

**JADWA SAUDI EQUITY FUND II  
AN OPEN-ENDED INVESTMENT FUND  
(MANAGED BY JADWA INVESTMENT COMPANY)  
FINANCIAL STATEMENTS  
TOGETHER WITH THE  
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS  
FOR THE PERIOD FROM 11 NOVEMBER 2024 (DATE OF COMMENCEMENT OF  
OPERATIONS) TO 31 DECEMBER 2025**

**JADWA SAUDI EQUITY FUND II  
AN OPEN-ENDED INVESTMENT FUND  
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FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 11 NOVEMBER 2024 (DATE OF COMMENCEMENT OF  
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## KPMG Professional Services Company

Roshn Front, Airport Road  
P.O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

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 Unitholders of the Jadwa Saudi Equity Fund II

## Opinion

We have audited the financial statements of the **Jadwa Saudi Equity Fund II** (the "Fund") managed by the Jadwa Investment Company (the "Fund Manager"), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in net assets (equity) attributable to the Unitholders and cash flows for the period from 11 November 2024 to 31 December 2025, 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 Fund as at 31 December 2025, and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS") 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 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 are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code"), 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.

## Responsibilities of the Fund Manager and Those Charged with Governance for the Financial Statements

The Fund Manager 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 the SOCPA and to comply with the applicable provisions of the Investment Funds Regulations issued by the Capital Market Authority ("CMA"), the Fund's terms and conditions, and for such internal control as the Fund Manager 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, the Fund Manager is responsible for assessing the Fund'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 the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Fund Board, are responsible for overseeing the Fund's financial reporting process.



**JADWA SAUDI EQUITY FUND II**  
**AN OPEN-ENDED INVESTMENT FUND**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**STATEMENT OF FINANCIAL POSITION**  
*(AMOUNTS IN SAUDI ARABIAN RIYALS)*

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	<i>Notes</i>	<b>As at 31 December 2025</b>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	8	244,822,121
Investments	9	<u>1,188,506,850</u>
<b>Total assets</b>		<b><u>1,433,328,971</u></b>
<b><u>LIABILITIES</u></b>		
Management fee payable	1(d), 10	5,790,684
Accrued expenses and other liabilities		640,283
Redemption payable		<u>76,099,524</u>
<b>Total liabilities</b>		<b><u>82,530,491</u></b>
<b>Net assets (equity) attributable to the Unitholders (SAR)</b>		<b><u>1,350,798,480</u></b>
Class A		<u>10,978,104.97</u>
Class B		<u>2,327,619.67</u>
Class C		<u>147,965.64</u>
Class D		<u>649,883.75</u>
<b>Net assets (equity) value attributable to each unit (SAR)</b>		
Class A		<u>96.1238</u>
Class B		<u>95.3097</u>
Class C		<u>96.4210</u>
Class D		<u>91.4460</u>

The accompanying notes (1) to (16) form an integral part of these financial statements.

**JADWA SAUDI EQUITY FUND II**  
**AN OPEN-ENDED INVESTMENT FUND**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*(AMOUNTS IN SAUDI ARABIAN RIYALS)*

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	<i>Notes</i>	<b>For the period from 11 November 2024 to 31 December 2025</b>
<b><u>Loss</u></b>		
Loss on investments, net	<i>9.1</i>	(89,943,871)
Dividend income		35,198,634
Special commission income		7,423,243
<b>Total loss</b>		<b>(47,321,994)</b>
<b><u>Expenses</u></b>		
Management fee	<i>1(d), 10</i>	(20,846,131)
Fund board fee		(20,000)
Other operating expenses		(1,498,785)
<b>Total operating expenses</b>		<b>(22,364,916)</b>
<b>Net loss for the period</b>		<b>(69,686,910)</b>
Other comprehensive income for the period		--
<b>Total comprehensive loss for the period</b>		<b>(69,686,910)</b>

The accompanying notes (1) to (16) form an integral part of these financial statements.

