Albilad Capital

Semi Annual Report to Unitholders 2026

Albilad Saudi Sovereign Sukuk ETF

C) Fund Manager

1) Name and address of the fund manager

Al-Bilad Investment Company "Al-Bilad Capital".

8068 King Khalid Road Um Al Hamam Al Gharbi- Riyadh 12329 - 2442.

Kingdom of Saudi Arabia.

Phone: 8001160002

Fax: (966+) 112906299

Al-Bilad Investment Company website: www.albilad-capital.com

2) Names and addresses of sub-manager and/or investment advisor (if any):

Not applicable.

3) Review of the investment activities during the period:

During the year the fund mainly invested in Saudi sovereign sukuk denominated in Saudi riyals and listed on the Saudi market (Tadawul), and approved by the Shariah Board of the fund manager.

4) A report of investment fund performance during the period:

The benchmark's performance during the period was better than the fund's performance by 0.41% Where the fund achieved -1.69% in comparison with the benchmark's performance which achieved -1.28%

5) Details of any material changes to the Fund's Terms and Conditions:

Not applicable.

6) Any other information that would enable unitholders to make an informed judgement about the fund's activities during the period:

Not applicable.

7) Where an investment fund invests substantially in other investment funds, a statement must disclose on the proportion of the management fees charged to the fund itself and to funds in which the funds invests:

Not applicable.

8) A statement on any special commission received by the fund manager during the period, clearly identifying what they are and the manner in which they were utilized:

Not applicable.

9) Any other data and other information required by these Regulations to be included in this report:

Not applicable.

10) Period for the management of the person registered as fund manager:

Since August - 2019.

11) A disclosure of the expense ratio of each underlying fund at the end of year and the weighted average ratio of all underlying funds that invested in:

Not applicable.

E) Auditor

1) Name and address of auditor:

PricewaterhouseCoopers

Kingdom of Saudi Arabia P.O. B. 8282 Riyadh 11482

Phone: +966112110400

Fax: +966112110401

Website: www.pwc.com

F) Financial Statements

Financial statements for the semi annual accounting period of the investment fund has been prepared in accordance with SOCPA standards. (Financial Statements attached).

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND
MANAGED BY ALBILAD INVESTMENT COMPANY)

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026
AND INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE UNITHOLDERS AND THE FUND MANAGER

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND
MANAGED BY ALBILAD INVESTMENT COMPANY)
CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026

Report on review of condensed interim financial information

To the Unitholders and the Fund Manager of
Albilad Saudi Sovereign Sukuk ETF

Introduction
We have reviewed the accompanying condensed interim statement of financial position of Albilad Saudi Sovereign Sukuk ETF (the "Fund") as of 30 June 2026 and the related condensed interim statements of income and other comprehensive income, changes in net assets attributable to the Unitholders and cash flows for the six-month period then ended and explanatory notes. The Fund Manager is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 International Standards on Auditing, as 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 condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Mufaddal A. Ali
License Number 447

10 August 2026
(27 Safar 1448H)

PricewaterhouseCoopers Public Accountants
(Professional Limited Liability Company)
Laysen Valley Tower 12 & 13, King Khaled Road
T: +966 (11) 211 0400, F: +966 (11) 211 0401

CR No. 1010371622, UN No. 7000928734, Capital of 500,000 SAR National address: 2537 Mohammad Ibn Fuhayd St secondary no. 7912, West Umm Al Hamam Dist, postal code 12329 Riyadh, Kingdom of Saudi Arabia

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(All amounts in Saudi Riyals unless otherwise stated)

	Note	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Assets			
Cash and cash equivalents		**463,314**	400,750
Investments held at fair value through statement of income (FVSI)	5	**64,598,002**	65,734,427
Prepayments		**-**	7,562
Total assets		**65,061,316**	66,142,739
Liabilities			
Accrued management fee	6	**181,429**	159,770
Accruals and other liabilities		**149,994**	137,030
Total liabilities excluding net assets attributable to the Unitholders		**331,423**	296,800
Net assets attributable to the Unitholders		**64,729,893**	65,845,939
Units in issue		**7,700,000**	7,700,000
Net assets per unit in Saudi Riyals		**8.4065**	8.5514

