

DERAYAH SAUDI EQUITIES FUND
Open-Ended Investment Fund
(Managed by Derayah Financial Company)
Interim condensed financial statements (Un-audited)
For the six-months period ended 30 June 2025
Together with the
Independent Auditor's Review Report to the Unitholders

DERAYAH SAUDI EQUITIES FUND
Open-Ended Investment Fund
(Managed by Derayah Financial Company)
Interim Condensed Financial Statements (Un-audited)
For the period ended 30 June 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE UNITHOLDERS OF DERAYAH SAUDI EQUITIES FUND
MANAGED BY DERAYAH FINANCIAL COMPANY**

(1 /1)

Riyadh – Kingdom of Saudi Arabia**INTRODUCTION**


We have reviewed the accompanying interim statement of financial position of Derayah Saudi Equities Fund (the "Fund") as at 30 June 2025 and the related interim statement of comprehensive income, interim statements of changes in net assets (equity) attributable to the unitholders and interim statement of cash flows for the six-months period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagement 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", that is endorsed in the Kingdom of Saudi Arabia. A review of interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**For PKF Al Bassam
Chartered Accountants**
Abdullah Al Bassam
Certified Public Accountant
License No. 703
Riyadh, Kingdom of Saudi Arabia
16 Safar 1447H
Corresponding to: 10 August 2025

DERAYAH SAUDI EQUITIES FUND
Open-Ended Investment Fund
(Managed by Derayah Financial Company)

INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

As at 30 June 2025

(Amounts in Saudi Riyal)

	<u>Note</u>	30 June 2025 (Un-audited)	31 December 2024 (Audited)
ASSETS			
Cash and cash equivalents	5	14,129,369	8,814,326
Investments carried at fair value through profit or loss (FVTPL)	6	603,867,286	540,733,923
Advance for IPO subscription	7	-	10,423,280
Total assets		617,996,655	559,971,529
LIABILITIES			
Management fees payable	9	836,575	771,823
Accrued expenses		112,916	154,062
Total liabilities		949,491	925,885
Net assets (equity) attributable to the Unitholders		617,047,164	559,045,644
Units in issue (number)	8	45,197,423	39,536,681
NET ASSETS (EQUITY) ATTRIBUTABLE TO EACH UNIT		13.65	14.14

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

DERAYAH SAUDI EQUITIES FUND
Open-Ended Investment Fund
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INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

For the six-month period ended 30 June 2025

(Amounts in Saudi Riyal)

	<u>Note</u>	30 June 2025 (Un-audited)	30 June 2024 (Un-audited)
<u>Investment income</u>			
Realized gain from investments carried at FVTPL		(643,957)	27,580,563
Unrealized (loss) / gain from investments carried at FTVPL		(25,071,344)	24,333,145
Dividend income		6,659,377	3,203,680
Other income		12,839	-
		(19,043,085)	55,117,388
<u>Expenses</u>			
Management fees	9	(5,209,365)	(3,037,608)
Other expenses		(183,431)	(221,578)
		(5,392,796)	(3,259,186)
Net income for the period		(24,435,881)	51,858,202
Other comprehensive income for the period		-	-
Total comprehensive income for the period		(24,435,881)	51,858,202

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

DERAYAH SAUDI EQUITIES FUND
Open-Ended Investment Fund
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INTERIM STATEMENT OF CHANGES IN NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS (UN-AUDITED)

For the six-month period ended 30 June 2025
(Amounts in Saudi Riyal)

	30 June 2025 (Un-audited)	30 June 2024 (Un-audited)
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS AT THE BEGINNING OF THE PERIOD	559,045,644	-
Changes from unit transactions:		
Issuance of units	175,255,498	500,307,158
Redemption of units	(92,818,097)	(49,276,049)
Net changes from unit transactions	82,437,401	451,031,109
Total comprehensive income for the year	(24,435,881)	51,858,202
NET ASSETS (EQUITY) ATTRIBUTABLE TO THE UNIT HOLDERS AT THE END OF THE PERIOD	617,047,164	502,889,311

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

DERAYAH SAUDI EQUITIES FUND
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INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

For the six-month period ended 30 June 2025

(Amounts in Saudi Riyal)

