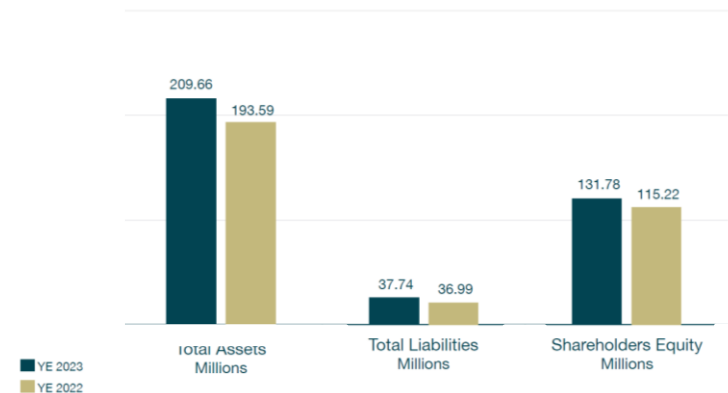
Income Statement



Key Ratio



Financial Position



AFG's YE-2023 Financial Performance (attributable to the shareholders of the parent company)

- Net Income for YE-2023 declined due to a loss from the change in the fair value of the investments at FVTPL.
- EPS for YE-2023 declined as a result of a decline in net income compared to YE-2022.
- Total comprehensive income increased during YE-2023 due to an increase in the fair value of investments at FVTOCI.

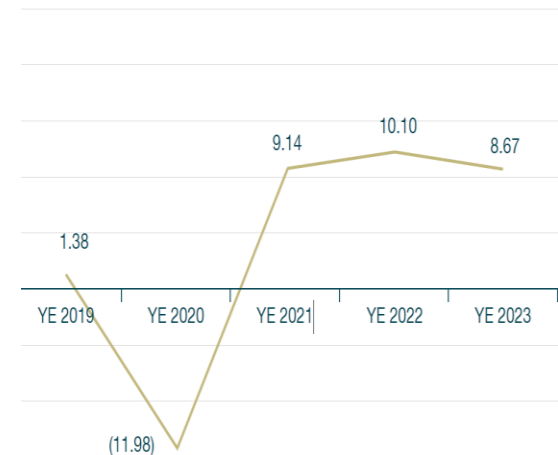
Net Income / (loss)



Basic earnings / (loss) per Share



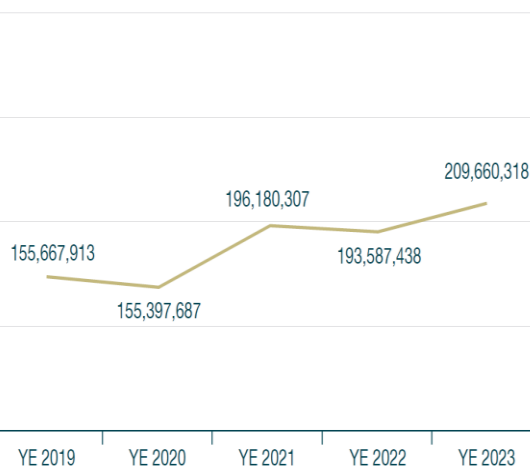
Diluted earnings / (loss) per Share



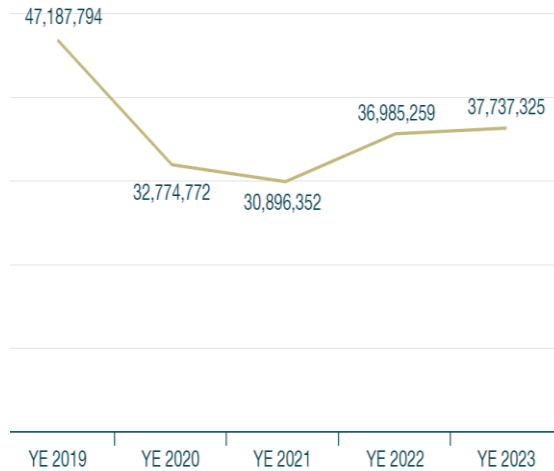
AFG's Financial Position.