The accompanying notes from 1 to 15 form an integral part of this condensed interim financial information.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND
MANAGED BY ALBILAD INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2026 (Unaudited)	**2025 (Unaudited)**
Income			
Special commission income on investments held at FVSI		**1,166,835**	1,258,677
Net (losses) / gains from investments held at FVSI	5	**(1,016,284)**	1,203,760
Total Income		**150,551**	2,462,437
Expenses			
Management fee	6	**(21,659)**	(65,348)
Custody fee		**(18,795)**	(19,887)
Other expenses		**(72,313)**	(65,373)
Total expenses		**(112,767)**	(150,608)
Change in net assets attributable to Unitholders		**37,784**	2,311,829
Other comprehensive income for the period		**-**	-
Total change in net assets attributable to the Unitholders		**37,784**	2,311,829
Earnings per unit			
Weighted average number of units in issue		**7,700,000**	8,272,928
Earnings per unit in Saudi Riyals (basic and diluted)		**0.0049**	0.2794

The accompanying notes from 1 to 15 form an integral part of this condensed interim financial information.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND
MANAGED BY ALBILAD INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2026	**2025**
Net assets attributable to the Unitholders at the beginning of the period (Audited)		**65,845,939**	76,340,682
Change in net assets attributable to Unitholders		**37,784**	2,311,829
Changes from units transactions			
Proceeds from issuances of units		**-**	-
Payment against redemption of units		**-**	(12,524,700)
Net change from units transactions		**-**	(12,524,700)
Dividend distribution	9	**(1,153,830)**	(1,276,043)
Net assets attributable to the Unitholders at the end of the period (Unaudited)		**64,729,893**	64,851,768

	For the six-month period ended 30 June	
	2026 Units	**2025 Units**
Units at the beginning of the period (Audited)	**7,700,000**	9,200,000
Units issued	**-**	-
Units redeemed	**-**	(1,500,000)
Net change in units	**-**	(1,500,000)
Units at the end of the period (Unaudited)	**7,700,000**	7,700,000

The accompanying notes from 1 to 15 form an integral part of this condensed interim financial information.

This condensed interim statement of changes in net assets attributable to the Unitholders of redeemable units provides relevant and useful information to the reader and is therefore considered best practice. There are no equity balances or movements of equity in either period.

ALBILAD SAUDI SOVEREIGN SUKUK ETF
(AN OPEN-ENDED EXCHANGE TRADED INVESTMENT FUND MANAGED BY ALBILAD INVESTMENT COMPANY)
CONDENSED INTERIM STATEMENT OF CASH FLOWS
(All amounts in Saudi Riyals unless otherwise stated)

	Note	For the six-month period ended 30 June	
		2026 (Unaudited)	**2025 (Unaudited)**
Cash flows from operating activities			
Change in net assets attributable to Unitholders		**37,784**	2,311,829
Adjustments for:			
- Unrealised losses / (gains) on investments held at FVSI, net		**754,927**	(3,357,028)
- Special commission income on investments held at FVSI		**(1,166,835)**	(1,258,677)
		(374,124)	(2,303,876)
Net changes in operating assets and liabilities			
Investments held at FVSI		**64,799**	14,301,148
Prepayments		**7,562**	(36,056)
Accrued management fee		**21,659**	65,348
Accruals and other liabilities		**12,964**	(2,577)
Cash generated from operations		**(267,140)**	12,023,987
Special commission income received on investments held at FVSI		**1,483,534**	1,379,628
Net cash generated from operating activities		**1,216,394**	13,403,615
Cash flows from financing activities			
Payment against redemption of units		**-**	(12,524,700)
Dividend paid	9	**(1,153,830)**	(1,276,043)
Net cash used in financing activities		**(1,153,830)**	(13,800,743)
Net change in cash and cash equivalents		**62,564**	(397,128)
Cash and cash equivalents at the beginning of the period		**400,750**	862,457
Cash and cash equivalents at the end of the period		**463,314**	465,329
<u>Supplemental information</u>			
Purchase of investments		**2,422,615**	3,970,822
Sale of investments		**2,487,414**	18,271,970

The accompanying notes from 1 to 15 form an integral part of this condensed interim financial information.

