



# 20 | Annual 23 | Report

Value creation

جدوى للاستثمار  
Jadwa Investment



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



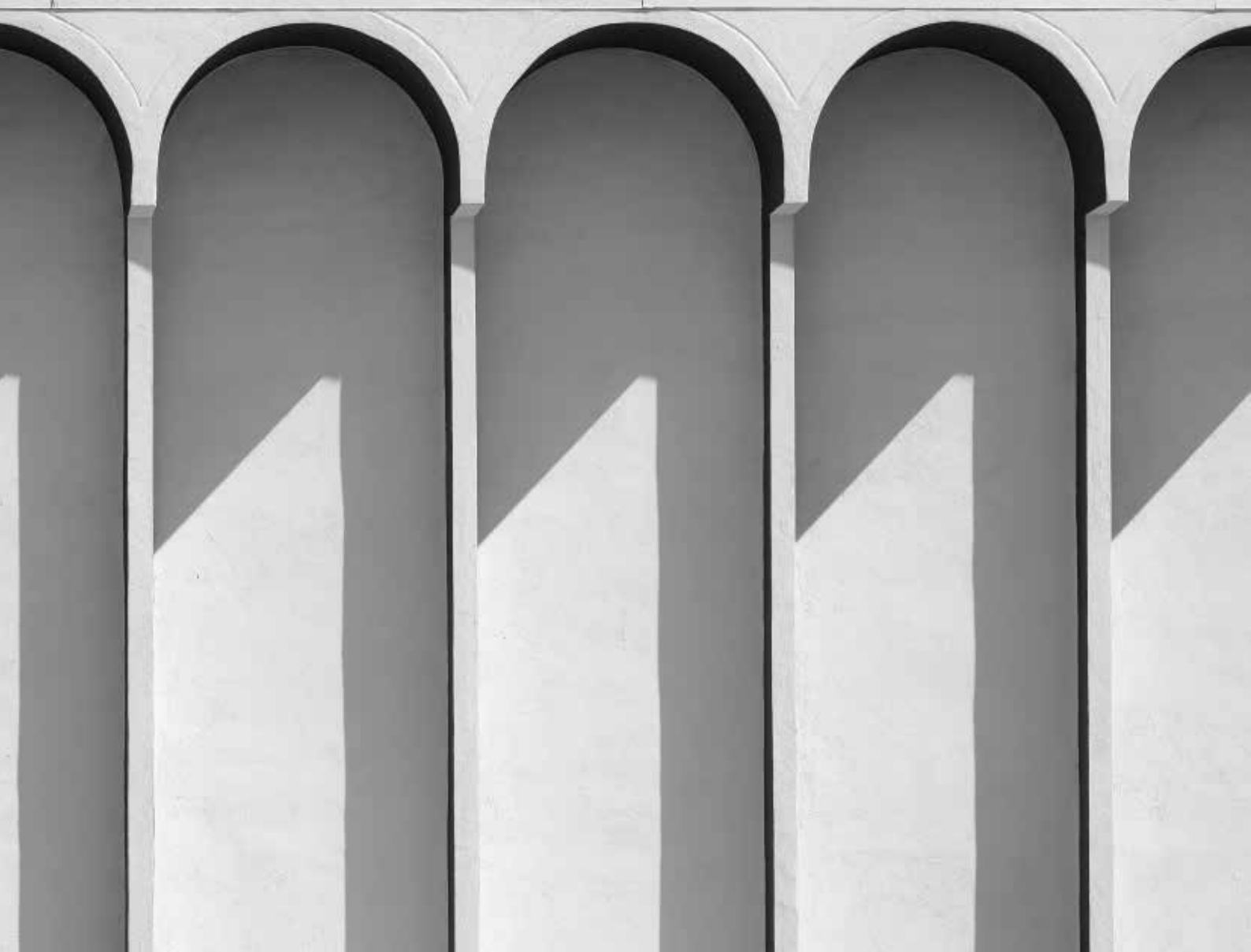
Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud



Crown Prince and Prime Minister

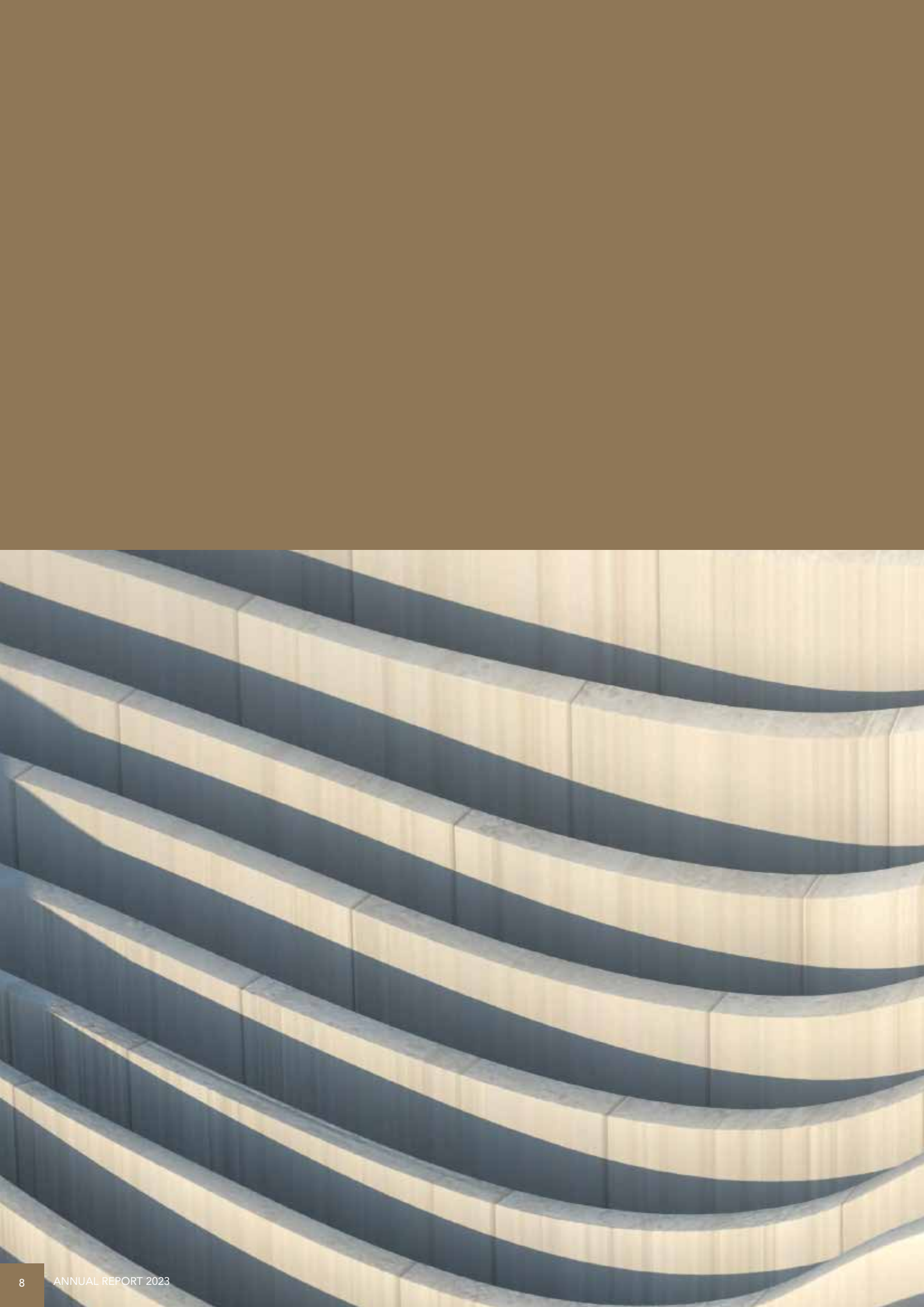
His Royal Highness Prince Mohammed bin  
Salman bin Abdulaziz Al Saud



Across asset classes,  
2023 was a record year in  
aggregate value creation  
for Jadwa's clients.

# Contents

08.	<b>ABOUT JADWA</b> Board of directors Business highlights Investment offerings since inception
30.	<b>BUSINESS COMMENTARY</b> Chairman's statement CEO's statement Business overview The Saudi economy in 2024
46.	<b>CORPORATE GOVERNANCE</b>
58.	<b>SHARIAH COMPLIANCE</b>
62.	<b>CONSOLIDATED FINANCIAL STATEMENTS</b> Independent auditor's report Financial statements Notes
108.	<b>INDEX OF CMA REQUIREMENTS</b>





# 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 SAR 78.9 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 ALSUBAEI**  
*Vice Chairman*



**ABDULRAHMAN AL-RUWAITA**  
*Director*



**CHRIS MASTERSON**  
*Director*



**IQBAL KHAN**  
*Director*



**KHALID AL-KHOWAITER**  
*Director*



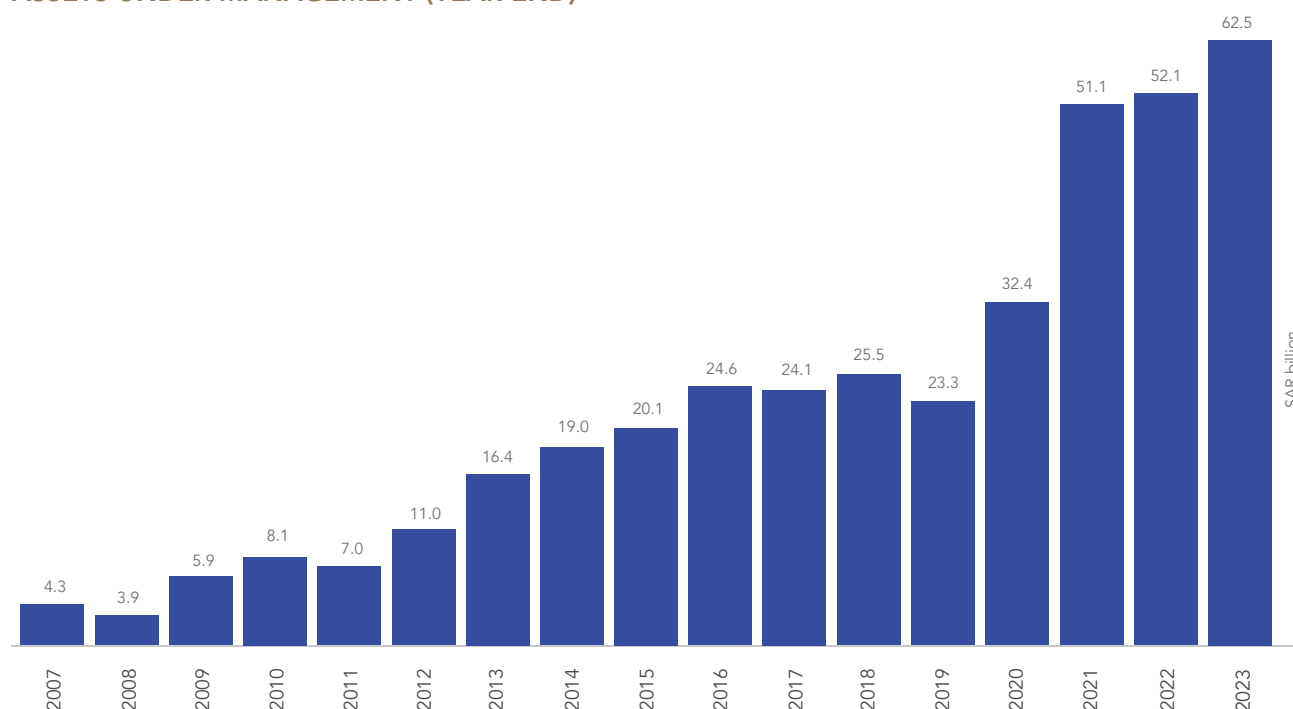
**MICHAEL POWELL**  
*Director*



**TARIQ AL-SUDAIRY**  
*Managing Director & CEO*

# Business highlights

## ASSETS UNDER MANAGEMENT (YEAR-END)



## NEW INVESTMENT OFFERINGS IN 2023

<b>Public equity</b>	Jadwa Nomu (Parallel Market) Fund
<b>Private equity</b>	Jadwa Food and Beverage Opportunities Fund Jadwa International Multi-manager Private Equity Fund 3 Jadwa International Private Equity Fund 2* Jadwa Retail Opportunities Fund
<b>Real estate</b>	Jadwa Al Mqr Investment Fund Jadwa International Multi-manager Real Assets Fund 3 Jadwa Private Real Estate Fund 29 North Views Investment Fund
<b>Private credit</b>	Jadwa International Multi-manager Absolute Return Fund 3
<b>Money markets</b>	Jadwa Flexible Income Fund
<b>Specialized funds</b>	Future Investments Liquid Fund

\* A share class of Jadwa International Private Equity Fund (i.e., Vintage 2024)

## AWARDS RECEIVED IN 2023

<b>Overall</b>	Best Asset Manager, Saudi Capital Market Awards (2022) Best Asset Manager in the Middle East, EMEA Finance (2022) Best Asset Manager in Saudi Arabia, EMEA Finance (2022)
<b>Public equity</b>	Best Global Islamic Equity Group, Lipper Awards Best MENA Equity Group, Lipper Awards Best MENA Equity Fund (3, 5 and 10 years), Lipper Awards Best GCC Equity Fund (10 years), Lipper Awards Best Saudi Equity Fund (10 years), Lipper Awards Best Equity Fund Group for GCC, Citywire Middle East Best Equity Fund Group for Saudi Arabia, Citywire Middle East Best Equity Fund Manager for MENA, Citywire Middle East Best Equity Fund Manager for GCC, Citywire Middle East Best Equity Fund Manager for Saudi Arabia, Citywire Middle East Best MENA Equity, Citywire Middle East Best GCC Equity, Citywire Middle East Best Arab Markets Equity Fund (3 years), Sanadeq (2022)
<b>Real estate</b>	Best Investment Return in Saudi Real Estate Investment Funds, Sanadeq (2022)