- Total assets as of YE-2023 increased by 8% compared to YE-2022 due to an increase in investments at FVTOCI.
- Total liabilities as of YE-2023 slightly increased by 2% compared to YE-2022 due to an increase in accounts payable.
- Total equity attributable to the owners of the parent company as of YE-2023 increased by 14% compared to YE-2022 due to an increase in the fair value reserve.

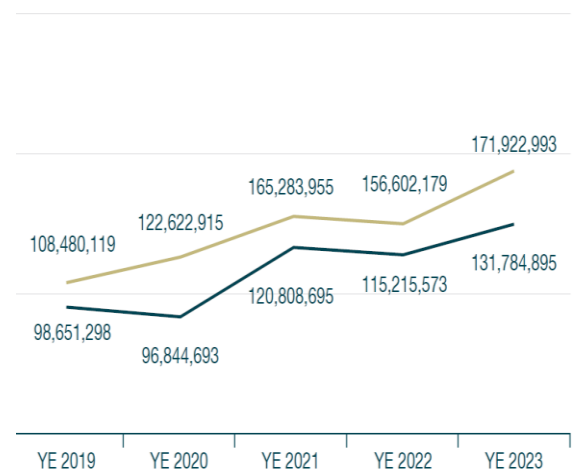
Assets



Total Liabilities



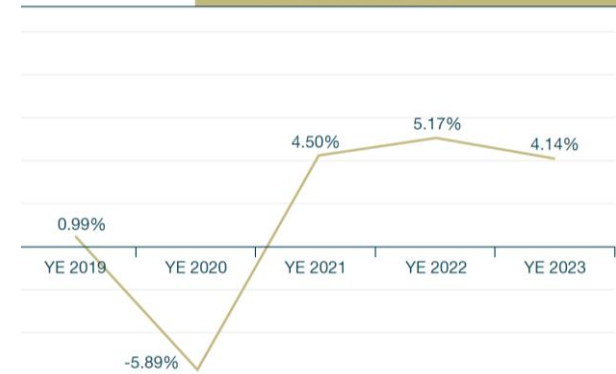
Equity



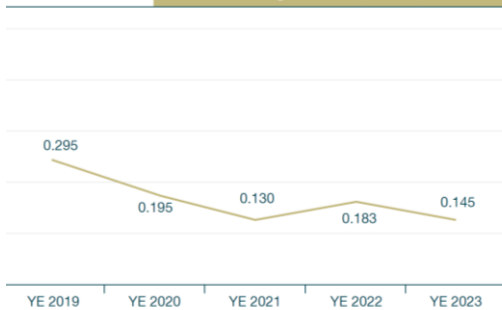
AFG's Key Ratios

- Slight decrease in Return on Assets compared to YE-2022.
- Slightly decrease in Return on Equity compared to YE-2022.
- Leverage Ratio is Slightly decreased compared to YE-2022, and compared to YE in other previous years, the ratio is within the average.
- Quick Ratio is Slightly decreased compared to YE-2022, and compared to YE in other previous years, the ratio is within the average.

Return on Assets



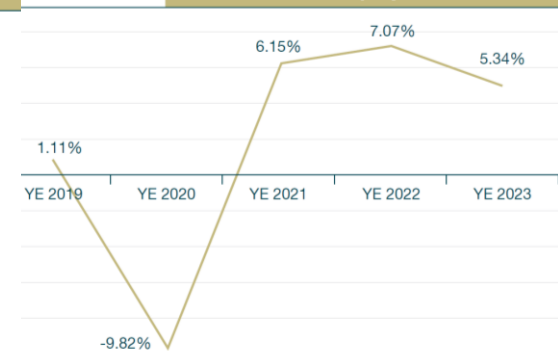
Leverage Ratio (Times)



Quick Ratio (Times)