**JADWA SAUDI EQUITY FUND II**  
**AN OPEN-ENDED INVESTMENT FUND**  
**(MANAGED BY JADWA INVESTMENT COMPANY)**  
**STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE**  
**UNITHOLDERS**  
*(AMOUNTS IN SAUDI ARABIAN RIYALS)*

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	<b>For the period from 11 November 2024 to 31 December 2025</b>
Total comprehensive loss for the period	<b>(69,686,910)</b>
<i>Contributions and redemptions by the Unitholders</i>	
<b>Proceeds from issuance of units:</b>	
- Class A	<b>1,192,463,359</b>
- Class B	<b>267,326,563</b>
- Class C	<b>17,712,984</b>
- Class D	<b>85,080,243</b>
	<b>1,562,583,149</b>
<b>Payments against redemption of units:</b>	
- Class A	<b>(85,717,575)</b>
- Class B	<b>(33,053,821)</b>
- Class C	<b>(2,800,321)</b>
- Class D	<b>(20,526,042)</b>
	<b>(142,097,759)</b>
<b>Net contributions by the Unitholders</b>	<b>1,420,485,390</b>
<b>Net assets (equity) attributable to the Unitholders at end of the period</b>	<b>1,350,798,480</b>

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**JADWA SAUDI EQUITY FUND II**  
**AN OPEN-ENDED INVESTMENT FUND**  
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**STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNITHOLDERS (CONTINUED)**  
*(AMOUNTS IN SAUDI ARABIAN RIYALS)*

**Unit transactions** *(numbers)*

	<b>For the period from 11 November 2024 to 31 December 2025</b>			
	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>
Issuance of units	<b>11,879,858.14</b>	<b>2,662,792.65</b>	<b>176,322.67</b>	<b>866,422.94</b>
Redemption of units	<b>(901,753.17)</b>	<b>(335,172.98)</b>	<b>(28,357.03)</b>	<b>(216,539.19)</b>
Units in issuance at end of the period	<b>10,978,104.97</b>	<b>2,327,619.67</b>	<b>147,965.64</b>	<b>649,883.75</b>

The accompanying notes (1) to (16) form an integral part of these financial statements.

**JADWA SAUDI EQUITY FUND II**  
**AN OPEN-ENDED INVESTMENT FUND**  
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**STATEMENT OF CASH FLOWS**  
*(AMOUNTS IN SAUDI ARABIAN RIYALS)*

	<b>For the period from 11 November 2024 to 31 December 2025</b>
	<i>Notes</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net loss for the period	<b>(69,686,910)</b>
<i>Adjustments for:</i>	
Loss on investments, net	9.1 <b>89,943,871</b>
Dividend income	<b>(35,198,634)</b>
	<b>(14,941,673)</b>
<i>Net changes in operating assets and liabilities</i>	
Purchase of investments at amortized cost	<b>(1,472,430,368)</b>
Proceeds from sale of investments	<b>193,979,647</b>
Management fee payable	<b>5,790,684</b>
Accrued expenses and other liabilities	<b>640,283</b>
<b>Net cash used in operations</b>	<b>(1,286,961,427)</b>
Dividend received	<b>35,198,634</b>
<b>Net cash used in operating activities</b>	<b>(1,251,762,793)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issuance of units	<b>1,562,583,149</b>
Payments for redemption of units	<b>(65,998,235)</b>
<b>Net cash generated from financing activities</b>	<b>1,496,584,914</b>
<b>Net increase in cash and cash equivalents</b>	<b>244,822,121</b>
<b>Cash and cash equivalents at end of the period</b>	8 <b>244,822,121</b>

The accompanying notes (1) to (16) form an integral part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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*(AMOUNTS IN SAUDI ARABIAN RIYALS)*

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**1. GENERAL INFORMATION**

- (a) Jadwa Saudi Equity Fund II (the “Fund”) is an investment fund established and managed through an agreement between Jadwa Investment Company (the “Fund Manager”) and the Fund’s investors (the “Unitholders”). The fund was established on 09 September 2024 (corresponding to 06 Rabi ul Awal 1446H) as per notification to the Capital Market Authority (CMA) and commenced its operations on 11 November 2024 (corresponding to 09 Jamada Al Awwal 1446H).

The Fund aims to provide investors with long-term capital appreciation by investing in Saudi equities listed on the Saudi stock market and any of their affiliates which are compliant with the Shariah standards approved by the Fund Manager’s Shariah Committee.