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

Albilad Saudi Sovereign Sukuk ETF (the "Fund") is an open-ended exchange traded investment fund, managed by Albilad Investment Company (the "Fund Manager"), a subsidiary of Bank Albilad (the "Bank") for the benefit of the Fund's Unitholders (the "Unitholders"). The objective of the Fund is to seek to track the performance of Albilad IdealRatings Sovereign Sukuk index, which includes Saudi- Riyal denominated Sukuk, listed on the Saudi Stock Exchange (Tadawul), with a maturity of three months or more.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund Manager prepares separate financial statements for the Fund. The management of the Fund is the responsibility of the Fund Manager.

Riyad Capital is the custodian (the "Custodian") of the Fund.

In August 2019, the Capital Market Authority ("CMA") approved Albilad Investment Company's request to offer and register "Albilad Saudi Sovereign Sukuk ETF" units on Tadawul as an Exchange Traded Fund (ETF). The Fund started trading on Tadawul as an ETF on 22 Jumada Al-Thani 1441H (corresponding to 17 February 2020, with the symbol 9403).

The Fund is governed by the Investment Fund Regulations (the "Regulations") issued by the Board of the Capital Market Authority (the "CMA") pursuant to Resolution Number 1-219-2006 dated 3 Dhul Hijja 1427H (corresponding to 24 December 2006). The Regulations were subsequently amended by Resolution Number 2-22-2021 of the Board of the CMA dated 12 Rajab 1442H (corresponding to 24 February 2021), effective from 19 Ramadan 1442H (corresponding to 1 May 2021), and published as the amended Investment Fund Regulations (the "Amended Regulations") by the CMA on 17 Rajab 1442H (corresponding to 1 March 2021), detailing the requirements for all funds operating within the Kingdom of Saudi Arabia. The Regulations were further amended by Resolution Number 1-54-2025 dated 23 Dhul Qi'dah 1446H (corresponding to 21 May 2025), effective from 14 Muharram 1447H (corresponding to 9 July 2025), and most recently by Resolution Number 1-135-2025 dated 3 Jumada Al-Akhirah 1447H (corresponding to 24 November 2025). The latter represents the latest amendment to the Regulations up to the date of this condensed interim financial information, and the Fund complies with the Regulations and the directives applicable to public funds issued by the CMA.

The registered office of the Fund is Albilad Investment Company, West Umm Alhamam Street – 8068 Muhammad Ibn Fuhayd, Riyadh 12329-2442 Kingdom of Saudi Arabia.

1.1 Primary market operations (issuance and redemption of units)

The primary market operations are only carried out by the Fund Manager, Albilad Investment Company, who is also the authorised Market Maker. The Issuance and Redemption activities are carried out on the basis of blocks of exchange traded fund (ETF) units (for the Fund, one block equals 100,000 ETF units), as referred to issuance and redemption of units respectively. The process of issuance and redemption of ETF units is on an in-kind basis whereby the Market Maker exchanges ETF units of the Fund for the basket of assets (sukuk), through the Custodian, for the purpose of issuance and redemption of ETF units. The issued units are then freely floated on Tadawul for public trading.

2 BASIS OF PREPARATION

This condensed interim financial information of the Fund has been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. This condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2025. In addition, results for the six-month period ended 30 June 2026, are not necessarily indicative of the actual results for the full year ending on 31 December 2026 and final results may differ.

The condensed interim financial information has been prepared on a historical cost convention using the accrual basis of accounting, except for the revaluation of investments held at fair value through statement of income (FVSI).

The principal accounting policies, estimates and assumptions used in the preparation of this condensed interim financial information are consistent with those of the previous financial year ended 31 December 2025 except for Note 3 below.