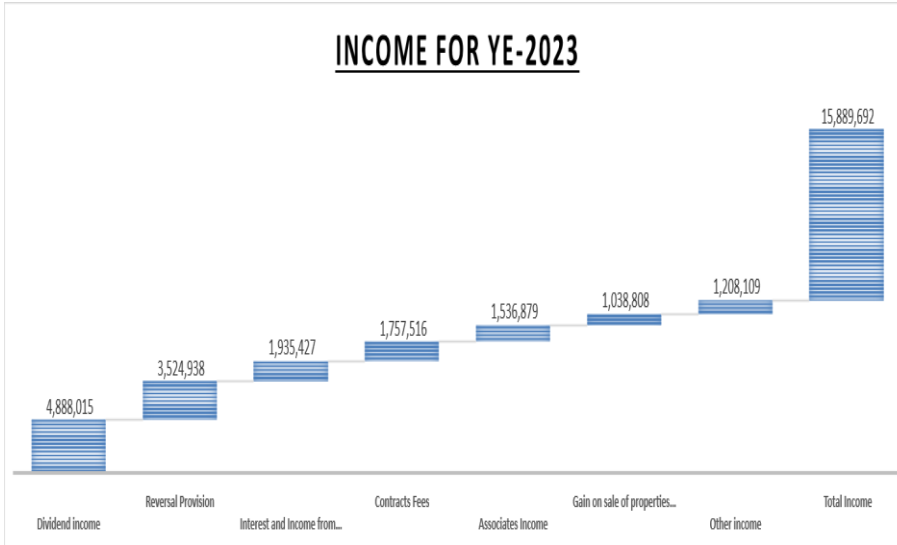
Return on Equity



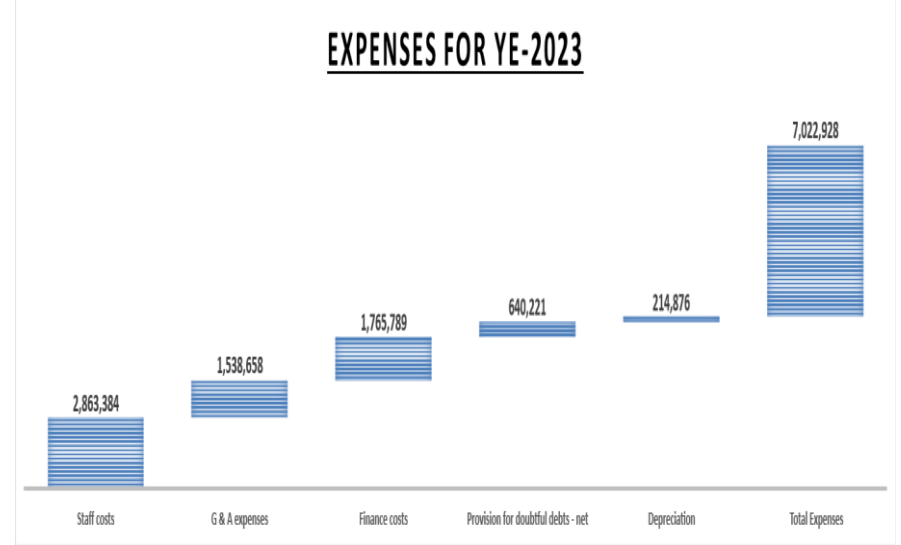
INCOME DRIVERS AND EXPENSES YE-2023

Income of KWD 15.9 Million and Expenses of KWD 7 Million.

INCOME FOR YE-2023



EXPENSES FOR YE-2023



Income Drivers

- Dividend income contributed 31% of the total income.
- Income from instalment sales and interest income contributed 12% of the total income.
- Revenue from the contracts with customers contributed 11% of the total income.
- Gain on sale of properties under development 7% of the total income.
- Share of results of associates contributed 10% of the total income.

Expenses Drivers

- Staff costs contributed 41% of the total expenses.
- G&A expenses contributed 22% of the total expenses.
- Finance costs contributed 25% of the total expenses.





