2020 Annual Report

Expanding Investment Horizons

جدوى للإستثمار
Jadwa Investment

بسم الله الرحمن الرحيم

Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud

Crown Prince, Deputy Prime Minister and Minister of Defence

His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud

Strategic discipline can achieve extraordinary outcomes. 2020 was a year of growth and diversification despite global uncertainty.

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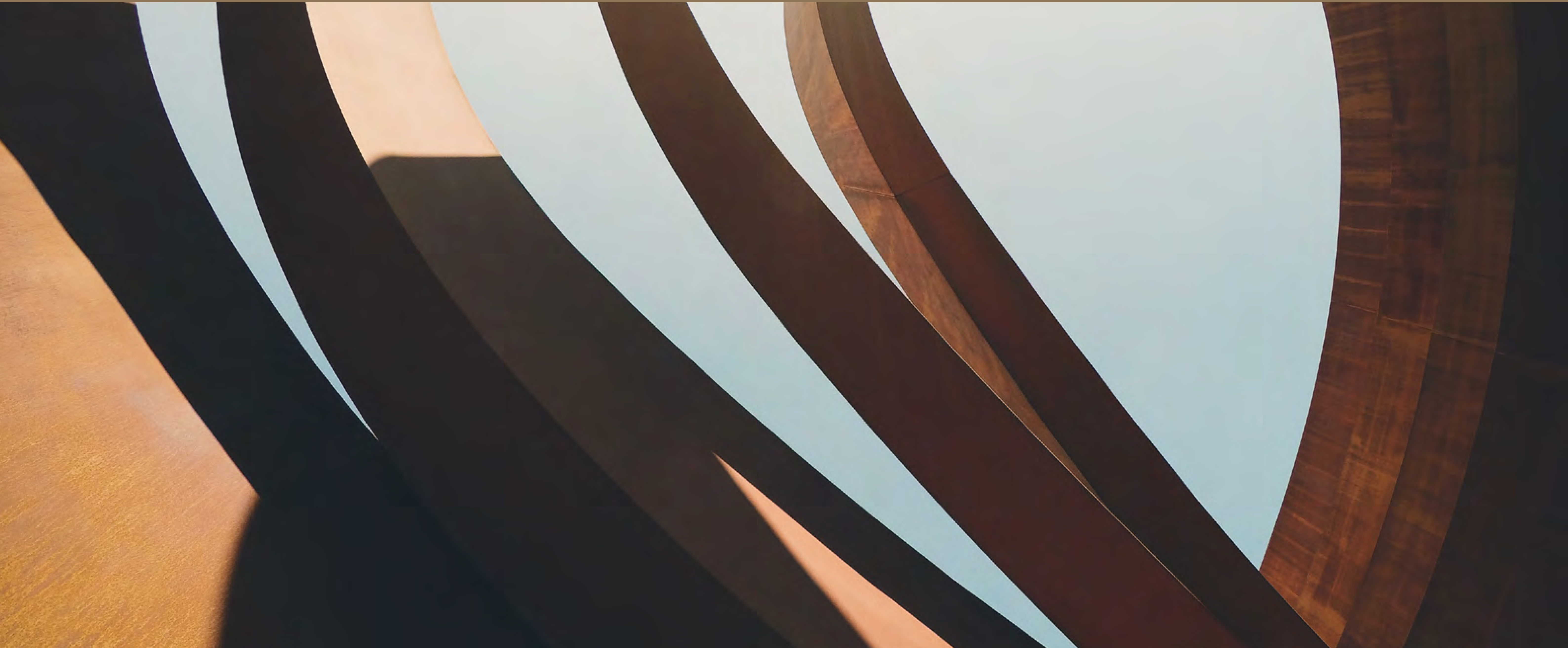
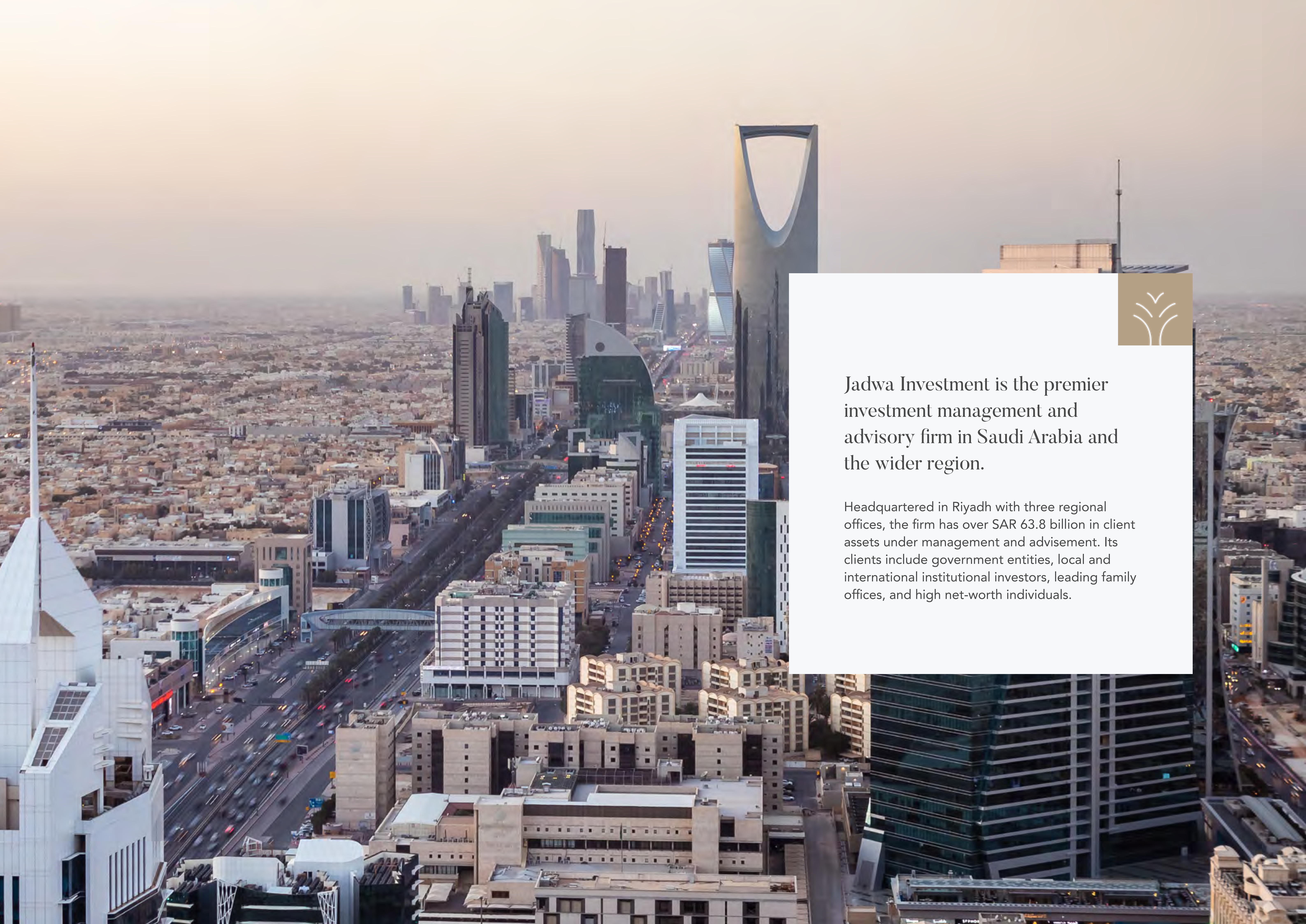
About Jadwa





Jadwa Investment is the premier investment management and advisory firm in Saudi Arabia and the wider region.

Headquartered in Riyadh with three regional offices, the firm has over SAR 63.8 billion in client assets under management and advisement. Its clients include government entities, local and international institutional investors, leading family offices, and high net-worth individuals.

Board of Directors

ADIB ALZAMIL
Chairman

ABDULAZIZ ALSUBEAEI
Vice Chairman

ABDULRAHMAN AL-RUWAITA
Director

CHRIS MASTERSON
Director

IQBAL KHAN
Director

KHALID AL-KHOWAITER
Director

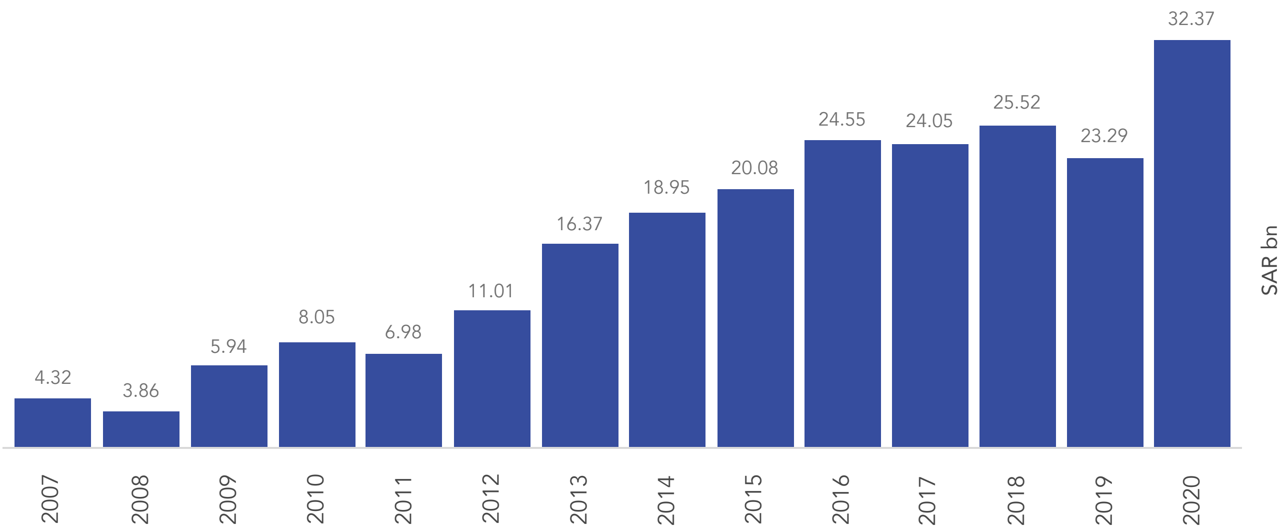
MICHAEL POWELL
Director

NIK RIZAL
Director

TARIQ AL-SUDAIRY
Managing Director & CEO

Business Highlights

ASSETS UNDER MANAGEMENT (YEAR END)



NEW INVESMENT OFFERINGS IN 2020

Public equity	Jadwa US Quantitive Fund
	Jadwa Developed Markets Equity Fund
	Jadwa Emerging Markets Equity Fund
Private equity	International Private Equity Fund
Real estate	Real Estate Investment Fund
	Real Estate Investment Fund 2
	Real Estate Investment Fund 3
Private credit	Jadwa International Income Fund
	Jadwa Mezzanine Opportunities Fund
Fixed income	Jadwa International Sukuk Fund
Endowments	Nafaqah Waqf Fund

FINANCIAL PERFORMANCE

295
SAR Million
TOTAL REVENUE

30
SAR Million
NET INCOME

1.3
SAR Billion
SHAREHOLDERS´ EQUITY

1.6
SAR Billion
TOTAL ASSETS

BUSINESS PERFORMANCE

63.8
SAR Billion
CLIENT ASSETS

19.3
SAR Billion
GROWTH IN ASSETS UNDER ADVISEMENT

3.1
SAR Billion
TOTAL VALUE CREATION

3.6
SAR Billion
TRANSACTION VOLUME

21.5
SAR Billion
PUBLIC MARKETS AUM

6.3
SAR Billion
PRIVATE EQUITY INVESTED CAPITAL

9.2
SAR Billion
REAL ESTATE INVESTED CAPITAL

8.3
SAR Billion
TOTAL REVENUES OF PORTFOLIO COMPANIES

Investment to date: Private equity

Fund: Jadwa Co-Investment Fund (Luberef)
Sector: Oil & Gas
Acquisition Stake: 30 percent
Status: Invested
Website: www.luberef.com

Luberef is the only base oil producer in the Kingdom of Saudi Arabia and is one of the largest suppliers of base oil to lube oil blenders in the Kingdom. Its operations started in 1978 with the start-up of its Jeddah refinery, and a second refinery was commissioned in 1998 in Yanbu. In 2017, Luberef completed an expansion of its Yanbu refinery, which doubled the company's base oil production capacity and allowed Luberef to produce Group II base oils. The majority of Luberef's base oil production is consumed in Saudi Arabia. The company also exports its products to Gulf and Asian markets. Jadwa Industrial Investment Company and the Jadwa Co-Investment Fund own 30% of Luberef. The remaining 70% of the company is owned by Saudi Aramco.

Fund: Food and Beverage Opportunity Fund
Sector: Food & beverage
Acquisition Stake: 30 percent
Status: Exited
Website: www.gulf-union.com

Gulf Union Foods Company ("GUFC") was founded in 1999. It is one of the leading companies in the production and marketing of juices and beverages. The company is located in the third industrial city in Riyadh, Saudi Arabia, where it is equipped with the latest machinery, equipment and production lines with highly technical specifications, advanced technology and the highest standards of quality. Jadwa's Food and Beverage Opportunity Fund fully exited its 30 percent stake in GUFC through a trade sale of 51% of GUFC to a strategic buyer in July 2014.

Fund: Jadwa Technology Special Opportunity Fund
Sector: Electronics & appliances
Acquisition Stake: 49 percent
Status: Invested
Website: www.umg.com.sa

United Matbouli Group ("UMG") is a leading retailer and distributor of home appliances, air conditioners and consumer electronics. It's the sole distributor of Samsung electronics and appliances and is the leading, non-exclusive distributor of Samsung handheld devices in Saudi Arabia. In addition, UMG has a retail presence in the megastores segment across Saudi Arabia through Electro.

Fund: Jadwa Building Materials Opportunity Fund
Sector: Building materials
Acquisition Stake: 49 percent
Status: Exited
Website: www.zamilco.com

Al Zamil Company for Industry, Trade, & Transport is a Riyadh-based limited liability company, founded in 1990. The company is a leading building materials company, with primary focus on late-stage house requirements, including water tanks, manhole covers, automated doors, and insulation services.

Fund: Jadwa Tourism & Hospitality Opportunity Fund
Sector: Hospitality & entertainment
Acquisition Stake: 35 percent
Status: Exited
Website: www.alhokair.com

Al Hokair Group was founded in 1978, commencing its operations by establishing the first theme park in Riyadh. In 1985, the Group ventured into the hospitality sector. With a history spanning over 40 years, the Groupis recognized as one of the earliest investors in hospitality and entertainment in the Kingdom. Jadwa Tourism & Hospitality Opportunity Fund exited 30% of its stake in June 2014 during a secondary IPO of Al Hokair Group and subsequently fully exited its remaining stake through the Saudi Stock Exchange (Tadawul).

Fund: Jadwa Healthcare Opportunities Fund
Sector: Healthcare
Acquisition Stake: 30 percent
Status: Exited
Website: www.alhammadi.com

With a history that dates back over thirty years, Al Hammadi is one of the pioneers in the Saudi private healthcare sector. Al Hammadi established its first hospital in the Olaya district of Riyadh in 1985 with a modest capacity of 50 beds and 12 outpatient clinics. The company has now evolved into a leading private healthcare services provider in Riyadh with 1,378 beds and 202 outpatient clinics across three hospitals. Al Hammadi was listed on the Saudi Stock Exchange (Tadawul) in July 2014 and the fund fully exited its stake through the Saudi Stock Exchange (Tadawul).

Fund: Jadwa Waste Management Opportunities Fund
Sector: Industrial waste management
Acquisition Stake: 100 percent
Status: Exited
Website: www.gems-ksa.com

GEMS is a leading industrial waste management company in Saudi Arabia. The company provides hazardous waste-management, industrial and engineering services to the oil, petrochemical and industrial sectors in Saudi Arabia, and trading services of recycled oil products. GEMS has a strong, experienced management team, complemented by access to an in-house science and engineering center in Spain, which boasts a highly qualified team of scientists, engineers and financial professionals.

Fund: Jadwa Mechanical Opportunities Fund
Sector: Industrial Manufacturing
Acquisition Stake: 56 percent
Status: Invested
Website: www.smi.com.sa

Saudi Mechanical Industries Company is a Riyadh-based company established in 1982 to manufacture fluid flow and control equipment in Saudi Arabia. SMI has grown its operations to become a leading engineering components manufacturer, producing a range of products including pumps, gear drives, and steel and bronze bars for use in a broad array of industries including oil & gas, infrastructure, automotive, agriculture and mining. Today, SMI serves clients across Saudi Arabia, The United States, Europe, and the MENA region.

Fund: Jadwa Refining Opportunities Fund
Sector: Petrochemical Re-refining
Acquisition Stake: 37 percent
Status: Invested
Website: www.innovarefining.com

Innova Refining Holdings Limited, formerly known as Trotters Holdings Limited, is an integrated petrochemical by-products and used lube oil processing, trading and logistics company headquartered in the UAE. Through its advanced facilities, Innova transforms petrochemical by-products and used lube oil into value added products that are used in numerous industries including construction, pharmaceuticals and textiles. The company employs a versatile team of professionals, including scientists and researchers, engineers and marketing professionals, working together to serve international clients worldwide.

Fund: Jadwa Healthcare Opportunities Fund 2
Sector: Healthcare
Acquisition Stake: 42 percent
Status: Invested
Website: www.uems.ae

United Eastern Medical Services is a UAE-based integrated healthcare group that focuses on attractive specialization segments across the GCC. The group is comprised of a network of premium, specialized health centers spread across Abu Dhabi that provide care in areas including diabetes, children's health, fertility and family health services, as well as Moorfields Eye Hospital in Abu Dhabi, a joint venture with Moorfields London, the oldest and largest ophthalmic center in the world. The group also includes Danat Al Emarat, a specialized women and children hospital with 150 beds.

Fund: Jadwa Healthcare Opportunities Fund 3
Sector: Healthcare
Acquisition Stake: 70 percent
Status: Invested
Website: www.almeswak.com

Al Meswak Dental Clinics was established in Riyadh in 2001 and has grown to become the largest dental group in the Kingdom offering a complete range of dental services and specializations. The group operates more than 76 dental clinics and numerous dental laboratories with over 650 dental chairs spread across 19 cities in the Kingdom.

Fund: Jadwa Healthcare Opportunities Fund 4
Sector: Healthcare
Acquisition Stake: 51 percent
Status: Invested
Website: www.mr.med.sa

Mansour Rabia Medical Company is the largest wholesaler of pharmaceutical products in Saudi Arabia with 4 distribution warehouses across four cities. The company also operates 35 pharmacies under its own brand, Adam Pharmacies.

Fund: Jadwa International PE Fund
Sector: Diversified
Status: Investing

The fund's objective is to invest in private equity and venture capital investment opportunities in partnership with leading investment managers in the US and Europe.

Investment to date: Real estate

Fund: Jadwa UK Special Opportunities Fund
Sector: Multiple
Strategy: Income-generating
Status: Exited

The fund was launched for the purpose of acquiring four income-generating properties across the residential, office, and retail sectors within the United Kingdom.

