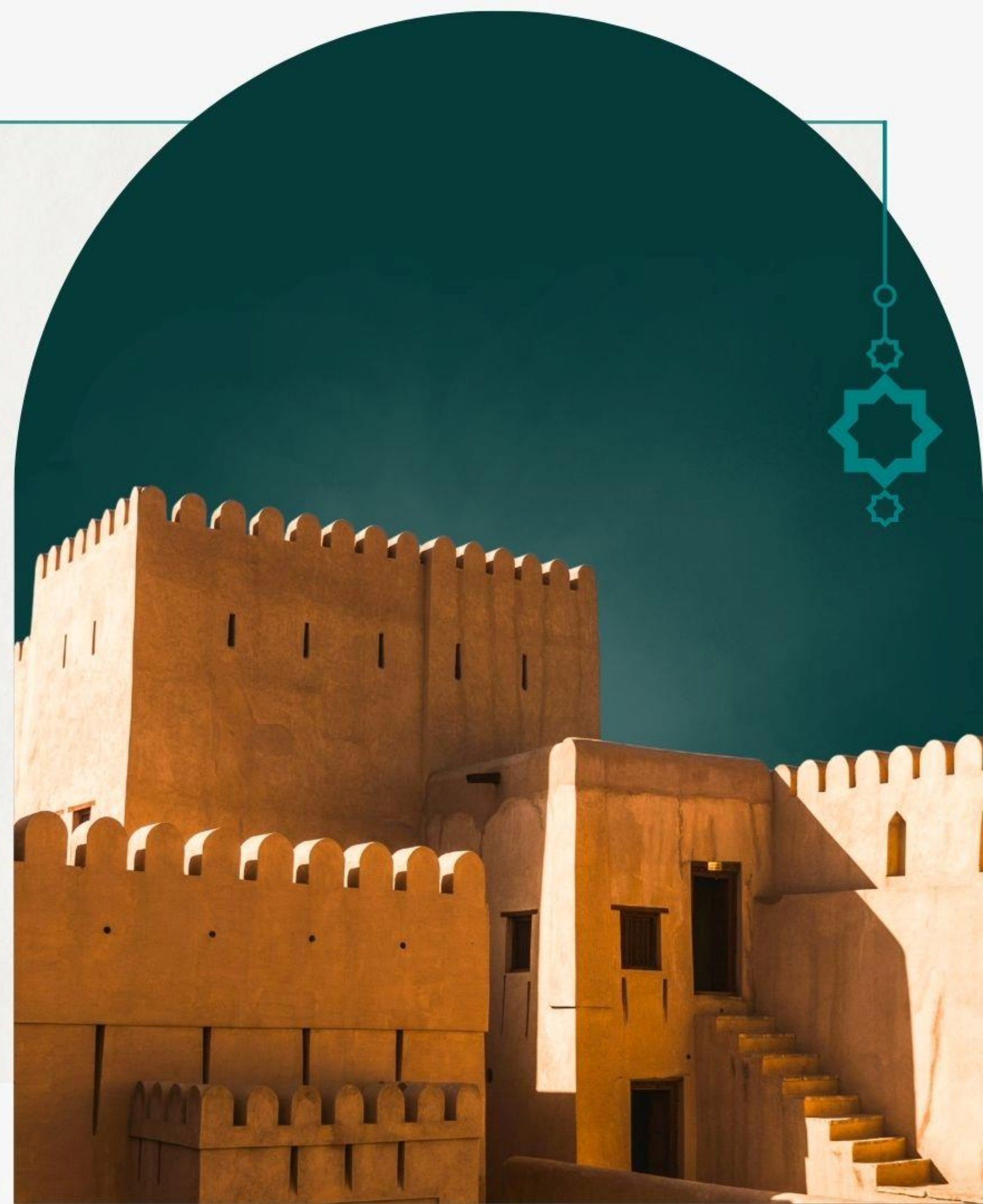




# SAUDI IPO MARKET REPORT

October 2026





TLDR

# What's shaping the Saudi IPO landscape

## Market depth

ADVT remained **32%** below 2024 levels in 1H2026, limiting aftermarket absorption

## Earnings dispersion

1H2026 sector earnings ranged from **+19.0% to -37.8%**, increasing the importance of issuer selection

## Foreign access

Foreign holdings reached **SAR439.2bn** by July 2026, but higher ownership has not yet restored liquidity

## Geopolitics

TASI declined **5.3%** after February 2026, as conflict risk outweighed support from higher oil prices

## IPO absorption

Saudi Arabia recorded **39** listings in 2025, but **77%** of 2025 Main Market IPOs ended below offer

## Valuation and macro

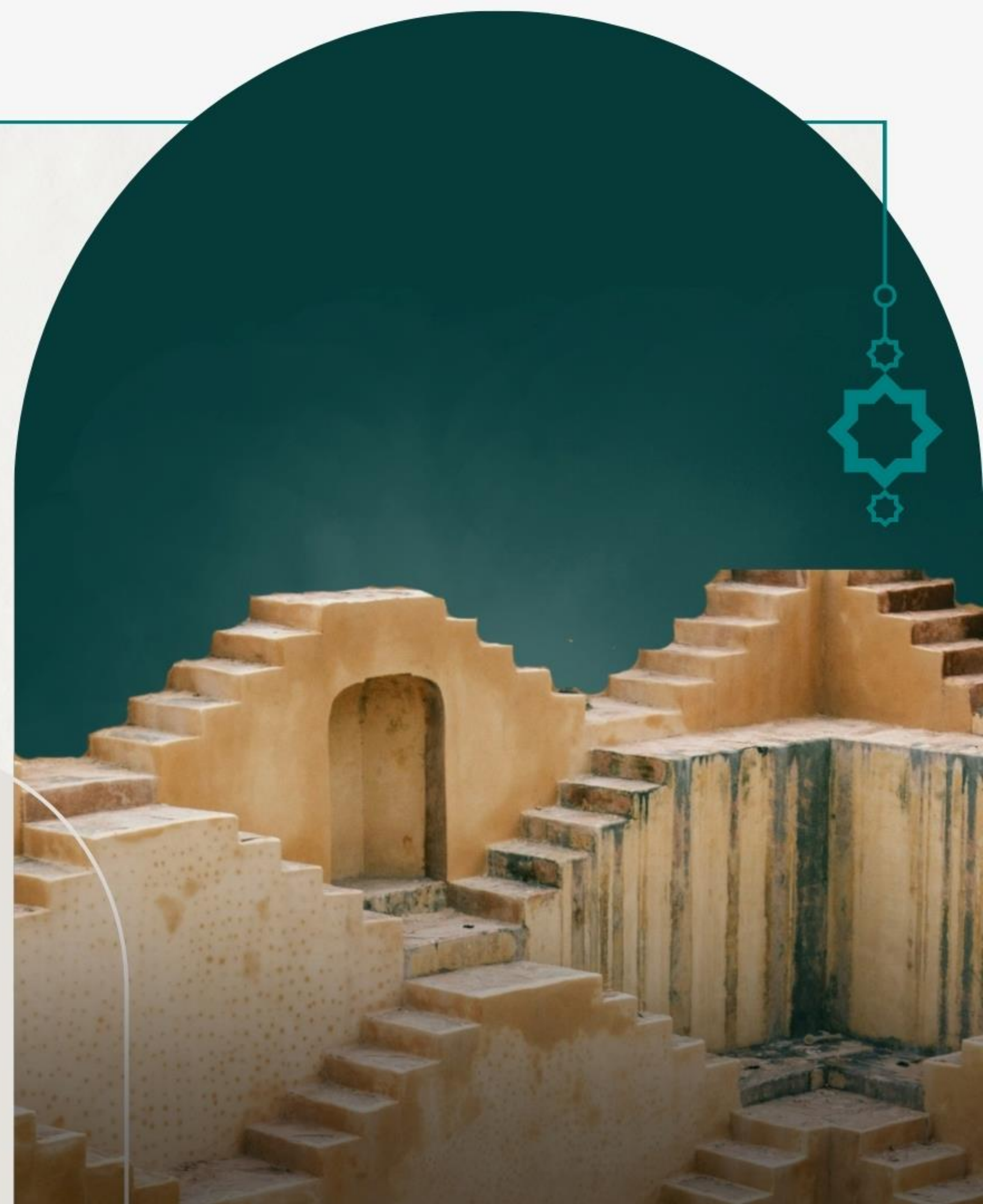
TASI traded at **16.05x** in 1H2026, while the **1.7%** July 2026 GDP forecast limited recovery expectations

## Tighter leverage controls

CMA's proposed 50% overseas margin requirement favors **resilience** over **credit-driven trading** amid **geopolitical uncertainty**

Chapter 1

# Market Backdrop and Access



# Executive Summary | Access is broadening, but selectivity matters more

Broader access is expanding the opportunity set, but returns increasingly depend on issuer quality, liquidity and resilience



The big picture

→ Market scale expansion  
Saudi Arabia has materially expanded the investable capital-market universe