## FINANCIAL PERFORMANCE

**705.5**

SAR million

TOTAL REVENUE

**80.4**

SAR million

NET INCOME

**1.5**

SAR billion

SHAREHOLDERS' EQUITY

**2.2**

SAR billion

TOTAL ASSETS

## BUSINESS PERFORMANCE

**78.9**

SAR billion

CLIENT ASSETS

**10.4**

SAR billion

GROWTH IN AUM

**39.6**

SAR billion

PUBLIC MARKETS AUM

**8.6**

SAR billion

PRIVATE EQUITY  
INVESTED CAPITAL

**10.0**

SAR billion

TOTAL VALUE CREATION

**11.3**

SAR billion

TRANSACTION VOLUME

**18.8**

SAR billion

REAL ESTATE  
INVESTED CAPITAL

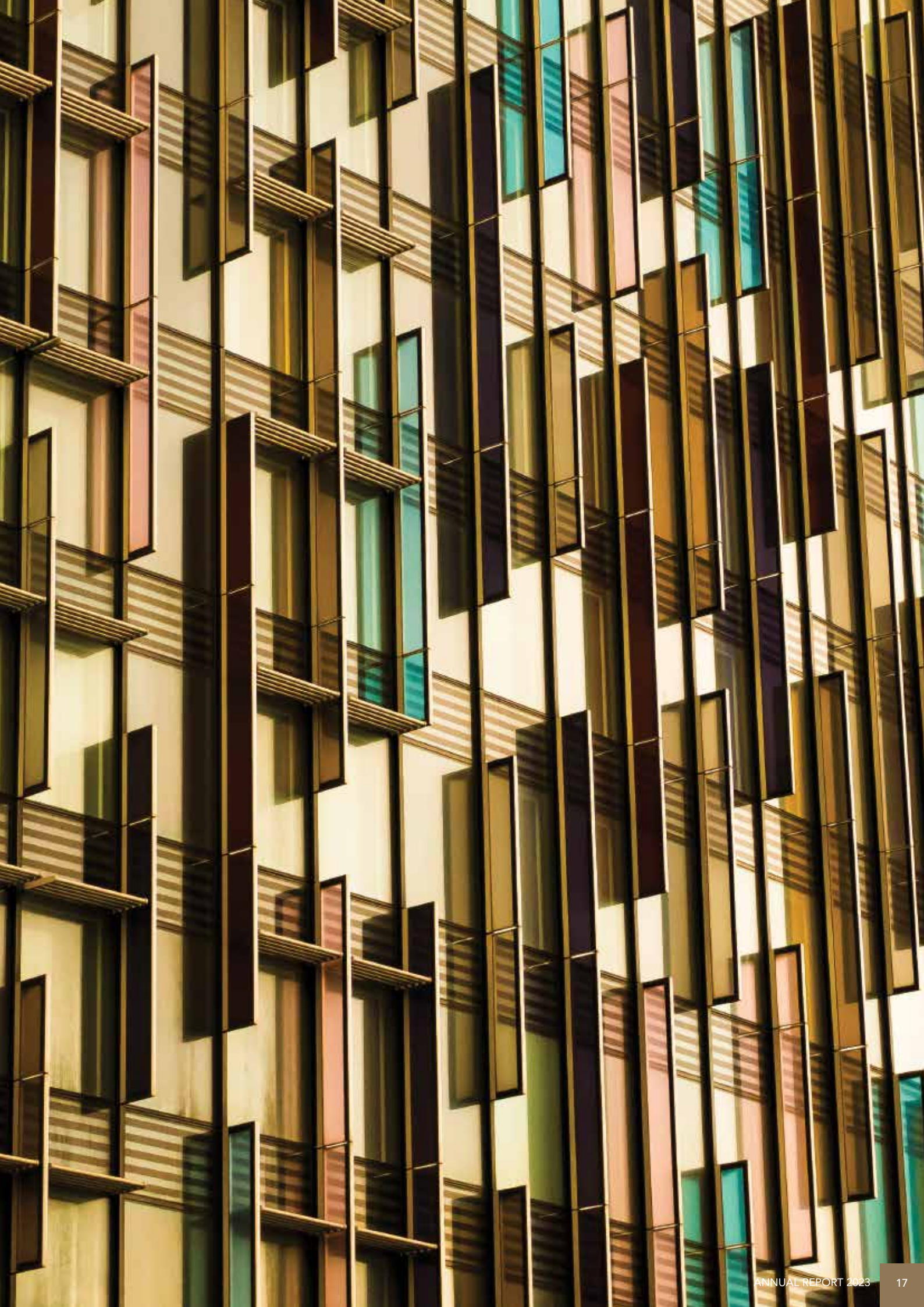
**3.7**

SAR billion

TOTAL REVENUES OF  
PORTFOLIO COMPANIES







# Investment offerings since inception

## Public equity

### JADWA SAUDI EQUITY FUND

**Launch:** 2007  
**Geography:** KSA  
**Strategy:** Diversified  
**Type:** Open-end

### JADWA GCC EQUITY FUND

**Launch:** 2007  
**Geography:** GCC  
**Strategy:** Diversified  
**Type:** Open-end

### JADWA ARAB MARKETS EQUITY FUND

**Launch:** 2007  
**Geography:** MENA  
**Strategy:** Diversified  
**Type:** Open-end

### JADWA EMERGING MARKETS EQUITY FUND

**Launch:** 2020  
**Geography:** Emerging markets  
**Strategy:** Diversified  
**Type:** Open-end

### JADWA DEVELOPED MARKETS EQUITY FUND

**Launch:** 2020  
**Geography:** Developed markets  
**Strategy:** Diversified  
**Type:** Open-end

### JADWA US QUANTITATIVE FUND

**Launch:** 2020  
**Geography:** USA  
**Strategy:** Diversified  
**Type:** Open-end

### JADWA NOMU (PARALLEL MARKET) FUND

**Launch:** 2023  
**Geography:** KSA  
**Strategy:** Actively managed  
**Type:** Open-end

## Private equity

### JADWA CO-INVESTMENT FUND (LUBEREF)

Acquisition:	2007
Stake:	30%
Geography:	KSA
Sector:	Oil & Gas
Status:	Exited
Type:	Closed-end

### FOOD AND BEVERAGE OPPORTUNITY FUND

Acquisition:	2009
Stake:	30%
Geography:	KSA
Sector:	Food & beverage
Status:	Exited
Type:	Closed-end

### JADWA TECHNOLOGY SPECIAL OPPORTUNITY FUND

Acquisition:	2010
Stake:	49%
Geography:	KSA
Sector:	Electronics & appliances
Status:	Active
Type:	Closed-end

### JADWA BUILDING MATERIALS OPPORTUNITY FUND

Acquisition:	2011
Stake:	49%
Geography:	KSA
Sector:	Building materials
Status:	Exited
Type:	Closed-end

### JADWA TOURISM & HOSPITALITY OPPORTUNITY FUND

Acquisition:	2012
Stake:	35%
Geography:	KSA
Sector:	Hospitality & entertainment
Status:	Exited
Type:	Closed-end

### JADWA HEALTHCARE OPPORTUNITIES FUND

Acquisition:	2012
Stake:	30%
Geography:	KSA
Sector:	Healthcare
Status:	Exited
Type:	Closed-end

### JADWA WASTE MANAGEMENT OPPORTUNITIES FUND

Acquisition:	2014
Stake:	100%
Geography:	KSA
Sector:	Industrial waste management
Status:	Exited
Type:	Closed-end

### JADWA MECHANICAL OPPORTUNITIES FUND

Acquisition:	2015
Stake:	56%
Geography:	MENA
Sector:	Industrial Manufacturing
Status:	Active
Type:	Closed-end

#### JADWA REFINING OPPORTUNITIES FUND

**Acquisition:** 2015  
**Stake:** 29%  
**Geography:** UAE  
**Sector:** Petrochemical Re-refining  
**Status:** Active  
**Type:** Closed-end

#### JADWA HEALTHCARE OPPORTUNITIES FUND 2

**Acquisition:** 2016  
**Stake:** 42%  
**Geography:** GCC  
**Sector:** Healthcare  
**Status:** Exited  
**Type:** Closed-end

#### JADWA HEALTHCARE OPPORTUNITIES FUND 3

**Acquisition:** 2017  
**Stake:** 70%  
**Geography:** KSA  
**Sector:** Healthcare  
**Status:** Exited  
**Type:** Closed-end

#### JADWA HEALTHCARE OPPORTUNITIES FUND 4

**Acquisition:** 2020  
**Stake:** 51%  
**Geography:** KSA  
**Sector:** Healthcare  
**Status:** Active  
**Type:** Closed-end

#### JADWA INTERNATIONAL PRIVATE EQUITY FUND

**Launch:** 2020  
**Stake:** Multiple  
**Geography:** Global  
**Sector:** Diversified  
**Status:** Active  
**Type:** Closed-end

#### JADWA INTERNATIONAL MULTI-MANAGER PRIVATE EQUITY FUND

**Launch:** 2021  
**Stake:** Multiple  
**Geography:** Global  
**Sector:** Diversified  
**Status:** Active  
**Type:** Closed-end

#### JADWA INTERNATIONAL MULTI-MANAGER PRIVATE EQUITY FUND 2

**Launch:** 2022  
**Stake:** Multiple  
**Geography:** Global  
**Sector:** Diversified  
**Status:** Active  
**Type:** Closed-end

#### JADWA E-COMMERCE OPPORTUNITIES FUND

**Acquisition:** 2022  
**Stake:** 70%  
**Geography:** GCC  
**Sector:** E-Commerce  
**Status:** Active  
**Type:** Closed-end

#### JADWA HEALTHCARE OPPORTUNITIES FUND 2

**Launch:** 2022  
**Stake:** 47%  
**Geography:** KSA  
**Sector:** Healthcare  
**Status:** Active  
**Type:** Closed-end

#### JADWA FOOD AND BEVERAGE OPPORTUNITIES FUND

**Acquisition:** 2023  
**Stake:** 100%  
**Geography:** UAE  
**Sector:** Food and Beverage  
**Status:** Active  
**Type:** Closed-end

#### JADWA INTERNATIONAL MULTI-MANAGER PRIVATE EQUITY FUND 3

**Launch:** 2023  
**Stake:** Multiple  
**Sector:** Diversified  
**Geography:** Global  
**Status:** Active  
**Type:** Closed-end

#### JADWA INTERNATIONAL PRIVATE EQUITY FUND 2\*

**Launch:** 2023  
**Stake:** Multiple  
**Geography:** US  
**Sector:** Diversified  
**Status:** Active  
**Type:** Closed-end

#### JADWA RETAIL OPPORTUNITIES FUND

**Acquisition:** 2023  
**Stake:** 35%  
**Geography:** GCC  
**Sector:** Retail  
**Status:** Active  
**Type:** Closed-end

\* A share class of Jadwa International Private Equity Fund (i.e., Vintage 2024)



## Real estate

### SOUTH BANK TOWER

<b>Launch:</b>	2010
<b>Geography:</b>	UK
<b>Strategy:</b>	Development
<b>Properties:</b>	1
<b>Status:</b>	Active
<b>Type:</b>	Closed-end

### UK SPECIAL OPPORTUNITIES FUND

<b>Launch:</b>	2010
<b>Geography:</b>	UK
<b>Strategy:</b>	Income-generating
<b>Properties:</b>	4
<b>Status:</b>	Exited
<b>Type:</b>	Closed-end

### AL-ARGAN SAUDI RESIDENTIAL DEVELOPMENT FUND

<b>Launch:</b>	2012
<b>Geography:</b>	KSA
<b>Strategy:</b>	Development
<b>Properties:</b>	1
<b>Status:</b>	Exited
<b>Type:</b>	Closed-end

### JADWA AL-AZIZIA REAL ESTATE DEVELOPMENT FUND

<b>Launch:</b>	2015
<b>Geography:</b>	KSA
<b>Strategy:</b>	Development
<b>Properties:</b>	2
<b>Status:</b>	Active
<b>Type:</b>	Closed-end

### AL-BASATEEN REAL ESTATE DEVELOPMENT FUND

<b>Launch:</b>	2016
<b>Geography:</b>	KSA
<b>Strategy:</b>	Development
<b>Properties:</b>	1
<b>Status:</b>	Exited
<b>Type:</b>	Closed-end

### JADWA REIT AL-HARAMAIN FUND

<b>Launch:</b>	2017
<b>Geography:</b>	KSA
<b>Strategy:</b>	Income-generating
<b>Properties:</b>	4
<b>Status:</b>	Active
<b>Type:</b>	Closed-end

### JADWA REIT SAUDI FUND

<b>Launch:</b>	2018
<b>Geography:</b>	KSA
<b>Strategy:</b>	Income-generating
<b>Properties:</b>	9
<b>Status:</b>	Active
<b>Type:</b>	Closed-end

### JADWA REITS FUND

<b>Launch:</b>	2019
<b>Geography:</b>	KSA
<b>Strategy:</b>	Diversified
<b>Properties:</b>	Multiple
<b>Status:</b>	Active
<b>Type:</b>	Open-end

#### AL DAR INVESTMENT FUND

**Launch:** 2020  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 6  
**Status:** Active  
**Type:** Closed-end

#### REAL ESTATE INVESTMENT FUND

**Launch:** 2020  
**Geography:** KSA  
**Strategy:** Income-generating  
**Properties:** 3  
**Status:** Active  
**Type:** Closed-end

#### ZOOD INVESTMENT FUND

**Launch:** 2020  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 6  
**Status:** Active  
**Type:** Closed-end

#### AL DAR INVESTMENT FUND 2

**Launch:** 2021  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 6  
**Status:** Active  
**Type:** Closed-end

#### AL-NOKHBAH INVESTMENT FUND

**Launch:** 2021  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### AL-SHORFA INVESTMENT FUND

**Launch:** 2021  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 4  
**Status:** Active  
**Type:** Closed-end

#### DIRIYAH AVENUE INVESTMENT FUND

**Launch:** 2021  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 2  
**Status:** Active  
**Type:** Closed-end

#### JADWA INTERNATIONAL MULTI-MANAGER REAL ASSET FUND

**Launch:** 2021  
**Geography:** Global  
**Strategy:** Diversified  
**Properties:** Multiple  
**Status:** Active  
**Type:** Closed-end

#### LIWAN INVESTMENT FUND

**Launch:** 2021  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### REAL ESTATE GROWTH FUND

**Launch:** 2021  
**Geography:** KSA  
**Strategy:** Income-generating  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### TUWAIQ INVESTMENT FUND

**Launch:** 2021  
**Geography:** KSA  
**Strategy:** Mixed  
**Properties:** 2  
**Status:** Active  
**Type:** Closed-end

#### AL-OLAYA INVESTMENT FUND

**Launch:** 2022  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### AL NARJIS INVESTMENT FUND

**Launch:** 2022  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### AL SULAIMAN INVESTMENT FUND

**Launch:** 2022  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### BIN SAEDAN INVESTMENT FUND

**Launch:** 2022  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Invested  
**Type:** Closed-end

#### JADWA HEATHER HILL US REAL ESTATE FUND

**Launch:** 2022  
**Geography:** USA  
**Strategy:** Income-generating  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end



#### JADWA INTERNATIONAL MULTI-MANAGER REAL ASSETS FUND 2

**Launch:** 2022  
**Geography:** Global  
**Strategy:** Diversified  
**Properties:** Multiple  
**Status:** Active  
**Type:** Closed-end

#### JEDDAH AVENUE INVESTMENT FUND

**Launch:** 2022  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### MEEM INVESTMENT FUND

**Launch:** 2022  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 2  
**Status:** Active  
**Type:** Closed-end

#### OSUS INVESTMENT FUND

**Launch:** 2022  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 4  
**Status:** Active  
**Type:** Closed-end

#### ODU PRIVATE INVESTMENT FUND

**Launch:** 2022  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### JADWA AL MQR INVESTMENT FUND

**Launch:** 2023  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### JADWA INTERNATIONAL MULTI-MANAGER REAL ASSETS FUND 3

**Launch:** 2023  
**Geography:** Global  
**Strategy:** Opportunistic real estate and  
core-plus infrastructure  
**Properties:** 45-55  
**Status:** Active  
**Type:** Closed-end

#### JADWA PRIVATE REAL ESTATE FUND 29

**Launch:** 2023  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

#### NORTH VIEWS INVESTMENT FUND

**Launch:** 2023  
**Geography:** KSA  
**Strategy:** Development  
**Properties:** 1  
**Status:** Active  
**Type:** Closed-end

## Private credit

#### JADWA INTERNATIONAL INCOME FUND

**Launch:** 2020  
**Geography:** USA (primary)  
**Strategy:** Income-generating  
**Sector:** Diversified  
**Status:** Active  
**Type:** Open-end

#### JADWA INTERNATIONAL MULTI-MANAGER ABSOLUTE RETURN FUND

**Launch:** 2021  
**Geography:** Global  
**Strategy:** Real estate debt and  
infrastructure debt  
**Type:** Closed-end

#### JADWA MEZZANINE FINANCING OPPORTUNITIES FUND

**Launch:** 2021  
**Geography:** UAE  
**Strategy:** Income-generating  
**Sector:** Oil & Gas Services  
**Status:** Exited  
**Type:** Closed-end

#### JADWA MEZZANINE FINANCING OPPORTUNITIES FUND 2

**Launch:** 2021  
**Geography:** UAE  
**Strategy:** Income-generating  
**Sector:** Oil & Gas Services  
**Status:** Active  
**Type:** Closed-end

#### JADWA INTERNATIONAL MULTI-MANAGER ABSOLUTE RETURN FUND 2

**Launch:** 2022  
**Geography:** Global  
**Strategy:** Real estate debt and private  
debt  
**Type:** Closed-end

#### JADWA INTERNATIONAL MULTI-MANAGER ABSOLUTE RETURN FUND 3

**Launch:** 2023  
**Geography:** Global  
**Strategy:** Real estate debt and private  
debt  
**Status:** Active  
**Type:** Closed-end

# Fixed income

## JADWA GLOBAL SUKUK FUND

**Launch:** 2007  
**Geography:** Global  
**Strategy:** Diversified  
**Type:** Open-end

## JADWA INTERNATIONAL SUKUK FUND

**Launch:** 2020  
**Geography:** Global  
**Strategy:** Diversified  
**Type:** Open-end

# Money markets

## JADWA SAUDI RIYAL MURABAHA FUND

**Launch:** 2007  
**Geography:** KSA  
**Strategy:** Liquidity management  
**Type:** Open-end

## JADWA FLEXIBLE INCOME FUND

**Launch:** 2022  
**Geography:** GCC/Global  
**Strategy:** Actively managed portfolio targeting stable income  
**Type:** Open-end

# Multi-asset funds

## JADWA MULTI-ASSETS CONSERVATIVE LOCALLY CONCENTRATED FUND

**Launch:** 2023  
**Geography:** Global  
**Strategy:** Conservative  
**Type:** Open-end

## JADWA MULTI-ASSETS BALANCED LOCALLY CONCENTRATED FUND

**Launch:** 2023  
**Geography:** Global  
**Strategy:** Balanced  
**Type:** Open-end

## JADWA MULTI-ASSETS GROWTH LOCALLY CONCENTRATED FUND

**Launch:** 2023  
**Geography:** Global  
**Strategy:** Growth  
**Type:** Open-end

## JADWA MULTI-ASSETS CONSERVATIVE GLOBALLY CONCENTRATED FUND

**Launch:** 2023  
**Geography:** Global  
**Strategy:** Conservative  
**Type:** Open-end

## JADWA MULTI-ASSETS BALANCED GLOBALLY CONCENTRATED FUND

**Launch:** 2023  
**Geography:** Global  
**Strategy:** Balanced  
**Type:** Open-end

## JADWA MULTI-ASSETS GROWTH GLOBALLY CONCENTRATED FUND

**Launch:** 2023  
**Geography:** Global  
**Strategy:** Growth  
**Type:** Open-end

# Specialized funds

## NAFAQAH WAQF FUND

Launch: 2021  
Geography: Global  
Strategy: Balanced  
Type: Open-end

## CHARITIES CONSERVATIVE FUND FOR SUSTAINABILITY

Launch: 2022  
Geography: Global  
Strategy: Conservative  
Type: Open-end

## CHARITIES BALANCED FUND FOR SUSTAINABILITY

Launch: 2022  
Geography: Global  
Strategy: Balanced  
Type: Open-end

## JADWA FUTURE INVESTMENTS LIQUID FUND

Launch: 2023  
Geography: Global  
Strategy: Balanced  
Type: Open-end



# Business commentary



# Chairman's statement

---

Dear shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Jadwa Investment for fiscal year 2023.