The Fund does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the condensed interim statement of financial position. Instead, assets and liabilities are presented in order of liquidity.

The Fund can realise or settle all its assets and liabilities within 12 months from the reporting date.

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New standards, interpretations and amendments adopted by the Fund

The International Accounting Standards Board (IASB) has issued the following new accounting standards and amendments, which were effective for periods beginning on or after 1 January 2026. The Fund Manager has assessed that the new standards and amendments have had no material impact on the Fund's financial information.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognised and derecognised and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
Annual improvements to IFRS – Volume 11	Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The amendments are to the following standards: • IFRS 1 First-time Adoption of International Financial Reporting Standards; • IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7; • IFRS 9 Financial Instruments; • IFRS 10 Consolidated Financial Statements; and • IAS 7 Statement of Cash Flows	1 January 2026

Standards issued but not yet effective and not early adopted

The list of standards and interpretations issued which are applicable at a future date are as follows. The Fund intends to adopt these standards when they become effective. The Fund Manager is in the process of assessing the impact of these new and amended standards and interpretations on the Fund's financial statements.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations and the gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full.	Effective date deferred indefinitely

3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Standards issued but not yet effective and not early adopted (continued)

Standard/ interpretation	Description	Effective from periods beginning on or after
IFRS 18, Presentation and Disclosure in Financial Statements*	IFRS 18 provides guidance on items in statement of profit or loss classified into five categories: operating; investing; financing; income taxes and discontinued operations. It defines a subset of measures related to an entity's financial performance as 'management-defined performance measures' ('MPMs'). The totals, subtotals and line items presented in the primary financial statements and items disclosed in the notes need to be described in a way that represents the characteristics of the item. It requires foreign exchange differences to be classified in the same category as the income and expenses from the items that resulted in the foreign exchange differences.	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

***** The Fund Manager is currently assessing the impact of IFRS 18 on the Fund's financial statements. Based on the assessment performed to date, the principal impact is expected to relate to the presentation and structure of the statement of income, including the introduction of the newly required subtotals of 'operating profit' and 'profit before financing', together with the potential revised classification of income and expenses into the categories introduced by IFRS 18. The adoption of IFRS 18 is not expected to have an impact on the Fund's reported net income or net assets attributable to Unitholders.

The related consequential amendments to IAS 7 are also expected to result in presentational changes to the statement of cash flows, principally the change in the starting point of the indirect reconciliation from net income to operating profit.

The Fund Manager does not currently expect any subtotals of income and expenses presented in its public communications to meet the definition of management-defined performance measures under IFRS 18. This assessment will be reviewed prior to the effective date.

4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). This condensed interim financial information is presented in Saudi Riyals ("SR") which is the Fund's functional and presentation currency.

(All amounts in Saudi Riyals unless otherwise stated)

5 INVESTMENTS HELD AT FAIR VALUE THROUGH STATEMENT OF INCOME (FVSI)

The following table represents the movement of investments in sukuk held at FVSI:

	As at 30 June 2026 (Unaudited)	As at 31 December 2025 (Audited)
Balance as at the beginning of the period	**65,734,427**	75,722,563
Purchase of investments	**2,422,615**	6,558,985
Sale of investments	**(2,487,414)**	(20,958,565)
Special commission income from sukuk:		
- recognised in the statement of income and other comprehensive income	**1,166,835**	2,448,821
- received during the period	**(1,483,534)**	(2,536,443)
Unrealised (losses) / gains on re-measurement of investments held at FVSI, net	**(754,927)**	4,499,066
Balance at the end of the period	**64,598,002**	65,734,427

5.1 The following table presents the breakdown of net losses/ gains from investments held at fair value through the statement of income ("FVSI") for the period:

	For the six-month period ended 30 June	
	2026 (Unaudited)	2025 (Unaudited)
Realised losses on sale of investments held at FVSI, net	**(261,357)**	(2,153,268)
Unrealised (losses) / gains on re-measurement of investments held at FVSI, net	**(754,927)**	3,357,028
	(1,016,284)	1,203,760