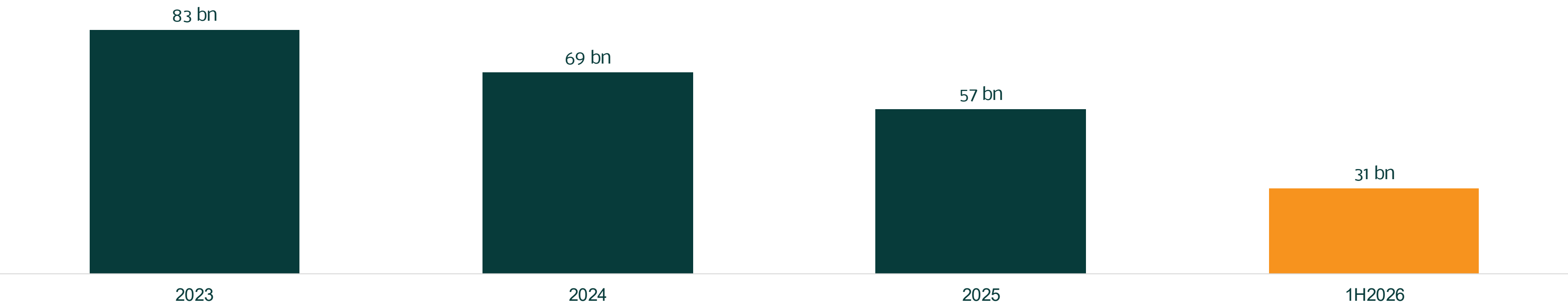
Present day

→ 2025 weakness compounded by the 2026 conflict  
In 2025, TASI fell 12.84% and traded value declined 30.24% YoY, even as issuance activity remained strong. TASI's three-month return shifted from +1.1% pre-war to -5.3% post-war, while trading liquidity remained subdued

Outlook

→ Shift towards selectivity and risk discipline  
The investment thesis has shifted from Saudi beta to issuer-level selection, with recovery dependent on earnings quality, liquidity, and geopolitical stability; proposed CMA margin controls may limit the transmission of external market stress to Saudi investors and brokers

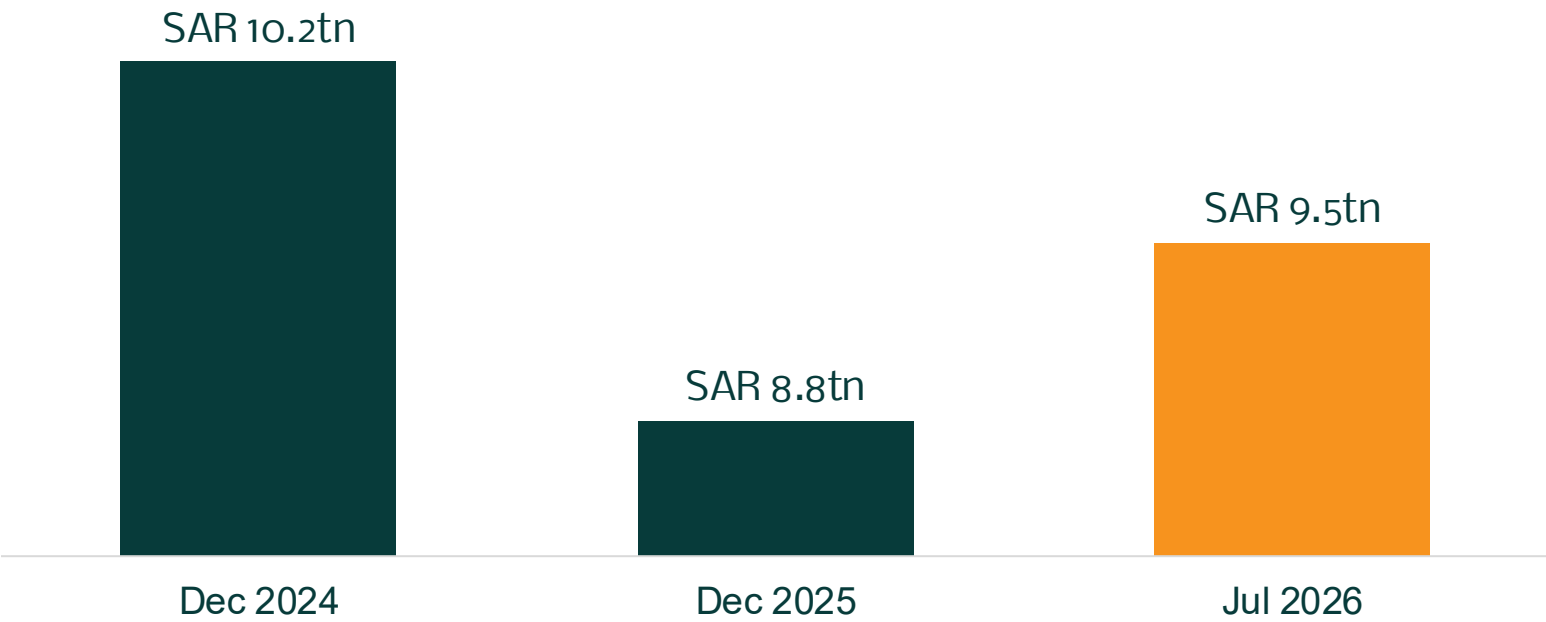
Broad market uncertainty, high 2024 base and a busy IPO market schedule lowered 2025 secondary market turnover  
TASI volume traded



# Market Overview | Market value recovered, but liquidity remained structurally weaker

TASI recovered partially in 1H2026 but remained below its 2024 level

Market cap recovered from 2025 decline but remains below end-2024 level  
Equity Market Capitalization (SAR tn)



Liquidity compressed –48% from 2024 to Jul-2026  
Average Daily Traded Value

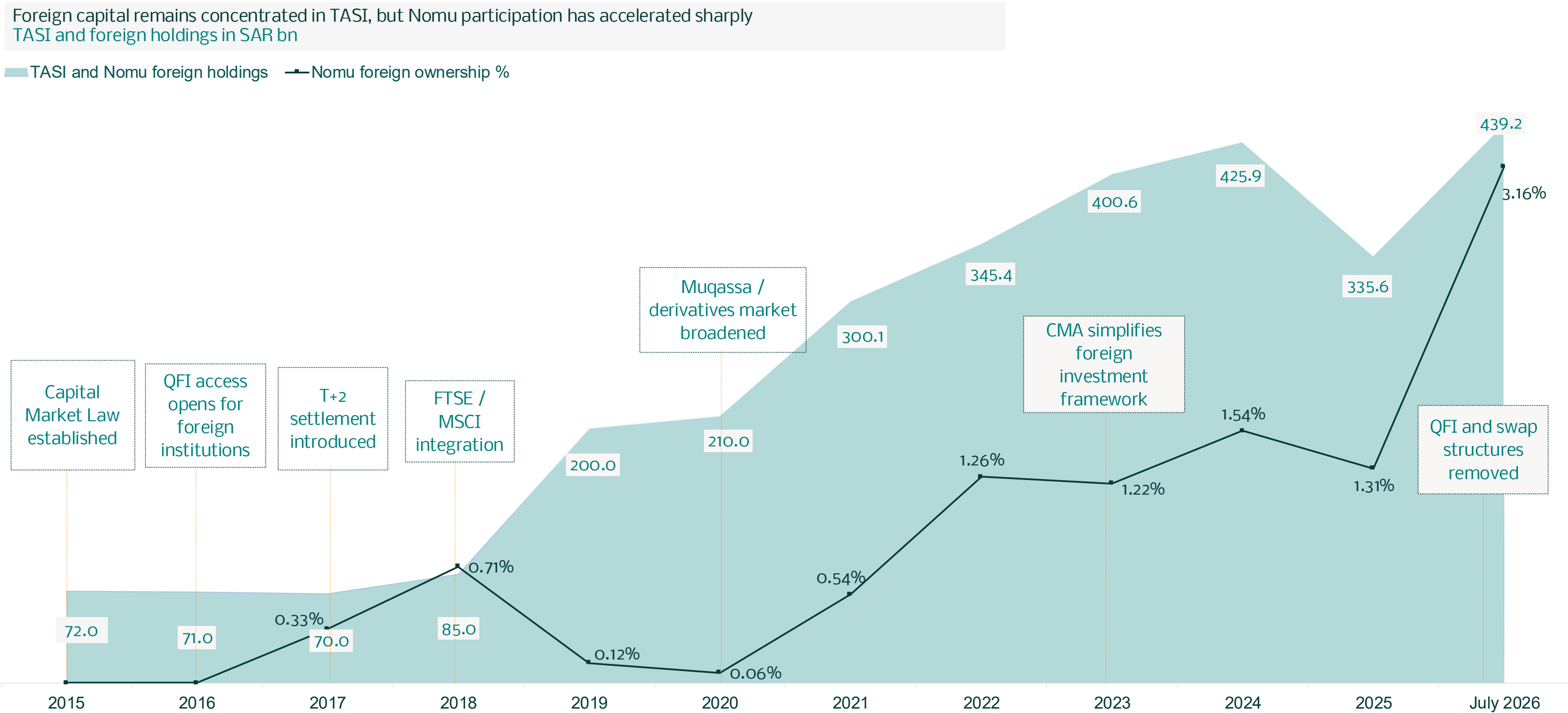


TASI’s longer-term decline outweighed the temporary war shock  
TASI index level



# Foreign Investor Access | Regulatory reforms expanded ownership across TASI and Nomu

Foreign holdings reached SAR439.2bn by July 2026, while successive market-access reforms supported a sharp increase in foreign ownership on Nomu