Overall, the past twelve months saw significant economic developments and a few surprises across the globe. In their persistent efforts to combat inflation, central banks raised rates to levels not seen in more than 15 years. Against this backdrop, growth in the US continued to surprise on the upside while China's economy underperformed relative to expectations. In parallel, the war in Ukraine and the tragic situation in Gaza have raised new questions about how geopolitics may impact global stability and economic momentum. Closer to home, substantial reforms and development initiatives sustained Saudi Arabia's economic vibrancy and momentum. Within this context, I am pleased to inform you that Jadwa continued to achieve strong results and a new set of milestones over the past year.

In 2023, the firm delivered total revenues of SAR 705.52 million and pre-zakat net income of SAR 251.13 million, our second-best year on record following an exceptional 2022. These results are attributable to SAR 595.58 million in operating activities and SAR 109.94 million in

incremental gains from investments. Additionally, Jadwa continued to nurture and reinforce a robust balance sheet position throughout the year.

“

a record SAR 10.04  
billion in aggregate value  
creation for clients

However, in late 2023, we received an unfavorable ruling from the Appeals Committee for Tax Violations and Disputes in relation to our prolonged contestation with the Zakat Authority regarding Jadwa's zakat and taxes for the years 2013-2014. The ruling requires Jadwa to pay SAR 53.04 million in additional zakat and taxes for these two years, and implies that Jadwa may incur significant additional zakat and taxes for certain subsequent years. While we do not agree with the ruling and intend to pursue a reconsideration of the case, we have decided to fully provision for the ruling's actual and implied incremental zakat and tax exposure for the years in question as well as relevant subsequent years out of an





abundance of caution. Accordingly, we have exceptionally accrued SAR 130.28 million in incremental zakat and tax expenses in 2023, yielding a net income balance for the year of SAR 80.36 million.

As for our business performance, 2023 saw Jadwa achieve a new set of investment milestones and impressive realizations for our clients. Overall, the firm grew its assets under management to a record SAR 62.52 billion through an expanding range of investment offerings. Across asset classes, Jadwa generated a record SAR 10.04 billion in aggregate value creation for clients during 2023, with our regional public equity strategies outperforming their respective benchmarks by +7.50% to +19.67%. The firm also completed SAR 11.25 billion in investments, divestments, and capital commitments for 18 funds over the past twelve months, covering private equity, real estate, and private credit across regional and international markets. This included completing two regional private equity investments, introducing our latest international private equity fund, launching three new real estate development funds, executing additional acquisitions for five of our existing real estate funds, and concluding SAR 5.36 billion in real estate and private credit realizations.

“

completed SAR 11.25 billion  
in investments, divestments,  
and capital commitments  
across 18 funds

On the investment advisory front, we completed multiple mandates and signed new engagements with various institutions to close the year with SAR 16.39 billion in assets under advisement. I am also pleased to report that, in recognition of Jadwa's distinctive performance, the firm won 20 awards during the year, including Best Investment Management and Advisory Firm in the Middle East, Best Asset Manager in the Middle East, Best Asset Manager in Saudi Arabia, Best Global Islamic Equity Group, Best MENA Equity Group, and Best Equity Fund Manager for MENA, GCC, and Saudi Arabia.

On the strategic front, Jadwa continued to invest with confidence in its future growth potential. Alongside our ongoing efforts to expand the breadth of our investment offerings, the firm's strategic priority in 2023 focused on further upgrading its client servicing model and interface. This included enhancing our client coverage resources, optimizing the design of our investment structures in line with our clients' preferences, and investing in the digitization and automation of our client servicing platforms.

In light of Jadwa's strong performance and positive momentum, the Board of Directors is pleased to propose a cash dividend of SAR 2.00 per share for fiscal year 2023, equivalent to 20.00% of the nominal share value.

As we turn to a new calendar year, I look towards 2024 and beyond with excitement about our growth trajectory and long-term potential. Our distinctive capabilities and methods will allow us to continue to deliver differentiated investment results, while our strategic discipline and entrepreneurial drive will enable us to offer an expanding universe of investment offerings and superior client servicing. Above all, everything we do will remain guided by an unwavering commitment to put our clients' interest first. In doing so, we will preserve our clients' trust, and thereby continue to create sustainable, long-term value for our shareholders, our team, and the wider community.

Finally, with all of the firm's accomplishments in mind, I would like to express my sincere appreciation to our clients for their enduring trust, to our shareholders for their invaluable support, and to my fellow directors for their insight. I would also like to express my heartfelt recognition and gratitude to our management team, who continue to shape Jadwa's unparalleled track record and distinctive reputation. Surely, it is their purposeful commitment, perseverance, and ingenuity that will drive Jadwa's exciting potential.

With my best regards,

**Adib Alzamil**

Chairman of the Board of Directors



# CEO's statement

---

Respected shareholders,

Throughout 2023, competing forces tugged the global economy in opposite directions. On the one hand, the US economy surprised on the upside despite the Federal Reserve's persistent rate hikes to more than 5% during the year. Additionally, the downward trajectory of inflation inspired fresh hopes about the US economy's ability to achieve a soft landing, while broad-spectrum reforms and development initiatives paved the way for continued growth in Saudi Arabia. On the other hand, the Chinese economy lagged expectations despite the lifting of lockdown measures, the EU's performance remained uninspiring, and the ongoing conflicts in Ukraine and Gaza raised new questions about how geopolitics may bend the trajectory of the global economy.

Within this context, Jadwa delivered strong business growth and a plethora of new achievements during 2023. The highlights for the year include growing our assets under management by 20.04% to a record SAR 62.52 billion; delivering a record SAR 10.04 billion of value creation for our clients; generating +7.50% to +19.67% in outperformance across our regional public equity strategies; completing SAR 5.89 billion in new private equity and real estate investments and capital commitments; achieving SAR 5.36 billion in investment realizations across real estate and private credit; winning SAR 3.09 billion in new investment advisory and fiduciary management mandates; continuing to broaden our

“

Jadwa delivered strong business growth and a plethora of new achievements during 2023

investment offerings across markets and asset classes; accelerating efforts to further enhance our client servicing model and interface; and winning 20 industry awards in recognition of the firm's distinctive track record.

## Financial performance

Jadwa delivered another set of strong financial results across its business activities during 2023, generating total revenues of SAR 705.52 million and pre-zakat net income of SAR 251.13 million. These results were generated through SAR 595.58 million in operating activities and SAR 109.94 million in realized and unrealized gains from our balance sheet investments. All in all, our financial metrics for 2023 represent the firm's second-best annual performance on record, following our exceptional results in the prior year.



Having said that, we recently received an unfavorable ruling from the Appeals Committee for Tax Violations and Disputes in relation to our longstanding contestation with the Zakat, Tax, and Customs Authority regarding Jadwa's zakat and tax filings for the years 2013-2014. Specifically, the ruling requires Jadwa to pay an additional SAR 53.04 million in zakat and taxes for these two years. In addition, the zakat and tax assessment methodology the Appeals Committee followed in its ruling implies that Jadwa may incur significant additional zakat and tax expenses for certain subsequent years. We certainly do not agree with the Appeals Committee's ruling and intend to pursue every possible legal recourse in this regard. Nonetheless, we have opted to fully provision for the ruling's actual incremental zakat and tax expense for 2013-2014 and implied incremental zakat and tax expense for subsequent years to ensure prudent and conservative financial accounting. Accordingly, we have accrued an exceptional aggregate zakat and tax expense of SAR 170.77 million in 2023, which translates into a net income of SAR 80.36 million for the year. Of course, the incremental zakat/ and tax provision we are taking this year will be reversed in the event that we are successful in our legal efforts to seek reconsideration of the matter.

## Business performance

2023 was a year in which Jadwa achieved continued growth, delivered distinctive investment performance for clients, and completed a significant volume of investment and divestment transactions. Overall, the firm recorded 20.04% growth in assets under management to reach SAR 62.52 billion, with 67.74% of the inflows coming from existing client relationships. As a result, Jadwa's total client assets under management and advisement stand at SAR 78.91 billion today, which reflects our clients' continued trust in the firm. Across our public markets practice, 2023 was another year of outstanding investment performance. Our regional public equity strategies delivered returns ranging from 24.18% to 46.42%, with all strategies outperforming their respective benchmarks

“

growing our assets under management by 20%

by +7.50% to +19.67%. Our clients' investments in this space come in the form of public funds, client-specific private funds, and discretionary mandates, and span local, regional, emerging, and developed markets. The year also saw the introduction of new offerings across public equity and money markets, including Jadwa

Nomu (Parallel Market) Fund and Jadwa Flexible Income Fund. In recognition of Jadwa's distinctive and consistent outperformance in public markets, the firm received 18 awards during the year, including Best Asset Manager by Saudi Tadawul Group at the Saudi Capital Market Forum; Best Asset Manager in the Middle East and Saudi Arabia by EMEA Finance; Best Global Islamic Equity Group and Best MENA Equity Group at the Lipper Fund Awards; and Best Equity Fund Group for GCC and Saudi Arabia and Best Equity Fund Manager for MENA, GCC, and Saudi Arabia by Citywire Middle East. In private equity, we completed SAR 987 million in investments and capital commitments across three funds. In the region, Jadwa Retail Opportunities Fund acquired a significant minority stake in Gissah Perfumes, one of the fastest growing players in the perfume sector in the GCC.

“

+7.50% to +19.67%  
in outperformance across  
our regional public  
equity strategies

In addition, Jadwa Food and Beverage Opportunities Fund completed the full acquisition of Blackspoon, a leader in the F&B casual dining space in the UAE. Beyond the region, we introduced Jadwa International Private Equity Fund 2, Jadwa's first blind pool offering in international private equity. The fund will primarily invest in the US over a period of one year, and is expected to be deployed across a diversified portfolio of co-investments with multiple private equity firms.

In real estate, we completed a record SAR 10.11 billion in capital commitments, investments, and divestments across 14 new and existing funds. On the investment front, we launched Jadwa Al Mqr Investment Fund to develop a residential complex in Madinah, and launched North Views Investment Fund and Jadwa Private Real Estate Fund 29 to develop residential and commercial complexes in Riyadh. In addition, five of our existing real estate funds completed eleven new acquisitions within their mandated strategies. As for divestments, our real estate funds completed a record SAR 5.21 billion in total realizations across seven funds.



Osus Investment Fund completed sales across three projects, Real Estate Investment Fund completed the sale of one of its properties in Riyadh, Al Dar Investment Fund divested all of its remaining properties, Al Dar Investment Fund 2 initiated sales for one of its projects, Zood Investment Fund sold one of its assets, Diriyah Avenue Investment Fund sold certain land plots, and Al Nokhbah Investment Fund entered into sale agreements for all components of its masterplan. In recognition of its investment track record, our real estate practice won Best Investment Return in Saudi Real Estate Investment Funds at the Sanadeq Investment Fund Awards.

In private credit, our latest regional mezzanine offering achieved full divestment through settlement by the corporate borrower, distributing a total of SAR 155 million to unitholders. Additionally, Jadwa International Income Fund continued to grow its holdings in the US private credit market through an expanding set of relationships and co-investments with best-in-class investment partners in the space.

As for our investment advisory practice, we received SAR 3.09 billion in additional client assets from new and expanded mandates during 2023, bringing the firm's advisory and fiduciary management mandates to SAR 16.39 billion and SAR 6.10 billion, respectively. Jadwa's advisory clients today span government-related entities, corporates, non-profit endowments, and family offices, and our scope of services include designing an institution's investment strategy and asset allocation program, developing its investment governance and policy statements, advising on manager selections, and providing operational set-up and performance monitoring support. In addition, we continued to manage an expanding set of multi-manager offerings, which provide our advisory clients global reach and efficient access to a wide range of liquid and illiquid asset classes through top-tier managers.

## Strategic performance

Since its founding days in 2007, Jadwa's business strategy has evolved over time to encompass two key priorities. The first is to expand the scope of our investment offerings and services across a growing spectrum of asset classes and markets. The aim of this strategic priority is to enable our clients to access a broad universe of distinctive Shariah-compliant investments, and thereby to construct tailor-made, well-diversified, and effective investment portfolios. Toward this goal, Jadwa gradually and meticulously developed an expanding set of investment offerings over the past 17 years that cover a broader range of risk/return segments and a wider geographic scope. As a result, the firm today covers public equity, private equity, real estate, private credit, fixed income, and money market offerings across both regional and international markets.

As we have progressed on our first strategic priority, we have added another important one: to enhance the scale

and quality of our client coverage. The aim here is to proactively and continuously upgrade our service model in line with our growing client base and their evolving expectations. Our comprehensive strategic effort on this front encompasses three primary levers.

“

Jadwa's business strategy encompasses two key priorities, expanding the scope of our investment offerings and enhancing our client coverage

The first is investing in our client coverage resources and capabilities. To that end, we recently concluded a market segmentation study to better understand our clients' investment and service model preferences. As an immediate outcome of this study, we have now initiated an effort to review and enhance our operating model for each of our client segments. While this effort is still in the early stages of execution, its overarching objective is to develop a differentiated and targeted service model for each client segment that encompasses client development, account planning, and ongoing client servicing and interface. We have also expanded and



continue to expand our client coverage team in order to ensure optimal servicing for our growing client base. The second lever is optimizing our product design in line with client preferences. On this front, we have worked on evolving our private equity offerings across regional and international markets from deal-specific funds to diversified “blind pool” funds. In fact, we have already introduced our first international private equity blind pool fund in Q4 2023, and are currently in the process of fundraising for our first regional private equity blind pool fund.