	30 June 2025 (Un-audited)	30 June 2024 (Un-audited)
Cash flows from operating activities:		
Net loss for the year	(24,435,881)	51,858,202
Adjustments for:		
Unrealized losses from investments carried at FVTPL	25,071,344	(24,333,145)
Net changes in operating assets and liabilities:		
Investments carried at FVTPL	(88,204,707)	(465,535,900)
Dividend receivable	-	(571,115)
Advance for IPO subscription	10,423,280	-
Management fees payable	64,752	673,575
Accrued expenses	(41,146)	110,524
Net cash used in operating activities	(77,122,358)	(437,797,859)
Cash flows from financing activities:		
Proceeds from issuance of units	175,255,498	500,307,158
Redemptions of the units	(92,818,097)	(49,276,049)
Net cash generated from financing activities	82,437,401	451,031,109
Net increase in cash and cash equivalents	5,315,043	13,233,250
Cash and cash equivalents at beginning of the period	8,814,326	-
Cash and cash equivalents at end of the period	14,129,369	13,233,250

The accompanying notes 1 to 14 form an integral part of these interim condensed financial statements.

DERAYAH SAUDI EQUITIES FUND
Open-Ended Investment Fund
(Managed by Derayah Financial Company)

Notes to the interim condensed financial statements (Un-audited)

For the six-month period ended 30 June 2025

(All amounts in Saudi Riyal unless otherwise stated)

1 FUND AND ITS ACTIVITIES

Derayah Saudi Equities Fund (the “Fund”) is an open-ended, Shariah-compliant public investment fund managed under an agreement between Derayah Financial (the “Fund Manager”) and the fund’s investors (“Unit Holders”). to grow capital in the long term by investing mainly in the securities of companies listed on the Saudi stock market, and in the parallel market (“Nomu”), rights issue and initial offerings issued within the Kingdom of Saudi Arabia. All of the fund’s investments must be compatible with the Sharia standards approved by Sharia Committee. The fund will also invest in money market instruments, money market funds, REITs, exchange-traded funds, and closed-end mutual funds. The Fund will not distribute dividends to its unit holders, all profits will be reinvested by the Fund.

In dealing with the Unitholders, the Fund Manager considers the Fund as an independent accounting unit. Accordingly, the Fund’s Management prepares a separate financial statement for the Fund.

Capital Market Authority (“CMA”) approval for the establishment of the Fund was granted in its letter number (S/3/5/7715/23) dated Rabi II 08, 1445 H (corresponding to 23 October 2023).

2 REGULATING AUTHORITY

The Fund is governed by the Investment Fund Regulations (the “Regulations”) published by CMA detailing requirements for all funds within the Kingdom of Saudi Arabia.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). They should be read in conjunction with the Fund's most recent annual financial statements for the year ended December 31, 2024. These interim condensed financial statements do not typically include all the information required to prepare the financial statements, but specific accounting policies and explanatory notes are included to explain significant events and transactions since December 31, 2024.

Furthermore, the results for the six-month period ended June 30, 2025, are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2025.

3.2 Basis of measurement

These interim condensed financial statements have been prepared under the historical cost convention, using the accrual basis of accounting except for investments carried at fair value through profit or loss which are carried at their fair value. The Fund presents its interim statement of financial position in the order of liquidity.

3.3 Functional and Presentation Currency

Items included in the interim condensed financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). These interim condensed financial statements are presented in Saudi Riyal (“SAR”) which is the Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into SAR using the exchange rates prevailing at the date of transactions. Foreign currency assets and liabilities are translated into SAR using the exchange rates prevailing at date of the interim statement of financial position. Foreign exchange gains and losses, if any, arising from translation are included in the interim statement of comprehensive income.

DERAYAH SAUDI EQUITIES FUND
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For the six-month period ended 30 June 2025

(All amounts in Saudi Riyal unless otherwise stated)

3 BASIS OF PREPARATION (CONTINUED)

3.4 Critical accounting judgments, estimates and assumption

The preparation of these interim condensed financial statements requires the Fund Manager to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumption and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

While applying the Fund's accounting policies, the Fund Manager has made the following estimates and judgments that are significant to these financial statements:

A- Judgments

3.4.1 Going concern

The Fund Manager of the Fund has assessed the Fund's ability to continue as a going concern and is satisfied that the Fund has the necessary resources to continue in operating in the future. Furthermore, the Fund Manager is not aware of any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern. Therefore, these interim condensed financial statements have been prepared on the going concern basis.

B- Unconfirmed assumptions and estimates

3.4.2 Expected credit losses

In the preparation of these interim condensed financial statements, the Fund Manager has made a number of significant judgments required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

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

3.5 Summary of material accounting policies

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Fund's annual financial statements for the year ended 31 December 2024.

3.6 Newly issued financial reporting pronouncements

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025, but they do not have a material effect on the Fund's condensed interim financial statements. Certain other forthcoming accounting pronouncements not yet effective are also not expected to have a material impact on the Fund.