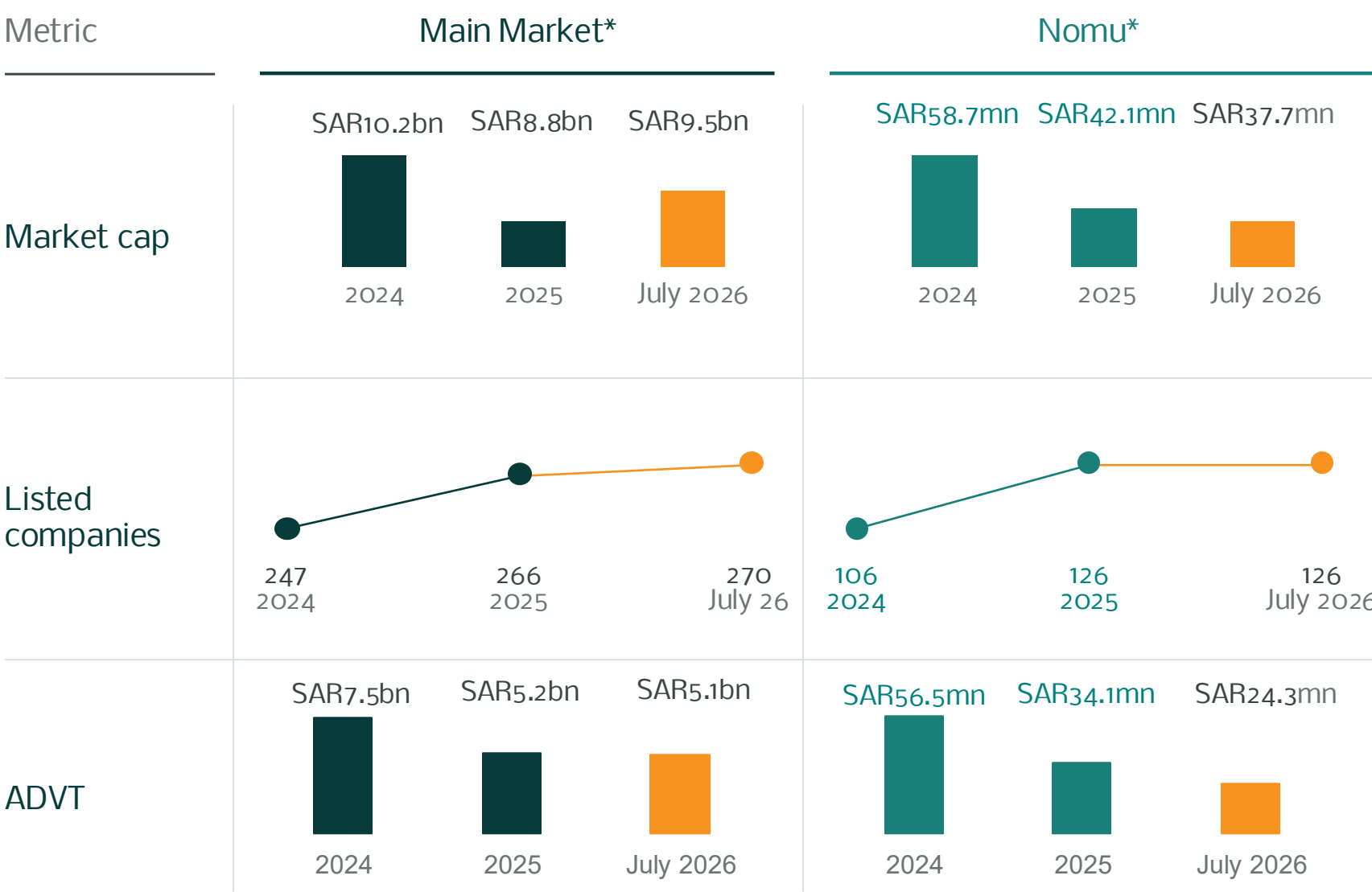


Main Market vs Nomu | Market depth and liquidity trends

Main Market depth remains materially stronger, while Nomu continues to broaden issuer access without yet achieving comparable trading liquidity or market scale

Listing requirements

| Dimension              | Main Market*                                              | Nomu*                                                    |
|------------------------|-----------------------------------------------------------|----------------------------------------------------------|
| Minimum market cap     | SAR 300m                                                  | SAR 50m                                                  |
| Operating track record | 3 financial years under substantially the same management | Minimum 1 year of operational and financial performance  |
| Public float           | ≥30%                                                      | ≥20%, or SAR50m floated subject to ≥10% public ownership |
| Public shareholders    | ≥200                                                      | ≥50                                                      |
| Financial reporting    | Quarterly within 30 days; annual within 3 months          | Semiannual within 45 days; annual within 3 months        |
| Investor eligibility   | Broad market access                                       | Qualified investors only                                 |



\*2024 and 2025 represent full-year ADVT; 1H2026 represents the January - June average. July 2026 ADVT is not used.

Main Market | Scale recovered while liquidity remained resilient

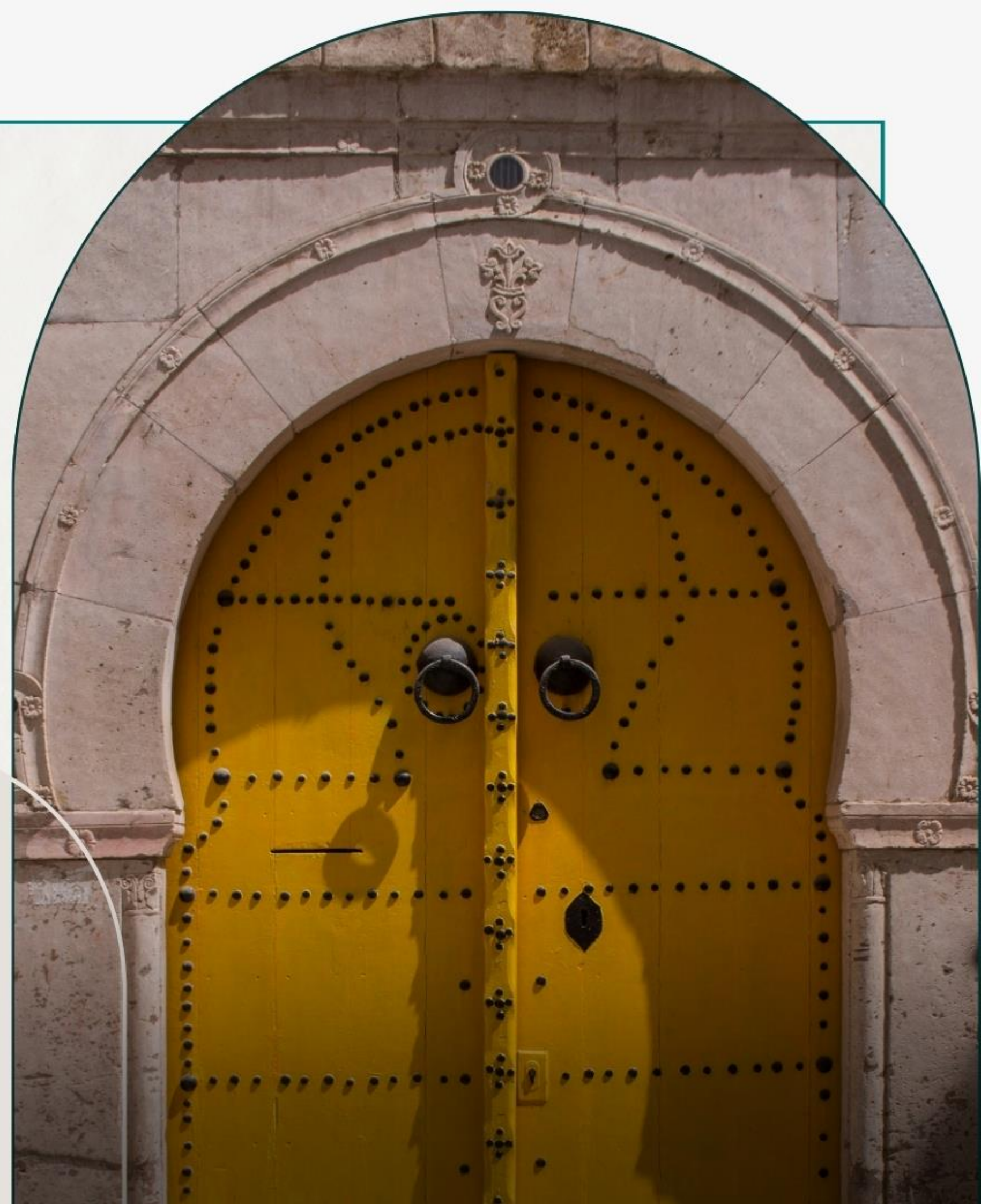
Decline in market capitalization during 2025 largely reflected market-wide repricing rather than a structural loss of trading depth; ADVT declined approximately 9% year-on-year in H1 2026 reflecting cautious investor participation amid geopolitical uncertainty and an uneven market recovery, with broader foreign access yet to translate into increased turnover