Fund: South Bank Tower
Sector: Multiple
Strategy: Development
Status: Exited

The Fund was set up as a real estate investment vehicle with the sole strategy of refurbishing and reconfiguring a 1970's office and retail center in London. The building was re-configured to enhance the overall leasable/saleable area by almost 80%. The reconfiguration of the original asset included 191 residential apartments whilst simultaneously maintaining the same amount of office and retail space. A sale of the office and retail element was completed at the end of 2015 and the apartments were sold between 2012 and 2018.

Fund: Al Argan Saudi Residential Development Fund
Sector: Residential
Strategy: Development
Status: Exited

The fund was launched for the purpose of developing a residential project comprising 396 apartments in the city of Riyadh. The project is located within AlArgan's Manazel Qurtuba Project, which is an integrated housing community that includes retail, education, and public facilities.

Fund: Jadwa Al Azizia Real Estate Investment Fund
Sector: Hospitality
Strategy: Development
Status: Invested

The fund was launched for the purpose of developing a hospitality project comprising two pilgrim accommodation towers in the Azizia district, Makkah. The project is currently delivering 955 rooms with the capacity to accommodate 5,200 pilgrims during the Hajj and Ramadan seasons.

Fund: Jadwa Al Basateen Real Estate Investment Fund
Sector: Residential
Strategy: Development
Status: Exited

The fund was launched for the purpose of developing a prominent residential project in the city of Riyadh. The project is located on King Khalid Road, north western Riyadh, and includes the construction of villas, a residential compound, schools, and a commercial center.

Fund: Jadwa REIT Al Haramain Fund
Sector: Multiple
Strategy: Income-generating REIT
Status: Publicly listed

Listed in April 2017 on the Saudi Exchange, Jadwa REIT Al Haramain Fund is the first listed REIT fund in Saudi Arabia that specializes in investing in the two holy cities of Makkah and Madinah.

Fund: Jadwa REIT Saudi Fund
Sector: Multiple
Strategy: Income-generating REIT
Status: Publicly listed

Listed in February 2018, Jadwa REIT Saudi Fund aims to invest in a diversified manner across major cities in Saudi Arabia. The fund´s initial portfolio consisted of multiple core and core plus properties in the major cities of Riyadh, Dammam, and Khobar, offering diversified exposure to the residential, commercial, industrial, and educational sectors.

Fund: Real Estate Investment Fund
Sector: Multiple
Strategy: Development
Status: Launched

Real Estate Investment Fund is an income-generating private real estate fund that was launched in 2020 in partnership with Tatweer Group Holding. The objective of the fund is to invest in the Saudi real estate market by acquiring a diversified portfolio of prime and accretive income-generating real estate assets across different sectors, with the initial portfolio consisting of two investments in the residential, hospitality and office sectors.

Fund: Jadwa Private Real Estate Investment Fund 2
Sector: Multiple
Strategy: Income-generating
Status: Launched

Jadwa Private Real Estate Investment Fund 2 (marketing as “Zood Investment Fund”) is a private real estate development fund that was launched for the purpose of developing infrastructure and superstructure targets across four land plots in Makkah and Al Qassim.

Fund: Jadwa Private Real Estate Investment Fund 3
Sector: Residential
Strategy: Development
Status: Launched

Jadwa Private Real Estate Investment Fund 3 (marketing as “AlDar Investment Fund”) is a private real estate development fund that was launched in partnership with Al-Majdiyah Group for the purpose of developing multiple residential properties in Riyadh.

Business Commentary

Jadwa achieved unparalleled growth and impressive investment returns

Chairman's Statement

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present Jadwa Investment's annual report for fiscal year 2020.

2020 was the year of Covid-19. As the outbreak turned into a full-scale pandemic, global markets crashed in unison. The ensuing lockdown measures drove many economies to shrink at an unprecedented pace, and vital sectors came to a grounding halt. While many businesses struggled to survive, I am pleased to note that Jadwa continued to thrive under such trying circumstances.

> "While many businesses struggled to survive, Jadwa continued to thrive

The firm generated SAR 295 million in revenues and SAR 83 million in pre-tax net income, while maintaining a healthy and resilient balance sheet. These results consist of SAR 232 million in operating revenues and SAR 63 million in investment gains.

Looking at our business performance, the year saw Jadwa achieve unparalleled growth in client assets, deliver impressive investment returns and realizations for our clients, and complete a record volume of investment, divestment, and advisory transactions. Overall, the firm grew its total client assets from SAR 36.7 billion to SAR 63.8 billion. In our public markets practice, the firm's regional public equity strategies delivered outstanding returns, outperforming their respective benchmarks by 1.03 to 11.62%. Combined with the performance of our investments across other assets, this generated an aggregate value creation of SAR 3.1 billion for our clients. In private equity, real estate, and private credit, 2020 saw Jadwa complete a record SAR 3.6 billion in investment and divestment transactions, creating and capturing significant value for our clients. On the advisory front, we won multiple new and expanded investment advisory mandates that added SAR 18.0 billion to our assets under advisement, and we completed our advisory mandate for the public listing of Al Habib Medical Services Group. In recognition of Jadwa's unparalleled investment performance, the firm won a record 15 Lipper Awards and three EMEA Finance Awards during the year, including "Best Equity Group" in the Global Islamic Group category and "Best Private Equity House in EMEA".

Adib Abdullah Alzamil
Chairman of the Board of Directors

As for our strategic performance, Jadwa continued to execute on its growth strategy, which aims to expand the scope of our investment offerings across a wider range of asset classes and geographies. As a result, we unveiled three new public equity strategies across developed and emerging markets, offered three US-based private equity and venture capital investments, launched our first US private credit offering, initiated fundraising for our first mezzanine fund, and introduced our latest international Sukuk fund. These offerings constitute new growth engines for the firm, and will enable our clients to access a broader universe of Shariah-compliant investments across asset classes.

> "Aggregate value creation of SAR 3.1 billion for our clients

In light of Jadwa's strong performance and positive momentum, the Board of Directors is pleased to propose a cash dividend of SAR 1 per share in 2020, equal to 10% of the nominal share value.

As we look towards 2021, the next twelve months will surely present new challenges and exciting opportunities. As the global economy recovers from the effects of Covid-19, we will continue to seek new investment opportunities that stand to benefit from emerging trends, disruptions, and dislocations. Our investment approach will remain guided by a disciplined mindset, fundamentals-based insight, and an unwavering commitment to our clients' best interest. In doing so, we will continue to create long-term value for our clients, shareholders, and community.

The past year was a time of introspection for many of us. In this vein, I would like to express my deepest appreciation to our clients for their continued trust, to our shareholders for their steadfast support, and to my fellow directors for their vision and wisdom. I would also like to express my heartfelt gratitude to our management team for their sense of purpose and spirit of resilience. It is their drive, ingenuity, and entrepreneurial mindset that have delivered record-setting growth for the firm in the midst of a major global pandemic. As I look to the future, I am confident that our people, our values, and our commitment to excellence will enable us to continue our journey towards new heights.

With my best regards,

Adib Abdullah Al Zamil
Chairman of the Board of Directors

We enable our clients to access an expanding universe of Shariah-compliant investments

CEO's Statement

Dear shareholders,

Around the world, the past year was shaped by Covid-19 above all. As the virus quickly spread from one country to the next, governments rushed to impose increasingly aggressive lockdown measures and travel restrictions in the hope of flattening the curve. Nonetheless, the virus prevailed, turning into a pandemic that touched every corner of the globe in a matter of weeks.

In a frantic panic, global capital markets dropped from all-time highs at an unprecedented pace. Soon after, the impact of the lockdown measures on the global economy became evident, including simultaneous supply and demand shocks, supply chain disruptions, and massive layoffs. Major economic sectors came to a virtual standstill and corporates rushed to preserve liquidity, with many going bankrupt. In response, governments and central banks around the world rolled out massive fiscal measures and funding programs in an effort to resuscitate their economies.

> "The firm executed a record SAR 3.6 billion in investment and divestment transactions

Within this challenging global context, I am happy to report that Jadwa continued its strong growth momentum and differentiated investment performance. In the span of 2020, the firm grew its total client assets under management and advisement from SAR 36.7 billion to SAR 63.8 billion, achieved SAR 3.1 billion in total value creation for its clients across all managed asset classes, delivered 1.03 to 11.62% outperformance across its regional public equity strategies, executed a record SAR 3.6 billion in investment and divestment transactions, completed its latest advisory mandate for the public listing of a leading healthcare operator on the Saudi Stock Exchange, and continued to expand its investment offering across a growing range of local and international asset classes. All of this was achieved while simultaneously transitioning to a fully remote work environment in a span of days and in a manner that fully protected the integrity of our investment activities and operations.

FINANCIAL PERFORMANCE

In 2020, the firm generated revenues of SAR 295 million and net income of SAR 30 million. These results were generated through SAR 232 million in operating activities and SAR 63 million in realized and unrealized gains from our balance sheet investments. Our financial results remain supported by a healthy and conservative balance sheet, which has proven to be critical during last year's far-reaching economic shock.

BUSINESS PERFORMANCE

2020 was a year in which Jadwa achieved unparalleled growth in client assets, continued to deliver consistent investment outperformance, and completed a record volume of transactions across an expanding range of asset classes. The firm recorded 39% growth in assets under management to reach SAR 32.4 million, with 65% of the inflows coming from existing client relationships. Indeed, we are proud of our expanding client relationships, as we believe it is a reflection of their continued trust in Jadwa. More importantly, we take this as a great responsibility to always put our clients' interest first, and to pursue the highest standards of excellence in everything we do.

> "We achieved 39% growth in assets under management

In our public markets practice, 2020 was another year of consistent outperformance in the midst of great market volatility. Our regional public equity strategies delivered returns of 12.77 to 28.82% during the year, outperforming their respective benchmarks by 1.03 to 11.62%. In recognition of this performance, Jadwa was awarded a record 15 Lipper Awards this year, including "Best Equity Group" in the Global Islamic Group category, "Best Saudi Equity Fund", "Best GCC Equity Fund", and "Best MENA Equity Fund", while our Saudi public equity fund was recognized by Argaam for its three- and five-year performance record. 2020 also saw Jadwa expand its public markets offering beyond regional markets with the launch of our US equity fund, developed markets equity fund, emerging markets equity fund, and international Sukuk fund.

> "Our regional public equity strategies outperformed by 1.03 to 11.62%

In private equity, Jadwa completed a total of six investment and divestment transactions in the past year. This included executing a capital increase for one of our healthcare portfolio companies, and offering three US-based private equity and venture capital investments at the intersection of the transportation, technology, and healthcare sectors. In addition, we completed the full divestment of two private equity funds in the healthcare and industrial sectors through public and private markets. In 2020, Jadwa won a record three prestigious awards from EMEA Finance across their private equity deals and dealmakers categories, namely "Best Private Equity House in EMEA", "Best Private Equity Investment in the Middle East", and "Best Private Equity Exit in the Middle East".

In real estate, Jadwa had an eventful year, with a record volume of SAR 3.0 billion in investments and divestments across six new and existing funds. We launched Real Estate Investment Fund to invest in income-yielding properties across multiple sectors. We established Real Estate Investment Fund 2 and Real Estate Investment Fund 3 to fund seven development projects in three cities. In the same year, our listed REIT funds completed two bolt-on acquisitions, which will serve to enhance the funds' return and diversification profiles. Finally, we completed the full divestment of Jadwa Al Argan Real Estate Fund, which funded the development of 396 apartments in Riyadh as part of Al Argan's Manazel Qurtuba Project.

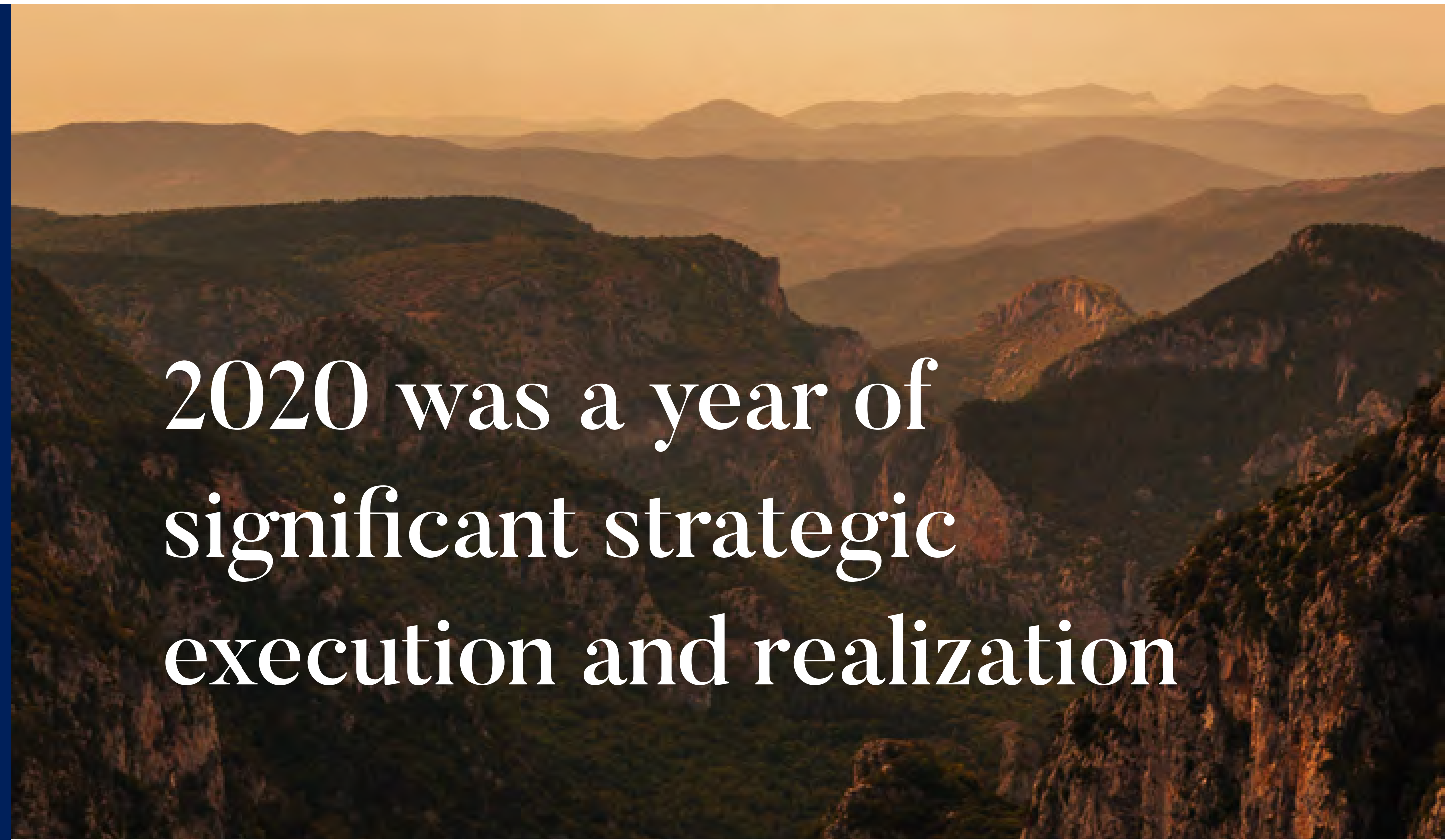
> “Assets under advisement more than doubled to reach SAR 31.4 billion

Jadwa also initiated its first set of offerings in the private credit space in 2020. The first quarter saw Jadwa launch its open-end Jadwa International Income Fund. The multi-manager offering provides clients exposure to the US private credit market through best-in-class fund managers, allowing clients to generate attractive quarterly yield distributions, through a defensive asset class, in partnership with leading specialized managers, and in a Shariah-compliant manner. Later in the year, the firm initiated the offering of Jadwa Mezzanine Opportunities Fund, which serves to expand our clients' access to income-yielding investments.

For our investment advisory practice, 2020 was another record-setting year that saw our assets under advisement more than double to reach SAR 31.4 billion. This came from winning multiple new mandates and expanding existing mandates with semi-government and non-profit institutions to be their sole investment advisor. The scope of the mandates includes designing each institution's investment strategy and asset allocation program, developing their investment governance and policy statements, advising on manager selections, and providing operational setup and performance monitoring support. We also initiated deployment for our fiduciary management mandates through the firm's newly launched multi-manager platforms, and secured regulatory approvals for the launch of Jadwa's first waqf investment fund in partnership with the Saudi Ministry of Justice.

As for our investment banking practice, we completed our financial advisory mandate for the record-setting initial public offering (IPO) and listing of Dr. Sulaiman Al Habib Medical Services Group, one of the largest healthcare operators in the MENA region.

We were also recognized as "Best local investment bank in Saudi Arabia" by the Middle East Banking Awards.



2020 was a year of significant strategic execution and realization

STRATEGIC PERFORMANCE

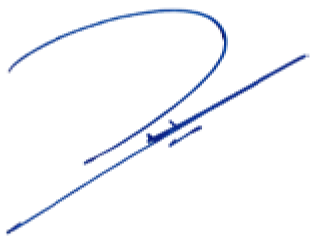
Since its early days, Jadwa's singular aim and aspiration has been to enable our clients to access an expanding universe of Shariah-compliant investments that adhere to the highest standards of prudence and performance. Accordingly, the firm's strategy continues to focus on broadening the scope of our investments in a diligent and methodical manner across a wider base of asset classes and geographies, guided by our capability to deliver a differentiated value proposition to our clients.

> “Jadwa introduced several new offerings across multiple new asset classes

With this in mind, 2020 was a year of significant strategic execution and realization. Following years of deliberate strategic design and organizational preparation, the past twelve months saw Jadwa introduce several new offerings across multiple new asset classes. This included implementing three new public equity strategies across US, developed, and emerging markets; offering our first set of US-based private equity and venture capital investments across the transportation, technology, and healthcare sectors; launching our first US private credit multi-manager offering; initiating fundraising for our first mezzanine fund; and introducing our latest international Sukuk fund. Looking ahead, and guided by the firm's strategic discipline, business principles, and duty of care to our clients, our path forward remains clear and our priorities well-defined.

I would like to take this opportunity to express my sincere gratitude to our professional team for enabling Jadwa to thrive in the face of extraordinary adversity, and in the midst of unparalleled economic and market conditions across the globe. Despite massive volatility and a rapidly changing context, our team continued to work diligently towards a common aspiration, execute on a long-term strategy, and deliver results for our clients, shareholders, and the wider community. Their passion, sense of purpose, and unrelenting ingenuity are the prime ingredients of Jadwa's secret recipe.

Sincerely,



Tariq Al-Sudairy
Managing Director & CEO

Business Overview

Jadwa Investment

Jadwa Investment is the premier investment management and advisory firm in Saudi Arabia and the wider region. Headquartered in Riyadh with three regional offices, the firm has SAR 63.8 billion in client assets under management and advisement. Its clients include government entities, local and international institutional investors, leading family offices, and high-net-worth individuals. Jadwa is licensed by the Saudi Capital Market Authority to undertake managing, advising, arranging, dealing, and custody activities.