## “ our first international private equity blind pool fund

This will enable us to cater more effectively to the preferences of our institutional clients, and to encourage and enable our private wealth clients to diversify their investments more broadly, thereby ensuring healthier and more sustainable client relationships. In addition, we have launched our first set of multi-asset funds and initiated an effort to further streamline our multi-asset portfolio offerings, all the way from proposal generation to portfolio management. Together, these initiatives aim to enhance our value proposition to clients, and to further augment the breadth and depth of our client relationships. The third lever is enhancing the automation of our client servicing and operational infrastructure. Initiatives under

this lever fall into two broad categories. The first set of initiatives aim to further digitize our client interface for the purpose of enhancing our “red carpet” service quality and client satisfaction. On this front, following the unveiling of our new corporate website, online account opening, and client portal in 2022, the last twelve months saw the introduction of our online subscription platform and online KYC update platform, and the near-completion of our first mobile app. The second set of initiatives aim to streamline and further automate our internal processes. As part of this effort, we have so far completed a comprehensive review of our operational processes, redesigned our internal account opening process, converted more of our manual and paper-based processes into digital ones, and launched an internal relationship manager portal. In addition, we have initiated internal projects to optimize the utilization of our CRM system, introduce a relationship manager asset allocator tool, and upgrade our core system.

While we have achieved significant progress across all three levers, much more remains to be done. We will therefore continue to work on completing our list of strategic initiatives in the coming months through a series of implementations, upgrades, and refinements, all towards further enhancing our client servicing and interface. We will also maintain our efforts to enhance and further expand the universe of our investment offerings in line with our clients’ evolving needs and expectations. Through all of this, we will aim to deliver unparalleled investment offerings and service quality, to preserve and nurture our clients’ trust, and to lead the way to new heights of achievement.

Lastly, as I reflect on the firm’s standing and growing achievements, I would like to express my profound appreciation to each and every member of our team for their inspiring commitment and performance. Every day, they put our clients’ interest above all else, they extend Jadwa’s unparalleled track record, and they demonstrate an unrelenting commitment to building a great institution. Through their vision, I see a bright future ahead.

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 78.91 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 manage investments and operate funds, and to undertake advising, arranging, dealing, and securities custody services.**

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; and discretionary and non-discretionary investment advisory 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 rapidly evolving global economic landscape, 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 to SAR 62.52 billion and reached SAR 16.39 billion in total assets under advisement. 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 and distinctive client servicing. 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.

“  
expanding universe of  
best-in-class, Shariah-  
compliant investment  
offerings and distinctive  
client servicing

## Investment management

### PUBLIC MARKETS

Jadwa's public markets platform enables clients to access public equity and fixed income investments across local, regional, emerging, and developed markets. The firm's managed portfolios across these markets span a wide range of investment strategies and come in the form of public funds, client-specific private funds, and segregated mandates.

In 2023, Jadwa's regional public equity strategies delivered returns ranging from 24.18% to 46.42%, with all strategies outperforming their respective benchmarks by +7.50% to +19.67%. These results build on Jadwa's long and distinguished track record of market-leading investment performance, and continue to be driven by the firm's disciplined, fundamentals-based investment philosophy. On the product development front, the firm launched.

“  
regional public equity  
strategies delivered  
returns ranging from  
24.18% to 46.42%  
”

Jadwa Nomu (Parallel Market) Fund in May 2023 to invest in companies that are listed or are in the process of being listed on Nomu (the Saudi parallel market). In money markets, the firm introduced Jadwa Flexible Income Fund at the start of the year with the mandate to generate enhanced yield by investing in sukuk and murabaha deposits in Saudi Arabia and across the GCC.

In recognition of its distinctive performance track record, Jadwa's public markets practice won 18 awards, including Best Asset Manager by Saudi Tadawul Group at the Saudi Capital Market Forum; Best Asset Manager in the Middle East and Best Asset Manager in Saudi Arabia by EMEA Finance; Best Global Islamic Equity Group, Best MENA Equity Group, Best MENA Equity Fund (3, 5 and 10 years), Best GCC Equity Fund (10 years), and Best Saudi Equity Fund (10 years) by Refinitiv at the Lipper Fund Awards; Best Equity Fund Group for GCC and Saudi Arabia, Best Equity Fund Manager for MENA, GCC, and Saudi Arabia, Best MENA Equity, and Best GCC Equity by Citywire Middle East; and Best Arab Markets Equity Fund (3 years) by Sanadeq. The firm's public markets practice also received Moody's reaffirmation of its MQ1 investment manager quality rating, the highest possible rating on Moody's global scale for evaluating asset managers.

### PRIVATE EQUITY

Jadwa's private equity platform offers clients exposure to the asset class across regional and international markets. In 2023, the firm completed SAR 987 million in investments and capital commitments across three funds.

On the regional front, in August Jadwa Retail Opportunities Fund acquired a 35% equity stake in Gissah Perfumes, one of the fastest growing players in the perfume sector in the GCC. The transaction marks Jadwa's second investment in Kuwait. Later in the year, Jadwa Food and Beverage Opportunities Fund completed the acquisition of a 100% stake in Blackspoon, a leader in the F&B casual dining space in the UAE. The transaction marks the firm's 16th regional private equity investment and third in the UAE, and brings the aggregate value of Jadwa's private equity investments in the region to SAR 8.64 billion.

Internationally, the firm introduced Jadwa International Private Equity Fund 2, Jadwa's first blind pool offering in international private equity. The fund will be primarily focused on the US market, will have a one-year investment period, and is expected to be deployed across a diversified portfolio of 10-15 co-investments with multiple private equity firms.

“  
In private equity, the firm  
completed SAR 987 million  
in investments and capital  
commitments  
”

### REAL ESTATE

In real estate, Jadwa's clients can access a wide range of development projects and income-yielding investments across markets. Over the past twelve months, the firm completed a record SAR 10.11 billion in capital commitments, investments, and divestment transactions across 14 new and existing funds.

Jadwa launched three new local real estate funds during the year, with an aggregate capital commitment of SAR 4.18 billion. Jadwa Al Mqr Investment Fund was launched to develop a residential complex in Madinah. In Riyadh, North Views Investment Fund was launched to develop high-rise residential and office towers on King Salman Road and Jadwa Private Real Estate Investment Fund 29 was launched to develop a residential and commercial complex on King Abdullah Road.



“

a record SAR 10.11 billion  
in real estate capital  
commitments, investments,  
and divestment transactions

In addition, five of Jadwa's existing real estate funds completed eleven new acquisitions with an aggregate value of SAR 727 million.

On the divestment front, Jadwa's real estate funds completed a record SAR 5.21 billion in total realizations across seven funds. Osus Investment Fund completed sale transactions across three of its development projects; Real Estate Investment Fund completed the sale of its largest property in Riyadh; Al Dar Investment Fund divested all of its four remaining properties; Al Dar Investment Fund 2 initiated sales for one of its six projects; Zood Investment Fund sold one of its indirect real estate holdings; Diriyah Avenue Investment Fund sold certain land plots; and Al Nokhbah Investment Fund entered into sale agreements for all six zones of its masterplan.

In 2023, Jadwa's real estate practice won Best Investment Return in Saudi Real Estate Investment Funds at the Sanadeq Investment Fund Awards.

#### PRIVATE CREDIT

Through its private credit offering, Jadwa provides clients income-yielding investment opportunities that span regional and international markets.

“

Jadwa International Income  
Fund generated 10.01% in  
annualized dividend yield

In 2023, Jadwa Mezzanine Financing Opportunities Fund 2 achieved full divestment, distributing a total of SAR 155 million to unitholders. Beyond the region, Jadwa International Income Fund further grew its holdings in the US private credit market, generated 10.01% in annualized dividend yield, and delivered 44.89% in net returns since inception in March 2020.





The multi-manager fund also continued to expand its relationships and co-investments with best-in-class fund managers in the private credit space.

## Advisory

### INVESTMENT ADVISORY

Jadwa's investment advisory services encompass designing an institution's investment strategy and asset allocation program, developing its investment governance and policy statements, advising on manager selections, and providing operational set-up and performance monitoring support.

“

received SAR 3.09 billion in incremental client assets from new and expanded advisory and fiduciary management mandates

Today, the firm's advisory clients include government-related entities, corporates, non-profit endowments, and family offices.

In 2023, Jadwa received SAR 3.09 billion in incremental client assets from new and expanded mandates, bringing the firm's advisory and fiduciary management mandates to SAR 16.39 billion and SAR 6.10 billion, respectively. In addition, Jadwa continued to manage its expanding portfolio of multi-manager funds, which now stands at SAR 4.06 billion across liquid and illiquid asset classes. As part of this effort, the firm launched its third series of multi-manager funds across alternative asset classes, including private equity, real estate, infrastructure, and absolute return strategies, which will deploy capital across a growing set of underlying managers. The multi-manager offerings have been developed to provide the firm's advisory clients global reach and efficient access to a wide range of asset classes through best-in-class managers.

The investment advisory team was re-organized into a standalone department in 2023.

### INVESTMENT BANKING

Jadwa offers investment banking advisory services to its clients. There were no significant investment banking activities in 2023.





## Dealing and custody

Jadwa provides dealing services to a large proportion of its investment management clients. In 2023, the firm executed over 391,962 trading orders and negotiated deals with an aggregate value of more than SAR 5.49 billion. Jadwa is also licensed to offer securities custody services, but it is not among the firm's main activities.

## Economic research

As major economic developments unfolded in Saudi Arabia and around the globe over the past year, Jadwa continued to affirm its position as a thought leader and trusted source of macroeconomic research and insight. In total, Jadwa issued 25 reports in 2023 covering key economic and market developments. These included reports on the Saudi economy, Saudi Arabia's 2024 budget, quarterly reports on the oil market and Saudi GDP, a report on the Saudi labor market, an update on inflation, a report on Saudi Arabia's balance of payments, and 12 monthly chartbooks. The firm also participated in and presented its research at ten local and international conferences, including Capital Markets and ESG Finance Saudi Arabia; the 24th IAEE International Conference; the Oman Sustainability Week; the National Development Fund's Development, Economic Research, and Policy Advocacy (DERPA) Guest Speakers Series; a symposium by the Saudi Economic Association on the role of women in economic development; a workshop at the Capital Market Authority on strategy formulation; an economic symposium at the Public Investment Fund; the

Third ERF GCC Conference on GCC Economies; the AIM Summit Dubai 2023; and the Energy Markets Forum Week. In the course of the year, Jadwa's research subscriptions grew to 7,122 and its reports were downloaded 125,440 times.

## Shariah compliance

Throughout 2023, 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 2023, including prospective investment products across asset classes, new investment and partnership structures, and account opening agreements. Jadwa's Shariah compliance team also completed its annual audit procedures, updated the Shariah guidelines and screening list, reviewed and approved multiple IPO and Sukuk offerings, and undertook 76 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. Accordingly, the firm continued its efforts to contribute to its wider community through the Jadwa Impact Program (JIP). This included organizing a JIP trip for 39 team members to the province of Tabuk to provide in-kind support to families in need; delivering gifts to Al Wedad Charity Foundation across Riyadh, Jeddah, and Al Khobar; participating in a Ramadan Baskets initiative in collaboration with Selal Association; contributing to national aid campaigns to support those affected by earthquakes in Syria and Turkey and the people of Gaza through the Sahem platform; and donating to Benaa Charity Association, We Care Charity Association, and Shraka Charity Association.

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, 41 interns and cooperative trainees—23 men and 18 women—were selected to enroll in Jadwa's professional development programs across different departments during 2023.



# The Saudi economy in 2024

Saudi Arabia's non-oil economy continues to expand at a brisk pace. The authorities' preliminary estimate puts non-oil GDP growth at 4.6% in 2023 and we see an acceleration to 5%+ in the next two years. Growth will be driven by both consumption and investment, with net exports a drag—at least this year. Consumer price inflation should remain contained, though project cost overruns are likely.

Higher project costs reflect a tight market for labor and materials. The disruption to Red Sea shipping is an added headwind, with reports that costs for key construction inputs in the Saudi market are up by 25-50% in recent weeks. A material reduction in Red Sea turmoil will likely require intensified pressure on Iran, both from the US and China. That said, even if Red Sea shipping returns to normal in the near term, cost overruns are still likely given the sheer number of projects under construction. Meanwhile, oil production policy is set to remain restrictive given the weak demand outlook. The US economy has shown remarkable resilience, but the Eurozone now appears to be in recession and China's

economy is struggling. A number of large emerging markets are also feeling the pressure of high interest rates, with India the main bright spot. Non-OPEC supply is also set to increase, even though we see the rate of US output growth slowing. For these reasons, Saudi Arabia is likely to roll over last year's cuts to the end of Q3 2024. By then the US Federal Reserve should be in rate-cutting mode, which should give a boost to economic activity and the price of risk assets, such as commodities. This conservative approach should be enough to see

“

The expansion of infrastructure should boost potential GDP, allowing real living standards to rise in the medium term



Brent average USD 81 per barrel (pb) in 2024, with Saudi Arabia's main export blend continuing to trade at a USD 2-3 pb premium over the benchmark. Global economic activity should gather pace in 2025 as rate cuts continue, and with US output growth slowing Brent should average USD 86 pb.

This oil price outlook, coupled with the inclusion of "performance-related" dividends from Aramco, should be enough to keep the budget deficit contained around the 1-2% of GDP mark. Risk comes from potential cost overruns, though it is also plausible that some project spending will be recalibrated in order to take pressure off a tight local market. In any case, the government will be able to finance its position quite comfortably through debt issuance or, if necessary, a draw on savings. Finally, we expect Saudi Arabia's external position to remain broadly stable. Oil earnings will remain under pressure this year before rebounding in 2025. Import spending costs are set to keep rising, but trade surpluses should be recorded in both years. The rapid growth in tourism

revenues will continue to support services earnings—a trend that also offers considerable job-creation potential. While we expect remittances outflows to accelerate with expatriate inflows, overall we expect the current account to record a surplus worth around 2% of GDP this year, expanding to 5% of GDP in 2025. We expect outflows through the financial account to diminish with time as domestic investment opportunities expand. This will allow official reserve assets to grow in the medium term.

Overall, the Saudi economy remains in good shape. The structural transformation continues to make progress, though proper sequencing of projects will become more pressing. The expansion of infrastructure should boost potential GDP, allowing real living standards to rise in the medium term.