Nomu | Greater listing access diluted average market depth

Nomu added 20 companies between 2024 and 1H2026, but market capitalization fell 34% and ADVT declined 57%, showing that issuer growth did not translate into equivalent investor participation

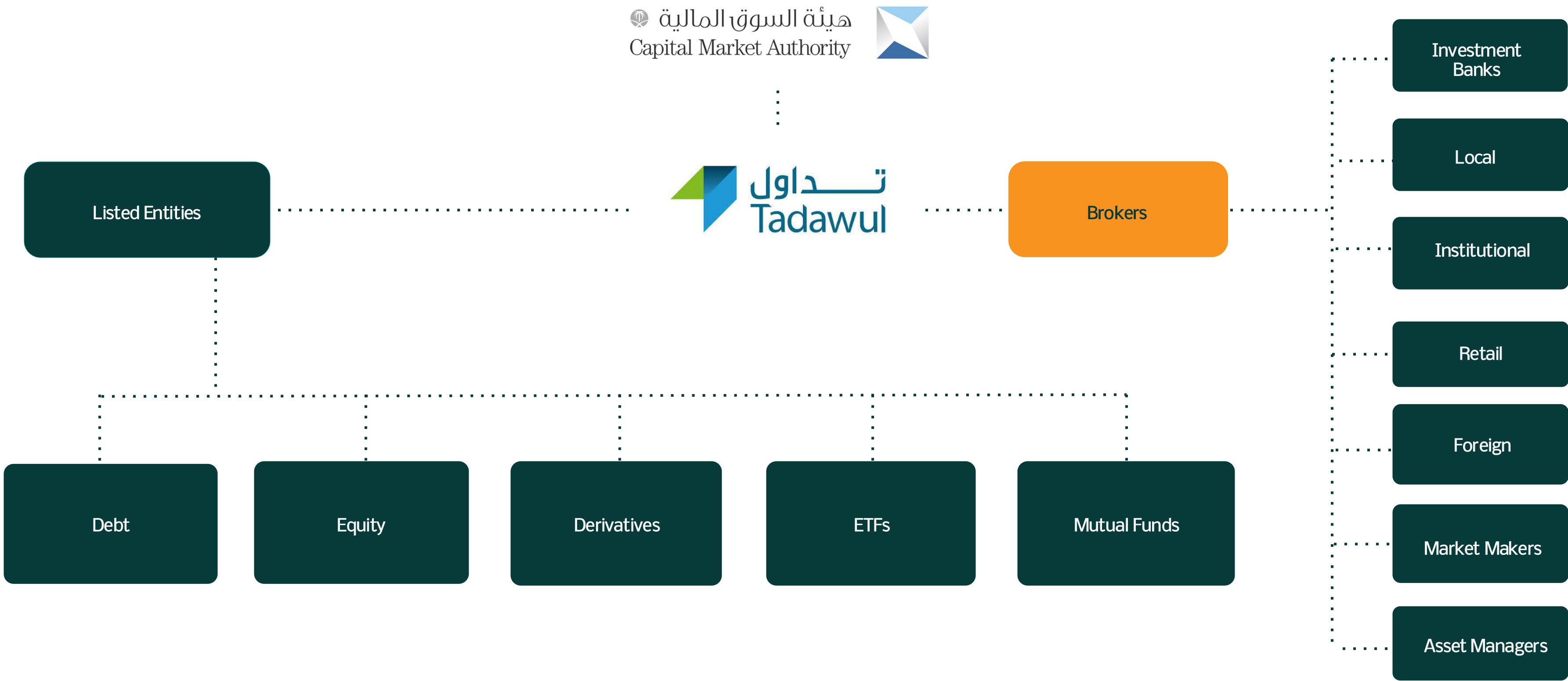
Chapter 2

# Market Depth and Structure



Market Structure | An integrated institutional ecosystem connects capital to issuers

CMA formally regulates and develops the market, while the Tadawul infrastructure performs distinct trading, clearing and post-trade functions

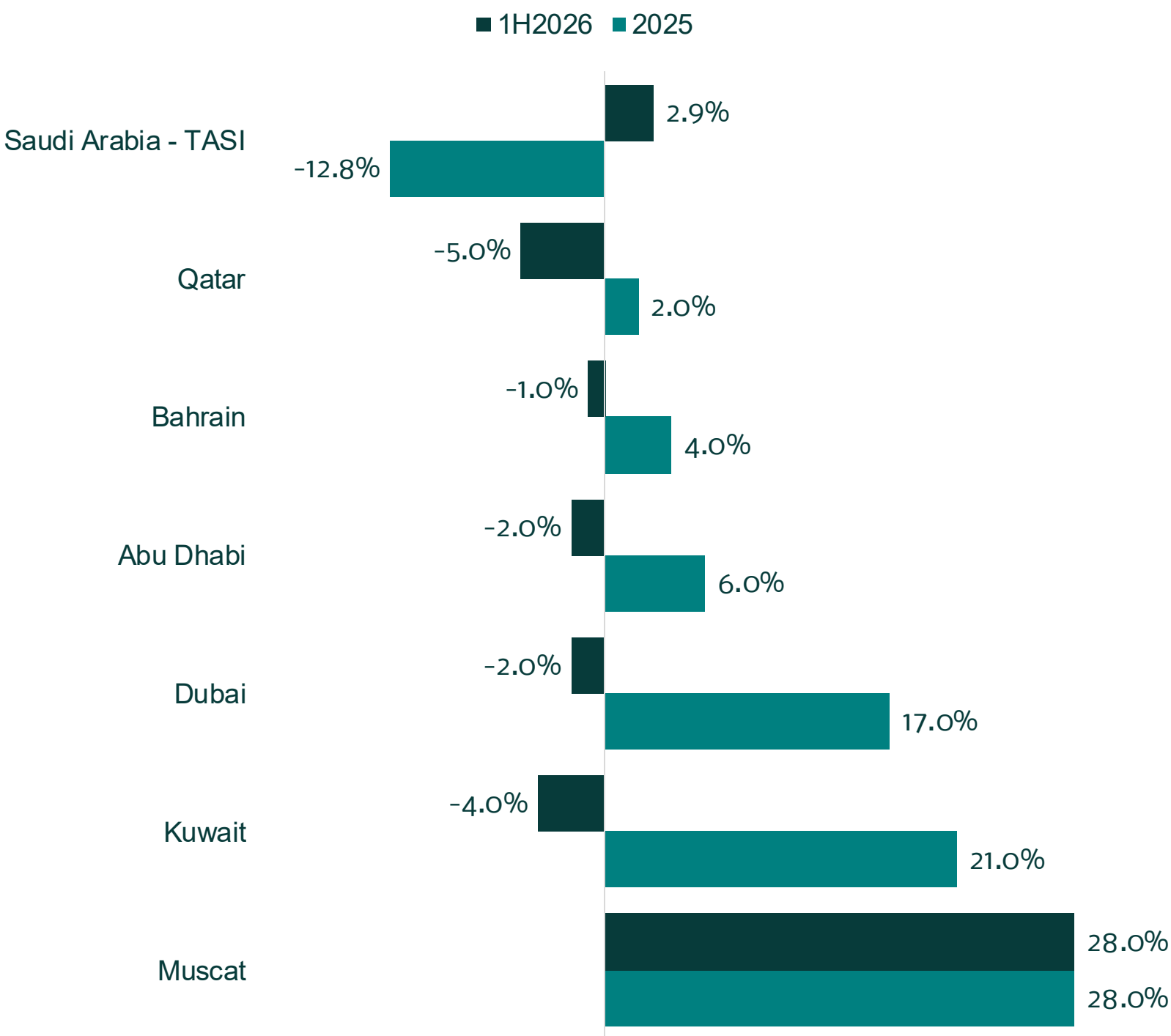


Key Indices and Performance | Earnings are recovering, but weak liquidity limits re-rating

The 2025 correction is reversing selectively, but weaker turnover and uneven earnings recovery suggest the rebound is not yet a broad-based re-rating

GCC price returns: 2025 vs. 1H2026  
Saudi moved from regional laggard in 2025 to relative outperformer

But a closer inspection reveals a less favorable market landscape



Weaker liquidity and a higher risk premium amplified the decline beyond the deterioration in underlying corporate profitability

- TASI fell 12.8% and traded value fell 30.2%, while recurring market earnings declined only 2%
- Excluding Aramco, recurring earnings rose 9%

Index-level weakness overstated the breadth of earnings stress, increasing the importance of sector and stock selection rather than broad-market positioning