Since inception in 2007, Jadwa has built a strong track record across the full breadth of its activities. The firm's specialized offerings include investment management across public equity, private equity, real estate, private credit, and fixed income; investment advisory and fiduciary management; and investment banking services. Today, Jadwa is Saudi Arabia's best performing public equity manager, largest private equity investor, and largest manager of listed REITs. It has developed a reputation as the 'partner of choice' best able to deliver differentiated performance to its clients, and best suited to take businesses to the next phase of institutionalization and growth. It is also recognized for the quality and insights of its widely read economic research reports.

Client Assets

In the context of a global pandemic and great economic uncertainly, Jadwa Investment has continued to expand the depth and breadth of its client relationships. Over the past twelve months, it has grown its assets under management by 32% to reach SAR 32.4 billion, and more than doubled its assets under advisement to SAR 31.4 billion. This growth continues to be driven by the firm's business strategy, which aims to offer an expanding universe of best-in-class, Shariah-compliant investment offerings. It is also a reflection of clients' continued trust in Jadwa's ability to deliver superior investment results while maintaining the highest standards of investment prudence and performance.

> “
> Jadwa is Saudi Arabia's best performing public equity manager, largest private equity investor, and largest manager of listed REITs

Investment Management

PUBLIC MARKETS

2020 was yet another year of strong outperformance for Jadwa's public markets practice. The firm's regional public equity strategies delivered returns of 12.77 to 28.82% during the year, outperforming their respective benchmarks by 1.03 to 11.62%.

2020 also saw Jadwa expand its public markets offering beyond regional markets with the launch of four new funds. The firm's US equity fund (+32.20% net returns) was launched in May, and offers Shariah-compliant access to the US public equity market based on a proprietary quantitative model that uses momentum as a factor input to make investment selection and allocation decisions. Jadwa's developed markets equity fund (+24.24% net returns) was launched in May and offers passive index exposure to 23 developed countries. Similarly, Jadwa's emerging markets equity fund (+18.40% net returns) was launched in August and offers an active multi-manager exposure to emerging equity markets. Finally, the firm's international Sukuk fund (+3.05% net returns), also launched in August, is a multi-manager offering in the fixed income space that provides access to best-in-class international Sukuk managers.

> “
> Jadwa won a record 15 Lipper awards in 2020, including “Best Equity Group” in the Global Islamic Group category

In recognition of its performance track record in public markets, Jadwa won a record 15 Lipper Awards in 2020, including "Best Equity Group" in the Global Islamic Group category, and "Best Saudi Equity Fund", "Best GCC Equity Fund", and "Best MENA Equity Fund" across multiple categories. The Jadwa Saudi Equity Fund was also recognized by Argaam for its three- and five-year performance record. Finally, Moody reaffirmed its MQ1 investment manager quality rating for Jadwa, the highest possible rating on Moody's global scale for evaluating asset managers.

PRIVATE EQUITY

In private equity, 2020 saw Jadwa complete a total of six investment and divestment transactions. In the second quarter of the year, the firm completed a capital increase for Jadwa Healthcare Opportunities Fund 3, for the purpose of funding Almeswak Dental Group's organic and inorganic growth plans.

> “
> Three international PE and VC investments through Jadwa International Private Equity Fund

2020 also saw the completion and offering of three international private equity and venture capital investments through Jadwa International Private Equity Fund. The three investments were at the intersection of the transportation, technology, and healthcare sectors, namely, a leading digital freight company that offers a highly automated and optimized market for truck transportation services across the US, the market leader in the US maintenance-of-way railroad equipment leasing industry, and a technology-enabled, IP-based software solutions company that services state and local healthcare programs in the US. Together, these investments bring Jadwa's total invested capital in private equity to SAR 6.3 billion.

In the same year, Jadwa completed the full divestment of Jadwa Healthcare Opportunities Fund with the sale of the fund's remaining stake in Al-Hammadi Company for Development and Investment through the public market. In addition, the firm completed the divestment of Jadwa Building Materials Opportunities Fund through the sale of the fund's stake in Al Zamil Industries, Trade and Transport. Together, the two divestments bring Jadwa's net distributions to its private equity clients to SAR 4.4 billion.

In 2020, Jadwa won three prestigious awards from EMEA Finance across their 2019 private equity deals and dealmakers categories: "Best Private Equity House in EMEA", "Best Private Equity Investment in the Middle East", and "Best Private Equity Exit in the Middle East". These awards follow Jadwa's previously won awards of "Best Private Equity in the Middle East" from EMEA Finance in 2017 and 2015.

+74%
Client Assets

+39%
Assets under Management

+134%
Assets under Advisement

REAL ESTATE

2020 was an eventful year that saw Jadwa complete a record volume of SAR 3.0 billion in investments and divestments across six new and existing real estate funds.

The firm introduced three new real estate funds. Real Estate Investment Fund (REIF) is a private income-yielding fund with an initial size of SAR 2.1 billion. The fund has so far acquired Al Nakhla Residential Compound, a prime residential community in Riyadh that offers a distinctive, high-end lifestyle across multiple housing formats. Real Estate Investment Fund 2 (JPREIF 2) and Real Estate Investment Fund 3 (JPREIF 3) are private real estate development funds. JPREIF 2 was launched at an initial size of SAR 220 million for the purpose of developing infrastructure and superstructure across four land plots in Makkah and Qassim. REIF 3 was launched at an initial size of SAR 178 million to develop three apartment complexes in Riyadh.

> A record volume of SAR 3.0 billion in real estate investments and divestments

As for Jadwa's REIT offerings, the firm completed two bolt-on acquisitions for Jadwa REIT Saudi Fund and Jadwa REIT Al-Haramain Fund at an aggregate value of SAR 500 million. These acquisitions have been funded through debt financing, and will serve to further diversify Jadwa's REIT funds' sectoral exposure and enhance their yield distributions to investors. The firm also completed the full divestment of Jadwa Al Argan Real Estate Fund, which funded the development of 396 apartments in Riyadh as part of Al Argan's Manazel Qurtuba Project. The project consists of an integrated housing community that includes retail, education, and public facilities.

PRIVATE CREDIT

Jadwa initiated its first set of offerings in the private credit space this year. In the first quarter of 2020, the firm launched its open-end Jadwa International Income Fund. The multi-manager offering provides clients exposure to the US private credit market through best-in-class fund managers, allowing clients to generate attractive quarterly yield distributions, through a defensive asset class, in partnership with leading specialized managers, and in a Shariah-compliant manner. Later in the year, the firm initiated the offering of Jadwa Mezzanine Opportunities Fund, which serves to expand clients' access to income-yielding investments.

Advisory

INVESTMENT ADVISORY

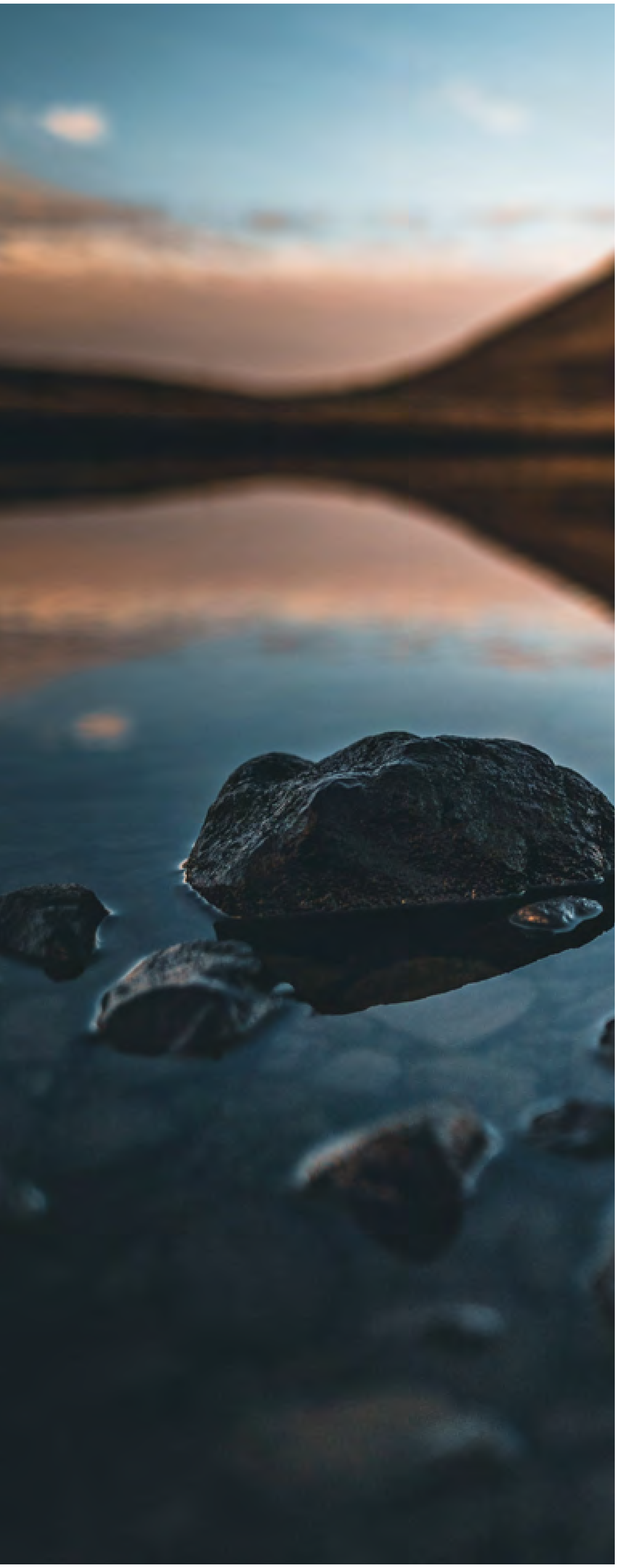
2020 was another record-setting year for Jadwa's investment advisory practice, with the firm's assets under advisement growing by 134% to reach SAR 31.4 billion. This came from winning multiple new mandates and expanding existing mandates with semi-government and non-profit institutions to be their sole investment advisor. The scope of the mandates includes designing each institution's investment strategy and asset allocation program, developing their investment governance and policy statements, advising on manager selections, and providing operational set-up and performance monitoring support. Jadwa also initiated deployment for its fiduciary management mandates through the firm's newly launched multi-manager platforms. Finally, the firm secured regulatory approvals for the launch of its first waqf investment fund, in partnership with the Saudi Ministry of Justice.

INVESTMENT BANKING

In investment banking, Jadwa further cemented its leadership position in the healthcare sector with the completion of its financial advisory mandate for the record-setting initial public offering (IPO) and listing of Dr. Sulaiman Al Habib Medical Services Group (HMG), one of the largest healthcare operators in the MENA region. Jadwa acted as the lead financial advisor and bookrunner, and the public listing on the Saudi Stock Exchange (Tadawul) was completed on 17 March. The offering was for 52.5 million shares, representing 15% of the company, at a price range of SAR 43-50 per share. The IPO was fully subscribed at the upper end of the price range for a total ticket size of SAR 2.6 billion, representing a PE multiple of 20.1x (compared with a Tadawul PE multiple of 19.7x at the time of book-building). The offering was covered by institutional and retail investors by 8,270% (83 times), with total orders exceeding SAR 217 billion.

In 2020, Jadwa was recognized as "Best local investment bank in Saudi Arabia" by the Middle East Banking Awards.

> Completion of Jadwa's financial advisory mandate for the IPO of Dr. Sulaiman Al Habib Medical Services Group



Dealing and Custody

Jadwa provides dealing services to a large proportion of its investment management clients. In 2020, the firm executed over 365,000 trading orders and negotiated deals with an aggregate value of more than SAR 8 billion. Jadwa is also licensed to offer custody services, but it is not among the firm's main activities.

Economic Research

As major economic transformation continued to unfold in Saudi Arabia, Jadwa continued to affirm its position as a thought leader and trusted source of macroeconomic research and insight. In total, Jadwa issued 31 reports in 2020 covering key economic and market developments. This included macroeconomic reports, such as Jadwa's latest on the 2021 Saudi fiscal budget, Saudi labor market, quarterly oil reports, and monthly chart books, as well as thematic reports, including the firm's coverage of the G20 and inflation trends. The firm also participated and presented its research at 12 local and international conferences, including the 10th IEA-IEF-OPEC Symposium on Energy Outlook, IIF Washington Policy Summit, T20 Thought Leadership in Turbulent Times, W20 Conference, G20 Ministerial Symposium on International Taxation, SAMA quarterly workshops, and Global Energy Risk Virtual Forum. In the course of the year, Jadwa's research subscriptions grew by 5% to 6,238 and its reports were downloaded more than 158,400 times.

> "Jadwa continued to affirm its position as a thought leader and trusted source of macroeconomic research and insight

Shariah Compliance

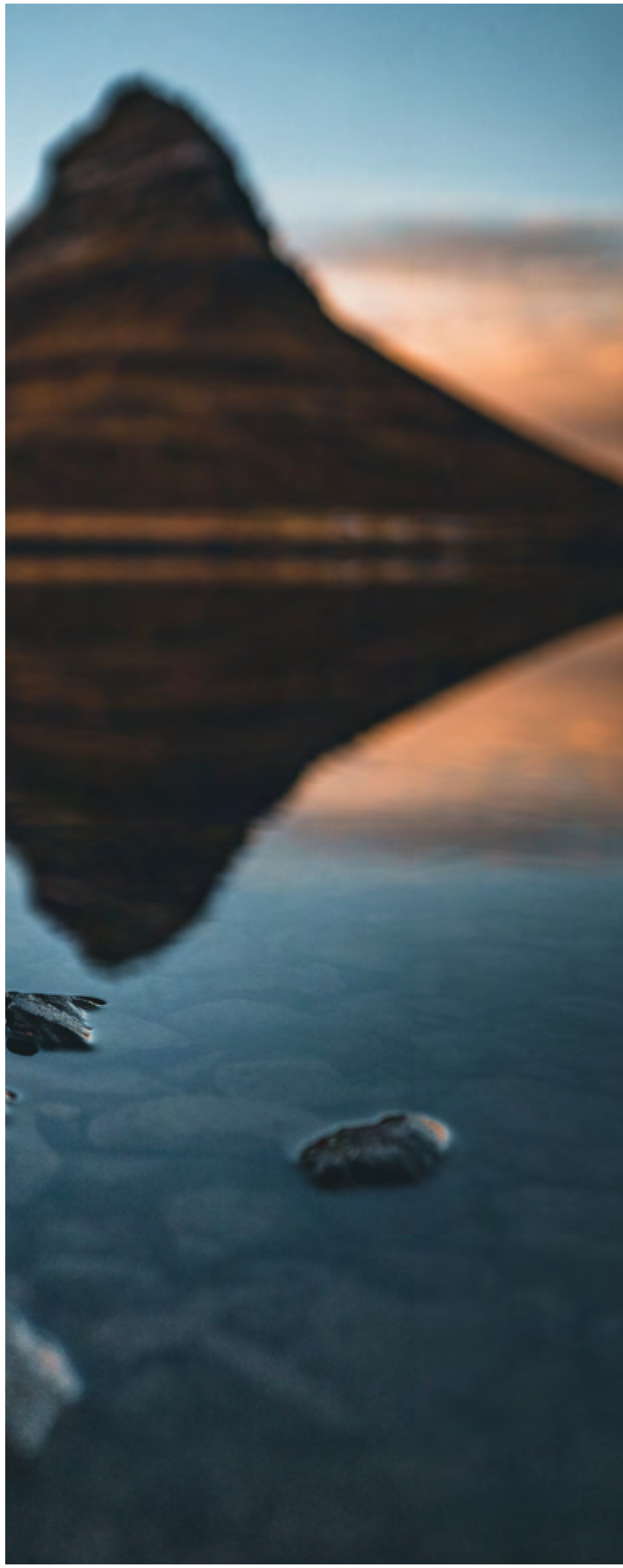
Throughout 2020, Jadwa continued to ensure the adherence of all operations to Shariah requirements, and its commitment to developing a wider range of best-in-class investment offerings further cemented the firm's leadership among Shariah-compliant investment firms.

The Jadwa Shariah Supervisory Board studied and issued resolutions regarding a range of topics in 2020, including prospective investment products across asset classes, new investment and partnership structures, account opening agreements, and Zakat calculations for international private equity investments. Jadwa's Shariah team also completed its annual audit procedures, updated the Shariah guidelines and screening list, reviewed and approved multiple IPO and Sukuk offerings, and undertook 56 research studies on various local and international investment structures.

Corporate Social Responsibility

Corporate social responsibility features significantly in Jadwa's culture and sense of purpose. Through the Jadwa Impact Program, the firm continued its efforts to contribute to its wider community. This included funding in-hospital classes for the beneficiaries of the Sanad Children's Cancer Support Association, providing support to families in need through Alber Charity Association, and contributing to Covid-19 Community Fund.

Additionally, through its various Jadwa Academy programs, Jadwa continued to offer university students and recent graduates the opportunity to work alongside its professional team for a period of three to six months. The aim of these programs is to provide young men and women professional exposure, work-based learning, and skill enhancement that can guide the development and direction of their future careers. In total, 25 interns and cooperative trainees—15 men and 10 women—were selected to enroll in Jadwa's professional development programs across different departments during 2020.



The Saudi Economy in 2021

Looking out into 2021, while there is still a considerable degree of uncertainty as a result of the prevalence of Covid-19 and its potential impact on the non-oil economy, we nevertheless expect a broad-based recovery. Our forecast assumes between 15-20% of the adult population being vaccinated against Covid-19 by mid-2021 and 70% by year end. As such, we see a sequential quarter-on-quarter improvement in the Saudi non-oil economy, with this recovery being more vigorous in the second half of 2021.

More specifically, we see an expansion in the wholesale and retail sector, especially as restrictions around social distancing are gradually relaxed and there is a steady pick-up of entertainment and domestic tourism activities. We also see the construction and transport sectors contributing to growth. In construction, the sector should continue to benefit from work on a number of Public Investment Fund (PIF) mega-projects. In transport, the economic benefits from the completion of SAR 87 billion worth of projects during the year will help push sectorial GDP up. Included within this is the much anticipated Riyadh metro, as well as the Riyadh Rapid Bus Transit System.

Last year, the Kingdom's strict adherence to OPEC and partners (OPEC+) crude oil production targets most likely pushed the oil sector's share in total GDP to the lowest level on record. Looking ahead, a unilateral reduction in oil output by the Kingdom during most of Q1 and continued compliance with the OPEC+ agreement will not help raise the oil sector's contribution by a significant amount in 2021. That said, some growth in this sector is expected to come from higher gas output and the opening of the Jazan refinery. Additionally, the full year effects on GDP from the Fadhili gas complex and an expansion of the Hawiyah gas processing plant will also contribute to oil sector growth, while also helping push total Saudi gas processing capacity by 20% over the next few years.

