

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund
(Managed by SEDCO Capital)

**UNAUDITED INTERIM CONDENSED FINANCIAL INFORMATION
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

FOR THE PERIOD FROM 13 APRIL 2025 TO 30 JUNE 2025

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund
(Managed by SEDCO Capital)

INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

For the period from 13 April 2025 to 30 June 2025

INDEX	PAGE
Review report	1
Interim condensed statement of financial position – unaudited	2
Interim condensed statement of income and comprehensive income – unaudited	3
Interim condensed statement of changes in net assets attributable to Unitholders – unaudited	4
Interim condensed statement of cash flows – unaudited	5
Notes to the interim condensed financial information – unaudited	6 – 14

**Independent Auditor's Review Report on the Interim Condensed Financial Information
To the Unitholders of SEDCO Capital Saudi Freestyle Artificial Intelligence Fund**

Introduction

We have reviewed the accompanying interim condensed statement of financial position of SEDCO Capital Saudi Freestyle Artificial Intelligence Fund (the "Fund") managed by SEDCO Capital ("Fund Manager") as at 30 June 2025 and the related interim condensed statements of income and comprehensive income, changes in net assets attributable to the Unitholders and cash flows for the period from 13 April 2025 to 30 June 2025, and explanatory notes. The Fund Manager is responsible for the preparation and presentation of these interim condensed financial information 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 information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "*Review of Interim financial information Performed by the Independent Auditor of the Entity*" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing 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 information are not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services



Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)

Jeddah: 17 Safar 1447H
(11 August 2025G)



SEDCO Capital Saudi Freestyle Artificial Intelligence Fund
(Managed by SEDCO Capital)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2025

	<i>Notes</i>	<i>30 June 2025 (Unaudited) ﷲ</i>
ASSETS		
Bank balance		409,533
Financial assets measured at fair value through income statement (FVTIS)	5	4,781,302
Dividend receivable		5,169
Other receivables		47,210
TOTAL ASSETS		5,243,214
LIABILITIES		
Due to a related party	6	25,918
Accrued expenses and other payables		44,889
TOTAL LIABILITIES		70,807
NET ASSETS ATTRIBUTABLE TO THE UNITHOLDERS		5,172,407
UNITS IN ISSUE		530,000
Net assets value per unit (ﷲ)		9.7593

The attached notes from 1 to 10 form an integral part of these interim condensed financial information.

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

INTERIM CONDENSED STATEMENT OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

For the period from 13 April 2025 to 30 June 2025

		<i>For the period from 13 April 2025 to 30 June 2025 (Unaudited) SAR</i>
	<i>Notes</i>	
(LOSS) / INCOME		
Net unrealised loss on revaluation of financial assets measured at FVTIS	5	(51,352)
Net realised loss on financial assets measured at FVTIS	5	(36,021)
Dividend income		32,720
NET LOSS		(54,653)
EXPENSES		
Management and shariah advisory fees	6	(25,918)
Custody and operator fees		(777)
Operating and other expenses		(46,245)
TOTAL EXPENSES		(72,940)
NET LOSS FOR THE PERIOD		(127,593)
Other comprehensive income		-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(127,593)

The attached notes from 1 to 10 form an integral part of these interim condensed financial information.

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund
(Managed by SEDCO Capital)

**INTERIM CONDENSED STATEMENT OF CHANGES IN NET ASSETS
ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)**

For the period from 13 April 2025 to 30 June 2025

	<i>For the period from 13 April 2025 to 30 June 2025 (Unaudited) S</i>
Proceeds from issuance of units	5,300,000
Total comprehensive loss for the period	(127,593)
Net assets attributable to the unitholders at the end of the period	5,172,407
	<i><u>Number of Units</u></i>
Issuance of units during the period	530,000
Units in issue at the end of the period	530,000

The attached notes from 1 to 10 form an integral part of these interim condensed financial information.

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund
(Managed by SEDCO Capital)

INTERIM CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

For the period from 13 April 2025 to 30 June 2025

	<i>For the period from 13 April 2025 to 30 June 2025 (Unaudited) S</i>
<i>Notes</i>	
OPERATING ACTIVITIES	
Net loss for the period	(127,593)
<i>Adjustments to reconcile net loss for the period to net cash from operating activities:</i>	
Net unrealised loss on revaluation of financial assets measured at FVTIS	5 51,352
Net changes in operating assets and liabilities:	
Net movement in financial assets measured at FVTIS	(4,832,654)
Dividend receivable	(5,169)
Other receivable	(47,210)
Due to a related party	25,918
Accrued expenses and other payable	44,889
Net cash used in operating activities	(4,890,467)
FINANCING ACTIVITY	
Proceeds from issuance of units	5,300,000
Net cash generated from financing activity	5,300,000
Net change in cash and cash equivalents	409,533
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	409,533

The attached notes from 1 to 10 form an integral part of these interim condensed financial information.