- Aggregate reported profits fell 12%, but much of the weakness was concentrated in Aramco and exceptional items
- Recurring earnings outside Aramco remained positive

Saudi's problem was a compression in domestic market depth and valuation support

- Saudi was the only major GCC market to decline in 2025, despite still accounting for roughly 55% of GCC traded value
- Liquidity leadership therefore remained intact even as turnover fell sharply versus Saudi's own historical levels

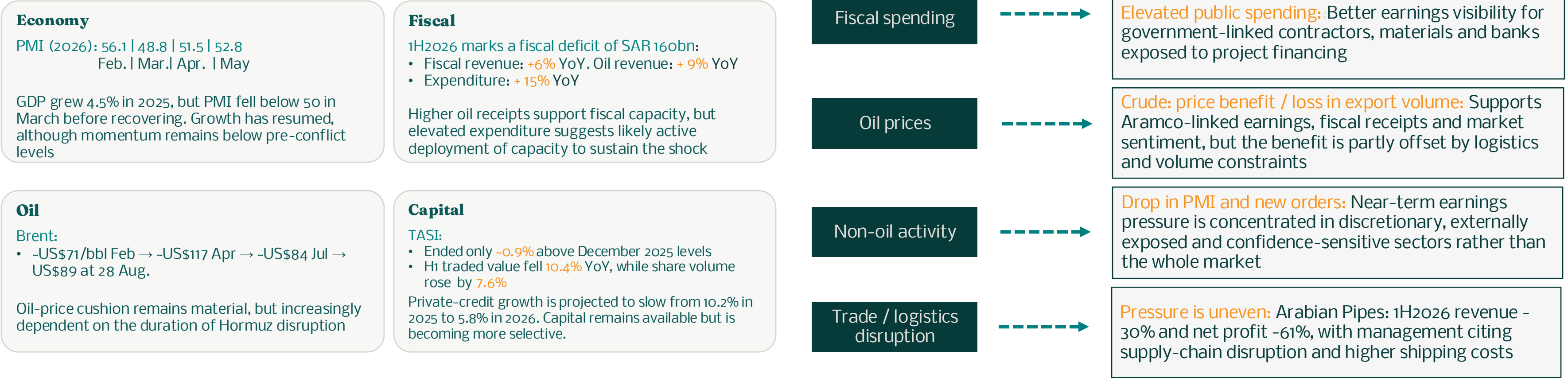
1H2026 rebound currently looks more like a repricing from an oversold base than a broad-based re-rating with stronger turnover and wider earnings participation needed

- TASI recovered 2.9% through H1 2026, but traded value remained 10.4% below H1 2025
- Price has therefore improved faster than participation

Macroeconomic Context | Oil cushions the shock, but the domestic impact is increasingly uneven

Domestic activity has recovered from the March shock, while higher oil receipts and sustained public spending provide support; external trade disruption, softer liquidity and divergent sector performance remain visible

In 2025, the country recorded real GDP oil and non-oil growth of 5.7% and 4.9%, respectively.

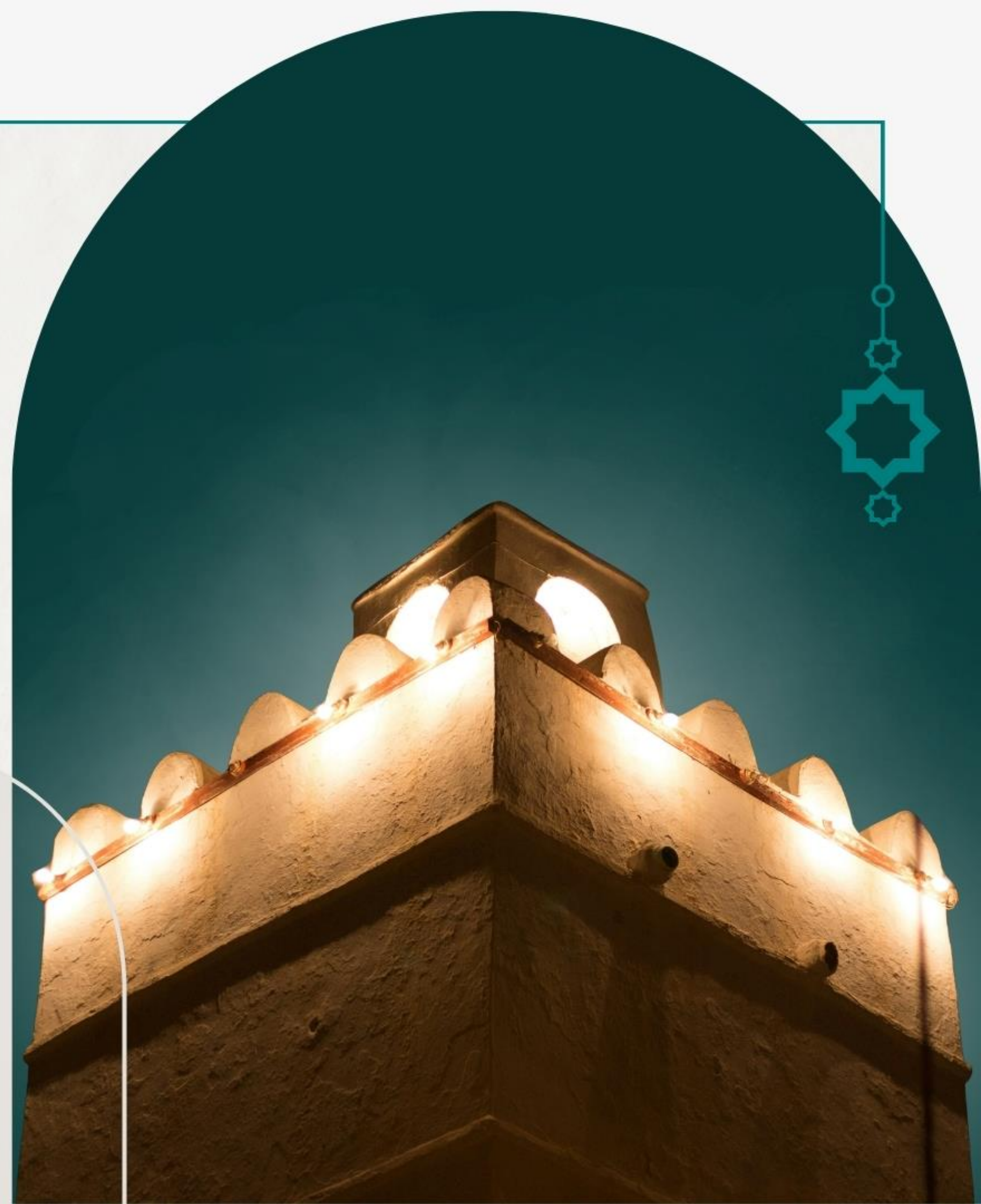


Sector analysis\*  
The shock creates dispersion rather than a uniform market effect  
●●● High exposure ●● Moderate ● Low

| Listed sector            | Oil / fiscal | Govt. spending | Domestic demand | Funding costs | Trade disruption |
|--------------------------|--------------|----------------|-----------------|---------------|------------------|
| Banks                    | ● ●          | ● ●            | ● ●             | ● ● ●         | ●                |
| Energy                   | ● ● ●        | ●              | ●               | ●             | ● ●              |
| Construction / materials | ● ●          | ● ● ●          | ●               | ● ●           | ● ●              |
| Real estate              | ●            | ● ●            | ● ●             | ● ● ●         | ●                |
| Consumer / retail        | ●            | ● ●            | ● ● ●           | ● ●           | ● ●              |
| Transport / logistics    | ●            | ●              | ● ●             | ●             | ● ● ●            |

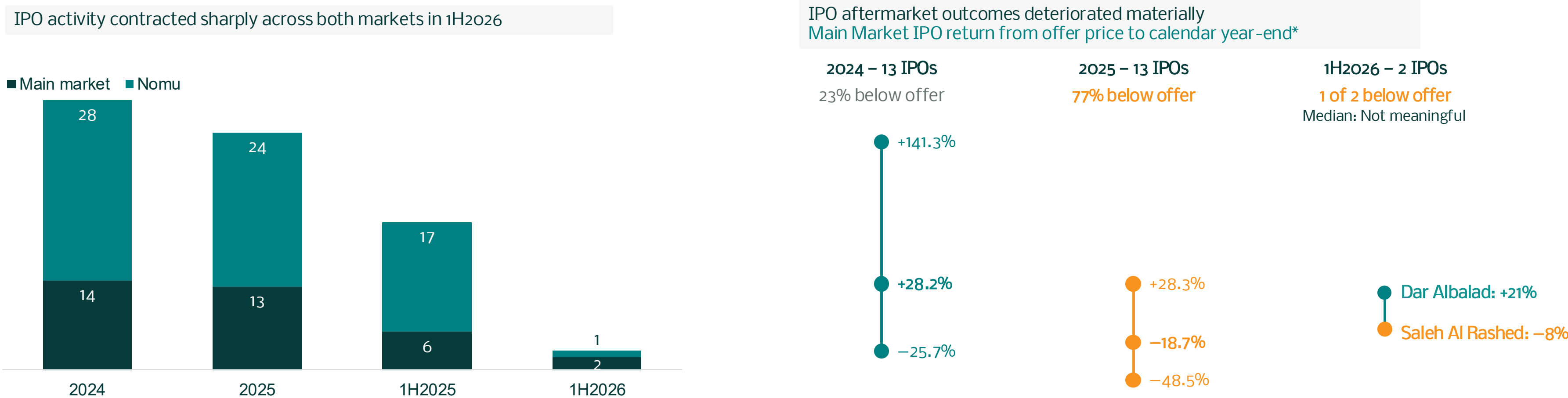
Chapter 3

# Capital Formation and Issuer Evidence



# IPOs and Capital Raising | Aftermarket weakness carried into a sharp 1H2026 issuance slowdown

Main Market proceeds fell 96% YoY despite a 3.0% TASI recovery, as unresolved post-listing losses and regional conflict sustained issuer caution