The Fund is governed by the Regulations published by the CMA’s Board Resolution no. 1-219-2006 dated 3 Dhul Hijja 1427 H (corresponding to 24 December 2006) thereafter amended pursuant to the CMA’s Board Resolution no. 1-135-2025 dated 3 Jumada Al Thani 1447 H (corresponding to 24 November 2025) detailing requirements for all funds within the Kingdom of Saudi Arabia.

- (b) 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 Fund Manager of the Fund is Jadwa Investment, and administrator and custodian of the Fund is HSBC Saudi Arabia.
- (c) The management of the Fund is the responsibility of the Fund Manager. However, in accordance with the Fund’s terms and conditions, the Fund Manager can delegate or assign its duties to one or more of the financial institutions in the Kingdom of Saudi Arabia and overseas.
- (d) The Fund Manager charges the Fund a management fee of 1.25%, 1.95%, 0.98% and 1.95% of the net assets (equity) value of Class A, Class B, Class C and Class D units respectively at each valuation day along with VAT charges at 15% of management fee. Management fee is accrued at each valuation day based on the equity value for each strategy of the Fund, before the calculation of management fee, and deducted from the Fund quarterly.

In addition, the Fund Manager has the right to collectively charge the Fund all other expenses related to the management of the Fund, including but not limited to audit fee and legal charges subject to limits as set out in the Fund’s terms and conditions.

The Fund Manager may charge investors a subscription fee at a percentage not to exceed 3% of the subscribed amount. The subscription fee is not included in these financial statements.

**2. BASIS OF PRESENTATION**

The fund was established on 09 September 2024 (corresponding to 06 Rabi ul Awal 1446H) as per notification to the Capital Market Authority (CMA) and commenced its operations on 11 November 2024 (corresponding to 09 Jamada Al Awwal 1446H). Therefore, the Fund's first financial period is from 11 November 2024 to 30 June 2025; accordingly, comparative figures for the statements are not presented.

**3. BASIS OF ACCOUNTING**

These financial statements of the Fund have been prepared in accordance with 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”) and to comply with the applicable provisions of the Investment Funds Regulations issued by the CMA and the Fund’s terms and conditions.

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**4. BASIS OF MEASUREMENT**

The financial statements have been prepared on a historical cost basis using the accrual basis of accounting and going concern concept except for investments measured at fair value through profit or loss (“FVTPL”) which are recorded at fair value.

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 statement of financial position. Instead, assets and liabilities are presented in order of their liquidity.

**5. FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements are presented in Saudi Arabian Riyal (“SAR”), which is the Fund’s functional currency. All amounts have been rounded to the nearest SAR, unless otherwise indicated.

**6. USE OF JUDGMENTS AND ESTIMATES**

The preparation of the financial statements requires the Fund Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

**7. MATERIAL ACCOUNTING POLICIES**

The Fund has consistently applied the following accounting policies to all periods presented in these financial statements unless otherwise stated and the material accounting policies applied in the preparation of these financial statements are set out below.

**a) *Foreign currency***

Transactions in foreign currencies are translated into SAR at the spot exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into SAR at the closing spot exchange rate at the reporting date. Foreign currency differences arising on translation are recognized in ‘foreign exchange gain / loss’ in the statement of profit or loss and other comprehensive income, except for those arising on financial instruments at fair value through profit or loss (“FVTPL”) which are recognized as a component of ‘gain/loss on investments, net’.

**b) *Net gains or losses on investments***

Net gains or losses on investments includes all realised and unrealised fair value changes and foreign exchange differences.

**c) *Dividend income***

Dividend income is recognized in the profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income from equity securities at FVTPL is recognized in profit or loss in a separate line item.

**d) *Management fee, performance fee and fund administration fee***

Management fee, performance fee and fund administration fee are recognized in the statement of profit or loss and other comprehensive income as the related services are performed.

**e) *Cash and cash equivalents***

Cash and cash equivalents comprise deposits with banks and highly liquid financial assets with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the Fund in the management of short-term commitments.

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*f) Financial assets and liabilities*

***Classification of financial assets***

On initial recognition, a financial asset is classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI") or FVTPL.