6 RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties

The following table summarises the details of transactions with related parties:

Related party	Nature of relationship	Nature of transaction	For the six-month period ended 30 June (Unaudited)	
			2026	2025
Albilad Investment Company	The Fund Manager	Management fee	**21,659**	65,348
Fund Board	Members of the Fund Board	Fund Board fee	**875**	1,984

Nature of balance	Related party	As at 30 June 2026	As at 31 December 2025
		(Unaudited)	(Audited)
Accrued management fee	Albilad Investment Company - the Fund Manager	**181,429**	159,770
Fund Board fee payable	Members of the Fund Board	**875**	9,761

(All amounts in Saudi Riyals unless otherwise stated)

7 FAIR VALUES ESTIMATION

The fair value of financial instruments traded in active markets is based on quoted market prices at the close of trading on the reporting date. Instruments for which no sales were reported on the valuation day are valued at the most recent bid price.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The estimated fair values of the Fund's financial assets and liabilities not carried at fair value are not considered to be significantly different from their carrying values. The fair values of investments held at FVSI are based on quoted prices in active markets and are therefore classified within Level 1.

The following table analyses the Fund's assets and liabilities (by class) within the fair value hierarchy as at 30 June 2026 and 31 December 2025:

		Fair value			
As at 30 June 2026 (Unaudited)	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value					
Cash and cash equivalents	**463,314**	**-**	**-**	**463,314**	**463,314**
Financial assets measured at fair value					
Investments held at FVSI	**64,598,002**	**64,598,002**	**-**	**-**	**64,598,002**
	65,061,316	**64,598,002**	**-**	**463,314**	**65,061,316**
Financial liabilities not measured at fair value					
Accrued management fee	**181,429**	**-**	**-**	**181,429**	**181,429**
Accruals and other liabilities	**149,994**	**-**	**-**	**149,994**	**149,994**
	331,423	**-**	**-**	**331,423**	**331,423**

		Fair value			
As at 31 December 2025 (Audited)	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value					
Cash and cash equivalents	400,750	-	-	400,750	400,750
	400,750	-	-	400,750	400,750
Financial assets measured at fair value					
Investments held at FVSI	65,734,427	65,734,427	-	-	65,734,427
	65,734,427	65,734,427	-	-	65,734,427
Financial liabilities not measured at fair value					
Accrued management fee	159,770	-	-	159,770	159,770
Accruals and other liabilities	137,030	-	-	137,030	137,030
	296,800	-	-	296,800	296,800

Level 1 financial instruments comprise of investments in Saudi Government Treasury Bill Sukuks which are fair valued using quoted rate on Tadawul. The fair value of financial instruments not carried at fair value is not significantly different from carrying value as they are short term in nature.

8 FINANCIAL RISK MANAGEMENT

8.1 Financial risk factors

The Fund's overall risk-management objective is to identify, measure, monitor and mitigate the financial risks arising from its investment activities in order to safeguard Unitholders' interests and support the achievement of the Fund's investment objectives.

The Fund’s activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Fund Manager is responsible for identifying and controlling risks. The Fund Board supervises the Fund Manager and is ultimately responsible for the overall management of the Fund.

Monitoring and controlling risks are primarily set up to be performed based on the limits established by the Fund Board. The Fund has its Terms and Conditions document that set out its overall business strategies, its tolerance of risks and its general risk management philosophy and is obliged to take actions to rebalance the portfolio in line with the investment guidelines.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(a) Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange risk, commission rate risk and price risk.

The Fund is exposed to market risk due to its investments in sukuk held at FVSI. The Fund Manager closely monitors the price movement of its financial instruments in the Market. The Fund's portfolio constituents are valued based on the latest closing prices on the Saudi Stock Exchange. The indicative NAV per Unit announced in the market reflects the closing price of the preceding trading day and may differ from the actual Unit trading price on the exchange.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates and arises from financial instruments denominated in foreign currency.

All the Fund’s transactions and balances are in Saudi Riyals and therefore the Fund is not exposed to foreign exchange risk.