VISION & STRATEGY OVERVIEW



Asset Management & Brokerage

- ▼ Portfolio Management, Brokerage, Investment Advisory and Proprietary Equity portfolio management
- ▼ Regional and International Markets

Credit

- ▼ Corporate Credit focusing on SMEs
- ▼ Working Capital, Inventory purchasing and CAPEX financing services
- ▼ BNPL in “Easy Buy”

Collections

- ▼ Debt collection services
- ▼ Dedicated team for both internal and third-party collections

Arzan Capital (DIFC)

- ▼ DIFC based Investment holding company
- ▼ Operating subsidiaries include:
 - ▼ Arzan Wealth (DFSA)
 - ▼ Arzan Venture Capital (ADGM)

VISION

To be a leading global platform for clients to invest in a diverse set of unique opportunities that create value, consistent performance, and safeguard client wealth.

Long Term Value	Market Leaders
Solid Investment Performance	Social Responsibility
Prudent Growth & Robust Balance Sheet	

MISSION

Create long-term value for our stakeholders by delivering an attractive and solid investment performance across economic cycles, while fulfilling our responsibilities to employees and society.

Prudent annual growth with key focus on a robust balance sheet.

Create Value	Larger Customer base
Wealth Preservation	Diversification
Global Structures & Products	

STRATEGY



Diversified Income Stream

- ▼ AFG's Revenue sources are continuously being diversified to assure more steady and stable performance.

Global Footprint

- ▼ AFG has continuously been placing a foothold into varying mature markets such as the US, UK, Switzerland, Holland, Germany
- ▼ Regional presence in the UAE, Egypt and KSA

Strategic Investing

- ▼ AFG is always in search of value-added investments that fit within a long-term vision
- ▼ The company's holding in Bursa Kuwait is one primary example

Portfolio Building

- ▼ A more focused approach to the robust defensive sectors that can secure more cashflow to the company long-term
- ▼ Stabilizing revenue sources during volatile markets will be part of AFG's approach

Human Capital

- ▼ AFG will continue to grow an in-house team of intellectually curious professionals from both financial and operational backgrounds .

Investor base expansion

- ▼ Constant investor outreach, both regional and international via our ever-increasing diversity in product offering

CSR

- ▼ As part of our constant efforts to promote positive societal initiatives, AFG has supported the following :
 - Kuwait University & KFAS.
 - Kuwait Society for Smoking and Cancer Prevention.
 - Kuwait Heart Foundation.
 - Kuwait Red Crescent Society.
 - Kuwaiti Charites & CSR Participations.
 - Union of Investment Companies - "Financial awareness".



Q & A



APPENDIX 1: YE-2023 CONSOLIDATED INCOME STATEMENT

	YE-2023	YE-2022	Change
	KWD	KWD	%
Income			
Income from instalment credit debtors	321,762	383,496	(%16.1)
Revenue from contracts with customers	1,757,516	2,859,579	(%38.5)
Realised profit from instalment sales	1,063,402	619,402	%71.7
Rental income	231,672	182,669	%26.8
Interest income	550,263	471,509	%16.7
Gain on sale of properties under development	1,038,808	-	%100.0
Profit on sale of properties held for trading	21,849	146,529	(%85.1)
Gain on sale of financial assets at fair value through profit or loss	146,031	1,120,187	(%87.0)
Change in fair value of financial assets at fair value through profit or loss	(386,292)	4,443,995	(%108.7)
Share of results of associates	1,536,879	2,516,644	(%38.9)
Dividend income	4,888,015	4,006,076	%22.0
Profit on foreign currency exchange	919,699	(258,214)	(%456.2)
Other income	275,150	320,004	(%14.0)
Reversal of provision for instalment credit debtors - net	237,346	826,950	(%71.3)
Reversal of provision for credit losses of restricted cash and cash equivalents	2,986,753	-	%100.0
Reversal of provision for properties held for trading	118,691		%100.0
Reversal of impairment of real estates under development	182,148		%100.0
Total Income	15,889,692	17,638,826	-9.9%