4 MANAGEMENT FEE, AND OTHER CHARGES

The fund manager charges a management fee of 1.5% of the fund's net asset value. The management fee is calculated daily and deducted at the end of each calendar month.

Custodian fees for local markets are calculated at an annual rate of 0.02% to 0.03% annually of the Fund's net asset value, calculated daily and deducted monthly. The custodian is also entitled to a transaction fee of (20) riyals per transaction for the Saudi market. Value Added Tax is not included in the aforementioned.

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For the six-month period ended 30 June 2025

(All amounts in Saudi Riyal unless otherwise stated)

5 CASH AND CASH EQUIVALENTS

	Note	30 June 2025 (Un-audited)	31 December 2024 (Audited)
Cash in investment account	6.1	14,129,369	8,814,326

6.1 Cash in investment account is held in an investment account with Albilad Investment Company, The Fund does not earn profit on these investment accounts.

6 INVESTMENTS CARRIED AT FVTPL

	30 June 2025 (Un-audited)		31 December 2024 (Audited)	
	Cost	Fair Value	Cost	Fair Value
Energy	56,484,432	51,616,270	23,577,531	20,905,349
Materials	145,826,967	139,035,624	121,121,557	117,699,524
Consumer Staples	48,515,499	41,496,343	51,938,409	45,888,147
Industrials	31,458,359	30,930,402	18,318,459	19,670,869
Information Technology	45,824,230	42,748,963	17,049,828	20,054,697
Health Care	62,706,114	51,930,292	51,888,460	44,831,611
Real Estate	16,762,380	17,101,621	19,365,987	23,434,710
Utilities	16,138,029	11,876,616	11,189,006	9,370,033
Commercial	19,777,403	18,885,147	19,514,361	18,605,327
Financials	146,448,266	138,977,648	161,572,429	171,669,098
Consumer Discretionary	18,915,401	26,758,301	21,814,306	18,891,175
Telecommunication Services	26,610,104	30,511,432	22,614,022	26,075,682
Retail	-	-	1,951,345	3,637,701
Mutual funds	2,000,000	1,998,627	-	-
	637,467,184	603,867,286	541,915,700	540,733,923

7 ADVANCE FOR IPO SUBSCRIPTION

During the financial year ended 31 December 2024, the fund participated in the book-building process of an entity. An advance payment amounting to SAR 10.42 Million was made to the book builder as part of the subscription process for the equity shares. As at 30 June 2025, no balance remains outstanding in respect of this transaction, as the advance was fully settled during the period.

8 UNIT TRANSACTIONS

Transactions in units for the period / year are summarized as follows:

	30 June 2025 (Un-audited)	31 December 2024 (Audited)
Units at the beginning of the period	39,536,681	-
Units issued during the period	12,349,378	55,805,803
Units redeemed during the period	(6,688,636)	(16,269,122)
Net change in units	5,660,742	39,536,681
Units at the end of the period	45,197,423	39,536,681

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(All amounts in Saudi Riyal unless otherwise stated)

9 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Fund include Derayah Financial Company (the fund manager), and Albilad Capital (the custodian). In the ordinary course of its activities, the Fund transacts business with related parties. The related parties' transactions are governed by limits set by the regulations issued by the CMA. All related party transactions are approved by the Fund's Board of directors.

The following are the significant transactions with related parties that the fund entered into during the year and the balances resulting therefrom:

Related party	Nature of transactions	Amount of transaction during the period		Closing balance (payable)	
		30 June 2025 (Un-audited)	30 June 2024 (Un-audited)	30 June 2025 (Un-audited)	31 December 2024 (Audited)
Derayah Financial Company	Management Fees	(5,209,365)	(3,037,608)	(836,575)	(771,823)
Albilad Capital	Custody Fees	(60,425)	(49,677)	(24,331)	(11,350)
Fund Board	Rewards	(19,836)	(39,891)	(19,836)	(60,000)

10 FINANCIAL INSTRUMENTS BY CATEGORY

30 June 2025 (Un-audited)

Assets as per interim statement of financial position

	Amortized cost	FVTPL
Cash balances	14,129,369	-
Investments carried at (FVTPL)	-	603,867,286
Total	14,129,369	603,867,286

31 December 2024 (audited)

Assets as per statement of financial position

	Amortized cost	FVTPL
Cash balances	8,814,326	-
Investments carried at (FVTPL)	-	540,733,923
Total	8,814,326	540,733,923

All financial liabilities as at 30 June 2025 and 31 December 2024 were classified as financial liabilities carried at amortized cost.