## Key Takeaways

**Weak absorption and geopolitics narrowed the IPO window**

77% of 2025 Main Market IPOs ended below offer as TASI trading value fell 30%. IPO activity subsequently declined from 17 in 1H25 to 2 in 1H26 (–88%). Geopolitical uncertainty reinforced delays, reducing 1H26 activity to two IPOs

**Valuation compression served as performance drag in 2025**

United Carton (–48.5%), Entaj (–37.6%) and Marketing Home (–36.4%) were the largest downside outliers, while Dar Al Majed (–28.3%) declined despite higher FY2025 profit–pointing to valuation pressure beyond earnings delivery

**Confidence recovered more slowly than TASI**

Despite TASI’s 3.0% recovery, IPOs fell from 23 in 2025 to 3 in 1H2026, and proceeds declined by 95%, indicating that issuer and investor caution persisted

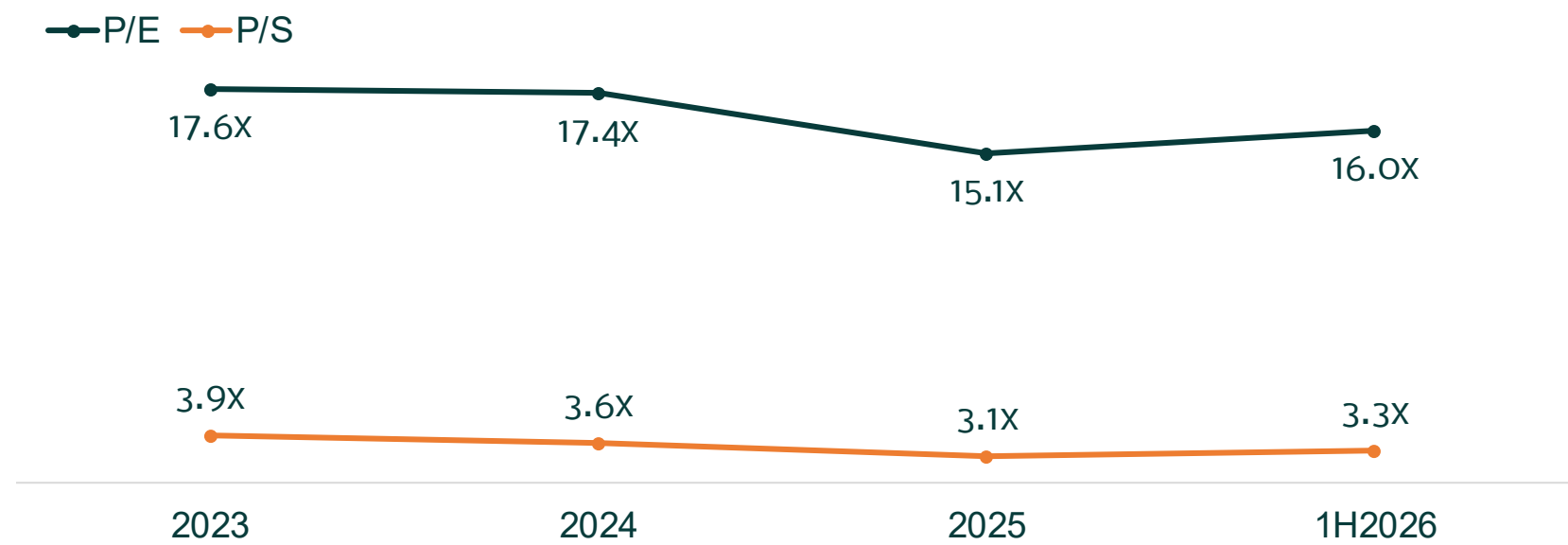
- 1H2026 represented a drastic issuance slowdown rather than a fresh aftermarket collapse: weak 2025 returns and declining liquidity had already narrowed investor appetite, while regional conflict further discouraged issuers from testing lower valuations

\*Methodology: Main Market IPO cohorts only. Returns calculated as the percentage change from the IPO offer price to the closing price at 31 December of the respective listing year. Minimum, median and maximum represent the distribution across 9 IPOs in 2021 and 13 IPOs in 2025

Valuation and Market Context | The discount reflects earnings risk, not demand collapse

Valuations recovered modestly in 1H2026, but weak liquidity and uneven earnings kept the rerating selective

Valuations recovered partially in 1H2026 but remained below 2024 levels  
Main market multiples



Capital flows remain supportive but subdued

- IPOs | 2 listings and SAR0.52bn offered left issuance too narrow to broaden market depth.
- Interest rate | 4.25% repo rate preserved a high hurdle for equity rerating and risk-taking.
- FDI | SAR23.1bn net inflow fell 2.4% YoY, signaling no acceleration in strategic capital.
- Foreign holdings | SAR437.9bn showed participation, but not the conviction needed for rerating.

Low P/E masks continued profitability risk

- 2025

  - Falling liquidity and weaker risk appetite compressed share prices and both valuation multiples
  - The decline was not entirely economy-wide, as non-Aramco earnings were comparatively more resilient
- 1H2026

  - Stronger reported earnings and a modest market recovery lifted multiples (Aramco represented 72% of earnings and growth centered on banks, energy and petrochemicals)
  - Lower turnover and the concentration of earnings growth in a few large sectors prevented a broader rerating

Non-oil growth only partly offsets oil weakness

- Oil

  - Oil activity reversed from +2.9% in Q1 to -24.7% in Q2, subtracting 5.4 percentage points from GDP and exposing earnings to production policy rather than domestic demand
  - H1 oil revenue increased 9% to SAR329.8bn despite weaker real activity, indicating that prices and timing supported fiscal receipts without confirming normalized production or earning
- Non - Oil

  - Non-oil growth slowed from +2.9% in Q1 to +0.6% in Q2, cushioning the oil shock but remaining insufficient to support a broad earnings and valuation rerating
  - H1 expenditure and capital spending increased 15% and 32%, while non-oil revenue grew only 2%, suggesting resilience remained partly fiscal-led and uneven across sectors

Improving earnings and institutional flows supported a modest 1H26 rerating, but weak liquidity, subdued issuance and uneven sector performance kept valuations below 2024 levels

Nomu | Issuer growth has stalled while secondary-market depth continues to contract

By June 2026, Nomu’s issuer base was broadly unchanged, but market capitalization and daily liquidity had fallen further showing that wider access has not yet translated into deeper trading