-4.1%
Estimated contraction of economy
IN 2020

+2.1%
Projected GDP growth

+2.7%
Projected non-oil growth

On the fiscal front, we estimate that higher yearly oil prices and the continued payment of dividends by Aramco will push government oil revenue to SAR 492 billion. At the same time, we expect non-oil revenue to be effectively flat on a year-on-year basis, at around SAR 360 billion, taking total government revenue to SAR 851 billion in 2021. With expenditure expected to decline by 7% year-on-year to SAR 990 billion, as per the recent fiscal budget, we see the fiscal deficit narrowing to SAR 139 billion or 4.8% of GDP. Meanwhile, the government expects to issue additional new debt to the equivalent of SAR 83 billion, pushing total public debt to SAR 941 billion, with debt-to-GDP reaching 32.7% at the end of 2021.

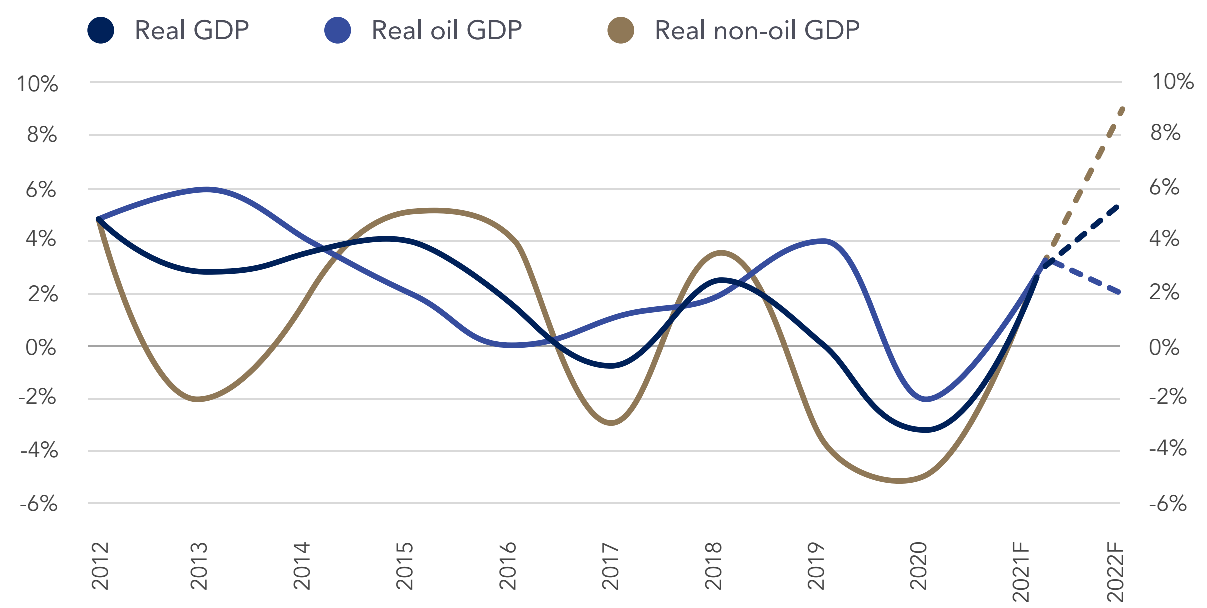
> "We see a sequential quarter-on-quarter improvement in the Saudi non-oil economy

A strong level of growth in the non-oil sector will help increase imports on a yearly basis, although they will still be below pre-pandemic levels. At the same time, a year-on-year increase in both oil and non-oil export revenue should push the current account to a surplus equivalent to 2.5% of GDP in 2021. All of this will help push FX reserves up, but still below USD 500 billion, according to our forecasts.

Provisional full year GDP data for 2020 shows that the economy contracted by 4.1%, with a sizable decline expected in the oil sector (latest available data for year-to-Q3 showed a 6% decline year-on-year) while the non-oil sector dropped by 2.9% in the year-to-Q3, compared to the same period last year. Looking ahead, we see overall GDP rising by 2.1% year-on-year, with both the oil and non-oil sectors contributing to the rebound in growth. More specifically, we expect oil sector GDP to see mild rises of 1.3% while the lion's share of growth will be driven by the non-oil sector, which we forecast to rise by 2.7% year-on-year.

Overall, it is worth noting that the range of potential effects of Covid-19 on the Kingdom's economy remains uncertain at this moment. The main risk in the outlook comes from a more prolonged and serious outbreak of a second wave of Covid-19, possibly through a variant of the disease, or due to a slower rollout of the vaccine than currently anticipated. In this context, the recovery in the Saudi economy during the year will not be smooth, with the recent suspension of recreational activities in the Kingdom illustrating this point. As such, all the economic risks are currently wholly skewed to the downside.

REAL ECONOMIC GROWTH (YEAR-ON-YEAR CHANGE)



Corporate Governance

Corporate governance

Jadwa Investment has adopted corporate governance principles in line with international standards and in harmony with the related rules and regulations issued by relevant authorities in the Kingdom of Saudi Arabia. Jadwa has also fulfilled and complied with Capital Market Authority (CMA) requirements in relation to the establishment of Board committees, the independence of the Board of Directors, and the firm's corporate governance structure.

Board of Directors

Directors

The following individuals served on the firm's Board of Directors in 2020:

Name	Title
Non-executive	
Mr. Adib Abdullah Alzamil	Chairman
Mr. Abdulaziz Mohammed Alsubeaei	Vice Chairman
Mr. Abdulrahman Ibrahim Al-Ruwaita	Director
Mr. Nik Rizal	Director
Independent	
Mr. Christopher Mary Masterson	Director
Mr. Iqbal Ahmad Khan	Director
Mr. Khalid Mohammed Al-Khowaiter	Director
Mr. Michael John Powell	Director
Executive	
Mr. Tariq Ziad Al-Sudairy	Managing Director and CEO

Meetings in 2020

During 2020, the Board conducted four meetings:

Name	No. (46) 30/03/2020	No. (47) 30/06/2020	No. (48) 29/09/2020	No. (49) 07/12/2020
Adib Alzamil	✓	✓	✓	✓
Abdulaziz Alsubeaei	✓	✓	✓	✓
Abdulrahman Al-Ruwaita	✓	✓	✓	✓
Chris Masterson[1]	–	✓	✓	✓
Iqbal Khan	✓	✓	✓	✓
Michael Powell	✓	✓	✓	✓
Khalid Al-Khowaiter	✓	✓	✓	✓
Nik Rizal	✓	x	✓	✓
Tariq Al-Sudairy	✓	✓	✓	✓

[1] Mr. Chris Masterson joined in the second quarter of 2020.

Membership in other companies

Name	Membership in other companies
Adib Alzamil	• Fajr Capital Ltd. Dubai - Chairman of the Board of Directors • SANABIL Investment (Saudi Joint Stock Company) - Member of the Board of Directors • United Carton Industries Company Ltd. (Saudi Joint Stock Company) - Chairman of the Board of Directors • Zamil Group Holding Company (Saudi Joint Stock Company) - Member of the Board of Directors • Zamil Industrial Investment Company (Listed Company) - Member of the Board of Directors • General Commission of Auqaf - Member of the Board
Abdulaziz Alsubeaei	• Fajr Capital Ltd. Dubai - Member of the Board of Directors • Farabi Petrochemical Ltd. (Saudi Joint Stock Company) - Member of the Board of Directors • Mohammed Ibrahim Al-Subeaei & Sons Investment Holding (MASIC) (Saudi Joint Stock Company) - Member of the Board of Directors • National Aquaculture Group (NAQUA) (Saudi Joint Stock Company) - Member of the Board of Directors • Saudi Mechanical Industries Company (Saudi Joint Stock Company) - Chairman of the Board of Directors • Alimony Fund - Member of Board of Directors • Qassim Health Cluster Member of the Board Of Directors • National Center for Family Business - Member of the Board of Directors • Imam Saud bin Abdulaziz Reserve - Member of the Board of Directors
Abdulrahman Al-Ruwaita	• Saudi Research and Marketing Group (Listed Company) - Chairman of the Board of Directors

Name	Membership in other companies
Iqbal Khan	• Bank Islam Brunei Darussalam Berhad - Member of the Board of Directors • Cravia Inc. - Member of the Board of Directors • Fajr Capital Ltd. Dubai - Managing Director & Chief Executive Officer • Saudi Mechanical Industries Company - Member of the Board of Directors • MENA Infrastructure (GP) Ltd. UAE - Member of the Board of Directors • Syarikat Takaful Brunei Darussalam - Member of the Board of Directors • Fajr Capital Advisors - Director and Senior Executive Officer
Michael Powell	• E-Circuit Motors - Chairman of the Board of Directors • Exogenesis Corporation, USA - Member of the Board of Directors • Fajr Capital Ltd. Dubai - Member of the Board of Directors • FinEx Capital Management LLP, UK - Member of the Board of Directors • Thematic Capital Partners LLP, UK - Chairman of the Board of Directors • Veridium UK - Director
Chris Masterson	• Montagu Holdings Limited - Chairman of the Board of Directors. • Fajr Capital - Member of the Board of Directors. • Havenvest Private Equity Middle East Member of the Board of Director • Private Equity Management BVI Limited - Member of the Board of Director. • Rose S.A.M. - Member of the Board of Directors. • The Gala Film Partners, LLP - Member of the Board of Directors
Khalid Al-Khowaiter	• Anwar Altareq Rentals - Member of the Board of Directors • Zahwa Rentals - Member of Board of Directors • Java Time - Member of the Board of Directors
Nik Rizal	• Astro Holdings Sdn Bhd - Member of the Board of Directors • Khazanah Turkey - Member of the Board of Directors • Khazanah Europe Investment Ltd - Member of the Board of Directors • Khazanah Americas Inc - Member of the Board of Directors • Pulau ManukanVenturesSdn Bhd - Member of the Board of Directors • Xeraya Capital Sdn Bhd - Member of the Board of Directors • Xeraya Capital Labuan Ltd - Member of the Board of Directors • Fajr Capital Ltd - Member of the Board of Directors • Astro Malaysia Holdings Bhd - Member of the Board of Directors • Khazana India Advisors - Alternate Member of the Board of Directors
Tariq Al-Sudairy	• Abdulmohsen Al-Hokair Group for Tourism and Development (Listed Company) - Member of the Board of Directors • AlRajhi United - Member of the Board of Directors • Saudi Aramco Base Oil Company (Luberef) - Member of the Board of Directors

Board Acknowledgment

The Board of Directors declares that there are no contracts or businesses during the financial year 2020 to which Jadwa is a party and where there is an interest for a member of the Board of Directors, Chief Executive Officer, senior executives or any person related to any of them.

Board Committees

Audit and Risk Committee

The Audit and Risk Committee examines the financial statements and accounting policies and supervises the work of the Internal Audit Department and external auditors.

The committee held five meetings in 2020:

Name	Title	No. (55) 15/01/2020	No. (56) 12/03/2020	No. (57) 15/06/2020	No. (58) 15/09/2020	No. (59) 30/11/2020
Abdulrahman Al-Ruwaita	Chairman	✓	✓	✓	✓	✓
Saud Al-Nemer	Member	✓	✓	✓	✓	✓
Nasser Al-Qahtani	Member	✓	✓	x	✓	✓
Khalid Al-Khowaiter[2]	Member	–	–	✓	✓	✓
Rami Al-Sheddi	Secretary					

[2] Mr. Khalid Al-Khowaiter joined in the second quarter of 2020.

Compliance Committee

The Compliance Committee oversees Jadwa's implementation of all applicable laws and regulations, with the aim to ensure full compliance, minimize legal and regulatory risk, and enforce the highest ethical standards.

The committee held four meetings in 2020:

Name	Title	No. (42) 11/03/2020	No. (43) 16/06/2020	No. (44) 20/09/2020	No. (45) 22/11/2020
Abdulaziz Alsubeaei	Chairman	✓	✓	✓	✓
Tariq Al-Sudairy	Member	✓	✓	✓	✓
Anas Al Sheikh[3]	Member	✓	✓	–	–
Rami Al-Sheddi	Member	✓	✓	✓	✓
Yash Paul	Member	✓	✓	✓	✓
Ghada Al-Wabil	Secretary				

[3] Mr. Anas Al Sheikh resigned in the third quarter of 2020.

Investment Committee

The Investment Committee ensures that the firm's investments are conducted in accordance with its investment policy, continuously monitors the overall performance of the firm's investments, and recommends changes as appropriate.

The committee held six meetings in 2020:

Name	Title	No. (53) 02/01/2020	No. (54) 13/02/2020	No. (55) 25/03/2020	No. (56) 24/06/2020	No. (57) 21/09/2020	No. (58) 26/11/2020
Michael Powell	Chairman	✓	✓	✓	✓	✓	✓
Tariq Al-Sudairy	Member	✓	✓	✓	✓	✓	✓
Naif Abuhaimed	Secretary						

Remuneration and Nomination Committee

The Remuneration & Nomination Committee oversees Jadwa's strategies and policies in relation to the recruitment, reward, retention, motivation, and career development of the firm's team members.

The committee held four meetings in 2020:

Name	Title	No. (46) 18/03/2020	No. (47) 21/06/2020	No. (48) 16/09/2020	No. (49) 29/11/2020
Ann Almeida	Chairperson	✓	✓	✓	✓
Abdulaziz Alsubeaei	Member	✓	x	✓	✓
Iqbal Khan	Member	✓	✓	✓	✓
Naif Al Mutairi	Secretary				

Remuneration

The following table presents the compensation of the members of the Board of Directors:

Item	Non-Executive Members	Independent Members	Executive Members
Allowance for attendance of Board meetings	45,000	45,000	12,000
Allowance for attendance of Board committee meetings	82,500	97,500	None
Annual and periodic remunerations	800,000	600,000	None
Incentive plans	None	None	None
Any other compensation or other in-kind benefits paid monthly or annually	None	None	None
Total	**927,500**	**742,500**	**12,000**

The following table presents the compensation of the five senior executives who received the highest remuneration and compensation in the reported year, including the CEO and CFO (or else in addition to them, if the CEO and CFO are not among them):

Salaries and wages	7,572,818
Allowances	3,767,200
Periodic and annual remunerations	5,769,866
Incentive plans	The firm provides long term incentive programs. The value of these programs is not determined upfront as it is linked to the future performance of the firm.
Commissions	N/A
Any compensations or other in-kind benefits paid monthly or annually	N/A
Total	**17,109,884**

There are no arrangements or agreements in place whereby a Jadwa director or senior executive waives any remuneration or compensation.

Interests in the Firm

Certain directors and senior executives hold interests in the firm in the form of shares. There was no change in these interests during 2020.

CMA Penalties

The CMA imposed a fine of SAR 10,000 for noncompliance with sub article (a) of article 43 of the Authorized Persons Regulations. A corrective plan has been implemented to rectify the violation and to avoid it in the future.

Risk Management

The primary objectives of the Risk Management function are to ensure that Jadwa's asset and liability profile, trading positions, and credit and operational activities do not expose Jadwa to losses that could threaten the viability of the firm. The Risk Management Department helps ensure that risk exposures do not become excessive relative to the firm's capital base and financial position. In all circumstances, all activities giving rise to risk are identified, measured, managed and monitored. Risk policy and procedures provide a way to identify and monitor the risks and tolerance limits, and to manage arising breaches.

The Board of Directors and management are responsible for defining the firm's risk appetite, developing a risk management strategy, establishing an overall risk culture, and approving the exposure limit structure for different types of risk. The Board is ultimately responsible for ensuring that an adequate and effective system of internal controls is established and implemented, and that an effective risk management framework is in place.

Credit Risk

To manage its credit risk, the firm assigns appropriate limits for counterparty exposure and aging analysis for receivables. The Risk Management Department also performs continuous portfolio risk reviews and highlights key observations and exceptions, if any, to senior management and the Audit and Risk Committee.

Market Risk

Market risk is made up of key risk components, including commission rate risk, foreign exchange risk and equity price risk. Jadwa manages market risk through the establishment of risk limits, which restrains excessive risk taking. These risk limits are established using a variety of dynamic risk measurement tools including sensitivity analysis, value-at-risk and stress test methodologies.

Liquidity Risk

Jadwa manages its balance sheet liquidity by collating the projected cash flows and liquidity profiles of its financial assets and liabilities, with the aim of addressing various liquidity needs, such as routine expenses, cyclical market fluctuations, future changes in market conditions, or a change in the appetite of liquidity providers.

The firm also monitors limits for current ratios, liquidity coverage, and the ratio of cumulative gap to total liabilities on a regular basis to ensure that Jadwa is self-funded during stressed scenarios. The liquidity coverage ratio (LCR) ensures that Jadwa has adequate stock of unencumbered, high-quality liquid assets that can be converted instantly into cash to meet the firm's liquidity needs for 30 calendar days.

Jadwa draws a contingency funding plan at the beginning of each year to address any liquidity crises. The company carefully identifies triggers where contingency funds are required. The contingency funding plan clearly assesses the sources of funding through diverse resources and is presented to the Board for approval.

Operational Risks

Operational risks entail the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Enterprise Risk Assessment (ERA) has a dual focus of reducing risk and seeking business opportunity. Jadwa uses a Risk Control Self-Assessment (RCSA) approach to identify operational risks and appropriate controls to ensure steady functioning of the work environment. This operational risk framework enables the firm to comprehend the inherent risk and residual risk levels, and to highlight such risks to the team in order to proactively assess existing and emerging risks and effectively manage, transfer, avoid, or mitigate their impact. Jadwa's operational risk framework consists of (i) risk and control self-assessment (RCSA), (ii) operational loss incident and loss management, (iii) risk mitigation, and (iv) risk monitoring, acceptance and reporting.