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2025

1 THE FUND AND ITS ACTIVITIES

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund (the “Fund”) is an open-ended public Shariah compliant investment fund established in the Kingdom of Saudi Arabia under the Investment Funds Regulations issued by the Capital Market Authority (the “CMA”), and managed by Saudi Economic and Development Securities Company (“SEDCO Capital” or the “Fund Manager”). The address of the Fund Manager is:

P.O. Box 13396,
King Abdulaziz (Malik) Road,
Jeddah 21493, Kingdom of Saudi Arabia.

The establishment of the Fund has been approved by the CMA on 4 February 2025 (corresponding to 5 Sha’ban 1446H) and the Fund commenced its operations on 13 April 2025. The Shariah Advisor has reviewed the Fund offering document and confirmed compliance with the prescribed Shariah guidelines.

As per the approved terms and conditions, the Fund does not have a specific duration or maturity date, starting as of the date of listing (i.e. 13 April 2025) of the Fund Units on the main market and become available for trading. Further, the end of the Fund’s initial accounting period is 31 December 2025. Hence, the first annual set of financial statements of the Fund shall be prepared for the short period from 13 April 2025 to 31 December 2025.

The Fund aims to achieve capital growth in the medium to long term by investing in securities that fall within the scope of the Fund investment and are compliant with the Shariah standards approved by the Shariah Supervisory Committee. The Fund primarily invests its assets in shares of companies listed on the Saudi Stock Exchange; initial public offerings (IPOs) and/or secondary offerings; rights issues; equity public and private investment funds that invest in shares listed or to be listed on the Saudi Stock Market, Real Estate Investment Treaded Funds (REITs); debt instruments; public and private investment funds; money market transactions and funds; and cash liquidity.

The Fund is governed by the Investment Funds Regulations (the “Regulations”), issued by the Board of the Capital Market Authority (CMA) pursuant to Resolution No. 1-219-2006 dated 3 Dhul Hijjah 1427H (corresponding to 24 December 2006G), based on the Capital Market Law issued by Royal Decree No. M/30 dated 2 Jumada Al-Thani 1424H, and as amended by Resolution of the Board of the CMA No. 1-54-2025 dated 23 Dhul-Qi’dah 1446H (corresponding to 21 May 2025G), detailing requirements for investment funds within the Kingdom of Saudi Arabia.

2 BASIS OF PREPERATION

a) Statement of compliance

These interim condensed financial information for period from 13 April 2025 to 30 June 2025 are prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”) that is endorsed in the Kingdom of Saudi Arabia.

Since these are the first financial statements of the Fund, no comparative information is included in these financial statements.

b) Basis of measurement

These interim condensed financial information have been prepared under the historical cost convention using the accrual basis of accounting, except for measurement of financial assets which are measured at fair value through income statement (FVTIS).

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

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) **(continued)**

At 30 June 2025

2 BASIS OF PREPERATION (continued)

c) Functional and presentation currency

Items included in these 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 Arabian Riyal (“**ﷲ**”) which is the Fund’s functional and presentation currency.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Fund’s interim condensed financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Fund’s accounting policies, the Fund Manager has made the following judgement, which have the most significant effect on the amounts recognised in the financial statements.

Going concern

The Fund Manager has made an assessment of the Fund’s ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable 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, the interim condensed financial statements continue to be prepared on the going concern basis.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information applied in the preparation of these interim financial statements are set out below:

4.1 Bank balances

For the purposes of the statement of cash flows, bank balances consists of cash at bank.

4.2 Financial instruments - Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Fund’s business model for managing them. With the exception of receivables that do not contain a significant financing component or for which the Fund has applied the practical expedient, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Fund’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) (continued)

At 30 June 2025

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.2 Financial instruments - Initial recognition and measurement (continued)

Subsequent measurement

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Fund's financial assets at amortised cost includes bank balances.