**2.3%**

projected GDP growth

**5+%**

projected non-oil growth in 2024

**2%**

projected current account surplus of GDP in 2024

**5%**

projected current account surplus of GDP in 2025

**5+%**

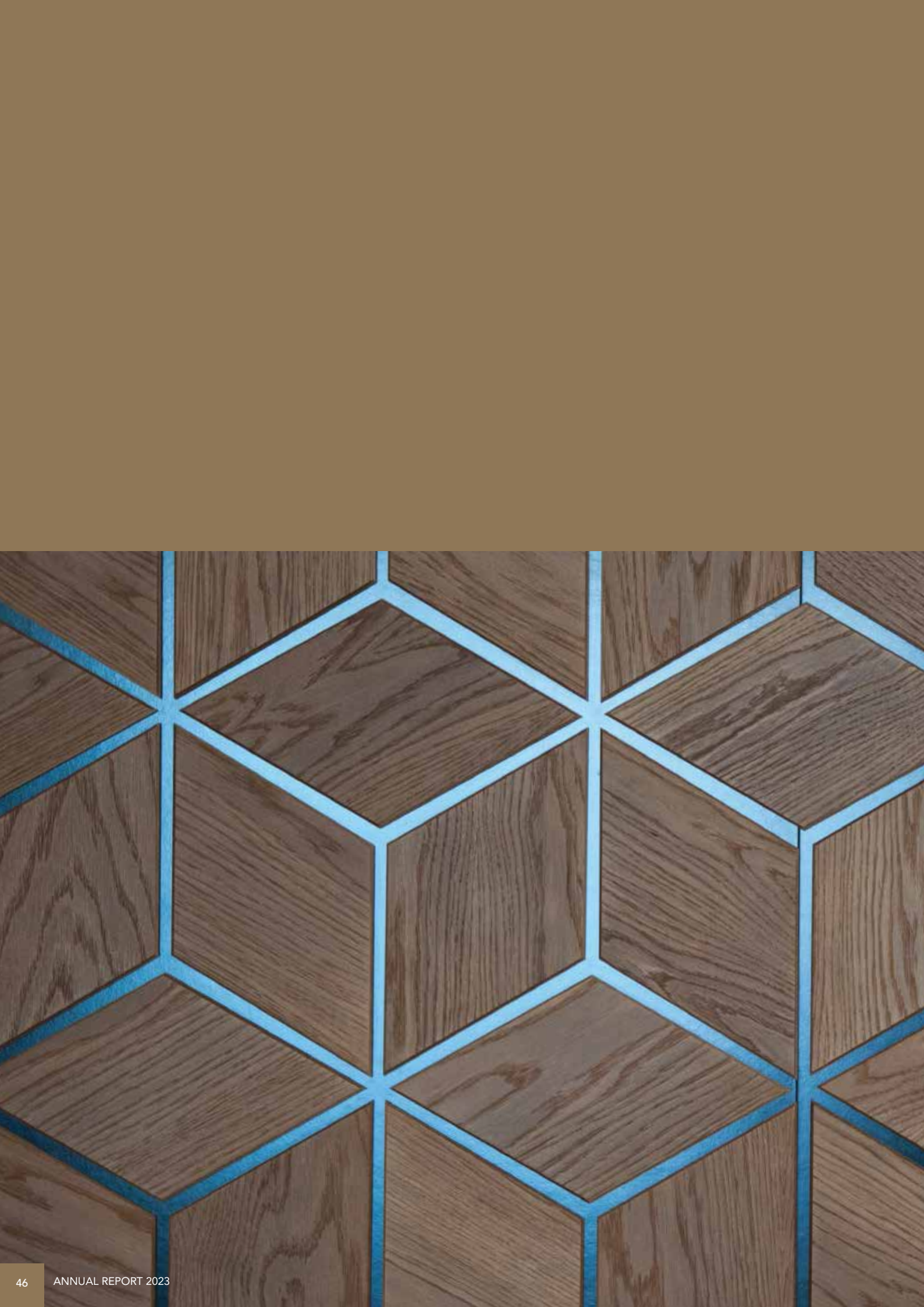
projected non-oil growth in 2025

**USD 2–3**

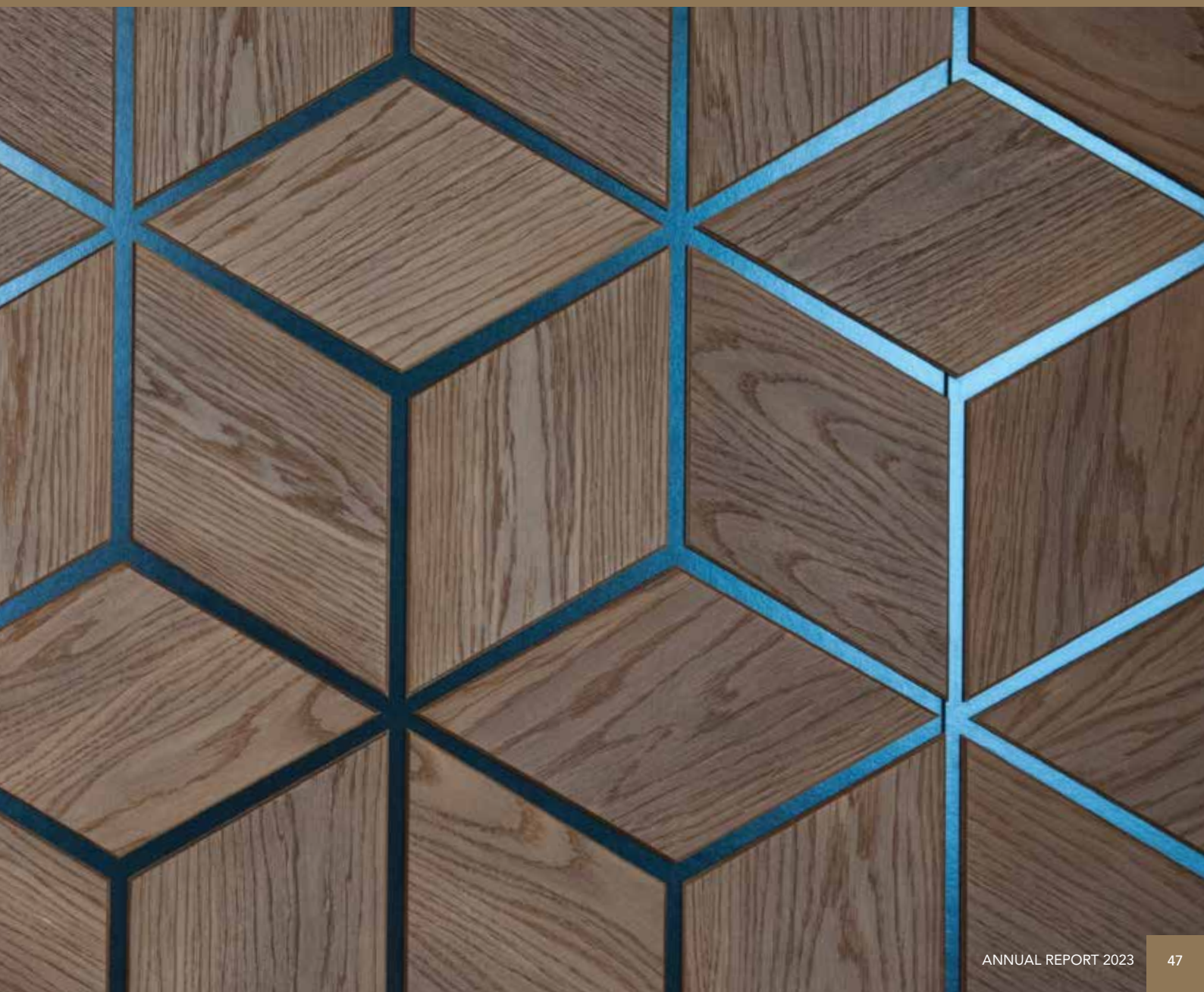
per barrel premium of Brent over benchmark







# 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 the 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 2023:

Name	Title
<b>Non-executive</b>	
Mr. Adib Alzamil	Chairman
Mr. Abdulaziz Alsubeaei	Vice Chairman
Mr. Abdulrahman Al-Ruwaita	Director
<b>Independent</b>	
Mr. Chris Masterson	Director
Mr. Iqbal Khan	Director
Mr. Khalid Al-Khowaiter	Director
Mr. Michael Powell	Director
<b>Executive</b>	
Mr. Tariq Al-Sudairy	Managing Director and CEO



## MEETINGS IN 2023

During 2023, the Board conducted four meetings:

Name	No. (58) 27/03/2023	No. (59) 19/06/2023	No. (60) 27/09/2023	No. (61) 11/12/2023
Adib Alzamil	✓	✓	✓	✓
Abdulaziz Alsubeaei	✓	✓	✓	✓
Abdulrahman Al-Ruwaita	✓	✓	✓	✓
Chris Masterson	✓	✓	✓	✓
Iqbal Khan	✓	✓	✓	✓
Michael Powell	✓	✓	✓	✓
Khalid Al-Khowaiter	✓	✓	✓	✓
Tariq Al-Sudairy	✓	✓	✓	✓

## MEMBERSHIP IN OTHER COMPANIES

Name	Membership in other companies
Adib Alzamil	<ul style="list-style-type: none"> <li>Fajr Capital Limited – Chairman of the Board of Directors</li> <li>Sanabil Investments– Member of the Board of Directors</li> <li>United Carton Industries Company Limited – Chairman of the Board of Directors</li> <li>Zamil Group Holding Company – Member of the Board of Directors</li> </ul>
Abdulaziz Alsubeaei	<ul style="list-style-type: none"> <li>Mohammed I. Alsubeaei &amp; Sons Investment Co. (MASIC) – Member of the Board of Directors</li> <li>MASIC Logistics - Chairman of the Board of Directors</li> <li>Saudi Mechanical Industries Company – Vice Chairman of the Board of Directors</li> <li>Farabi Petrochemicals Company – Member of the Board of Directors</li> <li>Fajr Capital Limited – Member of the Board of Directors</li> <li>Sultan Holding Company – Member of the Board of Directors</li> <li>Riyadh Downtown Development Company – Member of the Board of Directors</li> <li>Imam Saud bin Abdulaziz Reserve – Member of the Board of Directors</li> <li>Real Estate General Authority – Member of the Board of Directors</li> <li>National Center for Family Business – Member of the Board of Directors</li> <li>AlMarshad Group Holding Company – Member of the Board of Directors</li> <li>THARA Investment Company – Chairman of the Board of Directors</li> <li>AID Medical - Chairman of the Board of Directors</li> <li>Hamat Alraeda Company – Member of the Board of Directors</li> <li>Education Support Society ("Ta'Allom") of Ministry of Human Resources and Social Development – Founding Member of the Board</li> <li>TATRA Global - Chairman of the Board of Directors</li> <li>Almalfa Tourism Company - Chairman of the Board of Directors</li> <li>PNU Endowments Co. - Member of the Board of Directors</li> <li>Meem Ain for Education - Chairman of the Board of Directors</li> </ul>

Name	Membership in other companies
Abdulrahman Al-Ruwaita	<ul style="list-style-type: none"> <li>• Saudi Research and Marketing Group – Chairman of the Board of Directors</li> <li>• General Commission for Audiovisual Media – Member of the Board of Directors</li> <li>• The General Authority of Media Regulation - Member of the Board of Directors</li> <li>• News 24 Holding Company - Member of the Board of Directors</li> <li>• MBC Holding Group - Member of the Board of Directors</li> <li>• Ara International Holding Group Company - Member of the Board of Directors</li> <li>• Al-Arabiya channel - Member of the Board of Directors</li> </ul>
Iqbal Khan	<ul style="list-style-type: none"> <li>• Fajr Capital Limited – Founding Director and Chief Executive Officer</li> <li>• MENA Infrastructure (GP) Limited – Member of the Board of Directors</li> <li>• Saudi Mechanical Industries Company – Member of the Board of Directors</li> <li>• Cravia Group Holdings Limited – Member of the Board of Directors</li> </ul>
Michael Powell	<ul style="list-style-type: none"> <li>• E-Circuit Motors – Chairman of the Board of Directors</li> <li>• Exogenesis Corporation – Member of the Board of Directors</li> <li>• Fajr Capital Limited – Member of the Board of Directors</li> <li>• Inqdata Limited – Chairman of the Board of Directors</li> <li>• FinEx Capital Management LLP – Member of the Board of Directors</li> <li>• Veridium Limited – Member of the Board of Directors</li> </ul>
Chris Masterson	<ul style="list-style-type: none"> <li>• Fajr Capital Limited – Member of the Board of Directors.</li> <li>• Rose S.A.M. – Member of the Board of Directors</li> </ul>
Khalid Al-Khowaiter	<ul style="list-style-type: none"> <li>• Anwar Altareq Rentals – Member of the Board of Directors</li> <li>• Zahwa Rentals – Member of the Board of Directors</li> <li>• Java Time – Member of the Board of Directors</li> <li>• United Wire Factories Company – Member of the Board of Directors</li> <li>• Al-Dhowayan Group – Member of the Board of Directors</li> </ul>
Tariq Al-Sudairy	<ul style="list-style-type: none"> <li>• AlRajhi United – Member of the Board of Directors</li> <li>• Saudi Mechanical Industries Company – Member of the Board of Directors</li> <li>• The Financial Academy – Member of the Board of Trustees</li> </ul>

## BOARD DISCLOSURE

The Board of Directors declares that there were no contracts or businesses during the financial year 2023 to which Jadwa was a party and where there was an interest for a member of the Board of Directors, chief executive officer, senior executives or for any person related to any of them.

## Board committees

### AUDIT AND RISK COMMITTEE

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

The committee held four meetings in 2023:

Name	Title	No. (69) 16/03/2023	No. (70) 13/06/2023	No. (71) 17/09/2023	No. (72) 05/12/2023
Abdulrahman Al-Ruwaita	Chairman	✓	✓	✓	✓
Nasser Al-Qahtani	Member	✓	✓	✓	✓
Khalid Al-Khowaiter	Member	✓	✓	✓	✓
Rami Al-Shedi	Secretary				

### 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 2023:

Name	Title	No. (54) 22/03/2023	No. (55) 12/06/2023	No. (56) 18/09/2023	No. (57) 26/11/2023
Abdulaziz Alsubeaei	Chairman	✓	✓	✓	✓
Tariq Al-Sudairy	Member	✓	✓	✓	✓
Naif Abuhaimed	Member	✓	✓	✓	✓
Yash Paul	Member	✓	✓	✓	✓
Rami Al-Shedi	Member	✓	✓	✓	✓
Ghada Al-Wabil	Secretary				

## 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 eight meetings in 2023.

Name	Title	No. (70) 23/01/2023	No. (71) 01/03/2023	No. (72) 14/03/2023	No. (73) 24/05/2023	No. (74) 28/05/2023	No. (75) 13/06/2023	No. (76) 14/09/2023	No. (77) 28/11/2023
Michael Powell	Chairman	✓	✓	✓	✓	✓	✓	✓	✓
Chris Masterson	Member	✓	✓	✓	✓	✓	✓	✓	✓
Tariq Al-Sudairy	Member	✓	✓	✓	✓	✓	✓	✓	✓
Hani Halawani	Member	✓	✓	✓	✓	✓	✓	✓	✓
Naif Abuhaimeid	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 three meetings in 2023:

Name	Title	No. (58) 21/03/2023	No. (59) 14/06/2023	No. (60) 03/12/2023
Ann Almeida	Chairperson	✓	✓	x
Abdulaziz Alsubeaei	Member	✓	✓	✓
Iqbal Khan	Member	✓	✓	✓
Naif Almutairi	Secretary			

## Remuneration

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

Item	Non-executive Members (SAR)	Independent Members (SAR)	Executive Members (SAR)
Allowance for attendance of Board meetings	105,708	58,000	22,000
Allowance for attendance of Board committee meetings	82,500	172,500	None
Annual and periodic remunerations	1,475,000	1,725,000	None
Incentive plans	None	None	None
Any other compensation or other in-kind benefits paid monthly or annually	None	None	None
<b>Total</b>	<b>1,663,208</b>	<b>1,955,500</b>	<b>22,000</b>

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):

Item	SAR
Salaries and wages	7,776,983
Allowances	2,880,961
Periodic and annual remunerations	35,065,000
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 compensation or other in-kind benefits paid monthly or annually	N/A
<b>Total</b>	<b>45,722,944</b>

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 2023.

## CMA penalties

CMA imposed two violations on Jadwa as follows:

- A violation on Jadwa REIT Saudi Fund and Jadwa REIT Al Haramain Fund for incompliance with sub-article (a) of article 25 of the Real Estate Investment Funds Regulations.
- A violation on Jadwa REIT Al Haramain Fund for incompliance with sub-article (a) of article 24 of the Real Estate Investment Funds Regulations.  
A corrective plan has been implemented rectifying all violations and avoiding them 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 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 RISK

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 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 24 of the financial statements.*





## 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 that they 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 the firm.

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 the management team.

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 of the firm and supervises the work of the Internal Audit department and external auditors. The committee held four meetings during the fiscal year 2023.

## 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 2023 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, to safeguard the firm's assets, and to evaluate the suitability of the firm's performance in mitigating risks. The annual review covered the following functions and departments: Administration and Premises, Anti Money Laundering (AML), Investment Advisory, Private Equity, Operations, Asset Management, and Legal. 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 were no regulatory gaps or material weaknesses in the firm's activities during the fiscal year 2023. 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 2023.

### ASSETS, LIABILITIES AND RESULTS IN THE LAST FIVE YEARS

Value (SAR m)	2023	2022	2021	2020	2019
Total assets	2,208	2,170	1,676	1,559	1,572
Total liabilities	696	498	299	226	182
Total operating income	706	807	394	295	380
Net profit	81	500	131	30	102

### LOANS TO JADWA INVESTMENT

There were no loan-related transactions during 2023, and there was no outstanding balance as of 31 December 2023.