(ii) Commission rate risk

Commission rate risk is the risk that the value of the future cash flows of a financial instrument or fair values of fixed coupon financial instruments will fluctuate due to changes in market commission rates. The Fund's investments comprise fixed-rate Saudi Government Sukuk measured at fair value through the statement of income (FVSI). Accordingly, the Fund is exposed to fair value commission rate risk arising from movements in market commission rates, which affect the fair value of these investments recognised in the statement of income. The Fund is not exposed to cash flow commission rate risk as the coupon rates are fixed. The Fund Manager manages this risk through diversification across sukuk with varying maturities.

(iii) Price risk

Price risk is the risk that the value of the Fund’s financial instruments will fluctuate as a result of changes in market prices caused by factors other than foreign currency and commission rate movements.

The price risk arises primarily from uncertainty about the future prices of the financial instruments that the Fund holds. The Fund Manager closely monitors the price movement of its financial instruments listed at Saudi Stock Exchange. The value of the Fund’s investment in sukuk fluctuates because of the change in commission rate.

The effect on the net assets as a result of the change in the fair value of sukuk investments held at FVSI as at 30 June 2026 and 31 December 2025 due to a reasonably possible change in prices of sukuk investments based on the market concentration, with all other variables held constant is as follows:

	As at 30 June 2026	
Financial instrument subject to price risk	**Potential reasonable change %**	**Effect on condensed interim statement of income / equity**
Revaluation gain / (loss) on investments held at FVSI	**+/-5**	**3,191,766**

(All amounts in Saudi Riyals unless otherwise stated)

8 FINANCIAL RISK MANAGEMENT (continued)

8.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk (continued)

	As at 31 December 2025	
Financial instrument subject to price risk	**Potential reasonable change %**	**Effect on condensed interim statement of income / equity**
Revaluation gain / (loss) on investments held at FVSI	+/-5	3,249,830

(b) Credit risk management

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure to credit risk amounts to SR 463,314 (31 December 2025: SR 400,750). The bank balance held with the Custodian has a sound credit rating and has low credit risk.

Financial assets measured at amortised cost were considered for ECL as at 30 June 2026 and 31 December 2025. However, the impact of ECL on these assets was immaterial as the cash and cash equivalents are held with the Custodian with sound credit rating. There is no history of default for recovery of these balances. Further the sukuks are carried at FVSI.

(c) Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund's Terms and Conditions provide for subscription and redemption of units on every Valuation Day and it is, therefore, exposed to the liquidity risk of meeting redemptions at any time. The Fund's securities are considered to be readily realisable and they can be liquidated at any time. However, the Fund Manager has established certain liquidity guidelines for the Fund and monitors liquidity requirements on a regular basis to ensure sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by obtaining financing from the related parties of the Fund. The Fund settles its financial liabilities relating to accrued management fee and other expenses on quarterly basis.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through obtaining a loan from a related party, or liquidation of its investments.

The Fund Manager allows the redemption on the same business day after the request for redemption, if the day is not a business day then redemption will be executed on next business day.

The expected maturity of the assets and liabilities of the Fund is less than 12 months.

The following table shows the Fund Manager's expectation of timing for settlement of financial assets and liabilities:

As at 30 June 2026 (Unaudited)

	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
Financial assets					
Cash and cash equivalents	**463,314**	**-**	**-**	**-**	**463,314**
Investments held at FVSI	**64,598,002**	**-**	**-**	**-**	**64,598,002**
	65,061,316	**-**	**-**	**-**	**65,061,316**
Financial liabilities					
Accrued management fee	**181,429**	**-**	**-**	**-**	**181,429**
Accruals and other liabilities	**149,994**	**-**	**-**	**-**	**149,994**
	331,423	**-**	**-**	**-**	**331,423**
Liquidity gap	**64,729,893**	**-**	**-**	**-**	**64,729,893**

(All amounts in Saudi Riyals unless otherwise stated)

8 FINANCIAL RISK MANAGEMENT (continued)

8.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

As at 31 December 2025
(Audited)