Financial assets at fair value through OCI

Upon initial recognition, the Fund can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of income when the right of payment has been established, except when the Fund benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through income statement

Financial assets at fair value through income statement are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of income. This category includes financial assets measured at fair value through income statement (FVTIS), which represent investment in listed equity securities

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Fund's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, Or
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through income statement. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

b) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through income statement. All financial liabilities are recognised initially at fair value.

The Fund's financial liabilities include due to a related party and other payables. Gains or losses on liabilities held for trading are recognised in the statement of income statement. Financial liabilities designated upon initial recognition at fair value through income statement are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Fund has not designated any financial liability as at fair value through income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income.

4.3 Offsetting

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

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) **(continued)**

At 30 June 2025

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.4 Provisions

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Fund expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.5 Zakat and income tax

Taxation/zakat is the obligation of the unitholders and therefore, no provision for such liability is made in these financial statements.

4.6 Trade date accounting

All regular way purchases and sales of financial assets are recognized and derecognized on the trade date, i.e. the date on which the Fund commits to purchase or sell the financial asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

4.7 Fees and expenses paid by the Fund

In accordance with the Fund's approved terms and conditions, the Fund pays the following fees:

- a) Management Fees
- b) Custodian Fees
- c) Fund Operator Fees
- d) Auditor fees
- e) Fees for independent Board Members
- f) Annual Regulatory Fees imposed by the Authority
- g) Annual Publication Fees (Tadawul)
- h) Shariah Compliance Officer Fees

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) (continued)

At 30 June 2025

4 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

4.8 Standards issued but not yet effective

The International Accounting Standards Board (IASB) has issued the following standards and amendments which will become effective on or after 1 January 2026. the Fund has opted not to early adopt these pronouncements and they do not have a significant impact on the interim condensed financial information of the Fund.

Standard/ interpretation	Description	Effective from periods beginning on or after
Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	Under the amendments, certain financial assets including those with ESG-linked features could now meet the SPPI criterion, provided that their cash flows are not significantly different from an identical financial asset without such a feature. The IASB has amended IFRS 9 to clarify when a financial asset or a financial liability is recognized and derecognized and to provide an exception for certain financial liabilities settled using an electronic payment system.	1 January 2026
IFRS 18, Presentation and Disclosure in Financial Statements	This standard sets out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure the entity provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with the reduced disclosure requirements of IFRS 19. A subsidiary may choose to apply the new standard in its consolidated, separate or individual financial statements provided that, at the reporting date it does not have public accountability and its parent produces consolidated financial statements under IFRS Accounting Standards.	1 January 2027

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) (continued)

At 30 June 2025

5 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH INCOME STATEMENT (FVTIS)

The composition of the financial assets measured at fair value through income statement on the last valuation day at the end of the period is summarised below:

	30 June 2025 (Unaudited)			
	% of Market Value	Cost ﷲ	Market value ﷲ	Unrealised gain (loss) ﷲ
<u>Investments in local quoted equities (by industry)</u>				
Materials	13.2%	642,815	632,862	(9,953)
Capital Goods	10.7%	487,667	509,627	21,960
Utilities	10.6%	581,467	505,528	(75,939)
Health Care Equipment & Services	9.8%	480,149	467,846	(12,303)
Software & Services	8.7%	422,015	417,145	(4,870)
Consumer Services	6.6%	333,596	313,859	(19,737)
Media and Entertainment	6.2%	264,100	298,254	34,154
Telecommunication Services	6.2%	304,855	297,199	(7,656)
Insurance	4.7%	199,333	226,315	26,982
Real Estate Management and Development	4.6%	205,219	218,790	13,571
Food & Beverages	4.2%	217,136	202,510	(14,626)
Commercial & Professional Services	4.2%	208,423	201,962	(6,461)
Transportation	3.6%	169,665	173,716	4,051
Energy	2.5%	121,618	120,290	(1,328)
Pharma, Biotech & Life Science	2.3%	111,487	110,544	(943)
Banks	1.0%	48,792	49,949	1,157
Consumer Discretionary Distribution & Retail	0.6%	23,566	23,916	350
Consumer Durables & Apparel	0.3%	10,751	10,990	239
Total	100%	4,832,654	4,781,302	(51,352)

The above equity investments are listed on the Saudi Stock Exchange ("Tadawul"). The Fund Manager seeks to limit risk for the Fund by monitoring exposures in each investment sector and individual securities.

During the period, the Fund realized net losses of ﷲ36,021 from sale of equity investments. Moreover, during the period, the Fund recognized dividend income from its investments in equity instruments amounting to ﷲ32,720.