Breadth has stopped expanding

Listed Companies  
106 | 126 | 125  
2024 | 2025 | 1H2026

Market cap  
SAR58.86bn | SAR42.13bn

Avg. Cap / issuer  
~SAR555m | ~SAR334m

*The issuer base plateaued while average company value continued to decline*

Liquidity weakened as issuers became smaller

Total traded value  
SAR14.12bn | SAR8.57bn  
2024 | 2025 | 1H2026

ADVT  
SAR56.5m | SAR34.1m | SAR24.3m

Traded value / market cap  
~24% | ~20% | ~39%

*As opposed to listing access, lower liquidity is now the binding constraint*

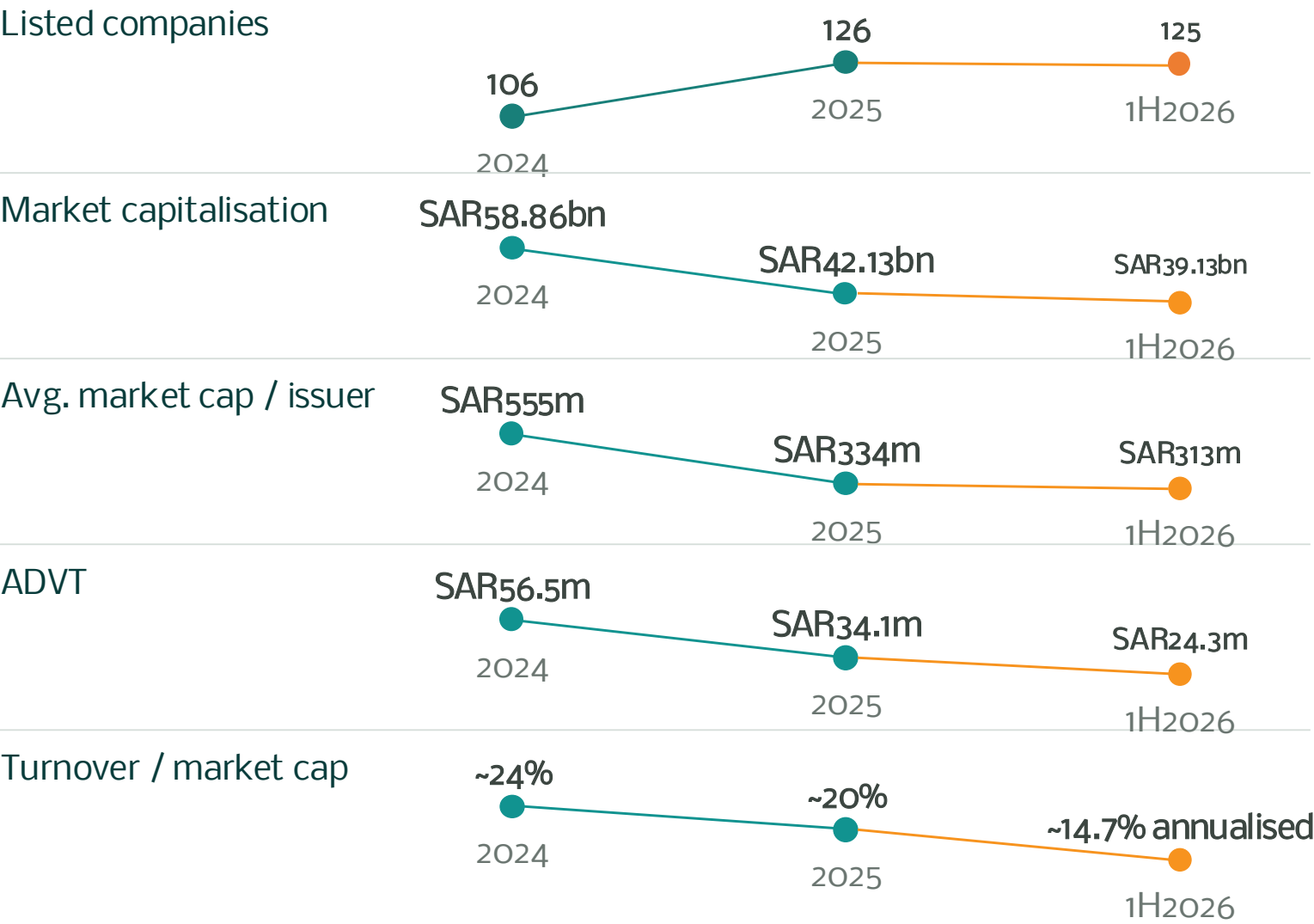
Access widened, but demand remained narrow

H12026 trading volume: : -39.5% YoY  
H12026 transactions: -38.7% YoY  
*Eligibility rules were relaxed, but Nomu remains restricted to qualified investors–limiting broad secondary-market participation*

Graduation is outpacing replenishment

Main Market transfers: 5 in 2025 | 2 in 1H2026  
Nomu IPOs: 17 in 1H2025 | 1 in 1H2026  
*Nomu IPOs fell from 17 in 1H2025 to 1 in 1H2026, while issuer transfers reduced market depth*

Breadth plateaued while market depth continued to decline  
2024, 2025 and 1H2026 directional indicators

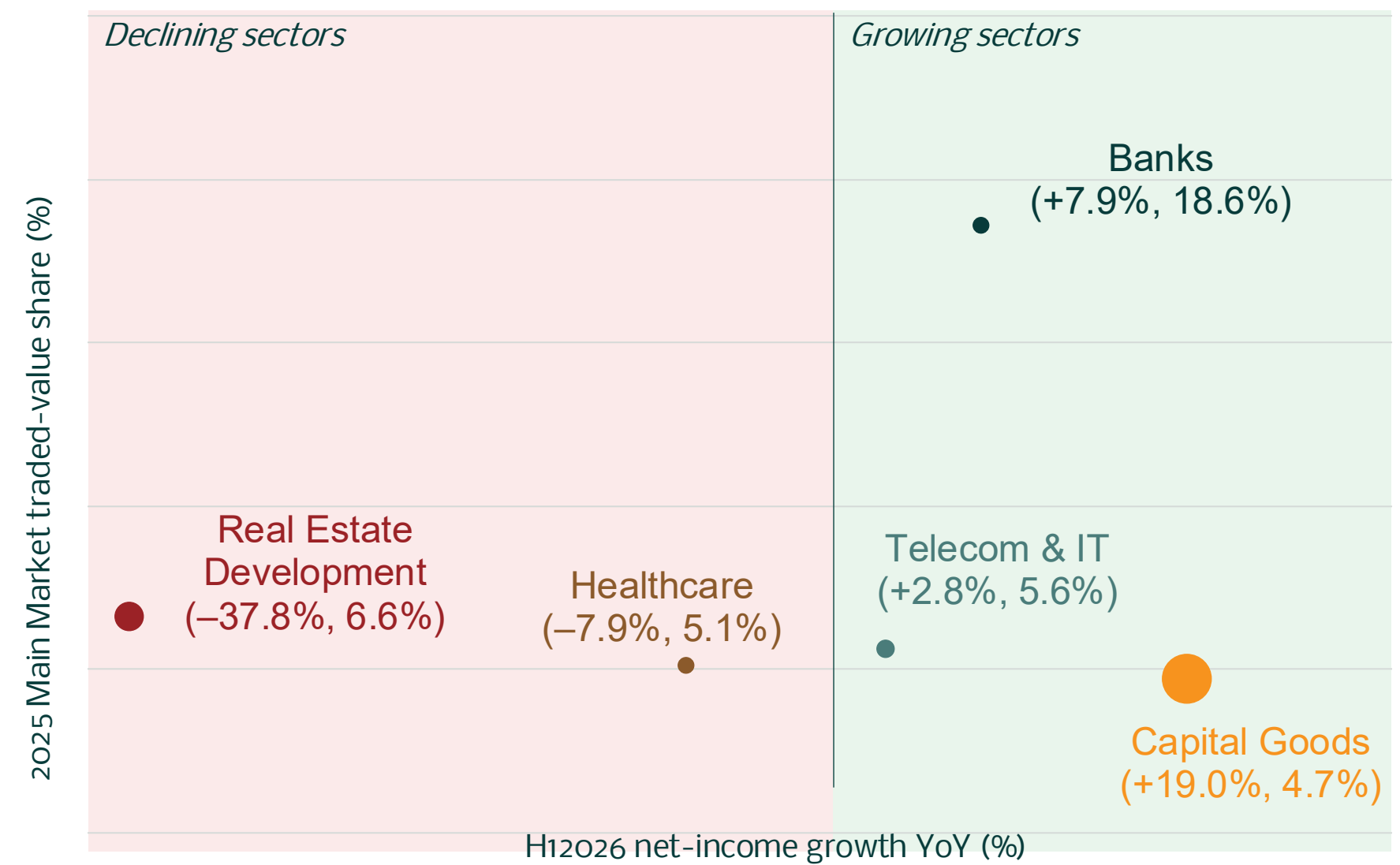


- Nomu has improved access, but not yet liquidity: fewer new listings, issuer graduation and a narrow investor base continue to constrain market depth

Sector Analysis | Earnings momentum and market depth vary materially across sectors

Sector outcomes are increasingly differentiated, with banks combining earnings resilience and market depth while diversification-linked sectors show more uneven listed-market performance

Banks combine current earnings momentum with established market dept, other sectors show disconnect  
H12026 net-income growth vs. 2025 Main Market traded-value share



- 2025 trading activity remained concentrated in **banks**, which captured **18.6%** of traded value versus **5.7%** across other sectors, indicating that market depth has not broadened evenly with economic diversification
- 1H2026 earnings exposed a weak relationship between liquidity and operating performance: non-bank sectors with similar traded-value shares produced earnings outcomes ranging from **+19.0%** to **-37.8%**
- Banks were the only sector where deep 2025 participation was reinforced by **resilient 1H2026 earnings**, supporting their stronger positioning relative to diversification-linked sectors
- **Sector selection** exhibits greater importance than listed-market footprint: industrial investment delivered strong earnings despite limited depth, while real estate's established participation did not protect against a sharp earnings decline