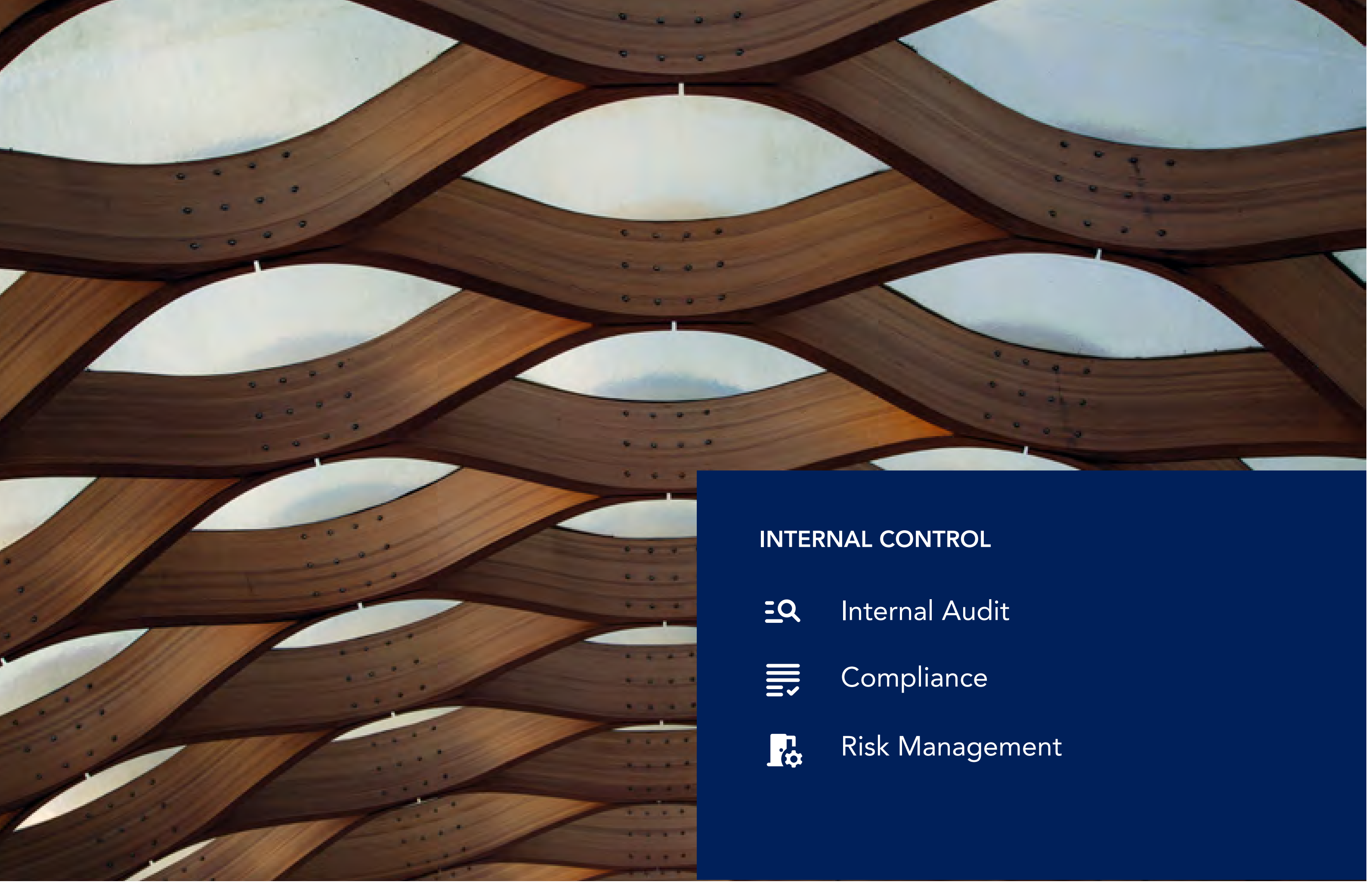
Operational risk includes insurance risk, to mitigate the impact of which the firm has an adequate set of policies, such as professional indemnity. Insurance policies are aligned to suit the level of inherent operational risk and must be cost-effective for the firm.

Operational risk also includes information security risk. To protect client information, strategic information, and financial and company-related information, the firm has adopted higher IT security governance standards by securing ISO 27001 certification and enabling all departments to comply with IT-related regulatory requirements. In addition, the firm performs round-the-clock external penetration testing for online services, runs team member awareness programs and has implemented next-generation firewall and intrusion prevention systems as well as a cybersecurity policy to protect against information security risks.

Jadwa is committed to protecting its team members and ensuring critical business functions and infrastructure capabilities are in place to protect its organization, safeguard clients, and ensure sustaining the firm's objectives. Business continuity management (BCM) capabilities consist of (i) crisis management, (ii) a business continuity plan, and (iii) a disaster recovery plan.

Jadwa annually performs disaster recovery testing for its critical functions at an offsite location in Riyadh to ensure the ongoing availability of key resources during a crisis.

More details on financial risks are provided under Note 25 of the financial statements.



INTERNAL CONTROL

- Internal Audit
- Compliance
- Risk Management

Internal Control

Internal control at Jadwa is supported by three dedicated departments: Internal Audit, Compliance and Risk Management. These departments validate that proper policies and procedures are in place and are regularly reviewed, updated and approved by the competent authority, as per the firm's delegation of authority matrix. The matrix sets the authorities and responsibilities of different stakeholders within Jadwa.

The Internal Audit department validates that proper controls are in place, and that they conform to the Capital Market Authority's guidelines as well as international best practices, by adopting a risk-based approach and by conducting the annual audit plan. All observations are presented to the Audit and Risk Committee, and corrective action plans are agreed with management. A proper governance structure is in place in the form of Board committees, including the Audit and Risk Committee, Compliance Committee, Investment Committee, and Remuneration and Compensation Committee.

The Audit and Risk Committee is an independent committee that is directly linked to the Board of Directors. The committee reviews the financial statements and accounting policies of the firm, and supervises the work of the Internal Audit department and external auditors. The committee held five meetings during the fiscal year 2020.

Results of the Annual Review of Internal Control

The Internal Audit department was supported by a leading Internal Audit consultancy in the implementation of the 2020 Audit Plan, as approved by the Audit and Risk Committee. The aim of the Audit Plan was to verify the effectiveness of the firm's internal controls, safeguard the firm's assets, and evaluate the suitability of the firm's performance in mitigating risks. The 2020 Audit Plan covered the following functions: Asset Management, Brokerage, Compliance and AML, Dubai Office, Investment Operations, Risk Management, Private and Institutional Clients Investments, and Private Equity and Investment Banking. Based on the results of the assessment and periodical audit reports, there was no fundamental weakness identified in the internal systems and controls of the firm.

Opinion of the Audit and Risk Committee

The Audit and Risk Committee believes that the firm's internal controls are sound and adequate, and that there are no regulatory gaps or material weaknesses in the firm's activities during the fiscal year 2020. It is important to note, however, that any internal control system--regardless of its design compatibility and application effectiveness--cannot provide absolute assurance.

Operating Results

Significant Differences in Operating Results

Please refer to the Chairman's Statement, CEO's Statement, and Business Overview section for detailed commentary on Jadwa's operating results in 2020.

Assets, Liabilities and Results in the Last Five Years

Name	2020	2019	2018	2017	2016
Total Assets	1,559	1,572	1,609	2,130	2,064
Total Liabilities	226	182	235	404	394
Total Operating Income	295	380	(20)	258	290
Net Profit	30	102	(153)	83	110

Loans to Jadwa Investment

Jadwa obtained financing of SR 100 million from Banque Saudi Fransi for a period of 30 days. There was no outstanding balance as of December 31, 2020.

Subsidiary Companies

Subsidiary company	Capital	Ownership (%)	Main activity	Country of incorporation	Country of main activity
Jadwa International Alternative Investment Management	SAR 187,500	100%	Provision of investment advisory services	Cayman Islands	Cayman Islands
Jadwa Aviation Investment Management	SAR 187,500	100%	Advising for Jadwa Aviation Opportunities Fund	Cayman Islands	Cayman Islands
Jadwa International PE Fund GP Limited	SAR 187,500	100%	Unrestricted	Cayman Islands	Cayman Islands
Jadwa International Listed Equities SPC	SAR 187,500	100%	Investment in international listed equities	Cayman Islands	Global
Jadwa Investment (DIFC) Limited	SAR 2,812,500	100%	• Advising on Financial Products • Arranging Credit and Advising on Credit • Arranging Deals in Investments • Managing Assets	Dubai, United Arab Emirates	Dubai, United Arab Emirates

Shariah Compliance

Shariah Compliance

Shariah Supervisory Board

The Shariah Supervisory Board is an independent body that reviews Jadwa's products and services and ensures the firm's compliance with its resolutions.

Its members comprise:

DR. ABDULLAH MOHAMED AL MUTLAQ *Chairman*	Member of the Senior Ulama Board, member of the Iftaa Committee, consultant for the Saudi Royal Diwan, consultant of King Abdulaziz Center for National Dialogue, and member of the Shariah Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).
DR. MOHAMED ALI ELGARI *Member*	Member of the Shariah Board of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and member of the Fiqh Academy of the Organization of Islamic Conference in Jeddah.
BADER ABDULAZIZ AL OMAR *Member*	Head of the Shariah Group at Jadwa Investment.
DR. AHMAD ABDULRAHMAN AL GAIDY *Member and Secretary*	Head of Shariah Research at Jadwa Investment.

The Shariah Supervisory Board is supported by Jadwa's in-house Shariah Group, which studies the firm's activities, conducts research and development of prospective products and services, and raises awareness of Shariah matters.

Annual Shariah Statement for 2020

The annual statement on the facing page reflects the firm's compliance with the Shariah guidelines set by the Shariah Supervisory Board and the cooperation and commitment of all departments in applying Shariah resolutions during 2020.

الهيئة الشرعية
Shariah Board

جدوى للإستثمار
Jadwa Investment

بسم الله الرحمن الرحيم

Annual Shariah Statement for 2020

All praise is due to Allah. Peace and blessings be upon Prophet Muhammad, his household and companions.

To Jadwa Investment Shareholders:

Assalamualaikum warahmatullahi wabarakatuh.

After having reviewed the annual Shariah audit report, which confirms the firm's commitment to Shariah resolutions, and the firm's annual financial statements, the Shariah Supervisory Board is of the opinion that:

1. All contracts and agreements that Jadwa entered into during the year 2020, and brought to our attention, were Shariah compliant.
2. Profits and losses charged to the investment account were consistent with the rules that the Shariah Supervisory Board had approved, and therefore were Shariah compliant.

The Shariah Supervisory Board commends Jadwa management and team members for their commitment to applying Shariah guidelines and resolutions. We pray to Allah Almighty to grant them continued success.

Peace and blessings be upon Prophet Muhammad, his household and companions.

Board Members

Dr. Abdullah Al Mutlaq

Chairman

Dr. Mohamed Ali Elgari

Member

Bader Abdulaziz Alomar

Member

Dr. Ahmad Abdulrahman Algaidy

Member and Secretary

شركة مساهمة سعودية مقفلة، مرخصة من قبل هيئة السوق المالية، رأس المال 852,735,000 ريال سعودي مدفوع بالكامل
الإدارة العامة: هاتف 1111-279 11 966+ فاكس 1571-279 11 966+ ص.ب. 60677 الرياض 11555، المملكة العربية السعودية
A Saudi Closed Joint Stock Company, Licensed by the Capital Market Authority, Capital SAR 852,735,000 Fully Paid
Head Office: Phone +966 11 279-1111 Fax +966 11 279-1571 P.O. Box 60677, Riyadh 11555, Saudi Arabia

Audited financial statements

KPMG

KPMG Al Fozan & Partners
Certified Public Accountants
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Riyadh 11663
Kingdom of Saudi Arabia

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Internet www.kpmg.com/sa

Licence No. 46/11/323 issued 11/3/1992

Independent Auditor's Report

To the Shareholders of Jadwa Investment Company

Opinion

We have audited the consolidated financial statements of **Jadwa Investment Company** ("the Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year 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 Certified Public 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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

KPMG

Independent Auditor's Report

To the Shareholders of Jadwa Investment Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Jadwa Investment Company ("the Company") and its subsidiaries (collectively referred to as the "Group").

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No: 371

Al Riyadh: 27 Rajab 1442H
Corresponding to: 11 March 2021

كي بي . إم . جي الفوزان وشركاه
محاسبون ومراجعون قانونيون
C.R. 46
KPMG
Certified Public Accountants
KPMG Al Fozan & Partners

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Consolidated statement of financial position

AS AT 31 DECEMBER 2020 (AMOUNT IN SAUDI RIYALS)

	Notes	2020	2019
ASSETS			
Property and equipment, net	4	2,685,464	2,235,090
Intangibles, net	5	771,467	336,950
Equity-accounted investee	6	229,566,019	269,242,183
Investments	8	698,622,895	712,070,999
Non-current assets		**931,645,845**	**983,885,222**
Account receivables, net	7	388,872,253	223,588,303
Investments	8	-	91,160,031
Prepaid expenses and other current assets	9	10,718,441	9,687,494
Cash and cash equivalents	10	227,663,610	263,832,791
Current assets		**627,254,304**	**588,268,619**
Total assets		**1,558,900,149**	**1,572,153,841**
EQUITY AND LIABILITIES			
Share capital	12	852,735,000	852,735,000
Statutory reserve	12	255,820,500	255,820,500
Retained earnings		224,828,714	281,422,026
Total equity		**1,333,384,214**	**1,389,977,526**
LIABILITIES			
Defined benefit obligation	13	28,629,733	23,694,435
Deferred tax liabilities	16	966,836	1,073,807
Share-based payment obligation	14	41,665,302	29,552,735
Non-current liabilities		**71,261,871**	**54,320,977**
Other payables and accruals		89,458,813	99,842,501
Zakat and tax payable	15	64,795,251	28,012,837
Current liabilities	16	154,254,064	127,855,338
Total liabilities		**225,515,935**	**182,176,315**
Total equity and liabilities		**1,558,900,149**	**1,572,153,841**

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2020 (AMOUNT IN SAUDI RIYALS)

	Notes	2020	2019
REVENUE			
Asset management and subscription fees	19	195,633,225	268,775,827
Investment banking income	20	32,373,123	41,989,802
Brokerage income		4,379,799	5,898,949
Special commission income		2,374,177	5,205,878
Dividend income		18,485,874	26,449,629
Re-measurement of fair value of investments, net		41,728,584	49,625,357
Realized gain / (loss) on investments		468,688	(17,745,035)
		295,443,470	**380,200,407**
EXPENSES			
Salaries and employee related expenses	21	(126,013,756)	(191,356,066)
Depreciation and amortization expense	4,5	(1,430,531)	(1,896,604)
Rent and premises related expenses		(4,096,099)	(4,905,478)
Special commission expense on borrowings		(257,472)	-
Other general and administrative expenses	22	(35,731,783)	(39,301,140)
Re-measurement of loss allowance, net	25.1	(5,688,705)	(45,871,677)
		(173,218,346)	**(283,330,965)**
Total operating profit		**122,225,124**	**96,869,442**
Share in (loss) / income on equity-accounted investee	6	(39,676,164)	18,969,061
Other income		80,611	713,093
Non-operating (loss) / income		**(39,595,553)**	**19,682,154**
Net profit for the year before zakat and tax		**82,629,571**	**116,551,596**
Zakat and tax	16	(52,551,289)	(14,721,288)
Net profit for the year after zakat and tax		**30,078,282**	**101,830,308**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Actuarial loss on defined benefit obligation	13	(1,398,094)	(894,149)
Total other comprehensive loss for the year		**(1,398,094)**	**(894,149)**
Total comprehensive income for the year		**28,680,188**	**100,936,159**

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2020 (AMOUNT IN SAUDI RIYALS)

	Notes	Share capital	Statutory reserve	Retained earnings	Total
Balance as at 1 January 2020		**852,735,000**	**255,820,500**	**281,422,026**	**1,389,977,526**
Net profit for the year		**-**	**-**	**30,078,282**	**30,078,282**
Other comprehensive loss		**-**	**-**	**(1,398,094)**	**(1,398,094)**
Dividend	**12**	**-**	**-**	**(85,273,500)**	**(85,273,500)**
Balance as at 31 December 2020		**852,735,000**	**255,820,500**	**224,828,714**	**1,333,384,214**
Balance as at 1 January 2019		852,735,000	255,820,500	265,759,367	1,374,314,867
Net profit for the year		-	-	101,830,308	101,830,308
Other comprehensive income		-	-	(894,149)	(894,149)
Dividend	12	-	-	(85,273,500)	(85,273,500)
Balance as at 31 December 2019		852,735,000	255,820,500	281,422,026	1,389,977,526

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

Consolidated statement of cashflows

FOR THE YEAR ENDED 31 DECEMBER 2020 (AMOUNT IN SAUDI RIYALS)

	Notes	2020	2019
OPERATING ACTIVITIES			
Net income for the year before Zakat and tax		82,629,571	116,551,596
Adjustments for:			
Share in loss / (income) of equity-accounted investee	6	39,676,164	(18,969,061)
Depreciation and amortization	4,5	1,430,531	1,896,604
Defined benefit obligation expense	13	4,463,116	4,306,094
Re-measurement of loss allowance, net	25.1	5,688,705	45,871,677
Share-based payment expense	21	16,348,190	14,615,287
Realised (gain) / loss on investments, net		(468,688)	17,745,035
Re-measurement of fair value of investments, net		(41,728,584)	(49,625,357)
Special commission income		(2,374,177)	(5,205,878)
Special commission expense on borrowings		257,472	-
Changes in operating assets and liabilities			
Account receivables		(170,972,655)	(25,751,170)
Prepaid expenses and other current assets		(1,030,947)	(1,617,925)
Other payables and accruals		(10,386,326)	27,523,184
Cash (used in) / generated from operating activities		**(76,467,628)**	127,340,086
Special commission received		2,534,208	5,045,847
Defined benefit obligation paid		(925,912)	(1,882,773)
Share-based payments		(4,235,623)	(18,596,646)
Zakat and tax paid	16	(15,875,846)	(7,618,577)
Net cash (used in) / generated from operating activities		**(94,970,801)**	104,287,937
INVESTING ACTIVITIES			
Acquisition of property and equipment and intangibles		(2,312,786)	(675,555)
Proceeds from sale of investments at FVTPL		128,058,106	272,480,490
Acquisition of investments at FVTPL		(156,277,787)	(51,499,999)
Proceeds from disposal of subsidiary	27	83,865,059	71,250,000
Acquisition of subsidiary, net of cash acquired		-	(93,792,005)
Proceeds on maturity of Murabaha deposits		91,000,000	-
Purchase of Murabaha deposits		-	(91,000,000)
Net cash generated from investing activities		**144,332,592**	106,762,931
FINANCING ACTIVITIES			
Subsidiary's equity obligation		-	(1,282,554)
Proceeds from Bank facilities		100,000,000	-
Repayment of bank facilities		(100,257,472)	-
Dividend paid	12	(85,273,500)	(85,273,500)
Net cash used in financing activities		**(85,530,972)**	(86,556,054)
Net (decrease) / increase in cash and cash equivalents		**(36,169,181)**	124,494,814
Cash and cash equivalents at beginning of the year		263,832,791	139,337,977
Cash and cash equivalents at end of the year	10	**227,663,610**	263,832,791

The accompanying notes 1 to 29 form an integral part of these consolidated financial statements

Notes to the consolidated financial statements

FOR THE YEAR ENDED DECEMBER 2020 (AMOUNT IN SAUDI RIYALS)

1. Organization and activities

Jadwa Investment Company ("the Company") is a Saudi closed joint stock company established pursuant to Royal Decree Number M/30 and registered in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010228782 on 1 Safar 1428 H (corresponding to 19 February 2007).

The principal activities of the Company are trading as principal and agent, underwriting, establishment and management of mutual funds and portfolio management, arranging, providing advisory and safekeeping services for administrative arrangements and procedures relating to investment funds, portfolio management and trading as per license of the Capital Market Authority ("CMA") number 37-6034, dated 3 Sha'baan 1427H (corresponding to 27 August 2006). The Company's registered office is located at the following address:

Jadwa Investment

7th Floor, Sky Tower,
King Fahad Road
P.O. Box: 60677
Riyadh 11555 Saudi Arabia.

The Company has investment in Jadwa Investment DIFC Limited ("DIFCL") which has been classified as a subsidiary.