#### Subsidiary companies

Subsidiary company	Capital (SAR)	Ownership (%)	Main activity	Country of incorporation	Country of main activity
Jadwa International Alternative Investment Management	187,500	100	Provision of investment advisory services	Cayman Islands	Cayman Islands
Jadwa Aviation Investment Management	187,500	100	Advising on Jadwa Aviation Opportunities Fund	Cayman Islands	Cayman Islands
Jadwa International PE Fund GP Limited	187,500	100	Unrestricted	Cayman Islands	Cayman Islands
Jadwa International Listed Equities SPC	187,500	100	Investment in international listed equities	Cayman Islands	Global
Jadwa Investment (DIFC) Limited	2,812,500	100	<ul style="list-style-type: none"> <li>Advising on financial products</li> <li>Arranging credit and advising on credit</li> <li>Arranging investment transactions</li> <li>Managing assets</li> </ul>	Dubai, United Arab Emirates	Dubai, United Arab Emirates



# Shariah compliance





# Shariah compliance

## Shariah board

The Shariah 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 AL-MUTLAQ**

*Chairman*

Member of the Senior Ulama Board, member of the Iftaa Committee, consultant for the Saudi Royal Diwan, consultant for the 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 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 Cooperation (OIC).

---

**BADER AL-OMAR**

*Member*

Head of the Shariah department at Jadwa Investment and a member of its Executive Management Committee.

---

**DR. AHMAD AL-GAIDY**

*Member*

Head of Islamic Banking at Gulf International Bank.

---

The Shariah board is supported by Jadwa's in-house Shariah department, 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 2023

The annual statement on the facing page reflects the firm's compliance with the Shariah guidelines set by the Shariah board and the cooperation and commitment of all departments in applying Shariah resolutions during 2023.



جدوى للاستثمار  
Jadwa Investment

الهيئة الشرعية  
Shariah Board

بسم الله الرحمن الرحيم

### Annual Shariah Report for the Year 2023

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

**To Jadwa Investment Company Shareholders:**

**Assalamu Alaikum Warahmatullah Wa Barakatuh.**

After having reviewed the Shariah audit department reports which endorse the firm's compliance to Shariah resolutions, and after having reviewed the firm's annual financial statements, the Shariah Board announces to the board of directors and shareholders the following:

1. All contracts, agreements, products, investments and services that Jadwa entered into during the year 2023, and brought to our attention, were compliant with the Islamic principles based on the Holy Quran, Sunnah, Scholars consensus and Analogy. Taking into consideration public interest without contradiction to valid jurisprudence laws, as well as considering the standards and resolutions of contemporary Shariah organizations such as AAOIFI's Shariah Council, IIFA including recommendations issued by specialized summits in the field of Islamic finance.
2. Income received from prohibited sources was disposed of through distribution to charitable purposes.

The Shariah Board commends the Shariah department efforts in studying new products and inquiries that call for a shariah opinion, which are then concluded in Shariah board resolutions. The Shariah board also commends Jadwa 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.



### Shariah Board Members

**Dr. Abdullah Al Mutlaq** (Chairman)

**Dr. Mohamed Ali Elgari** (Member)

**Bader Abdulaziz Alomar** (Member)

**Dr. Ahmad Abdulrahman Algaidy** (Member)

الهيئة الشرعية مسجلة في سجل الجمعيات الخيرية رقم 06034-37، سجل الشركات رقم 1010228782، رأس المال 1,000,000,000 ريال سعودي، مسجلة في سجل الجمعيات الخيرية  
الرقم 06034-37، سجل الشركات رقم 1010228782، رأس المال 1,000,000,000 ريال سعودي، مسجلة في سجل الجمعيات الخيرية  
A Saudi Closed Joint Stock Company, Authorized by the Capital Market Authority, License No.06034-37, C.R.1010228782, Capital SAR 1,000,000,000 Fully Paid  
Head Office: P.O. Box 60677, Riyadh 11555, Saudi Arabia

صفحة 1 من 1







# Consolidated financial statements









## Independent Auditor's Report

To the Shareholders of Jadwa Investment Company (continued)

### 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.

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 subsidiary (collectively referred to as "the Group").

### KPMG Professional Services

Saleh Mohammed S Mostafa  
License No: 524

Riyadh, 18 Ramadan 1445H  
Corresponding to: 28 March 2024



## Consolidated statement of financial position

AS AT 31 DECEMBER 2023 (AMOUNT IN SAUDI RIYALS)

	Notes	2023	2022
<b>ASSETS</b>			
Property and equipment	4	2,796,160	1,480,547
Intangibles	5	129,582	294,419
Equity-accounted investee	6	16,334,107	14,857,686
Investments	7	1,509,763,813	1,635,812,943
<b>Total non-current assets</b>		<b>1,529,023,662</b>	<b>1,652,445,595</b>
Account receivables, net	8	398,732,065	235,059,134
Prepaid expenses and other current assets	9	22,849,011	10,739,567
Cash and cash equivalents	10	257,375,717	271,869,316
<b>Total current assets</b>		<b>678,956,793</b>	<b>517,668,017</b>
<b>Total assets</b>		<b>2,207,980,455</b>	<b>2,170,113,612</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	12	1,000,000,000	1,000,000,000
Statutory reserve	12	--	255,820,500
Retained earnings		563,564,306	527,382,371
Share award payment plan reserve	14	118,628,492	59,314,246
Treasury shares	12	(170,547,000)	(170,547,000)
<b>Total equity</b>		<b>1,511,645,798</b>	<b>1,671,970,117</b>
<b>Liabilities</b>			
Defined benefit obligation	13	38,623,567	34,192,590
Share-based payment obligation	14	70,427,021	61,597,595
<b>Non-current liabilities</b>		<b>109,050,588</b>	<b>95,790,185</b>
Other payables and accruals	15	361,660,093	330,444,842
Zakat and tax payable	16	225,623,976	71,908,468
<b>Current liabilities</b>		<b>587,284,069</b>	<b>402,353,310</b>
<b>Total liabilities</b>		<b>696,334,657</b>	<b>498,143,495</b>
<b>Total equity and liabilities</b>		<b>2,207,980,455</b>	<b>2,170,113,612</b>

The accompanying notes 1 to 27 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 2023 (AMOUNT IN SAUDI RIYALS)

	Notes	2023	2022
<b>REVENUE</b>			
Asset management and subscription fees	19	591,489,135	611,776,895
Investment banking income	20	--	1,500,000
Brokerage income		4,087,983	5,070,934
Special commission income		8,183,825	1,150,500
Dividend income		32,842,070	52,991,814
Re-measurement of fair value of investments, net		47,202,928	16,927,811
Realized gain on investments, net		20,088,760	117,840,034
		<b>703,894,701</b>	<b>807,257,988</b>
<b>EXPENSES</b>			
Salaries and employee related expenses	21	(396,524,634)	(472,412,059)
Depreciation and amortization expense	4,5	(953,643)	(989,630)
Rent and premises related expenses		(5,125,359)	(4,914,426)
Special commission expense on borrowings		--	(1,620,932)
Other general and administrative expenses	22	(58,252,786)	(60,527,728)
Re-measurement of loss allowance, net	24.1	7,488,521	(63,909,941)
		<b>(453,367,901)</b>	<b>(604,374,716)</b>
<b>Total operating profit</b>		<b>250,526,800</b>	<b>202,883,272</b>
Share in income of equity-accounted investee	6	1,476,421	329,139,742
Other income		151,043	541,027
<b>Non-operating income</b>		<b>1,627,464</b>	<b>329,680,769</b>
<b>Net profit for the year before zakat and tax</b>		<b>252,154,264</b>	<b>532,564,041</b>
Zakat and tax	16	(170,772,039)	(32,155,876)
<b>Net profit for the year after zakat and tax</b>		<b>81,382,225</b>	<b>500,408,165</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement (loss) / gain defined benefit obligation	13	(1,020,790)	1,756,844
<b>Total other comprehensive (loss) / income for the year</b>		<b>(1,020,790)</b>	<b>1,756,844</b>
<b>Total comprehensive income for the year</b>		<b>80,361,435</b>	<b>502,165,009</b>

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

## Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2023 (AMOUNT IN SAUDI RIYALS)

	Notes	Share capital	Treasury shares	Share award payment plan reserve	Statutory reserve	Retained earnings	Total
Balance as at 1 January 2023		1,000,000,000	(170,547,000)	59,314,246	255,820,500	527,382,371	1,671,970,117
Net profit for the year		-	-	-	-	81,382,225	81,382,225
Other comprehensive income		-	-	-	-	(1,020,790)	(1,020,790)
<b>Total comprehensive income for the year</b>		-	-	-	-	80,361,435	80,361,435
Dividend	12	-	-	-	-	(300,000,000)	(300,000,000)
Transfer to Retained earnings	12	-	-	-	(255,820,500)	255,820,500	-
Allocation of treasury shares	12 & 14	-	-	59,314,246	-	-	59,314,246
<b>Balance as at 31 December 2023</b>		<b>1,000,000,000</b>	<b>(170,547,000)</b>	<b>118,628,492</b>	<b>-</b>	<b>563,564,306</b>	<b>1,511,645,798</b>
Balance as at 1 January 2022		852,735,000	-	-	255,820,500	268,415,050	1,376,970,550
Net profit for the year		-	-	-	-	500,408,165	500,408,165
Other comprehensive loss		-	-	-	-	1,756,844	1,756,844
<b>Total comprehensive income for the year</b>		-	-	-	-	502,165,009	502,165,009
Dividend	12	-	-	-	-	(95,932,688)	(95,932,688)
Share capital increase		147,265,000	-	-	-	(147,265,000)	--
Treasury share purchase			(170,547,000)	-	-	-	(170,547,000)
Allocation of treasury shares				59,314,246			59,314,246
<b>Balance as at 31 December 2022</b>		<b>1,000,000,000</b>	<b>(170,547,000)</b>	<b>59,314,246</b>	<b>255,820,500</b>	<b>527,382,371</b>	<b>1,671,970,117</b>

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

# Consolidated statement of cashflows

FOR THE YEAR ENDED 31 DECEMBER 2023 (AMOUNT IN SAUDI RIYALS)

	Notes	2023	2022
<b>OPERATING ACTIVITIES</b>			
Net income for the year before Zakat and tax		252,154,264	532,564,041
<b>Adjustments for:</b>			
Share of income from equity-accounted investee		(1,476,421)	(329,139,742)
Depreciation and amortization	4,5	953,643	989,630
Defined benefit obligation expense	13	5,300,470	4,535,603
Re-measurement of expected credit loss allowance, net	24.1	(7,488,521)	63,909,941
Share-based payment expense	14	20,036,367	45,366,377
Share program expenses		59,314,246	59,314,246
Realized gain/ (loss) on investments, net		(20,088,760)	(117,840,034)
Re-measurement of fair value of investments, net		(47,202,928)	(16,927,811)
Special commission income		(8,183,826)	(1,150,500)
Special commission expense		-	1,620,932
<b>Changes in operating assets and liabilities</b>			
Account receivables		(164,264,519)	(28,948,886)
Prepaid expenses and other current assets		(12,109,444)	1,144,348
Other payables and accruals		31,215,250	162,799,609
<b>Cash generated from operating activities</b>		<b>108,159,821</b>	<b>378,237,754</b>
Special commission received		8,080,110	27,500
Defined benefit obligation paid	13	(1,890,283)	(2,058,273)
Share-based payments	14	(11,206,941)	(21,786,788)
Acquisition of investments at FVTPL		(208,377,784)	(1,115,704,097)
Proceeds from sale of investments at FVTPL		401,718,783	414,661,540
Zakat and tax paid	16	(17,056,712)	(20,038,989)
<b>Net cash generated from operating activities</b>		<b>279,426,994</b>	<b>(366,661,353)</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds on maturity of Murabaha deposits		1,950,183,826	51,182,999
Acquisition of property and equipment and intangibles	4	(2,104,419)	(478,746)
Dividends received from associate		-	592,650,000
Placement of Murabaha deposits		(1,942,000,000)	(50,000,000)
<b>Net cash used in investing activities</b>		<b>6,079,407</b>	<b>593,354,253</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from bank facilities		-	200,000,000
Repayment of bank facilities		-	(201,620,932)
Dividend paid	12	(300,000,000)	(95,932,688)
Treasury shares purchased	12	-	(170,547,000)
<b>Net cash used in financing activities</b>		<b>(300,000,000)</b>	<b>(268,100,620)</b>
<b>Net change in cash and cash equivalents</b>		<b>(14,493,599)</b>	<b>(41,407,720)</b>
Cash and cash equivalents at the beginning of the year		271,869,316	313,277,036
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>257,375,717</b>	<b>271,869,316</b>

The accompanying notes 1 to 27 form an integral part of these consolidated financial statements

## Notes to the consolidated financial statements

### FOR THE YEAR ENDED DECEMBER 2023 (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:

**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 was incorporated as a private company under the UAE 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.

These consolidated financial statements ("financial statements") as at 31 December 2023 comprises financial statements of the Company and its subsidiary (collectively referred to as "the Group"). The financial statements of the subsidiary are 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountant ("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 presentation 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.

#### MEASUREMENT OF EXPECTED CREDIT LOSSES (ECL)

The measurement of the expected credit losses ("ECL") for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior. Explanation of the input, assumptions and estimation techniques used in measuring ECL on account receivables are further detailed in note 24.1.

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

1. Choosing appropriate models and assumptions for the measurement of ECL;
2. Establishing the number and relative weights of forward-looking scenarios for each type of product/market and the associated ECL; and
3. Establishing groups of similar financial assets for the purposes of measuring ECL.

## 2.4.1 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 entirety 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.

## 2.4.2 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.

## 2.4.3 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.

## 2.4.4 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. Material 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, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The following new standards, amendments and revisions to existing standards, which were issued by the International Accounting Standards Board (IASB) have been effective from 1 January 2023 and accordingly adopted by the Company, as applicable. However, these did not have any significant impact on the financial statements.

- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction
- A number of narrow-scope amendments to IAS 1, IAS 8
- IFRS 17, 'Insurance contracts' – the standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.

### 3.2 STANDARDS, INTERPRETATIONS, AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

A number of new standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

Standards / Interpretation	Description	Effective from periods beginning on or after the following date
Amendments to IAS 1	Classification of Liabilities as current or non-current and non-current liabilities covenant	January 1, 2024
Amendment to IFRS 16	Lease liability in a sale and leaseback transaction	January 1, 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	January 1, 2024
Amendments to IAS 21	Lack of exchangeability	January 1, 2024
Amendments to IFRS 10 and IAS 28	Sales or contribution of assets between investors and its associates or joint venture	Available for optional adoption/ effective date deferred indefinitely

### 3.3 FINANCIAL INSTRUMENTS

#### Classification and measurement of financial assets

On initial recognition, a debt financial asset is classified and measured at amortized cost, Fair value through other comprehensive income (FVOCI) or Fair value through profit or loss (FVTPL). On initial recognition an equity investment is classified and measured at FVTPL or FVOCI.

#### Financial asset at amortized cost

A debt 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 debt 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 principal 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 debt 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.

Debt 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 to both collect contractual cash flows and to sell financial assets. Equity financial assets that are held for trading are classified as FVTPL.



**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 amortized cost. The Group recognizes 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 amortized cost are deducted from the gross carrying amount of the assets. Details of measuring the expected credit losses (ECL) are provided in Note 24.1.

**Write Off:**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## 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 rather it is transferred directly to retained earnings. 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 recognizes revenue under IFRS 15 using the following five steps model:

<b>Step 1</b> 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.
<b>Step 2</b> 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.
<b>Step 3</b> 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.
<b>Step 4</b> 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.
<b>Step 5</b> Recognize revenue	The Group recognizes 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 recognized 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 recognized. This fee compensates and contributes to single performance obligation, the Company's obligation will generally be satisfied upon the provision of non-restrictive legal custodial structure and therefore recognized over time as the overall services are performed.

#### **Other subscription income**

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

#### **Advisory and investment banking services revenue**

Advisory services revenue is recognized when services are determined as complete in accordance with the underlying agreement, agreed with the customer and invoiced, as generally set forth under the terms of the engagement.

Revenue recognition of retainer fees is recognized over a period of time and it is generally linked to the timing of performance obligation (i.e. monthly, quarterly, etc.).

Success fees are recognized upon the fulfillment of performance obligations. For example, either on the satisfaction of financial advisory services or completion of underwriting agreement.

#### **Brokerage income**

Brokerage income is recognized 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 Company is satisfied when the Company carries out the transaction, which is considered as a performance obligation satisfied at a point in time, which triggers immediate recognition of the revenue, as the Company will have no further commitments.