6 RELATED PARTY TRANSACTIONS AND BALANCES

Related party transactions comprise of transactions with the Fund Manager and other affiliates of the Fund Manager in the ordinary course of business. These transactions were carried out on the basis of approved term and conditions of the Fund.

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) (continued)

At 30 June 2025

6 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Following are the details of related party transactions and amounts, excluding value added tax, during the period:

<i>Related party</i>	<i>Nature of transaction</i>	<i>For the period from 13 April 2025 to 30 June 2025 (Unaudited) ﷲ</i>
SEDCO Capital (Fund Manager)	Management fees	19,425
	Sharia supervising fees	6,493
Fund Board	Board remuneration	12,015

The balance due to a related party comprise of the following:

	<i>30 June 2025 (Unaudited) ﷲ</i>
SEDCO Capital (Fund Manager)	25,918

The balance due to the Fund Board amounted to ﷲ 12,015 which is presented under accrued expenses and other payables.

7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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 takes place either:

- in the accessible principal market for the asset or liability, or
- in the absence of a principal market, in the most advantages accessible market for the asset or liability.

The Fund's financial assets consist of bank balance, financial assets measured at FVTIS, dividend receivable and other receivables. Its financial liabilities consist of due to a related party and accrued expenses and other payables. All financial assets and financial liabilities as at 30 June 2025 were classified under amortised cost category except for financial assets measured at FVTIS which are classified as and measured at fair value under level 1 of fair value hierarchy.

Fair values of financial instruments

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) (continued)

At 30 June 2025

7 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

The estimated fair values of the Fund's financial assets and liabilities not measured at fair value is not considered to be significantly different from their carrying amounts, as they are having short term maturities. The fair value of financial assets measured at FVTIS is based on quoted market prices and therefore classified within level 1 of the fair value hierarchy as at 30 June 2025.

8 FINANCIAL RISK MANAGEMENT

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

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

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

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

Market risk

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

Commission rate risk

Commission rate risks is the risk that the fair value or future cash flows of a financial instrument would fluctuate as a result of changes in commission rate. The Fund manages the commission rate risk by regularly monitoring the interest rate profiles of its interest-bearing financial instruments. However, at period end, the Fund does not carry any interest-bearing financial instruments, hence, the Fund is not exposed to any significant commission rate risk.

Currency risk

Currency risk arises from the possibility that changes in foreign exchange rates will affect the value of the financial assets and liabilities denominated in foreign currencies, in case the Fund does not hedge its currency exposure by means of hedging instruments. As the Fund did not undertake significant transactions in currencies other than Saudi Riyals, hence, the Fund is not exposed to any significant currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk).

The price risk arises primarily from uncertainty about the future prices of financial instruments that the Fund holds. The Fund closely monitors the price movement of its investments in financial instruments. As of the statement of financial position date, Fund has investments in listed equity securities that are subject to price risk.

The effect on the net assets of the Fund due to a reasonably possible change in fair value of the financial assets, with all other variables held constant is as follows:

		Effect on NAV
Potential reasonable change %		30 June 2025 (Unaudited) SR
Financial asset at FVTIS	± 10%	± 478,130

SEDCO Capital Saudi Freestyle Artificial Intelligence Fund

(Managed by SEDCO Capital)

NOTES TO THE INTERIM CONDENSED FINANCIAL INFORMATION (UNAUDITED) (continued)

At 30 June 2025

8 FINANCIAL RISK MANAGEMENT (continued)

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's principal financial assets subject to credit risk are its bank balance, dividend receivable and other receivables.

It is Fund policy to enter into financial instrument contracts with reputable counterparties. The Fund seeks to limit its credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. In accordance with the Fund's policy, the Fund Manager monitors the Fund's credit position on a daily basis. The Custodian of the Fund is Saudi Fransi Capital. The portfolio securities where applicable may be held by one or more internationally recognised securities custodians appointed by the Fund Manager.

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Fund's terms and conditions provide for subscription and redemption of units on every day and it is, therefore, exposed to the liquidity risk of meeting unitholder redemptions on these days. The Fund's financial liabilities primarily consist of due to a related party and accrued expenses and other payables which are expected to be settled within three months from the 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 the Fund Manager.

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 providers 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.

9 LAST VALUATION DAY

The last valuation day of the period was 30 June 2025.

10 APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

These financial information have been approved by the Fund Board on 6 August 2025G, (corresponding to 12 Safar 1447H).