DIFCL is incorporated as a private company under the Companies Law, Dubai International Financial Centre ("the DIFC") Law No. 5 of 2019 and registered in DIFC, United Arab Emirates under Registration Number 3318. The principal activities of the DIFCL are advising on financial products, arranging credit and advising on credit, arranging deals in investments and managing assets as per the Commercial License of the DIFC.

The Company had a investment in Jadwa International PE Fund, L.P ("PE Fund") which was classified as a subsidiary as at 31 December 2019. However, the investment was disposed off in October 2020 ("Disposal date") as further detailed in Note 28.

These consolidated financial statements ("financial statements") as at 31 December 2020 comprises of financial statements of the Company and its subsidiary ("the Group"). The financial statements of the subsidiary is prepared for the same reporting period as that of the Company, using consistent accounting policies.

2. Basis of preparation

2.1 STATEMENT OF COMPLIANCE

These financial statements 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 the Saudi Organisation for Certified Public Accountants ("SOCPA").

2.2 BASIS OF MEASUREMENT

The financial statements have been prepared on a going concern basis under historical cost convention except for the following items:

i. Financial assets classified as "at Fair value through profit or loss (FVTPL)" are measured at fair value;
ii. Investment in associate is accounted for using equity method;
iii. Defined benefit obligations are measured at present value of future obligations using the Projected Unit Credit Method; and
iv. Liabilities for cash-settled share-based payment arrangement are measured at fair value of the Company's shares using pricing model.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Saudi Arabian Riyals ("SAR") which is the functional and presentational currency of the Group. All amounts have been rounded to the nearest Saudi Riyal.

2.4 USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The Covid-19 pandemic continues to disrupt global markets as many geographies are experiencing a "second wave" of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government, following which the Government has ended the lockdowns and has taken phased measures towards normalization.

Recently, number of Covid-19 vaccines have been developed and approved for mass distribution by various governments around the world. The Government has also approved a vaccine which is currently available for healthcare workers and certain other categories of individuals which should be available to the masses in general during 2021. Despite the fact that there are some uncertainties around the Covid-19 vaccine, the testing results have showed exceptionally high success rates. Hence, the Company continues to be cognisant of both the micro and macroeconomic challenges that Covid-19 has posed, the teething effects of which may be felt for some time, and is closely monitoring its exposures at a granular level. The Company has made various accounting estimates in these financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2020 about future events that the Company believes are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these estimates. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

The significant accounting estimate impacted by these forecasts and associated uncertainties is predominantly related to expected credit losses ("ECL"). The impact of the Covid-19 pandemic on each of these estimates is discussed further in the relevant note of these financial statements.

Significant areas where management has used judgments, estimates and assumptions are as follows:

- *Measurement of expected credit loss allowance (Note 2.4.1)*
- *Fair value measurement (Note 2.4.2)*
- *Defined benefits obligations – employees' end of service benefits (Note 2.4.3)*
- *Liabilities for cash-settled share-based payment arrangements (Note 3.11(b))*
- *Determination of control over investment funds (Note 2.4.4)*
- Going concern *(Note 2.4.5)*

2.4.1 MEASUREMENT OF EXPECTED CREDIT LOSS ALLOWANCE

The measurement of the expected credit loss allowance ("ECL") for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Explanation of the input, assumptions and estimation techniques used in measuring ECL on account receivables are further detailed in note 25.1.

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

i. Determining criteria for significant increase in credit risk;
ii. Choosing appropriate models and assumptions for the measurement of ECL;
iii. Establishing the number and relative weights of forward-looking scenarios for each type of product/market and the associated ECL; and
iv. Establishing groups of similar financial assets for the purposes of measuring ECL.

2.4.2 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- 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 for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4.3 DEFINED BENEFITS OBLIGATIONS – EMPLOYEES' END OF SERVICE BENEFITS

The Company operates a defined benefit plan under the Saudi Arabian Labor Law based on employees' accumulated periods of service at the date of the statement of financial position. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method as per IAS 19 using actuarial assumptions based on market expectations at the date of statement of financial position.

2.4.4 DETERMINATION OF CONTROL OVER INVESTMENT FUNDS

The Company acts as a Fund Manager for a number of mutual funds. Determining whether the Company controls such a mutual fund usually focuses on the assessment of its aggregate economic interests of the Company in the Fund (comprising any carried profits and expected management fees) and the investors' rights to remove the Fund Manager. As a result, the Company has concluded that it acts as an agent for the investors in all cases except for the PE fund as given in note 1.

2.4.5 GOING CONCERN

These financial statements have been prepared on a going concern basis. The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as going concern.

3. Summary of significant accounting policies

The Group has consistently applied the accounting policies to all periods presented in these financial statements (except as mentioned in note 3.1).

3.1 NEW STANDARDS OR AMENDMENTS ISSUED AND EFFECTIVE

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB Board has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard does not have a significant impact on the Company's financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB Board has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards. The standard does not have a significant impact on the Company's financial statements.

- On 29 March 2018, the IASB Board has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB Board to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs. The standard does not have a significant impact on the Company's financial statements.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The standard does not have a significant impact on the Company's financial statements.

3.2 NEW STANDARDS OR AMENDMENTS ISSUED NOT YET EFFECTIVE AND NOT EARLY ADOPTED BY THE GROUP

A number of new standards are effective as given below for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards
- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Covid-19-Related Rent Concessions (Amendment to IFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to Conceptual Framework (Amendments to IFRS 3)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

When adopted, these amended standards and interpretations are not expected to have a significant impact on the Group's financial statements.

3.3 FINANCIAL INSTRUMENTS

Classification and measurement of financial assets
On initial recognition, a financial asset is classified and measured at amortized cost, Fair value through other comprehensive income (FVOCI) or Fair value through profit or loss (FVTPL).

Financial asset 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 commission on the principal amount outstanding.

Financial asset at fair value through other comprehensive income ("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 Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

Financial asset at Fair value through profit or loss ("FVTPL")
All financial assets not classified as measured at amortized cost or FVOCI as described above are measure at FVTPL.

Business model assessment
The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Group;
- 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 Group'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 Group's original expectations, the Group 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.

Assessment whether contractual cash flows are solely payments of principal and commission
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Commission / Interest' 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 interest, the Group 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 Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group'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.

Reclassifications
Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Classification of financial liabilities
The Group classifies its financial liabilities at amortized cost unless it has designated liabilities at FVTPL.

Impairment of financial assets
The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its receivable balances carried at amortised cost. The Group recognises a loss allowance for such losses at each reporting date.
The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of resources; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Loss allowance for account receivables are always measured at an amount equal to life time ECLs. Life time ECL are the ECLs that results from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers a financial asset to be in default when the counter party is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any).

ECL are discounted at the effective interest rate of the financial asset.

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Details of measuring the expected credit loss allowance are provided in Note 25.1.

De-recognition
The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired.

Any cumulative gain / loss recognized in OCI in respect of equity investment securities designated as at FVOCI is not recognized in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Offsetting of financial instruments
Financial assets and financial liabilities are offset with the net amount reported in the consolidated statement of financial position only if there is an enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.4 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognises revenue under IFRS 15 using the following five steps model:

Step 1 Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2 Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3 Determine the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4 Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5 Recognise revenue	The Group recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Based on the above five steps, the revenue recognition policy for each major revenue stream is as follow:

Asset management fees
Asset management fees are recognised based on a fixed percentage of net assets under management ("asset-based"), or a percentage of returns from net assets ("returns-based") subject to applicable terms and conditions and service contracts with customers and funds. The Group attributes the revenue from management fees to the services provided during the year, because the fee relates specifically to the Group's efforts to transfer the services for that year. As asset management fees are not subject to clawbacks, the management does not expect any significant reversal of revenue previously recognised.

Other subscription income
Subscription fee is recognized upon subscription of the investor to the fund.

Advisory and investment banking services revenue
Advisory and investment banking services revenue is recognised based on services rendered under the applicable service contracts using the five-step approach to revenue recognition above.

Brokerage income
Brokerage income is recognised when the related transactions are executed on behalf of the customers at the price agreed in the contract with the customers, net of discounts and rebates. The performance obligation of the Group is satisfied when the Group carries out the transaction, which triggers immediate recognition of the revenue, as the Group will have no further commitments.

Dividend income
Dividend income is recognised when the right to receive dividend is established.

3.5 PRINCIPLES OF CONSOLIDATION AND EQUITY ACCOUNTING

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the financial statements from the date on which control commences until the date on which control ceases.

Subsidiary's equity obligation
Subsidiary's equity obligation represent the interest of other unit holders in subsidiary fund, and are classified as current liabilities. Changes in subsidiary's equity obligations are recorded in the consolidated statement of profit or loss and presented after "net income / (loss) for the year after zakat and tax".

Equity-accounted investee
The Group's interests in equity-accounted investee comprise interest in an associate.

Associates are those entities in which the Group has significant influence, but no control or joint control, over the financial and operating policies.

Interest in an associate is accounted for using the equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding obligation.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees is changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment. The net investment in an associate is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. Objective evidence that the net investment is impaired includes observable data that comes to the attention of the entity about the following loss events:

- significant financial difficulty of the equity-accounted investee;
- a breach of contract, such as a default or delinquency in payments by the equity-accounted investee;
- the entity, for economic or legal reasons relating to its equity-accounted investee's financial difficulty, granting to the associate or joint venture a concession that the entity would not otherwise consider;
- it becoming probable that the equity-accounted investee will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the net investment because of financial difficulties of the equity-accounted investee.

The entire carrying amount is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

Changes in ownership interests
The Group treats transactions with subsidiary's equity obligation that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interests and subsidiary's equity obligation to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to subsidiary's equity obligation and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity-account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or a financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. In case of loss of control over subsidiary, the Group also derecognises the assets and liabilities of the subsidiary, and any related subsidiary's equity obligation and other components of equity. Any resulting gain or loss is recognised in profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes bank balances, bank overdrafts and Murabaha deposits with original maturities of three months or less, if any.

3.7 PROPERTY AND EQUIPMENT

Recognition and measurement
Property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset including the cost of purchase and any other costs directly attributable to bringing the assets to a working condition for their intended use. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the consolidated statement of profit or loss as incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognized.

Subsequent expenditure
The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of property and equipment is recognized in the consolidated statement of profit or loss as incurred.

Depreciation
Depreciation is calculated over depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment.

Depreciation of an asset begins when it is available for use. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated useful lives of the principal classes of assets are as follows:

	Estimated useful lives (Years)
Computer equipment	4
Furniture and fixtures	4
Office equipment	4
Motor vehicles	4
Leasehold improvements	Shorter of lease term or economic life

3.8 INTANGIBLE ASSETS

Recognition and measurement
These represent software held for use in the normal course of the business and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the consolidated statement of profit or loss. The estimated useful life of software is 4 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

3.9 IMPAIRMENT ON NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. Impairment losses in respect of non-financial assets recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.10 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in the consolidated statement of profit or loss.

3.11 EMPLOYEE BENEFITS

Defined benefits obligation- employees' benefits
The Company operates a defined benefit plan under the Saudi Arabian Law applicable based on employees' accumulated periods of service at the date of the consolidated statement of financial position. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method as per IAS 19 Employee benefits ("IAS 19").

The cost of providing benefits under the Company's defined benefit plan is determined using the projected unit credit method by a professionally qualified actuary and arrived at using actuarial assumptions based on market expectations at the date of the consolidated statement of financial position. These valuations attribute entitlement benefits to the current period (to determine current service cost), and to the current and prior periods (to determine the present value of defined benefit obligations). Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through the consolidated statement of other comprehensive income in the period in which these occur. Re-measurements are not reclassified to the consolidated statement of profit or loss in subsequent periods.

Past service costs are recognized in the consolidated statement of profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Company recognizes restructuring-related costs

Financing cost is calculated by applying the discount rate to the net defined benefit liability or asset.

When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are re-measured using current actuarial assumptions and the resultant gain or loss is recognized in the consolidated statement of profit or loss during the period in which the settlement or curtailment occurs.

The defined benefit liability in the consolidated statement of financial position comprises the present value of the defined benefit obligation (using a discount rate).

The Company's net obligation in respect of employees' end-of-service benefits is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods. That benefit is discounted to determine it's present value. Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the opening balance with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to the consolidated statement of profit or loss in subsequent periods. The Company recognises the following changes in the defined benefits obligation under 'Salaries and employee related expenses' in the profit and loss account:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Interest expense

The calculation of defined benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

Share-based payment arrangements
The fair value of the amount payable to employees in respect of cash settled share based payment is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of share based payment obligation. Any changes in the liability are recognised in the consolidated statement of profit or loss. Further, the eligible employees are also entitled to receive all dividends in accordance with the Company's dividend policy in respect of the Company's ordinary shares.

Fixed Compensation
The fixed compensation includes salaries, allowances and benefits. Salaries are set in relation to market rates to attract, retain and motivate talented individuals. Salary administration is based on key processes such as job evaluation, performance appraisal and pay scales structure. The competitiveness of pay scales is monitored and maintained through participation in regular market pay surveys.

3.12 FOREIGN CURRENCY TRANSLATIONS

Foreign currency transactions are translated into Saudi Arabian Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are generally recognised in consolidated statement of profit or loss.

3.13 ASSETS UNDER MANAGEMENT

The Company offers assets management services to its customers, which include management of certain mutual funds. Such assets are not treated as assets of the Group and accordingly are not included in these financial statements.

3.14 CLIENTS' CASH ACCOUNTS

The Company holds cash in clients' cash accounts with a local Saudi bank to be used for investments on their behalf. Such balances are not included in the financial statements.

3.15 ZAKAT AND TAX

Zakat
The Company's Saudi shareholders are subject to Zakat in accordance with the Regulations of the General Authority for Zakat and Taxation ("GAZT") as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base. An estimate of Zakat arising therefrom is provided by a charge to the consolidated statement of profit or loss.

Income tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. The Company's foreign shareholders are subject to income tax in accordance with Regulations of Zakat and Income Tax as applicable in the Kingdom of Saudi Arabia. Income tax is computed on adjusted net income. An estimate of income tax arising there from is provided by a charge to the consolidated statement of profit or loss.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

3.16 CONTINGENT LIABILITIES

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at reporting date and disclosed under contingent liabilities in the financial statements.

3.17 SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.
Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.18 DIVIDENDS

Interim dividends are recorded as a liability in the period in which they are approved by the Board of Directors. Final dividends are recorded in the period in which they are approved by the shareholders.

3.19 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the consolidated statement of financial position based on current / non-current classification. An asset as current when it is:

- expected to be realised or intended to sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.20 OPERATING LEASE EXPENSE

Operating lease payments are recognized as expenses in the statement of profit or loss on a straight-line basis over the lease term.

3.21 SPECIAL COMMISSION EXPENSE

Expenses from borrowings are recognized on a time apportioned basis over the period of the contract based on the principal amounts outstanding and the profit rate agreed.

3.22 LEASES

Initial recognition
Assets and liabilities arising from a lease are initially measured on a present value basis.

i. Right-of-use assets are measured at cost comprising the following:
   - the amount of the initial measurement of lease liability;
   - any lease payments made at or before the commencement date less any lease incentives received;
   - any initial direct costs; and
   - restoration costs.

ii. Lease liabilities include the net present value of the following lease payments:
   - fixed payments (including in-substance fixed payments), less any lease incentives receivable;
   - variable lease payments that are based on an index or a rate;
   - amounts expected to be payable by the lessee under residual value guarantees;
   - the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
   - payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Subsequent measurement
Right-of-use assets
The Group applies the cost model, and measures right-of-use assets at initial recognition value:
a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any re-measurement of the lease liability for lease modifications.

Lease liability
After the commencement date, the Group measures the lease liability by:
a) Increasing the carrying amount to reflect interest on the lease liability;
b) Reducing the carrying amount to reflect the lease payments made; and
c) Re-measuring the carrying amount to reflect any re-assessment or lease modification.

4. Property and equipment, net

For the year ended 31 December 2020

	Computer equipment	Furniture and fixtures	Office equipment and Motorvehicles	Leasehold improvements	Total
Cost:					
Balance as at 1 January 2020	20,951,432	5,881,302	5,257,054	11,786,909	43,876,697
Additions	753,775	89,026	8,500	896,028	1,747,329
Transfers	55,350	-	(55,350)	-	-
Disposals	(4,999)	-	-	-	(4,999)
Balance as at 31 December 2020	21,755,558	5,970,328	5,210,204	12,682,937	45,619,027
Accumulated depreciation:					
Balance as at 1 January 2020	20,540,838	5,594,011	5,046,732	10,460,026	41,641,607
Charge for the year	372,524	113,767	21,273	792,027	1,299,591
Disposals	(4,999)	-	(2,636)	-	(7,635)
Balance as at 31 December 2020	20,908,363	5,707,778	5,065,369	11,252,053	42,933,563
Net book value at:					
31 December 2020	**847,195**	**262,550**	**144,835**	**1,430,884**	**2,685,464**

These include fully depreciated assets amounting to SAR 43.9 million (31 December 2019: SAR 37.0 million).

For the year ended 31 December 2019

	Computer equipment	Furniture and fixtures	Office equipment and Motorvehicles	Leasehold improvements	Total
Cost:					
Balance as at 1 January 2019	20,825,476	5,728,748	5,184,798	11,667,402	43,406,424
Additions	143,457	152,554	72,256	119,507	487,774
Disposals	(17,497)	-	-	-	(17,497)
Balance as at 31 December 2019	20,951,436	5,881,302	5,257,054	11,786,909	43,876,701
Accumulated depreciation:					
Balance as at 1 January 2019	19,571,505	5,432,808	5,019,547	9,870,925	39,894,785
Charge for the year	986,834	161,203	27,185	589,101	1,764,323
Disposals	(17,497)	-	-	-	(17,497)
Balance as at 31 December 2019	20,540,842	5,594,011	5,046,732	10,460,026	41,641,611
Net book value at:					
31 December 2019	410,594	287,291	210,322	1,326,883	2,235,090

5. Intangible assets

For the year ended 31 December 2020

	2020	2019
Cost:		
Balance at beginning of the year	14,266,536	14,078,755
Additions	565,457	187,781
Balance at end of the year	14,831,993	14,266,536
Accumulated amortization:		
Balance at beginning of the year	13,929,586	13,797,305
Charge for the year	130,940	132,281
Balance at end of the year	14,060,526	13,929,586
Net book value as at the end of the year	771,467	336,950

5.1 Intangible assets mainly represent computer software acquired by the Group.

6. Equity-accounted investee

Name of entity	Principle place of business	% of ownership interest	31 December 2020	31 December 2019
Jadwa Industrial Investment Company	Saudi Arabia	30	229,566,019	269,242,183

Jadwa Industrial Investment Company (the "Associate") was set up by the Company to invest in equity interest in Saudi Aramco Lubricating Oil Refining Company ("Luberef"). The Associate has been accounted for using the equity method of accounting. Further, the country of incorporation or registration is also the principal place of business.

As at 31 December 2020, the Company had an outstanding commitment in the form of a letter of guarantee on loan obtained by the Associate. As at 31 December 2020, the Group's proportionate share of the above commitment is SAR 201 million (31 December 2019: SAR 201 million).