	YE-2023	YE-2022	Change
	KWD	KWD	%
Expenses and other charges			
Staff costs	(2,863,384)	(2,996,100)	(%4.4)
General and administrative expenses	(1,538,658)	(1,522,257)	%1.1
Finance costs	(1,765,789)	(1,057,714)	%66.9
Depreciation	(214,876)	(240,762)	(%10.8)
Impairment of investment in real estates under development		(413,919)	%0.0
Provision for doubtful debts - net	(640,221)	(373,813)	%71.3
Provision for credit losses of restricted cash and cash equivalents		(987,072)	(%100.0)
Total Expenses	(7,022,928)	(7,591,637)	-7.5%
Profit for the period before provisions for contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labour Support Tax (NLST) and Zakat	8,866,764	10,047,189	-11.7%
Provision for KFAS	(15,577)	-	
Provision for NLST	(133,100)	(47,253)	%181.7
Provision for Zakat	(36,300)	-	%0.0
Profit for the period	8,681,787	9,999,936	-13.2%
Attributable to:			
Owners of the Parent Company	7,034,594	8,149,403	(%13.7)
Non-controlling interests	1,647,193	1,850,533	(%11.0)
Net Profit for the period	8,681,787	9,999,936	-13.2%
Basic earnings per share attributable to the owners of the Parent Company (Fis)	8.689	10.115	(%14.1)
Diluted earnings per share attributable to the owners of the Parent Company (Fis)	8.671	10.095	(%14.1)

APPENDIX 2: YE-2023 CONSOLIDATION COMPREHENSIVE INCOME

	YE-2023			YE-2022		
	Attributable to parent co.	NCI	Total Consolidated	Attributable to parent co.	NCI	Total Consolidated
PROFIT for the period	7,034,594	1,647,193	8,681,787	8,149,403	1,850,533	9,999,936
Other comprehensive income (loss) for the period: (includes change in fair value of FVOCI investments, share of OCI from Associates and foreign currency translation reserve)	13,180,577	(2,491,155)	10,689,422	(9,982,789)	(5,693,334)	(15,676,123)
Total comprehensive income (loss)	20,215,171	(843,962)	19,371,209	(1,833,386)	(3,842,801)	(5,676,187)

APPENDIX 3: YE-2023 CONSOLIDATED FINANCIAL POSITION

	YE-2023 KWD	YE-2022 KWD	Change * %
Assets			
Cash and cash equivalents	6,764,437	9,435,552	(%28.3)
Term deposits	562,170	-	%0.0
Instalment credit debtors	864,120	675,603	%27.9
Financial assets at fair value through profit or loss	21,858,181	21,805,860	%0.2
Accounts receivable and other assets	7,805,421	8,480,050	(%8.0)
Properties held for trading	1,419,575	1,309,066	%8.4
Financial assets at fair value through other comprehensive income	133,660,668	114,845,728	%16.4
Investment in associates	31,229,754	31,679,487	(%1.4)
Investment in real estates under development	2,208,564	1,886,005	%17.1
Investment properties	1,361,504	1,420,244	(%4.1)
Property and equipment	1,925,924	2,049,843	(%6.0)
Total Assets	209,660,318	193,587,438	%8.3
Liabilities and Equity			
Liabilities			
Accounts payable and other liabilities	11,011,933	6,565,294	%67.7
Term loans	10,592,834	13,633,634	(%22.3)
Murabaha payables	14,332,400	15,040,700	(%4.7)
Provision for employees' end of service benefits	1,800,158	1,745,631	%3.1
Total Liabilities	37,737,325	36,985,259	2.0%
Equity			
Share capital	83,098,345	83,098,345	%0.0
Share premium	9,355,213	9,355,213	%0.0
Treasury shares	(1,509,861)	(2,536,238)	(%40.5)
Treasury shares reserve	282,455	-	
Statutory reserve	2,698,457	1,976,500	%36.5
Voluntary reserve	1,541,623	819,666	%88.1
Share based payments reserve	133,296	93,090	%43.2
Foreign currency translation reserve	(4,730,933)	(282,040)	%1577.4
Fair value reserve	33,955,998	16,345,983	%107.7
Retained earnings	6,960,302	6,345,054	%9.7
Total Equity attributable to shareholders of the Parent Company	131,784,895	115,215,573	%14.4
Non-controlling interests	40,138,098	41,386,606	(%3.0)
Total Equity	171,922,993	156,602,179	%9.8
Total liabilities and equity	209,660,318	193,587,438	%8.3

*The change between 31 Dec-2023 to 31 Dec-2022



THANK YOU