***Financial assets measured at amortized cost***

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets measured at FVOCI***

A financial asset is measured at fair value through FVOCI only if it meets both of the following conditions and is not designated as at FVTPL.

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Fund Manager may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

***Financial assets measured at FVTPL***

All financial assets not classified as measured at amortized cost or FVOCI are measured at FVTPL.

***Business model assessment***

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice;
- how the performance of the portfolio is evaluated and reported to the Fund Manager;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated- e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Fund's stated objective for managing the financial assets is achieved and how cash flows are realized.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Fund's original expectations, the Fund does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly purchased financial assets going forward.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*f) Financial assets and liabilities (continued)*

*Assessment whether contractual cash flows are solely payments of principal and profit*

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Profit’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In assessing whether the contractual cash flows are solely payments of principal and profit, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Fund considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Fund’s claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

***Classification of financial liabilities***

Financial liabilities are classified as measured at amortised cost unless it has designated liabilities at FVTPL.

***Recognition and initial measurement***

The Fund initially recognizes regular-way transactions in financial assets and financial liabilities at FVTPL on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

A Financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition issue.

***Subsequent measurement***

Financial assets measured at FVTPL are subsequently measured at fair value. Net gains or losses including any foreign exchange gains and losses, are recognized in profit or loss in ‘gain/loss on investments, net’ in the statement of profit or loss and other comprehensive income.

Financial assets measured at amortized cost are subsequently measured at amortized cost using effective interest method. Special commission income is recognised in ‘special commission income’, foreign exchange gains/losses are recognised in ‘foreign exchange gain/loss’ and impairment is recognised in ‘impairment losses on financial instruments’ in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities measured at amortised cost are subsequently measured at amortised cost using effective interest method. Special commission expense and foreign exchange gains and losses are recognised in the statement of profit or loss and other comprehensive income.

The ‘amortized cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principle repayments, plus or minus the cumulative amortizing using effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

***Derecognition***

The Fund derecognises regular-way sales of financial assets using trade-date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the Fund transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**f) *Financial assets and liabilities (continued)***

***Derecognition (continued)***

On derecognition of the financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognized as a separate asset or liability.

The Fund derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire.

***Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle them liability simultaneously.

Income and expenses are presented on a net basis for gain and losses from financial instruments at FVTPL and foreign exchange gains and losses.

**g) *Fair value measurement***

‘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 in the principle or, in its absence, the most advantageous market to which the Fund has access at that date.

When available, the Fund measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market as per the official closing price in the related stock exchange where the instrument is traded.

**h) *Fair value measurement***

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

**i) *Distributions to the Unitholders***

Distribution to the Unitholders is accounted for as a deduction from net assets (equity) attributable to the Unitholders. An interim dividend is recognized as a liability in the period in which it is irrevocably declared by the Fund Manager. A final dividend is recognized as a liability in the period in which it is approved by the Fund Manager.

**j) *Redeemable units***

The Fund classified financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has redeemable units in issue. On liquidation of the Fund, they entitle the holders to the residual net assets. They rank pari passu in all respects and have identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor’s share in the Fund net assets at each redemption date and also in the event of the Fund’s liquidation.

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**7. MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**j) Redeemable units (continued)**

Redeemable units are classified as equity as it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Fund over the life of the instrument.

Incremental costs directly attributable to the issue or redemption of redeemable units are recognized directly in net assets as a deduction from the proceeds or part of the acquisition cost.

**k) Standards, interpretations and amendments adopted by the Fund**

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2025. The Fund Manager has assessed that the amendments have no significant impact on the Fund's financial statements.

Amendments to IAS 21 - *Lack of exchangeability*

**l) Standards, interpretations and amendments issued but not yet effective**

Standards, interpretations, and amendments issued but not yet effective are listed below. The Fund intends to adopt these standards when they become effective.