The Associate has also been granted an interest-free on demand loan by its shareholders on a pro-rata basis. The Company's share in the loan and its outstanding balance as at 31 December 2020 is SAR 22.7 million (including SAR 8.3 million granted during the year).

The tables below provides a summarized financial information of the equity-accounted investee. The information disclosed reflects the amounts presented in the financial statements of the Associate and not the Company's share of those amounts.

	31 December 2020 SAR in '000	31 December 2019 SAR in '000
	(Unaudited)	**(Audited)**
Total current assets	33,456	16,154
Total non-current assets	1,521,004	1,621,519
Total current liabilities	789,238	736,036
Total non-current liabilities	--	4,163
Net assets (100%)	765,220	897,474
The Group's share of net assets (30%)	229,566	269,242

For the year ended 31 December 2020		
	31 December 2020 SAR in '000	31 December 2019 SAR in '000
	(Unaudited)	(Audited)
Total operating (loss) / income	(100,515)	104,785
Net (loss) / income for the year	(132,254)	63,231
Total comprehensive (loss) / income (100%)	(132,254)	63,231
The Group's share of total comprehensive (loss) / income (30%)	(39,676)	18,969

7. Account receivables, net

	31 December 2020	31 December 2019
Due from related parties	348,550,657	182,242,896
Due from third parties	53,131,282	48,466,388
Expected credit loss allowance	(12,809,686)	(7,120,981)
	388,872,253	223,588,303

7.1 Information about the Group's exposure to credit risk and impairment losses for account receivables is included in note 25.1.

8. Investments

		31 December 2020	31 December 2019
Non-current:			
FVTPL	8.1	698,622,895	712,070,999
Current:			
Murabaha placements	8.2	-	91,160,031
		698,622,895	803,231,030

8.1 The table below summarises the cost and fair value of investments:

	31 December 2020		31 December 2019	
	Cost	Fair Value	Cost	Fair Value
Open-ended fund – Units	73,305,263	75,619,478	7,031,064	7,244,857
Close-ended funds – Units	646,234,871	622,982,237	778,883,470	704,810,323
Equity	28,330	21,180	28,330	15,819
	719,568,464	**698,622,895**	785,942,864	712,070,999

8.2 These placements had an original maturity of more than three months and carried an average yield of 2.19% per annum.

9. Prepaid expenses and other current assets

	Note	31 December 2020	31 December 2019
Prepaid software maintenance		5,003,755	2,769,358
Advances to employees		1,350,168	3,880,172
Prepaid rent		2,157,978	718,371
Prepaid insurance		962,608	895,469
Margin deposit	9.1	995,000	995,000
Others		248,932	429,124
		10,718,441	9,687,494

9.1 This includes margin deposit of SAR 0.9 million (31 December 2019: 0.9 million) placed with a local Saudi bank, having a "A-" credit rating, for the purpose of issuance of a letter of guarantee.

10. Cash and cash equivalents

	Note	31 December 2020	31 December 2019
Cash at bank - current accounts		137,553,910	33,087,960
Murabaha deposits	10.1	90,109,700	230,744,831
		227,663,610	263,832,791

10.1 Murabaha deposits are for varying periods ranging from one day to three months depending on the liquidity requirements of the Group and carry an average yield of 0.68% (31 December 2019: 2.14%) per annum.

11. Related party transactions

Related parties of the Group include its major shareholders, associated and affiliated companies, funds under management, directors and key management personnel of the Group. These transactions are carried out on mutually agreed terms and approved by the management of the Group.

During the year, the Group transacted with related parties in the normal course of business. The significant transactions with related parties and the related amounts other than those disclosed elsewhere in these consolidated financial statements are as follows:

For the year ended 31 December 2020

Related party	Nature of transaction	2020	2019
Funds under management	- Asset management and subscription fee	109,821,158	113,938,729
	- Investment banking	1,500,000	15,000,000
	- Acquisition of investments at FVTPL	104,225,527	145,292,005
	- Disposal of investments at FVTPL	159,734,346	362,397,062
	- Expenses paid on behalf of managed funds	3,766,349	7,256,948
	- Dividend income **[a]**	18,754,230	26,235,184
The Associate	- Service fee **[b]**	1,575,000	1,575,000
	- Expenses paid on behalf of the Associate	13,555,894	2,396,870

Related party	Nature of balance	31 December 2020	31 December 2019
Funds under management	Investments at FVTPL	698,601,715	618,263,175
Funds under management	- Fees receivable and dividend receivable	182,531,968	143,347,906
	- Other receivables	132,903,917	20,911,112
The Associate	- Service fee and other receivables	33,114,772	17,983,878
		348,550,657	182,242,896

[a] This includes dividend amounting to SR 2.9 million (2019: SAR Nil) from Jadwa International PE Fund, a subsidiary disposed off during the year.

[b] Fee charged to an equity-accounted investee for providing management services in accordance with a service level agreement.

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and comprise top management executives including the Chief Executive Officer and the Chief Financial Officer of the Company.

	Key management personnel		Board of Directors		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Salaries and allowances	11,400,020	11,160,029	102,000	144,000	11,502,020	11,304,029
Annual fee*	-	-	2,275,000	2,450,000	2,275,000	2,450,000
Other employee related expenses	12,259,045	16,319,755	-	-	12,259,045	16,319,755
Defined benefit obligations	776,566	746,622	-	-	776,566	746,622
	24,435,631	28,226,406	**2,377,000**	2,594,000	**26,812,631**	30,820,406
Defined benefit obligations – balance	6,113,497	5,336,931	-	-	6,113,497	5,336,931
Number of persons	6	6	7	8	13	14

*This includes annual fee paid to the Board members amounting to SR 375,000 each (2019: SR 375,000).

The Group provides long-term incentive programs to employees. The value of these incentive plans is not determined upfront as it is linked to the future performance of the Group.

12. Share capital, Statutory reserve and Dividends

Share capital

The authorised, issued and fully paid share capital of the Company consists of 85,273,500 shares of SAR 10 each (December 31, 2019: 85,273,500 million shares of SAR 10 each).

Statutory reserve

In accordance with the Company's By-Laws and the new Saudi Arabian Regulations for Companies which came into effect on 25 Rajab 1437H (corresponding to 2 May 2016), the Company sets aside 10% of its net income each year as statutory reserve until such reserve equals to 30% of the share capital.

As at 31 December 2020, the statutory reserve was in compliance with the above specified threshold. Hence, no transfers were made.

Dividends

During the year 2020, the shareholders in their Annual General Assembly meeting held on Shabaan 16, 1441 (corresponding to 9 April 2020) approved the distribution of dividends amounting to SAR 85.273 million (31 December 2019: SAR 85.273 million) from the retained earnings at SAR 1 per share.

13. Defined benefit obligation

The movement in provision for defined benefit obligation is as follows:

For the year ended 31 December	2020	2019
Balance at beginning of the year	23,694,435	20,376,965
Current service cost	3,835,866	3,577,260
Interest on defined benefit obligation	627,250	728,834
Recognised in the consolidated statement of profit or loss	4,463,116	4,306,094
Actuarial loss recognized in other comprehensive income	1,398,094	894,149
Benefits paid during the year	(925,912)	(1,882,773)
Balance at the end of the year	**28,629,733**	23,694,435

13.1 Principal actuarial assumptions

	31 December 2020	31 December 2019
Discount rate used (%)	2.50	2.70
Future growth in salary (%)	1.50	1.70
Withdrawal rates (%):		
- Age 20-30	30.2	30.2
- Age 31-40	13.1	12.4
- Age 41-50	3.7	3.4
- Age 51-60	1.4	1.4

The economic and demographic assumptions used in the valuation are unbiased, mutually compatible and best estimates as per the requirements of IAS 19. Financial assumptions are based on market expectations as at the valuation date. These assumptions are as follows:

Discount rate used
This rate was used to calculate the actuarial present value of the projected benefits. As per IAS 19, the rate used to discount employee benefit obligation is determined by reference to the high quality corporate bonds at the end of the reporting period. In case of the Company, the discount rate was derived with reference to Kingdom of Saudi Arabia government traded bonds with maturities consistent with the estimated term of the employee benefit obligation.

Rate of growth in salary
The rate of 1.5% (2019: 1.7%) has been assumed as the long-term salary growth rate and is broadly consistent with the benchmark salary increment rate of the Kingdom of Saudi Arabia.

Withdrawal and mortality rates
The rates for withdrawal from service are based on industry/country and the Company's past experience.

The mortality rates used for active employees are based on latest mortality table issued by Institute of Actuaries of India for assured lives (IALM 2012-14) to represent the mortality during the active lifetime of employees.

Sensitivity analysis
Reasonably possible changes to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligation as follows:

	31 December 2020		31 December 2019	
	Increase	Decrease	Increase	Decrease
Discount rate ± 1%	(1,675,744)	1,761,302	(2,419,336)	2,904,697
Future salary growth ± 1%	1,757,572	(1,675,408)	2,878,454	(2,463,145)

13.2 RISK ASSOCIATED WITH DEFINED BENEFIT PLANS

Longevity risks
The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk
The End of Service Benefit Scheme is a defined benefit scheme with benefits based on last drawn salary. Therefore, the liabilities of the scheme are sensitive to the salary increases.

14. Share-based payment obligation

The Company has a Virtual-Share Linked Incentive Scheme which aims at rewarding the performance and retention of its employees by giving them the incentive linked to certain Virtual Shares (the "Award Shares") and, in particular, to the Company's financial performance. Under the Scheme, one-third of the Award Shares vest on each of the third, fourth and fifth anniversaries of the effective date and, upon vesting, shall constitute "Vested Shares".

After vesting date each employee will have a put option, having no expiry date, to redeem up to 20% of his unredeemed vested shares at the put option price. The Company may in any financial year after the grant date require that the employee redeems up to 50% of their unredeemed vested shares at the call option price.

The amount of the cash payment is determined based on the increase in book value of the Company multiplied by put option factor or call option factor, as the case may be.

The fair value of the cash settled share-based payment obligation has been measured using an appropriate model. Service conditions attached to the arrangements were not taken into account in measuring fair value.

The inputs used in the measurement of fair value at the measurement date of the obligation were as follows:

	31 December 2020	31 December 2019
Fair value per share (SAR)	17.1	17.5
Book value per share (SAR)	15.6	16.3
Expected volatility (per annum)	7.9%	7.9%
Risk-free interest rate (per annum)	2.9%	2.7%

Expected volatility has been based on an evaluation of the historical volatility of the Company's fair value, particularly over the historical period commensurate with the expected term. The risk- free interest rate is based on US dollar market yields.

During the year, the Company made payments of SAR 4.2 million (31 December 2019: SAR 18.6 million) on redemptions of shares by employees.

15. Other payables and accruals

	31 December 2020	31 December 2019
Accrued employees' benefits	69,185,989	79,731,175
Other accrued liabilities	10,825,549	8,947,755
Rebates	2,339,826	3,235,320
Value added tax payable	6,513,999	5,453,671
Accrued transaction expenses	533,155	933,990
Account payables	60,295	1,540,590
	89,458,813	99,842,501

16. Zakat and tax

16.1 Details of zakat and tax charge in the consolidated statement of profit or loss is given below:

For the year ended 31 December

		2020	2019
Zakat charge			
- Current year	16.3	12,608,448	10,555,184
- Prior years	16.5	38,140,593	(3,168,220)
Income tax	16.4	1,909,219	1,073,112
Deferred tax (reversal)/charge		(106,971)	6,261,212
		52,551,289	14,721,288

16.2 The movement in zakat and tax payable is as follows:

For the year ended 31 December

	2020	2019
Balance at beginning of the year	28,012,837	27,171,338
Zakat and income tax charge for the year	52,658,260	8,460,076
Payments made during the year	(15,875,846)	(7,618,577)
Balance at end of the year	64,795,251	28,012,837

16.3 The principal elements of the Company's Zakat base are as follows:

	31 December 2020	31 December 2019
Share capital	852,735,000	852,735,000
Statutory reserve	255,820,500	255,820,500
Retained earnings	281,422,026	265,759,367
Book value of long-term assets	(701,435,395)	(912,718,765)
Opening provision and other adjustments	(251,259,830)	(42,897,655)
Zakat base	437,282,301	418,698,447
Saudi shareholder's (89.69%) Zakat base	392,198,496	375,530,637
Zakat prior to net adjusted income	10,109,636	9,388,266
Net adjusted income	111,442,169	52,042,303
Saudi shareholder's (89.69%) adjusted net income	99,952,481	46,676,742
Zakat on adjusted net income	2,498,812	1,166,919
Zakat charge for the year	12,608,448	10,555,184

16.4 Income tax

For the year ended 31 December

Current tax	2020	2019
Adjusted net income (10.31%) for non-Saudi shareholders	9,546,095	5,365,561
Income tax charge for the year (20%)	1,909,219	1,073,112

16.5 The Company has filed its Zakat and tax returns with the GAZT for financial years up till and including the year 2019. The Zakat and tax assessments for the years up till 2018 have been finalized by the GAZT with additional demands aggregating to SAR 254 million for the year 2008 till 2018. These additional demands mainly came from the "disallowance of long-term investments to the Zakat base by the GAZT". These assessments are currently under appeal process with Tax Violations and Disputes Resolution Committees (TVDRC) and management is confident of a favorable outcome.

The assessment for the year 2019 is yet to be raised by the GAZT. However, if deducting long-term investments are disallowed to the Zakat base, in line with the assessments finalized by GAZT for the years referred to above, it would result in significant additional Zakat exposure to the Company.

As at 31 December 2020, the Company has maintained Zakat and tax provision which represents the Company's best estimate of its liability towards GAZT.

16.6 Deferred tax assets / (liabilities)

For the year ended 31 December 2020

	Opening deferred tax asset /(liability)	Recognized in profit or loss account	Closing deferred tax assets / (liability)
Property and equipment, net	371,934	61,390	433,324
Account receivables, net	137,001	127,135	264,136
Investments at FVTPL	1,465,245	(1,033,346)	431,899
Defined benefits obligation	488,578	101,766	590,344
Share-based payment obligation	609,377	249,762	859,139
Equity-accounted investee	(4,145,942)	600,264	(3,545,678)
	(1,073,807)	**106,971**	**(966,836)**

For the year ended 31 December 2019

	Opening deferred tax asset /(liability)	Recognized in profit or loss account	Closing deferred tax assets / (liability)
Property and equipment, net	414,520	(42,586)	371,934
Account receivables, net	183,933	(46,932)	137,001
Investments at FVTPL	3,477,307	(2,012,062)	1,465,245
Defined benefits obligation	420,172	68,406	488,578
Share-based payment obligation	691,473	(82,096)	609,377
Equity-accounted investee	-	(4,145,942)	(4,145,942)
	5,187,405	(6,261,212)	(1,073,807)

17. Clients' cash accounts

At 31 December 2020, the Company was holding clients' cash accounts amounting to SAR 1,140.29 million (2019: SAR 1,345.95 million), to be used for investments on the clients' behalf. Consistent with its accounting policy, such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

18. Assets under management

These represent the mutual funds', private equity funds' and discretionary portfolios' assets related to the funds Unitholders managed by the Company, which amount to SAR 32.37 billion as at 31 December 2020 (2019: SAR 23.29 billion). Consistent with its accounting policy, such balances are not included in the Company's financial statements as these are held by the Company in fiduciary capacity.

19. Asset management and subscription fees

For the year ended 31 December

	Note	2020	2019
Management fee		166,601,212	169,116,723
Carry fee	19.1	-	82,035,583
Performance fee		16,264,048	17,066,657
Subscription fee		12,767,965	556,864
		195,633,225	268,775,827

19.1 The Company received carry fee on sale of an underlying investment of a private equity fund managed by the Company as per the terms and conditions of the Fund.

20. Investment banking income

For the year ended 31 December

	Note	2020	2019
Advisory fee		32,373,123	26,848,342
Arrangement fee	20.1	-	15,000,000
Others		-	141,460
		32,373,123	41,989,802

20.1 This represents arrangement fee on launch of a private equity fund managed by the Company as per the terms and conditions of the Fund.

21. Salaries and employee related expenses

For the year ended 31 December

	Notes	2020	2019
Salaries and allowances		63,384,271	61,164,569
Other employee related expenses	21.1	41,818,179	111,270,116
Share-based payment expense	14	16,348,190	14,615,287
Defined benefit obligation expense	13	4,463,116	4,306,094
		126,013,756	191,356,066

21.1 This includes an amount transferred to a custodial account which was created to hold employee's (including certain key management personnel) portion of the carry fee in accordance with the incentive programs documentation.

22. Other general and and administrative expenses

	For the year ended 31 December	
	2020	2019
Professional fee	10,143,986	10,503,895
Subscription fee	6,425,709	6,262,685
Travel expenses	1,585,181	5,168,991
Repairs and maintenance expenses	5,618,188	4,711,703
Outsourced staff	3,679,003	3,467,110
Board of Directors expense	2,275,000	2,450,000
Meeting expense	101,640	1,078,316
Telecommunication expense	957,269	858,162
Publication, printing and stationery	84,427	666,959
Utilities	491,061	567,910
Insurance expense	333,837	309,490
Conference expense	128,013	91,005
Advertisement expense	365,850	4,991
Others	3,542,619	3,159,923
	35,731,783	39,301,140

23. Fair value measurements

The following table shows the carrying amounts and fair values of financial assets measured at fair value, including their levels in the fair value hierarchy.

	31 December 2020				
Financial assets measured at fair value	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at FVTPL					
Open-ended funds	**75,619,478**	**-**	**75,619,478**	**-**	**75,619,478**
Close-ended funds	**622,982,237**	**125,225,800**	**-**	**497,756,437**	**622,982,237**
Equity shares	**21,180**	**21,180**	**-**	**-**	**21,180**
	698,622,895	125,246,980	75,619,478	497,756,437	698,622,895

	31 December 2019				
Financial assets measured at fair value	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments at FVTPL					
Open-ended funds	7,244,857	-	7,244,857	-	7,244,857
Close-ended funds	704,810,323	100,180,640	-	604,629,683	704,810,323
Equity shares	15,819	15,819	-	-	15,819
	712,070,999	100,196,459	7,244,857	604,629,683	712,070,999

All fair value measurements disclosed are recurring fair value measurements.

The fair value of investments classified within Level 2 is determined using unadjusted net assets value. The unadjusted net assets value is used when the units in a fund are redeemable at the reportable net assets value at, or approximately at, the measurement date.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments are units of private equity funds.

Fair value of investments in units of private equity funds is estimated using the market comparison, discounted cash flows and other methods (depending on the respective funds and its underlying investments). Valuation exercise is conducted by the management of the Group at least annually and is significantly impacted by the financial performance of the funds' underlying investments and their budgets or forecasts for future years. Any decline or adverse performance by the relevant industry sector also impacts the valuation of the funds.