#### **Underwriting fees**

Underwriting fees are recognized when the Company has rendered all services to the issuer and is entitled to collect the fee from the issuer with no contingencies associated with the fees. Underwriting revenues are presented net of transaction-related expenses.

#### **Dividend income**

Dividend income is recognized 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 recognized 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 recognized 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 recognized 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/ shareholders in subsidiary fund/ Company, 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 recognized at cost and adjusted thereafter to recognize 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 recognized 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.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized 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 reorganization; 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 recognized 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 recognized 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 recognized 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 recognized in other comprehensive income are reclassified to profit or loss. In case of loss of control over subsidiary, the Group also derecognizes 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 recognized 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 recognized in other comprehensive income are reclassified to profit or loss, where appropriate.

#### **Transactions eliminated on consolidation**

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions, are eliminated. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

### **3.6 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include 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 capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

### Amortization

Amortization 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 recognized in the consolidated statement of profit or loss. The estimated useful life of software is 4 years.

The amortization period and the amortization 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 amortization 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 recognized 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 resources embodying 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 recognized 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 its 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 recognizes 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 – cash settled**

The fair value of the amount payable to employees in respect of cash settled share based payment is recognized 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 recognized 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.

#### **Share-based payment arrangements – equity settled**

The cost of the equity settled scheme is recognized over the period during which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the shares ('the vesting date'). The cumulative expense recognized for the schemes at each reporting date until the vesting date, reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of income for a reporting period represents the movement in cumulative expense recognized as at the beginning and end of that reporting period

#### **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 recognized 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 treated as assets of the Group and accordingly, 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 Zakat, Tax and Customs Authority ("ZATCA") 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.

Withholding tax is withheld from payments made to non-resident vendors for services rendered according to the tax law applicable in Saudi Arabia and are directly paid to the ZATCA on a monthly basis.

#### **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.

#### **Value added tax ("VAT")**

Output VAT related to revenue is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognized in the statement of financial position on a gross basis and disclosed separately as an asset and a liability. Where provision has been made for ECL of receivables, the impairment loss is recorded for the gross amount of the receivable, including VAT.

### 3.16 CONTINGENT ASSETS AND 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 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.

### 3.18 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 is current when it is:

- expected to be Realized or intended to sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be Realized 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.

### 3.19 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.

### 3.20 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.

## 4. Property and equipment

For the year ended 31 December 2023

	Computer equipment	Furniture and fixtures	Office equipment & Motor vehicles	Leasehold improvement	Capital work in progress	Total
<b>Cost</b>						
Balance as at 1 January 2023	22,104,567	5,670,990	5,089,723	12,442,392	-	45,307,672
Additions	702,107	6,811	770,640	-	624,861	2,104,419
Transfers	295,469	-	-	-	(295,469)	-
Disposals	(33,570)	-	(78,970)	-	-	(112,540)
<b>Balance as at 31 December 2023</b>	<b>23,068,573</b>	<b>5,677,801</b>	<b>5,781,393</b>	<b>12,442,392</b>	<b>329,392</b>	<b>47,299,551</b>
<b>Accumulated depreciation</b>						
Balance as at 1 January 2023	21,418,128	5,639,550	4,907,533	11,861,914	-	43,827,125
Charge for the year	367,705	72,365	179,454	169,283	-	788,806
Disposals	(33,570)	-	(78,970)	-	-	(112,540)
<b>Balance as at 31 December 2023</b>	<b>21,752,263</b>	<b>5,711,915</b>	<b>5,008,017</b>	<b>12,031,197</b>	<b>-</b>	<b>44,503,391</b>
<b>Net book value at:</b>						
<b>31 December 2023</b>	<b>1,316,310</b>	<b>(34,114)</b>	<b>773,376</b>	<b>411,195</b>	<b>329,392</b>	<b>2,796,160</b>

These include fully depreciated assets amounting to SAR 43.3 million (31 December 2022: SAR 43.5 million).

For the year ended 31 December 2022

	Computer equipment	Furniture and fixtures	Office equipment & Motor vehicles	Leasehold improvements	Total
<b>Cost:</b>					
Balance as at 1 January 2022	21,826,658	5,970,328	5,210,204	12,753,394	45,760,584
Additions	274,021	85,333	60,527	58,865	478,746
Transfers	410,608	(55,436)	14,695	(369,867)	-
Disposals	(406,720)	(329,235)	(195,703)	-	(931,658)
<b>Balance as at 31 December 2022</b>	<b>22,104,567</b>	<b>5,670,990</b>	<b>5,089,723</b>	<b>12,442,392</b>	<b>45,307,672</b>
<b>Accumulated depreciation:</b>					
Balance as at 1 January 2022	21,487,272	5,831,668	5,085,921	11,580,817	43,985,678
Charge for the year	337,576	137,117	17,315	281,097	773,105
Disposals	(406,719)	(329,235)	(195,703)	-	(931,658)
<b>Balance as at 31 December 2022</b>	<b>21,418,128</b>	<b>5,639,550</b>	<b>4,907,533</b>	<b>11,861,914</b>	<b>43,827,125</b>
<b>Net book value at:</b>					
<b>31 December 2022</b>	<b>686,439</b>	<b>31,440</b>	<b>182,190</b>	<b>580,478</b>	<b>1,480,547</b>

## 5. Intangible assets

For the year ended 31 December

	2023	2022
<b>Cost</b>		
Balance at end of the year	14,831,993	14,831,993
<b>Accumulated amortization:</b>		
Balance at beginning of the year	14,537,574	14,321,049
Charge for the year	164,837	216,525
Balance at end of the year	14,702,411	14,537,574
Net book value as at the end of the year	129,582	294,419

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

## 6. Equity-accounted investee

Name of entity	Principle place of business	% of ownership interest	31 December 2023	31 December 2022
Jadwa Industrial Investment Company	Saudi Arabia	30	16,334,107	14,857,868

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. During the year ended 31 December 2022, the interest in equity of Luberef was sold through initial public offering (IPO).

The tables below provides a summarized financial information of the equity-accounted investee. The information disclosed reflects the amounts presented in the financial statements.

	31 December 2023 (Unaudited) SAR in '000	31 December 2022 (Unaudited) SAR in '000
Total current assets	55,371	81,900
Total current liabilities	924	430
Total non-current liabilities	-	31,944
Net assets (100%)	54,447	49,526
The Group's share of net assets (30%)	16,334	14,858

For the year ended 31 December

	31 December 2023 (Unaudited) SAR in '000	31 December 2022 (Audited) SAR in '000
Total income	5,497	1,151,814
Net income for the year	4,920	1,097,132
Total comprehensive income (100%)	4,920	1,097,132
The Group's share of total comprehensive income (30%)	1,476	329,140

## 7. Investments

At fair value through profit or loss	Note	31 December 2023	31 December 2022
Mutual funds	7.1	835,128,319	819,244,342
Funds with portfolio manager	7.2	674,635,494	816,568,601
<b>Total</b>		<b>1,509,763,813</b>	<b>1,635,812,443</b>

**7.1** The table below summarizes the cost and fair value of mutual funds:

	31 December 2023		31 December 2022	
	Cost	Fair Value	Cost	Fair Value
Open-ended funds – Units	175,246,719	177,132,152	169,682,888	171,678,870
Close-ended funds – Units	469,184,746	516,514,237	532,609,671	511,362,718
Jadwa REIT Saudi Fund	112,177,929	141,481,930	112,177,929	136,202,754
	<b>756,609,394</b>	<b>835,128,319</b>	<b>814,470,488</b>	<b>819,244,342</b>

**7.2** This relates to funds placed with the Fund Manager under a discretionary portfolio management agreement.



## 8. Account receivables

	Note	31 December 2023	31 December 2022
Due from related parties	11	205,475,819	209,239,174
Due from third parties		260,276,638	103,386,942
Expected credit losses		(67,020,392)	(77,566,982)
		<b>398,732,065</b>	<b>235,059,134</b>

**8.1** Information about the Group's exposure to credit risk and impairment losses for account receivables is included in note 24.1.

## 9. Prepaid expenses and other current assets

	Note	31 December 2023	31 December 2022
Prepaid software maintenance		-	599,968
Advances to employees		957,669	767,090
Prepaid insurance		2,028,873	1,889,713
Margin deposit	9.1	995,000	995,000
Prepaid Rent		7,291,680	6,487,796
Advance Tax	16.5	11,575,789	-
		<b>22,849,011</b>	<b>10,739,567</b>

**9.1** This represents margin deposit of SAR 0.99 million (31 December 2022: SAR 0.99 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 2023	31 December 2022
Cash at bank - current accounts		73,375,717	66,869,316
Murabaha deposits	10.1	184,000,000	205,000,000
		<b>257,375,717</b>	<b>271,869,316</b>

**10.1** Murabaha deposits are for varying periods ranging from one day to two months depending on the liquidity requirements of the Group. These carries rate ranging from 6.1% to 6.9% (2022: 5% to 5.4%)

## 11. Related party transactions

Related parties of the Group include its major shareholders, associate and 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

Related party	Nature of transaction	2023	2022
Funds under management	- Asset management and subscription fee	450,254,582	456,870,686
	- Acquisition of investments at FVTPL	208,377,784	1,115,704,097
	- Disposal of investments at FVTPL	401,718,603	414,661,540
	- Expenses paid on behalf of managed funds	5,214,367	13,514,213
	- Dividend income	32,842,070	52,991,814
The Associate	- Service fee [a]	-	1,500,000
	- Expenses paid on behalf of the Associate	157,071	3,955,613

Related party	Nature of balance	31 December 2023	31 December 2022
Funds under management	Investments at FVTPL	1,503,899,472	1,633,041,917
Funds under management	- Fees receivable and dividend receivable	161,701,233	174,388,726
	- Other receivables	34,931,020	34,850,453
		<b>196,632,253</b>	<b>209,239,179</b>

(a) 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	
	2023	2022	2023	2022	2023	2022
Salaries and allowances	10,657,943	11,460,028	418,708	143,721	11,076,651	11,603,749
Annual fee*	-	-	3,200,000	3,200,000	3,200,000	3,200,000
Other employee related expenses	35,065,000	48,609,646	-	-	35,065,000	48,609,646
Defined benefit obligations	1,235,847	1,018,668	-	-	1,235,847	1,018,668
	<b>46,958,790</b>	<b>61,088,342</b>	<b>3,618,708</b>	<b>3,343,721</b>	<b>50,577,498</b>	<b>64,432,062</b>
Defined benefit obligations – balance	9,005,391	7,679,445	-	-	9,005,391	7,679,445
Number of persons	6	6	7	7	13	13

\*This includes annual fee paid to the Board members amounting to SAR 350,000 each (2022: SAR 350,000).

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 authorized, issued and fully paid share capital of the Company consists of 100,000,000 shares of SAR 10 each (31 December 2022: 100,000,000 shares of SAR 10 each).

During the year ended 31 December 2022 the Company purchased 10% of its own shares as treasury shares from the sole foreign investor, based on the Board of Directors' resolution dated 27 January 2022, and that has been approved in the Extra Ordinary General Assembly meeting held on 8 February 2022. Moreover, the Company changed the purpose of the treasury shares to be allocated within the employees share plan, based on the Board of Directors' resolution dated 8 December 2022, that has been approved by the Extra Ordinary General Assembly meeting held on 14 December 2022. As a result of share buy back, the Company is 100% owned by Saudi shareholders.

As at 31 December 2022, Company had an outstanding commitment in the form of a letter of guarantee of SAR 27,359,796 (31 December 2022: SAR 27,359,796) related to outstanding payment against purchase of treasury shares.

### Statutory reserve

As per the new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to June 30, 2022), which came into force on 26/6/1444H (corresponding to January 19, 2023), the Company is not required to set aside net income for the statutory reserve. Accordingly, the Board of Directors on 27 March 2023 approved moving the statutory reserve to retained earnings. The Company aligned its By-Laws by approving it from shareholders in Extra Ordinary General Meeting dated 13 April 2023.

### Dividends

During the year, the shareholders in their Annual General Assembly meeting held on 22 Ramadan 1444 H (corresponding to 13 April 2023) approved the distribution of dividends amounting to SAR 300 million (31 December 2022: SAR 95.933 million) from the retained earnings at SAR 3.00 per share.

## 13. Defined benefit obligation

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

	For the year ended 31 December	
	2023	2022
Balance at beginning of the year	34,192,590	33,472,104
Current service cost	3,837,582	3,659,643
Interest on defined benefit obligation	1,462,888	875,960
<b>Recognized in the consolidated statement of profit or loss</b>	<b>5,300,470</b>	<b>4,535,603</b>
Benefits paid during the year	(1,890,283)	(1,756,844)
Actuarial gain / (loss) recognized in other comprehensive income	1,020,790	(2,058,273)
<b>Balance at the end of the year</b>	<b>38,623,567</b>	<b>34,192,590</b>

### 13.1 Principal actuarial assumptions

	31 December 2023	31 December 2022
Discount rate used (%)	4.90	4.40
Future growth in salary (%)	3.00	3.00
<b>Withdrawal rates (%):</b>		
- Age 20-30	30.24	29.8
- Age 31-40	12.4	12.4
- Age 41-50	3.4	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 the 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 3.00% (2022: 3.00%) 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 the 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:

Discount rate	31 December 2023	31 December 2022
1 % increase	(2,934,913)	(2,300,152)
1% decrease	3,200,633	2,466,855
Future salary growth		
1 % increase	3,199,708	2,466,044
1% decrease	2,955,351	(2,300,544)

### 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

### Cash settled

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 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 2023	31 December 2022
Fair value per share (SAR)	23.27	24.57
Book value per share (SAR)	14.53	16.72
Expected volatility (per annum)	8%	8%
Risk-free interest rate (per annum)	4%	4%



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. The below table shows the movement of share-based payment obligation:

	For the year ended	
	2023	2022
Opening share-based payment obligation	61,597,595	38,018,006
Share-based payment expense	20,036,367	45,366,377
Share-based payments	(11,206,940)	(21,786,788)
Closing share-based payment obligation	70,427,021	61,597,595

The above share based payment includes payment made to redemptions of shares by employees. payments of SAR 0.03 million (31 December 2022: SAR 17.33 million)

### Equity settled

During the year ended 31 December 2022, the Company launched share award payment plans. Under the Scheme, one-third of the award Shares vest on each of the third, fourth and fifth anniversaries of the effective date.

The fair value of the equity-settled share 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 2023	31 December 2022
Fair value per share (SAR) at the grant date	24.57	24.57
Book value per share (SAR)	14.53	16.72
Expected volatility (per annum)	8%	8%
Risk-free interest rate (per annum)	4%	4%

The below table shows the movement of share award payment plan:

	For the year ended	
	2023	2022
Opening share award payment plan reserve	59,314,246	--
Provision for share award payment plan	59,314,246	59,314,246
Closing share award payment plan reserve	118,628,492	59,314,246

## 15. Other payables and accruals

	31 December 2023	31 December 2022
Accrued employees' benefits	234,294,485	233,485,221
Payable for share buyback	56,849,000	56,849,000
Other accrued liabilities	14,071,730	15,131,845
Value added tax payable	34,194,778	12,821,586
Accrued transaction expenses	18,099,094	8,983,278
Rebates	3,675,965	3,093,663
Account payables	475,041	80,249
	<b>361,660,093</b>	<b>330,444,842</b>

## 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

	Notes	2023	2022
<b>Zakat charge</b>			
- Current year	16.3	40,492,039	30,135,519
- Prior years		130,280,00	1,806,956
		<b>170,772,039</b>	<b>31,942,475</b>
Income tax	16.4	-	1,075,975
Deferred tax reversal	16.6	-	(862,574)
		<b>170,772,039</b>	<b>32,155,876</b>

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

For the year ended 31 December

	Note	2023	2022
Balance at beginning of the year		71,908,649	58,929,007
Zakat and income tax charge for the year		170,772,039	33,018,451
Payments made during the year		(17,056,712)	(20,038,989)
Balance at end of the year		<b>225,623,976</b>	<b>71,908,469</b>

### 16.3 Zakat

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

	31 December 2023	31 December 2022
Share capital	1,000,000,000	852,735,000
Statutory reserve	-	255,820,500
Retained earnings	483,202,871	528,326,756
Book value of long-term assets	333,622,419	(822,056,842)
Opening provision and other adjustments	(626,786,687)	(235,321,708)
<b>Zakat base</b>	<b>1,190,038,602</b>	<b>579,503,706</b>
Saudi shareholder's	1,190,038,602	567,226,959
Zakat prior to net adjusted income	30,675,430	14,937,772
Net adjusted income	344,015,885	621,067,129
Saudi shareholder's adjusted net income	344,015,865	607,909,864
Zakat on adjusted net income	8,600,397	15,197,747
<b>Zakat charge on adjusted net income</b>	<b>39,275,827</b>	<b>30,135,519</b>
Zakat on investment funds	1,216,212	-
<b>Zakat charge for the year</b>	<b>40,492,039</b>	<b>30,135,519</b>

### 16.4 Income tax

For the year ended 31 December

Current tax	2023	2022
Adjusted net income (10.31%)* for non-Saudi shareholders	-	5,379,878
Income tax charge for the year (20%)	-	1,075,975

\* As a result of share buyback from a sole foreign investor in 2022, the Company is 100% owned by Saudi shareholders so there is no income and deferred tax applicable for the year ended 31 December 2023.