Standard / Amendment	Description	Effective Date
Amendments to IFRS 9 & IFRS 7 – Classification and Measurement	Clarifies SPPI assessment for financial assets with contingent features including ESG-linked features and introduces additional disclosure requirements.	1-Jan-26
Amendments to IFRS 9 – Recognition / Derecognition via Electronic Payments	Clarifies recognition and derecognition timing and permits early derecognition of certain financial liabilities settled via qualifying electronic payment systems.	1-Jan-26
Other Related Amendments to IFRS 9 & IFRS 7	Clarifies treatment of contractually linked instruments, non-recourse features, and requires enhanced disclosures for equity instruments measured at FVOCI.	1-Jan-26
Annual Improvements to IFRS Accounting Standards	Resolves conflicts between IFRS 9 and IFRS 15 on trade receivables and clarifies derecognition of lease liabilities.	1-Jan-26
Contracts Referencing Nature-dependent Electricity (IFRS 9 & IFRS 7)	Provides guidance on own-use exemption and hedge accounting for renewable power purchase agreements with enhanced disclosure requirements.	1-Jan-26
Hyperinflationary Presentation Currency (Amendments to IAS 21)	Clarifies translation of financial statements into hyperinflationary presentation currency and introduces new disclosures.	1-Jan-27
Adoption of IFRS 18 (Presentation and Disclosure in Financial Statements)	IFRS 18 requires profit or loss to be classified into five categories, introduces a defined operating profit subtotal (used for indirect cash-flow reporting) and mandates new management performance measures disclosure. The Fund manager is assessing the presentation and disclosure impacts required.	1-Jan-27
Adoption of IFRS 19 (Subsidiaries without Public Accountability: Disclosures)	The new standard introduces a reduced disclosure framework permitting eligible subsidiaries without public accountability to apply IFRS with simplified disclosures.	1-Jan-27

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**8. CASH AND CASH EQUIVALENTS**

	<i>Note</i>	<b>31 December 2025</b>
Cash with custodian		<b>61,601,878</b>
Short-term Murabaha placements having original maturity of three months or less	<i>8.1</i>	<b>183,220,243</b>
<b>Total</b>		<b>244,822,121</b>

8.1 This represents short-term Murabaha contracts with a local bank carrying profit rate 3.80% per annum.

**9. INVESTMENTS**

		<b>31 December 2025</b>
Investments measured at FVTPL:		
- Equity Securities*	<i>12(a)</i>	<b>1,168,579,035</b>
- Investment fund managed by the Fund Manager		<b>19,927,815</b>
		<b>1,188,506,850</b>

During the period, the Fund purchased investments in the other fund managed by the Fund Manager amounting to SAR 23.65 million.

\*It includes units of REIT Fund managed by Fund Manager amounting to SAR 0.75 million.

9.1 Below are the details of loss on investments, net:

	<b>For the period from 11 November 2024 to 31 December 2025</b>
Unrealized loss on investments measured at FVTPL, net	<b>(99,944,954)</b>
Realized gain on investments measured at FVTPL, net	<b>10,001,083</b>
<b>Total</b>	<b>(89,943,871)</b>

**10. RELATED PARTY TRANSACTIONS AND BALANCES**

The related parties of the Fund include the Fund Manager, the Fund Board and other funds managed by the Fund Manager. In the ordinary course of its activities, the Fund transacts business with the related parties.

In addition to transactions disclosed elsewhere in these financial statements, the Fund entered into the following transactions with the related parties during the period and the balances arising from such transactions. These transactions were carried out on the basis of approved terms and conditions of the Fund.

<b>Related Party</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>Amount of transactions during the period from 11 November 2024 to 31 December 2025</b>	<b>Closing Balances receivable / (payable) as at 31 December 2025</b>
Jadwa Investment Company	The Fund Manager	Management fee	<b>20,846,131</b>	<b>(5,790,684)</b>
The Fund Board	The Fund Board	Meeting Fee (Independent members)	<b>20,000</b>	<b>(3,333)</b>

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**11. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

The table below sets out the classification of the carrying amounts of the Fund's financial assets and financial liabilities into categories of financial instruments:

<b><u>31 December 2025</u></b>	<b><u>Amortized cost</u></b>	<b><u>FVTPL</u></b>
<i>Financial assets</i>		
Cash and cash equivalents	244,822,121	--
Investments	--	1,188,506,850
<b>Total financial assets</b>	<b>244,822,121</b>	<b>1,188,506,850</b>
<i>Financial liabilities</i>		
Management fee payable	5,790,684	--
Accrued expenses and other liabilities	640,283	--
Redemption payable	76,099,524	--
<b>Total financial liabilities</b>	<b>82,530,491</b>	<b>--</b>

**12. FINANCIAL RISK MANAGEMENT**

**Exposure**

The Fund has exposure to the following risks from financial instruments:

- a) market risk
- b) credit risk
- c) liquidity risks; and
- d) operational risk

The Fund primarily aims to invest in a diversified portfolio consisting of listed equities in the local market and mutual funds. The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Fund are discussed below.