The following table summarizes the movement of the Level 3 fair values for the year ended December 31, 2020:

	For the year ended 31 December	
	2020	2019
Carrying value at the beginning of the year	604,629,683	682,174,359
Investments purchased	90,003,588	120,292,005
Investments sold	(211,457,430)	(224,887,954)
Re-measurement of fair value of investments, net	14,580,596	27,051,273
Carrying value at the end of the year	**497,756,437**	604,629,683

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements during the years ended 31 December 2020 and 31 December 2019.

The carrying amounts and fair values of financial instruments not measured at fair value, are not significantly different from the carrying values included in these financial statements.

24. Operating segments

The Group operates solely in the Kingdom of Saudi Arabia. For management purposes, the Group is organized into business units based on services provided and has the following reportable segments:

Investment banking services
Investment banking provides corporate finance advisory, private placements, public offerings of equity and debt securities, trade sales, mergers, acquisition, divestitures, spin-offs, syndications and structured products.

Brokerage
Brokerage operates under the brand of Jadwa Investment Group and acts as principal and agent, providing custody and clearing services to clients, providing access to regional exchanges.

Asset management services
The Group's asset management offers investors gateways into the gulf cooperation council, Arab stock markets, and conventional equity and shariah compliant investment funds using both active and passive management styles. In addition, the Group offers Saudi Total Return Swaps (TRS), which provide international investors with access to the Saudi stock market.

Corporate
Corporate manages future corporate development and controls all treasury related functions. All proprietary investments, including investments in an associate within this business segment, which also comprise strategy and business development, legal and compliance, finance, operations, human resources and client relation management.

Inter-segment pricing is determined on an arm's length basis.

Information about reportable segments
Information related to each reportable segment is set out on the next page. Segment profit before zakat and tax is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

31 December 2020

	Reportable segments				
	Investment Banking	Brokerage	Asset Management Services	Corporate	Total
Segment revenue	32,373,123	4,379,799	195,633,225	63,057,323	295,443,470
Salaries and employee related expenses	(29,011,311)	(6,287,769)	(48,682,821)	(42,031,855)	(126,013,756)
Depreciation and amortization expense	(215,735)	(66,065)	(249,359)	(899,372)	(1,430,531)
Rent and premises related expenses	(527,533)	(27,718)	(621,259)	(2,919,589)	(4,096,099)
Special commission expense	-	-	-	(257,472)	(257,472)
Other general and administrative expenses	-	-	-	(35,731,783)	(35,731,783)
Re-measurement of loss allowance, net	-	-	(5,688,705)	-	(5,688,705)
Share in earnings of equity accounted associate	-	-	-	(39,676,164)	(39,676,164)
Other income	-	-	-	80,611	80,611
	(29,754,579)	(6,381,552)	(55,242,144)	(121,435,624)	(212,813,899)
Segment net (loss) / income	**2,618,544**	**(2,001,753)**	**140,391,081**	**(58,378,301)**	**82,629,571**
Segment assets	**10,222,586**	**398,009**	**383,390,071**	**1,164,889,483**	**1,588,900,149**
Segment liabilities	**27,896,205**	**1,394,810**	**44,184,134**	**152,040,786**	**225,515,935**

31 December 2019

	Reportable segments				
	Investment Banking	Brokerage	Asset Management Services	Corporate	Total
Segment revenue	41,989,802	5,898,949	268,775,827	63,535,829	380,200,407
Salaries and employee related expenses	(39,832,758)	(8,212,733)	(81,011,611)	(62,298,964)	(191,356,066)
Depreciation and amortization expense	(223,420)	(85,596)	(385,135)	(1,202,453)	(1,896,604)
Rent and premises related expenses	(859,055)	(45,002)	(1,041,951)	(2,959,470)	(4,905,478)
Other general and administrative expenses	-	–	(385,135)	(38,916,005)	(39,301,140)
Re-measurement of loss allowance, net	-	–	(45,871,677)	-	(45,871,677)
Share in earnings of equity accounted associate	-	–	-	18,969,061	18,969,061
Other income	-	-	-	713,093	713,093
	(40,915,233)	(8,343,331)	(128,695,509)	(85,694,738)	(263,648,811)
Segment net (loss) / income	1,074,569	(2,444,382)	140,080,318	(22,158,909)	116,551,596
Segment assets	20,325,764	666,204	203,340,967	1,347,820,906	1,572,153,841
Segment liabilities	27,919,817	1,330,181	43,365,741	109,560,576	182,176,315

25. Risk management

The Group manages its business risks in the creation, optimization and protection of enterprise value as well as creation of value for its investors. Therefore, risk management is an integral part of corporate strategy to ensure effectiveness and value addition. Risk management goal is to understand and manage the risks rather than to avoid it.

The Group has designed its risk management framework to identify measure, monitor, mitigate, insure and reassess its key risks based upon changes in internal and external environment. The framework supports to achieve its strategic objective to optimize the risk return trade-off by either maximizing return for a given level of risk or reduce the risk for a given level of return. The Risk Management division, which is a vital link between business lines and management, develops and communicates risk appetite to risk owners and continuously monitors it to ensure risk exposures are within management's acceptable level.

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

25.1 CREDIT RISK

Credit risk is the risk that one party to a financial instrument may fail to discharge its contractual obligation and cause the other party to incur a financial loss. The Group has established procedures to manage credit risk including evaluation of customers' credit worthiness, formal credit approvals and obtaining collateral.

With respect to credit risk arising from other financial assets of the Group, including cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The table below shows the maximum exposure to credit risk for the components of the consolidated financial Statements.

	Total maximum exposure as at 31 December	
	2020	2019
Cash and cash equivalents	227,663,610	263,832,791
Accounts and other receivables	401,681,939	230,709,284
Investments	-	91,160,031
Other assets	2,345,168	4,875,172
	631,690,717	590,577,278

Investment team focuses on the Sharia compliant products and markets where it can comprehend the inherent risks. The Group monitors and manages credit risk of its investments with tools i.e. policy and procedures and risk appetite that include limits for concentration, country, industry and acceptable rating levels for counterparties etc. The stringent approval framework of investment and exhaustive evaluation process timely alerts the management on arising risks. While investment team is responsible to maintain exposure within limits, it is monitored independently by risk management on a continuous basis.

Cash and cash equivalents
The Group kept its surplus funds with banks having sound credit ratings. Currently the surplus funds are kept with the banks having rating as follows:

	STANDARD & POOR'S		FITCH		Moody's	
Name	Long term	Short term	Long term	Short term	Long term	Short term
Alinma Bank	-	-	BBB+	F-2	-	-
Al Bilad Bank	-	-	-	-	A3	P-2
Samba Financial Group	-	-	A-	F-2	-	-
Saudi British Bank	-	-	BBB+	F-2	A1	P-1
Riyad Bank	BBB+	A-2	BBB+	F-2	-	-
Al Rajhi Bank	BBB+	A-2	A-	F-1	A1	P-1
Banque Saudi Fransi	BBB+	A-2	BBB+	F-2	A1	P-1
First Abu Dhabi Bank	AA-	A-1+	AA-	F1+	Aa3	P-1

Accounts receivables, net

The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer. However, management also considers the factors that may influence the credit risk of its customers base, including the default risk of the industry and the country in which customers operate.

In monitoring customer credit risk, credit exposures are grouped according to their credit characteristics, including whether they are an individual or a legal entity, open-ended mutual funds, close-ended mutual funds and corporate customers. The Group also analyses various factors to classify credit exposures into different groups based on economic and industry characteristics, previous financial difficulties and liquidity characteristics of mutual funds' underlying investments.

At 31 December, the maximum exposure to credit risk for accounts receivables by geographic region was as follows:

	Total maximum exposure as at 31 December	
	2020	2019
Kingdom of Saudi Arabia	235,411,934	192,249,436
United Kingdom	531,177	712,686
Others	165,738,828	37,747,162
	401,681,939	230,709,284

As at the 31 December, the maximum exposure to credit risk for accounts and other receivables by type of counter party was as follows:

	Total maximum exposure as at 31 December	
	2020	2019
Close-ended mutual funds – related parties	304,307,312	153,947,710
Open-ended mutual funds – related parties	9,724,668	8,861,308
Corporate customers	61,503,735	53,851,358
Others	26,146,224	14,048,908
	401,681,939	230,709,284

Expected credit losses ("ECL") for account receivables as at 31 December 2020 and 31 December 2019

The prevailing economic conditions require the Group to continue to revise certain inputs and assumptions used for the determination of ECL. These primarily revolve around adjusting macroeconomic factors and the scenario weightages used by the Group in the estimation of ECL.

The uncertainty of the impact of Covid-19 introduces significant estimation uncertainty in relation to the measurement of the Company's allowance for expected credit losses. The changing Covid-19 circumstances and the Government, business and customers responses could result in significant adjustments to the allowance in future financial years.

The Group uses an allowance matrix to measure the expected credit losses (ECLs) of account receivables, which comprises of small number of large balances.

Loss rates are calculated using a 'roll rate' method based on the probability of account receivables progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based age analysis of outstanding exposure.

The following table provides information about the exposure to credit risk and ECLs for account receivables as at 31 December 2020:

31 December 2020	Weighted average loss rate	Gross carrying amount	Loss allowance
Current (not past due)	0%	164,765,701	-
Past due 0 - 12 months	2%	111,540,785	2,461,187
Past due 12 - 36 months	5%	91,234,825	4,308,246
Past due over 36 months	18%	34,140,628	6,040,253
		401,681,939	**12,809,686**

31 December 2019	Weighted average loss rate	Gross carrying amount	Loss allowance
Current (not past due)	0%	34,518,688	-
Past due 0 - 12 months	1%	99,316,653	1,288,918
Past due 12 - 36 months	3%	67,060,693	2,070,391
Past due over 36	13%	29,813,250	3,761,672
		230,709,284	7,120,981

Loss rates are based on actual credit loss experience over past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Scalar factors are based on actual and forecast GDP rates, which is 3.03% (2019: 3.55%).

The following is the movement in the ECLs for the year ended 31 December:

For the year ended 31 December

	Notes	2020	2019
Balance as at 1 January under IFRS 9		7,120,981	8,920,136
Net re-measurement of loss allowance		5,688,705	45,871,677
Write-off during the year	25.1.1	-	(47,670,832)
Balance as at the end of the year		**12,809,686**	**7,120,981**

25.1.1 The write-off represents receivable from a private equity fund managed by the Company.

25.2 MARKET RISK

Market risk is made up of key risks – commission rate risk, foreign exchange risk and equity price risk. Market risk is measured, monitored and managed with a blend of quantitative and qualitative approach along with experienced talent and quantitative tools including sensitivity analysis and Value at Risk approach. In addition, exposure limits for individual transactions, concentration, maturities and other risk parameters captures the risk timely.

Foreign exchange risk

Currency risk is the risk that the value of financial instruments may fluctuate due to change in foreign exchange rates. Management closely monitors the exchange rate fluctuations and believes that there is minimal risk of losses due to exchange rate fluctuations as the Group primarily deals with SAR or currencies with low volatility with SAR.

The summary quantitative data about the Group's exposure to currency risk is as follows:

31 December 2020

	AED	USD	GBP
Investments at fair value through profit or loss	-	48,709,235	-
Accounts receivables, net	-	118,027,457	531,177
Other assets	114,987	-	-
Cash and cash equivalents	357,352	3,934,650	7,538,688
Net exposure	**472,339**	**170,671,342**	**8,069,865**

31 December 2019

	USD	GBP
Investments at fair value through profit or loss	101,036,862	-
Accounts receivables, net	-	712,686
Cash and cash equivalents	2,807,550	-
Net exposure	**103,844,412**	**712,686**

A reasonably possible strengthening (weakening) of the foreign currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and consolidated statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular commission rates, remain constant.

	Strengthening	Weakening
31 December 2020		
AED + / - 1%	**47,234**	**(47,234)**
USD + / - 1%	**17,067,134**	**(17,067,134)**
GBP + / - 1%	**806,987**	**(806,987)**
Net effect	**17,921,355**	**(17,921,355)**
31 December 2019		
USD + / - 1%	10,384,441	(10,384,441)
GBP + / - 1%	71,269	(71,269)
Net effect	10,455,710	(10,455,710)

Cash flow and fair value 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 Group is not exposed to material commission rate risk with respect to its financial instruments.

Price risks

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Group is exposed to price risk with respect to its investments in mutual funds and equity. The Company limits price risks by diversification of its investments.

A change in the NAV or equity price of investments, with all other variables held constant, would impact the consolidated statement of profit or loss as set out below:

	For the year ended 31 December	
Change in NAV %	2020	2019
+5	34,931,145	35,603,550

25.2 LIQUIDITY RISK

'Liquidity risk' is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risk damage to the Group's reputation. It forecasts the cash flow and liquidity profiles of its financial assets and liability and maintains a portfolio of short-term liquid assets to cover requirements, largely consisting of certain liquid placements with financial institutions. All financial liabilities on the Group's consolidated statement of financial position are contractually payable on a current basis.

25.3 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 Group's activities either internally or externally at the Group'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 Group'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 controls over operational risks rests with management supported by risk management and compliance 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
  - appropriate segregation of duties between various functions, roles and responsibilities;
  - reconciliation and monitoring of transactions; and
  - 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

26. Capital regulatory requirement and capital adequacy

The Group's objectives when managing capital are, to comply with the minimum capital requirements set forth by the CMA; to safeguard the Group's ability to continue as a going concern and to maintain an adequate capital base throughout the year.

The Group monitors the capital adequacy and related ratios using the framework established by CMA effective 1 January 2014. Accordingly, the Group's Pillar 1 requirement related to Tier capital base, minimum capital requirement and capital adequacy ratio are as follows.

	31 December 2020 SR '000	31 December 2019 SR '000
Capital Base:		
Tier-1 Capital	1,332,613	1,389,641
Tier-2 Capital	-	-
Total Capital Base	1,332,613	1,389,641
Minimum Capital:		
Market Risk	4,553	19,367
Credit Risk	801,821	777,699
Operational Risk	50,673	70,833
Total Minimum Capital	857,046	867,899
Surplus Capital	475,567	521,742
Capital Adequacy Ratio (times)	1.55	1.60

Tier-1 Capital: Tier-1 capital consists of paid-up share capital, retained earnings, reserves excluding revaluation reserves as per Article 4 of the Rules.

Tier-2 Capital: Tier-2 capital consists of revaluation reserves as per Article 4 of the Rules.

Credit Risk: Credit exposures from non-trading activities of the Group is from bank current accounts, Murabaha deposits, FVTPL investments, other receivables, fixed assets and off-balance sheet commitments.

Market Risk: Market risk represents the Group's exposure in foreign exchange and trading activities.

Operational Risk: Operational risk arises from inadequate internal processes, people and systems or from external events. The management has computed the operational risk based on the Basic Indicator approach.

Capital Adequacy Ratio: As per the CMA guidelines, the Group is required to maintain a capital base not less than the total minimum capital of the Group. However, the Group is adequately capitalized with surplus capital over and above the minimum capital requirement of the Group.

27. Disposal of subsidiary

In October 2020, the Group disposed its investment in Jadwa International PE Fund (the "PE Fund"), an exempted limited partnership established pursuant to and in accordance with the Exempted Limited Partnership Law ("ELP) 2014 of the Cayman Islands and registered in the Cayman Islands on 16 June 2016. The disposal was effected to generate cash flow for the Group's overall businesses activities. The Group recorded no gain or loss on disposal of the PE Fund.

28. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

29. Approval of financial statements

These consolidated financial statements were authorized for issue on 25 Rajab 1442H, corresponding to 9 March 2021 by the Board of Directors of Jadwa Investment Company.

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Name of each company affiliated with the Capital Market Institution, its capital, the percentage of ownership of the Capital Market Institution in it, its main activity, the main country of its operations, and the country of its establishment.	Corporate Governance	51
A description of the plans and important decisions of a Capital Market Institution (including structural changes, expansion of business, or suspension of operations), and future expectations of the business of the Capital Market Institution.	CEO´s Statement Business Overview	28-31 32-37
The number of Board of Directors' meetings held during the last financial year, their dates, and the attendance record of each meeting indicating the names of those present.	Corporate Governance	43
A brief description of the powers and functions of the committees, such as the Audit Committee, the Nominations Committee, and the Remuneration Committee, stating the names of these committees, their chairmen and members, the number of their meetings, the dates of their meeting, and the attendance record of each meeting, indicating the names of those present.	Corporate Governance	45-46
Disclosure of remuneration and compensation paid to members of the Board of Directors of the Capital Market Institution and five of the senior executives who received the highest remuneration and compensation, in addition to the chief executive officer and chief financial officer if they are not among them.	Corporate Governance	47
A statement of any arrangement or agreement whereby a member of the Board of Directors of the Capital Market Institution or a senior executive waives any remuneration or compensation.	Corporate Governance	47
Any penalty, sanction, precautionary measure, or precautionary restriction imposed on a Capital Market Institution by the Authority or by any supervisory, regulatory, or judicial body, along with a statement of its signatory, the reasons for the violation, and the ways to address it and avoid its occurrence in the future.	Corporate Governance	48
The results of the audit report of a Capital Market Institution's system and controls, in addition to the Audit Committee's opinion on the adequacy of the internal audit system (where applicable).	Corporate Governance	50
Information relating to any risks faced by a Capital Market Institution (whether operational risks, financing risks or market risks) and the policy for managing and monitoring these risks.	Corporate Governance	49
If the auditor's report includes any reservations to the annual financial statements, the report of the board of directors must clarify those reservations, their reasons and any information related to them.	N/A	
Summary in the form of a table or diagram of the assets and liabilities of a Capital Market Institution and the results of its business in the last five financial years or since inception, whichever is shorter.	Corporate Governance	51
Clarification of any material differences in the operating results from the results of the previous financial year, or any expectations announced by the Capital Market Institution.	Corporate Governance	51
A description of any interest, contractual securities or rights issue belonging to the members of the Board of Directors of the Capital Market Institution, the senior executives and their relatives in the shares or debt instruments of the Capital Market Institution or any of its affiliates, and any change in that interest, those securities or rights during the last financial year.	Corporate Governance	48
Information relating to any loans on the Capital Market Institution (whether payable on demand or otherwise), a statement of the total indebtedness of the Capital Market Institution and its affiliates, and any amount paid for loans during the financial year, the amount of the loan principal, and the remaining amount, the amount of the loan's principal, the name of the lender, its duration, and the remaining amount, and in the event of the absence of loans on a Capital Market Institution, it must provide an acknowledgment thereof.	Corporate Governance	51
A description of each transaction concluded between a Capital Market Institution and a related person.	N/A	
Information relating to any business or contracts to which a Capital Market Institution is a party, or in which it has an interest for one of the members of the Board of Directors of the Capital Market Institution or for senior executives or for any person related to any of them, so that it includes the names of those involved in the business or contracts and the nature of these business or contracts, their terms, duration and amount and in the absence of any such business or contracts, the Capital Market Institution must provide an acknowledgment thereof.	Corporate Governance	44

Jadwa Investment

A Saudi Closed Joint Stock Company
Licensed by the Capital Market Authority
License no. 06034-37

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