	Less than 7 days	7 days to 1 month	1-12 months	More than 12 months	Total
Financial assets					
Cash and cash equivalents	400,750	-	-	-	400,750
Investments held at FVSI	65,734,427	-	-	-	65,734,427
	66,135,177	-	-	-	66,135,177
Financial liabilities					
Accrued management fee	159,770	-	-	-	159,770
Accruals and other liabilities	137,030	-	-	-	137,030
	296,800	-	-	-	296,800
Liquidity gap	65,838,377	-	-	-	65,838,377

The table above presents the contractual maturities of recognised financial liabilities (primarily accrued fees and other payables). However, the principal liquidity risk faced by the Fund arises from its obligation to redeem units at the Unitholders' option and to pay distributions to Unitholders, as the net assets attributable to Unitholders are classified as a financial liability that is on demand. Units are redeemable at each Valuation Date and redemptions and distributions are funded primarily by cash and highly liquid investments. Accordingly, while the contractual maturity profile of accruals is short term and not significant in amount, the Fund's liquidity risk management focuses on maintaining adequate levels of cash and near-cash assets to meet potential redemption and distribution obligations to Unitholders.

(d) 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 Fund's activities either internally or externally at the Fund'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.

The Fund's objective is to manage operational risk so as to balance limiting financial losses and damage to its reputation with achieving its investment objective of generating returns to Unitholders. Operational risks are managed through a structured internal control and governance framework established by the Fund Manager and the Fund's service providers. The Fund Manager's risk management and compliance functions perform regular monitoring and reporting of operational risk incidents and control deficiencies, and remedial actions are taken as necessary to mitigate identified risks and strengthen the control environment.

8.2 Capital risk management

The capital of the Fund is represented by the net assets attributable to the holders of redeemable units. The amount of net assets attributable to the holders of redeemable units can change significantly on each Valuation Day, as the Fund is subject to subscriptions and redemptions at the discretion of Unitholders on every Valuation Day, as well as changes resulting from the Fund's performance. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for Unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain the capital structure, the Fund's policy is to monitor the level of subscriptions and redemptions relative to the assets it expects to be able to liquidate and adjust the amount of dividend distributions the Fund pays to Unitholders.

The Fund Board and the Fund Manager monitor capital on the basis of the value of net assets attributable to the Unitholders.

(All amounts in Saudi Riyals unless otherwise stated)

9 DIVIDEND DISTRIBUTION

During the six-month period ended 30 June 2026, the Fund distributed the following dividends to the Unitholders:

Date of distribution	Outstanding units	Dividend per unit	Dividend distributed
19 January 2026	7,700,000	0.0070	**54,054**
17 February 2026	7,700,000	0.0557	**428,909**
24 March 2026	7,700,000	0.0278	**214,330**
14 April 2026	7,700,000	0.0240	**185,139**
14 May 2026	7,700,000	0.0352	**271,398**
			1,153,830

10 FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and financial liabilities as at 30 June 2026 and 31 December 2025 are classified under amortised cost category except for investments held at FVSI which are classified and measured at fair value.

11 SEGMENT REPORTING

The Fund carries a portfolio of listed government sukuk instruments on Saudi Stock Exchange. The Fund Manager periodically assesses the performance and allocates resources to the business as one unit and, as such, no separate operating segments were identified for financial reporting purposes. Consequently, segment reporting as required by IFRS 8 ‘Operating Segments’ has not been disclosed.

12 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at 30 June 2026 (31 December 2025: Nil).

13 SUBSEQUENT EVENTS

There have been no events subsequent to the reporting date, and up to the date of authorisation of this condensed interim financial information for issue, that require adjustment to, or disclosure in, this condensed interim financial information.

14 LAST VALUATION DAY

In accordance with the Terms and Conditions of the Fund, the last valuation day for the purpose of the preparation of this condensed interim financial information for the period was 30 June 2026 (2025: 31 December 2025).

15 APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

This condensed interim financial information was approved and authorised for issuance by the Fund Board on 10 August 2026.