The Portfolio Manager has been given discretionary authority to manage the assets in line with the Fund's investment objectives. Compliance with target asset allocations as per the terms and conditions is monitored by the portfolio management team on a regular basis.

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**

Market Risk is the risk that changes in market prices – such as commission rates, foreign exchange rates, and equity prices– will affect the Fund's income or the fair value of its holdings in financial instruments.

The Fund's strategy for the management of market risk is driven by the Fund's investment objective as per the Fund's terms and conditions.

The Fund's market risk is managed by the Fund Manager in accordance with the policies and procedures in place. The Fund's market positions are monitored on a daily basis by the Fund Manager.

*i. Foreign currency risk*

Foreign currency risk arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

The Fund primarily transacts in SAR, which is the functional currency of the Fund and accordingly does not have exposure to currency risk.

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**12. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**a) Market risk (continued)**

*ii. Special commission rate risk*

Commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of financial instruments. The Fund is not subject to commission rate risk on its investments.

*iii. Other price risk*

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from commission rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

The Fund's policy is to manage other price risk through diversification and selection of securities within specified limits set by the Fund's terms and conditions. A summary analysis of investments by economic sector is presented below and it is reviewed on weekly basis by the Fund Manager.

<b><u>Economic sector</u></b>	<b>31 December 2025</b>		
	<b>Cost</b>	<b>Fair value</b>	<b>% of fair value to total equity investment</b>
Banks	280,105,104	270,519,814	23.15
Materials	230,554,694	205,109,702	17.55
Energy	179,516,644	179,252,598	15.34
Telecommunication Services	120,003,148	129,085,466	11.05
Food and Beverages	110,448,177	84,237,015	7.21
Consumer Services	60,616,652	63,839,028	5.46
Real Estate Management and Development	67,562,925	54,664,890	4.68
Capital Goods	42,889,445	42,091,491	3.60
Software and Services	48,183,758	38,972,179	3.34
Utilities	34,905,776	31,354,563	2.68
Health Care Equipment and Services	30,164,964	26,135,377	2.24
Commercial and Professional Services	34,395,999	21,657,298	1.85
Insurance	25,448,456	20,909,202	1.79
Real Estate Investment Trusts	759,834	750,412	0.06
<b>Total</b>	<b>1,265,555,576</b>	<b>1,168,579,035</b>	<b>100.00</b>

The table below sets out the effect on net asset (equity) attributable to the Unitholders of a reasonably possible weakening / strengthening in the individual equity market prices of 1% at reporting date. The estimate are made on an individual investment basis. The analysis assumes that all other variables, in particular commission, remain constant.

	<b>31 December 2025</b>	
	<b>%</b>	<b>SAR</b>
Effect on net assets (equity) attributable to the Unitholders	<b>±0.87</b>	<b>11,685,790</b>

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**12. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**b) Credit risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund. It arises principally from cash and cash equivalents and dividend receivable (if any). For risk management reporting purposes, the Fund considers and aggregates all elements of credit risk exposure such as individual obligor default risk, counter party risk and sector risk etc. The Fund’s credit risk is monitored on a regular basis by portfolio management team to ensure it is in line with the investment guidelines of the Fund.

The Fund’s activities may give rise to settlement risk. “Settlement risk” is the risk of loss due to the failure of an entity to honor its obligations to deliver cash, securities or other assets as contractually agreed. For the majority of transactions, the Fund mitigates this risk by conducting settlements through an independent global clearing system to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations.