**16.5** The Company has filed its Zakat and tax returns with the ZATCA for financial years up till and including the year 2022. The Zakat and tax assessments for the years up till 2018 have been assessed by the ZATCA 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 ZATCA.

During the year, the Appeal Committee for Tax Violations and Disputes (ACTVD) issued a decision against the Company with a revised demand of SAR 53 million for the year 2008-2014. In addition, the Company has paid an advance amount of SAR 11.5 million to ZATCA for the said assessment and also filed a reconsideration letter, however, no decision has been issued. The Company is re-evaluating possible legal recourse to ACTVD's decision; however, the Company has recognized additional Zakat liability in these financial statements related to these years.

Subsequent to year end, The Company received an offer of settlement from the settlement committee for the year 2015-2018 with a revised additional demand of SAR 56 million. The company accepted the offer and accordingly recorded an additional provision in these financial statements related to these years.

Out of an abundance of caution, the Company has applied the ZATCA tax assessment methodology for the years 2019-2022 and recorded additional provision in these financial statements for these years also.

## 17. Clients' cash accounts

At 31 December 2023, the Company was holding clients' cash accounts amounting to SAR 555.61 million (2022: SAR 2,292.95 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 62.52 billion as at 31 December 2023 (2022: SAR 53.28 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	2023	2022
Management fee		334,139,630	313,180,193
Carry fee	19.1	25,000,000	161,017,432
Subscription fee		33,626,806	85,292,817
Performance fee		176,099,885	33,853,254
Others		22,622,814	18,433,199
		<b>591,489,135</b>	<b>611,776,895</b>

**19.1** It represents a carry fee received on sale of an underlying investment of a private equity fund managed by the Company as per the Terms and Conditions of the Fund.

**19.2** The Kingdom of Saudi Arabia is the Primary Geographical market of the Company for all the streams of revenue. Following is a disaggregation of total revenue by major services provided by the Group and timing of recognition for the years ended 31 December:

Timing of revenue recognition

	Point in time		Overtime		Total	
	2023	2022	2023	2022	2023	2022
Asset management and subscription fees	234,726,691	280,163,503	356,762,444	331,613,392	591,489,135	611,776,895
Investment banking income	-	-	-	331,613,392	-	1,500,000
Brokerage income	4,087,983	5,070,934	-	-	4,087,983	5,070,934
Special commission income	-	-	8,183,825	1,150,500	8,183,825	1,150,500
Dividend income	32,842,070	52,991,814	-	-	32,842,070	52,991,814
Re-measurement of fair value of investments, net	47,202,928	16,927,811	-	-	47,202,928	16,927,811
Realized gain on investments, net	20,088,760	117,840,034	-	-	20,088,760	117,840,034
<b>Total revenue</b>	<b>338,948,432</b>	<b>472,994,096</b>	<b>364,946,269</b>	<b>334,263,892</b>	<b>703,894,701</b>	<b>807,257,988</b>

## 20. Investment banking income

For the year ended 31 December

	2023	2022
Advisory fee	--	1,500,000

## 21. Salaries and employee related expenses

For the year ended 31 December

	Notes	2023	2022
Salaries and allowances		89,054,117	83,287,197
Other employee related expenses	21.1	222,819,434	282,547,894
Share-based payment expense	14	79,350,613	98,527,679
Defined benefit obligation expense	13	5,300,470	8,049,289
		<b>396,524,634</b>	<b>472,412,059</b>

**21.1** This includes an amount of SAR 18.7 million (2022: SAR 120.8 million) transferred to a custodial account which was created to hold employees (including certain key management personnel) portion of the carry fee in accordance with the incentive programs documentation.



## 22. Other general and administrative expenses

	For the year ended 31 December	
	2023	2022
Professional fee	13,325,534	15,344,860
Repairs and maintenance expenses	13,799,185	14,532,794
Subscription fee	10,929,162	10,788,312
Board of Directors expense	3,743,750	3,743,750
Outsourced staff	4,593,925	3,775,563
Withholding tax	1,738,187	1,471,658
Telecommunication expense	1,373,376	1,254,176
Insurance expense	1,237,889	1,201,152
Travel expenses	2,480,464	3,510,040
Utilities	532,418	569,473
Meeting expense	538,588	381,829
Gifts	1,394,840	1,631,465
Publication, printing and stationery	411,920	311,640
Conference expense	431,773	301,550
Others	1,721,775	1,709,466
	<b>58,252,786</b>	<b>60,527,728</b>

## 23. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access at that date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

### 31 December 2023

Financial assets measured at fair value	Carrying value	Level 1	Level 2	Level 3	Total
<b>Investments at FVTPL</b>					
Open-ended funds	177,132,152	-	177,132,152	-	177,132,152
Close-ended funds	516,514,237	-	-	516,514,237	516,514,237
Jadwa REIT Saudi Fund	141,481,930	141,481,930	-	-	141,481,930
Funds with portfolio manager	674,635,493	674,635,493	-	-	674,635,493
	<b>1,509,763,812</b>	<b>816,117,423</b>	<b>177,132,152</b>	<b>516,514,237</b>	<b>1,509,763,812</b>

### 31 December 2022

Financial assets measured at fair value	Carrying value	Level 1	Level 2	Level 3	Total
<b>Investments at FVTPL</b>					
Open-ended funds	171,678,870	130,948,386	40,730,484	-	171,678,870
Close-ended funds	511,362,718	-	-	511,362,718	511,362,718
Jadwa REIT Saudi Fund	136,202,754	136,202,754	-	-	136,202,754
Funds with portfolio manager	816,568,601	816,568,601	-	-	816,568,601
	<b>1,635,812,943</b>	<b>1,083,719,741</b>	<b>40,730,484</b>	<b>511,362,718</b>	<b>1,635,812,943</b>

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. Therefore, the Company classified them as level 2 of the fair value hierarchy.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments are units of private equity funds and real estate funds. Fair value 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 tables show the valuation techniques used in measuring Level 3 fair values:

Significant unobservable inputs are as follows:

Nature of Investment	Value Technique	Significant unobservable inputs	Ranges	Sensitivity to changes in significant unobservable input
Private Equity Investment	Discounted cash flows	Weighted Average Cost of Capital (WACC)	16.2% - 21.1%	The lowest and highest range in the WACC would result in higher and lower fair value per unit respectively.
Real Estate Investment	Discounted cash flows	Expected Net Cash flows derived from the investment	4,873m2 -13,914 m2	A significant increase in expected net cash flows would result in higher fair value

**Weighted average cost of capital (WACC):** It represents the company's cost of capital in which each category of capital is proportionally weighted. All sources of capital are included in a WACC calculation. All sources of capital, including common stock, preferred stock, bonds, and any other long-term debt, are included in a WACC Calculation.

**Expected Net Cash flow:** Expected Net Cash flow is the amount of cash flows from operations available for distribution after accounting for depreciation expenses, taxes, working capital, and investments. It is a measurement of a company's profitability after all expenses and reinvestments.

The following table summarizes the movement of the Level 3 fair values for the year ended 31 December 2023:

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair

**31 December 2023**

	2023	2022
Carrying value at the beginning of the year	511,362,718	595,408,895
Investments purchased	129,043,698	180,041,499
Investments sold	(128,709,233)	(296,521,865)
Re-measurement of fair value of investments, net	4,817,054	32,434,189
<b>Carrying value at the end of the year</b>	<b>516,514,237</b>	<b>511,362,718</b>

value measurements during the years ended 31 December 2023 and 31 December 2022. 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. 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

## 24.1 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	
	2023	2022
Cash and cash equivalents	257,375,717	271,869,316
Accounts and other receivables	465,752,457	312,626,075
Investments held at FVTPL	1,509,763,813	1,635,812,943
Other assets	1,952,669	1,762,090
	<b>2,234,844,656</b>	<b>2,222,070,424</b>

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.

The Group's criteria for determining whether credit risk has increased significantly include quantitative factors like a fall in ratings since credit origination, along with qualitative factors, including a backstop based on delinquency.

As a backstop, the Group considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received.

The Group considers the financial assets to be in default when:

- The debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to action such as realizing security (if any), or
- The financial asset is more than 90 days past due.

### 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:

Name	Standard & Poor's		Fitch		Moody's	
	Long term	Short term	Long term	Short term	Long term	Short term
Alinma Bank	-	-	BBB+	F-2	-	-
Bank Al Bilad	-	-	-	-	A3	P-2
Saudi National Bank	-	-	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

The Group's exposure to credit risk is influenced mainly by the individual characteristics 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	
	2023	2022
Kingdom of Saudi Arabia	449,062,353	287,521,153
United States of America	14,420,039	21,062,056
Others	2,270,065	4,042,866
	<b>465,752,457</b>	<b>312,626,075</b>



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

	Total maximum exposure as at 31 December	
	2023	2022
Close-ended mutual funds – related parties	170,876,377	198,763,705
Open-ended mutual funds – related parties	34,934,208	21,862,783
Corporate customers	207,463,858	63,005,800
Others	52,478,014	28,993,787
	<b>465,752,457</b>	<b>312,626,075</b>

#### Expected credit losses (“ECL”) for account receivables as at 31 December 2022 and 31 December 2021

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 Group uses an allowance matrix to measure the expected credit losses (ECL) 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 for exposures based on age analysis of outstanding exposure.

The following tables provide information about the exposure to credit risk and ECLs for account receivables:

31 December 2023	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Current (not past due)	0.2%	1,241,217	2,693	1,238,524
Past due 0 – 30 days	0.5%	281,401,839	1,350,504	280,051,335
Past due 31 – 180 days	5%	96,954,115	3,327,528	93,626,587
Past due 181 – 360 days	19%	21,250,331	4,235,305	17,015,026
Past due over 360 days	45%	12,341,885	5,541,292	6,800,593
Management overlays on specific exposures	100%	52,563,070	52,563,070	-
		<b>465,752,457</b>	<b>67,020,392</b>	<b>398,732,065</b>

31 December 2022	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Current (not past due)	0.3%	1,137,500	3,398	1,134,102
Past due 0 – 30 days	4%	149,384,685	6,247,772	143,136,913
Past due 31 – 180 days	6%	23,493,620	1,630,592	21,863,028
Past due 181 – 360 days	7%	62,649,654	4,348,246	58,301,408
Past due over 360 days	21%	12,204,213	1,580,571	10,623,642
Management overlays on specific exposures	100%	63,756,403	63,756,403	-
		312,626,075	77,566,982	235,059,093

## 24.2 Market risk

Loss rates are based on actual credit loss experiencing 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 3.26% (2022: 3.09%).

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

### For the year ended 31 December

Notes	2023	2022
Balance as at 1 January under IFRS 9	77,566,982	13,810,578
Net re-measurement of loss allowance for the year	(7,488,521)	63,909,941
Write-off	(3,058,069)	(153,537)
Balance as at the end of the year	67,020,392	77,566,982

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 2023**

	USD	GBP	AED
Investments at fair value through profit or loss	140,060,731	-	-
Accounts receivables, net	16,558,205	-	-
Cash and cash equivalents	3,069,065	232,772	257,670
<b>Net exposure</b>	<b>159,688,001</b>	<b>232,772</b>	<b>257,670</b>

**31 December 2022**

	USD	GBP	AED
Investments at fair value through profit or loss	173,420,287	-	-
Accounts receivables, net	25,107,995	21,857	-
Cash and cash equivalents	13,125,547	225,085	282,657
<b>Net exposure</b>	<b>211,653,829</b>	<b>246,942</b>	<b>282,657</b>

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
<b>31 December 2023</b>		
USD + / - 1%	159,688,001	(159,688,001)
GBP + / - 1%	232,772	(232,772)
AED + / - 1%	257,670	(257,670)
<b>Net effect</b>	<b>160,178,443</b>	<b>(160,178,443)</b>
<b>31 December 2022</b>		
USD + / - 1%	2,088,413	(2,088,413)
GBP + / - 1%	2,469	(2,469)
AED + / - 1%	2,827	(2,827)
<b>Net effect</b>	<b>2,093,709</b>	<b>(2,093,709)</b>

**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 except for Murabaha deposits classified as cash and cash equivalents for which the sensitivity is not presented as the impact is not material.

**Price risk**

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. 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:

Change in NAV %	For the year ended 31 December	
	2023	2022
±5	75,488,191	81,931,272

### 24.3. 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.

The following analyses the Company’s financial liabilities into relevant maturity groupings based on the remaining contractual maturities at the statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Total
<b>2023</b>		
Accrued and other liabilities	327,465,313	327,465,313
	327,465,313	327,465,313

### 24.4. Operational risk

<b>2022</b>		
Accrued and other liabilities	317,590,757	317,590,757
	317,590,757	317,590,757

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 unit holders.

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

## 25. Financial instruments by category

All financial assets and financial liabilities for the years ended 31 December 2023 and 31 December 2022, are classified under amortized cost category except for investment held at FVTPL, which is classified and measured at fair value.

	Measurement category	As at 31 December 2023	As at 31 December 2022
<b>Financial assets</b>			
Cash and bank balances	Amortized cost	257,375,717	271,869,316
Account receivables, net	Amortized cost	384,914,227	235,059,134
Investments held at FVTPL	Investments held at FVTPL	1,509,763,813	1,635,812,943
Other receivables	Amortized cost	1,952,669	1,762,090
<b>Total financial assets</b>		<b>2,154,006,426</b>	<b>2,144,503,483</b>
<b>Financial liabilities</b>			
Accrued and other liabilities	Amortized cost	327,465,313	317,590,757
<b>Total financial liabilities</b>		<b>327,465,313</b>	<b>317,590,757</b>

## 26 Events after the end of the reporting period

There are no event subsequent to the statement of financial position date which require adjustment of or disclosure in the financial statement or notes thereto.

## 27 Approval of financial statements

These consolidated financial statements were authorized for issue on 26 March 2024 by the Board of Directors of Jadwa Investment Company.



# Index of CMA requirements

Requirement	Section	Page
Description of all main activities of the Capital Market Institution.	Business overview	38 – 43
Formation of the Board of Directors and classification of its members as follows: executive Board member, non-executive Board member, or independent Board member.	Corporate governance	48
Names of companies inside and outside the Kingdom of which a member of the Board of Directors of the Capital Market Institution is a member of its Boards of Directors or one of its directors.	Corporate governance	49 – 50
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	57
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	34 – 37 38 – 43
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	49
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	51 – 52
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	53
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	53
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	54
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	56
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	54 – 55
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	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	57
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	57
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	54
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	57

## Requirement

## Section

## Page

A description of each transaction concluded between a Capital Market Institution and a related person.

N/A

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

50



## Jadwa Investment

A Saudi Closed Joint Stock Company  
Licensed by the Capital Market Authority  
License No. 06034-37  
Paid-up capital of SAR 1,000,000,000  
Phone +966 11 279-1111  
P.O. Box 60677, Riyadh 11555, Saudi Arabia

[jadwa.com](http://jadwa.com)