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Notes to the interim condensed financial statements (Un-audited)

For the six-month period ended 30 June 2025

(All amounts in Saudi Riyal unless otherwise stated)

11 FINANCIAL RISK MANAGEMENT

11.1 Financial risk factors

The Fund's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Fund's comprehensive risk management program focuses on the unpredictability of financial markets and seeks to minimize potential negative effects on the Fund's financial performance.

The financial instruments included in these financial statements principally include cash and cash equivalents, investments at fair value through profit or loss, investments at fair value through other comprehensive income, other receivable balances, accrued expenses and management fees payable. The specific identification methods adopted are disclosed in the individual policy statements associated with each item. Financial assets and liabilities, net of amounts reported in the financial statements, are offset when the Fund has a legally enforceable right to cash the recognized amounts and intends either to settle on a net basis, or to realize the asset and liability simultaneously.

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

(a) Market risk

(i) Price risk

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

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund Manager diversifies the investment portfolio and closely monitors the price movement of its investments in financial instruments. As of the interim statement of financial position date, the Fund has equity investments.

The effect on the net assets value (as a result of the change in the fair value of investments as at 30 June 2025 (Un-audited) and 31 December 2024 (Audited) due to a reasonably possible change in equity indices based on the industry concentration, with all other variables held constants is as follows:

	30 June 2025		31 December 2024	
	(Un-audited)		(Audited)	
	Potential reasonable change %	Effect on NAV	Potential reasonable change %	Effect on NAV
Saudi Market				
Equity investments	+/-1%	6,038,673	+/-1%	5,407,339

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Fund is exposed to credit risk in its cash, cash equivalents and other receivable balances. Bank balances are deposited with a Saudi bank with a good financial rating.

The following table shows the Fund's maximum exposure to credit risk for components of the statement of financial position.

	30 June 2025	31 December 2024
	(Un-audited)	(Audited)
Cash and cash equivalents	14,129,369	8,814,326

Expected credit loss measurement

The Fund does not have a formal internal grading mechanism. Credit risks are generally managed on the basis of external credit ratings of counterparties.

Under the general approach of IFRS 9 ECL, the financial assets are classified into three stages. Each stage indicates the credit quality of the particular financial asset.

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(All amounts in Saudi Riyal unless otherwise stated)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

11.1 Financial risk factors (continued)

(b) Credit risk (continued)

Expected credit loss measurement (continued)

The fund manager has performed an ECL assessment of financial assets carried at amortized cost. No provision for impairment of these financial assets was recognized in these financial statements because the amount was not material.

The Fund's maximum undiscounted exposure to credit risk for the components of the statement of financial position and the respective expected credit loss is as follows:

	30 June 2025		31 December 2024	
	(Un-audited)		(Audited)	
	Exposure	ECL	Exposure	ECL
Cash and cash equivalents	14,129,369	-	8,814,326	-

(c) Liquidity risk

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

The Fund's Terms and Conditions provide for subscription and redemption of units on Sunday and Tuesday; therefore, it is exposed to the liquidity risk of meeting Unitholder redemptions on these days. The Fund's financial liabilities primarily consist of payables which are expected to be settled within one month from the interim statement of financial position date.

The Fund Manager monitors liquidity requirements by ensuring that sufficient funds are available to meet any commitments as they arise, either through new subscriptions, liquidation of the investment portfolio or by taking short term loans from the Fund Manager.

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

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a variety of causes associated with the processes, technology and infrastructure supporting the Fund's activities either internally or externally at the Fund's service provider and from external factors other than credit, liquidity, currency and market risks such as those arising from the legal and regulatory requirements.

The Fund's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its investment objective of generating returns to Unitholders.

11.2 Fair value estimation

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

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The carrying values of the Fund's financial instruments carried at amortized cost are assumed to approximate their fair values.

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For the six-month period ended 30 June 2025

(All amounts in Saudi Riyal unless otherwise stated)

11 FINANCIAL RISK MANAGEMENT (CONTINUED)

11.2 Fair value estimation (continued)

The fair value hierarchy has the following levels:

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

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equity and debt instruments. The Fund does not adjust the quoted price for these instruments.

The Fund classifies all of its financial assets except for those carried at amortized cost, at fair value as level 1.

12 SUBSEQUENT EVENTS

As of the date of approval of these interim condensed financial statements, there have been no significant subsequent events requiring disclosure to or adjustment in these interim condensed financial statements.

13 LAST VALUATION DAY

The last valuation day for the period was 30 June 2025 (31 December 2024).

14 APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

These interim condensed financial statements were authorized for issue by the Fund's Board of Directors on 04 August 2025 (corresponding to 10 Safar 1447H).