The table below shows the maximum exposure to credit risk for the component of the statement of financial position:

	<b>31 December 2025</b>
Cash and cash equivalents	<u><b>244,822,121</b></u>
Total exposure to credit risk	<u><u><b>244,822,121</b></u></u>

*Analysis of credit quality*

The Fund does not have a formal internal grading mechanism. Credit risk is managed and controlled by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. Credit risks are generally managed on the basis of external credit ratings of the counterparties.

Cash held with the custodian, HSBC Saudi Arabia, a subsidiary of HSBC Holding Plc. with long term credit rating of A3, is maintained for trading of investment securities. This also includes payable and receivable from custodian against settlement of trades which is considered small due to the short settlement period involved.

Murabaha placement held with local bank having short-term ratings of “F2” and long-term ratings of “BBB+” respectively. Hence no impairment allowance is recorded in these financial statements.

**c) Liquidity risk**

‘Liquidity risk’ is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Fund’s terms and conditions provide for subscription and redemption of units on every Saudi business day and it is, therefore, exposed to the liquidity risk of meeting the Unitholder redemptions on these days. The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio.

The Fund’s financial liabilities primarily consist of payables which are expected to be settled within one month from the statement of financial position date. The Fund manages its liquidity risk by investing predominantly in securities which are expected to be liquidated within a short period of time. The Fund’s investments in listed securities are considered to be readily realizable because they are listed and actively traded on stock exchanges. As at 31 December 2025 the remaining contractual maturity of Murabaha placements ranging from 1 month to 3 months.

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**12. FINANCIAL RISK MANAGEMENT (CONTINUED)**

**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 of financial losses and damage to its reputation with achieving its investment objective of generating returns to unitholders. The primary responsibility for the development and implementation of control over operational risks rests with the Risk Management team. This responsibility is supported by the development of overall standard for the management of operational risk, which encompasses the controls and processes at the service providers and the establishment of service levels with the service providers, in the following areas:

- documentation of controls and procedures;
- requirements for:
  - o appropriate segregation of duties between various functions, roles and responsibilities;
  - o reconciliation and monitoring of transactions; and
  - o periodic assessment of operational risks faced,
- the adequacy of controls and procedures to address the risks identified;
- compliance with regulatory and other legal requirements;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance.

**13. FAIR VALUE MEASUREMENT**

*Valuation models*

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included within level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The Fund determines fair values of equity securities that are actively traded on an approved stock exchange at their last reported prices. The fair value of investments in unlisted investment funds is determined using unadjusted net asset values (Level 2 measurement). The unadjusted asset value is used when the units in a fund are redeemable at the reportable net asset value at, or approximately at, measurement date.

*Carrying amounts and fair value*

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognised in the statement of financial position. All fair value measurements below are recurring.

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**13. FAIR VALUE MEASUREMENT (CONTINUED)**

	31 December 2025				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Investments	<b>1,188,506,850</b>	<b>1,168,567,894</b>	<b>19,938,956</b>	--	<b>1,188,506,850</b>

Other financial instruments such as cash and cash equivalents, advance against investment, other receivables, management fee payable, performance fee payable, accrued expenses and other liabilities are short-term financial assets and financial liabilities whose carrying amounts are approximate to their fair value due to their short-term nature. Cash and cash equivalents are classified under level 1, while the remaining financial assets and liabilities are classified under level 3.

**14. EVENTS AFTER THE END OF THE REPORTING PERIOD**

The recent geopolitical escalations have triggered a high-risk conflict environment across the Gulf. The situation is still very fluid, and scenarios can shift very quickly. The escalations have brought about additional uncertainties in the Fund's operating environment. With respect to financial statements for the year ended 31 December 2025, the potential financial reporting effects of the conflict are considered to be non-adjusting in nature.

The Fund Manager has been closely monitoring the impact of the developments on the Fund's investment. As the situation is fast evolving and fluid, the effect of the escalations is subject to significant levels of uncertainty, with the full range of possible effects unknown.

**15. LAST VALUATION DAY**

The last valuation day for the purpose of preparation of these financial statements was 31 December 2025.

**16. APPROVAL OF THE FINANCIAL STATEMENTS**

These financial statements were authorized for issue by the Fund Board on 5 Shawwal 1447 H (corresponding to 24 March 2026).