Banks

Companies: 10

Industrial Investment

Companies: 28

Telecom and IT

Companies: 11

Healthcare

Companies: 10

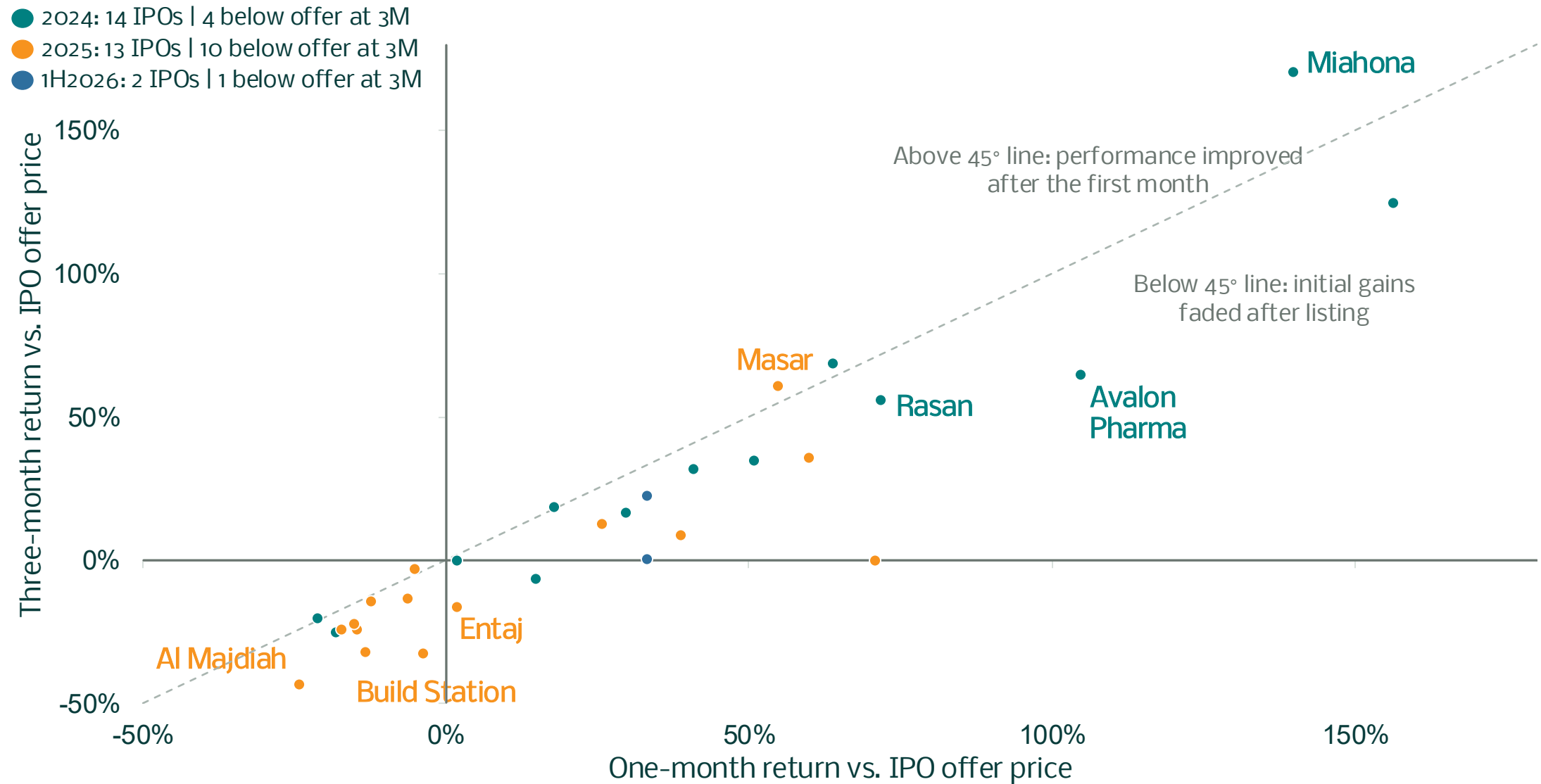
Real Estate Development

Companies: 17

Saudi IPOs: Strong Debuts, Weaker Aftermarket Performance

Initial listing gains increasingly failed to translate into durable secondary-market support, particularly across the 2025 IPO cohort

All 30 Main Market IPOs | One-month vs. three-month return  
Dots below the horizontal zero line traded below offer after three months



2025: 10 of 13 IPOs below offer after three months

Fund-manager view

Fund managers attribute the weakness to optimistic pricing, weaker market conditions and the gap between oversubscribed books and durable secondary-market demand

The five case studies that follow examine how oversubscribed institutional books, fully secondary structures, limited retail conviction and weaker liquidity contributed to post-listing repricing—with the 2026 war intensifying, rather than initiating, the declines

Why aftermarket performance weakens after listing

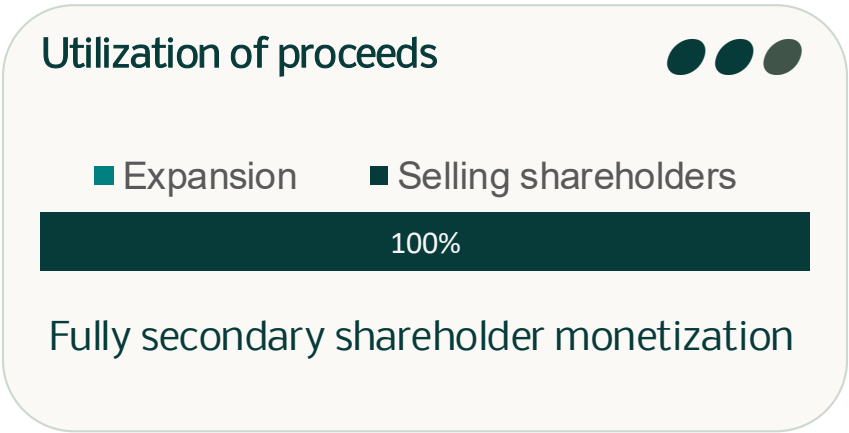
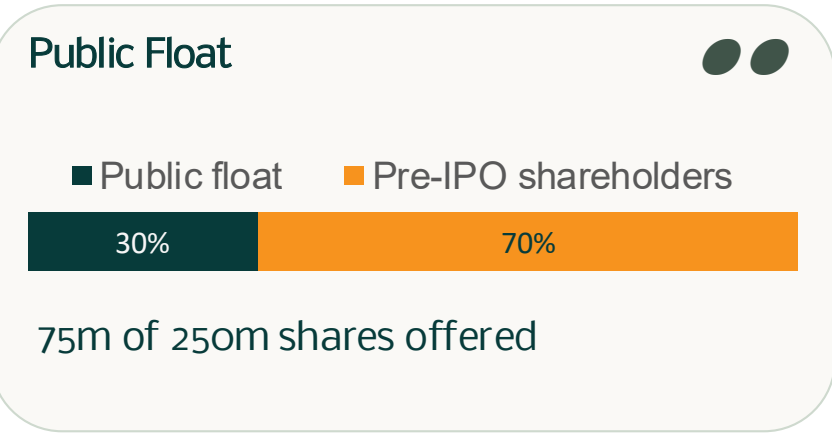
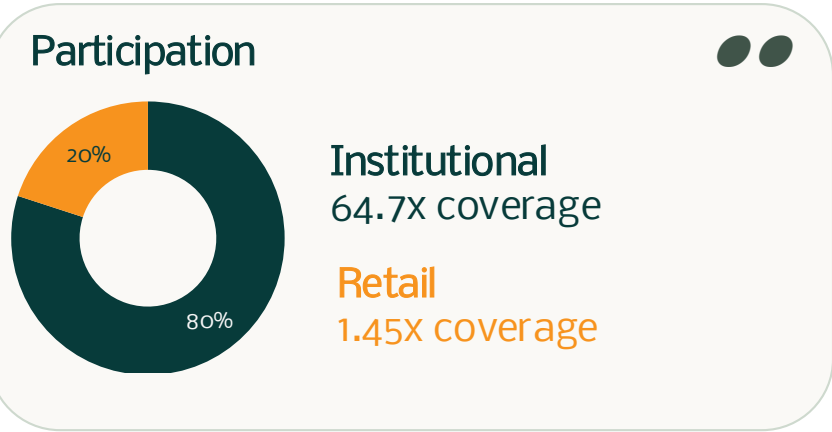
- 01 Primary IPO demand did not translate into durable secondary-market support**

The 2025 cohort shows the clearest break: average returns fell from +9.5% after one month to –7.9% after three months, with 11 of 15 IPOs below offer price at month three
- 02 Early listing strength often concealed subsequent repricing**
  - Most 2025 IPOs moved lower between the one- and three-month checkpoints
  - The initial allocation constraints and first-three-day price limits supported early price formation, but broader trading later exposed weaker demand and more demanding valuation expectations
- 03 A weaker market exposed the valuation gap**
  - Tadawul traded value fell 30.2% and TASI declined approximately 13% in 2025
  - The 2025 decline reflects the interaction of ambitious pricing and a market environment less able to absorb new supply
- 04 Geopolitics amplified, but did not initiate the repricing**
  - Most 2025 IPOs had already weakened between their one- and three-month checkpoints, before the February 2026 war
  - The war then intensified risk aversion and reduced demand for newer, less-liquid stocks

SMC Healthcare: Premium pricing left the IPO exposed before the war

Institutional coverage reached 64.7x, but the 33.7x offer P/E and fully secondary SAR1.88bn offering provided limited price support once allocation demand faded. The stock weakened before February 2026 and declined further as the war increased risk aversion

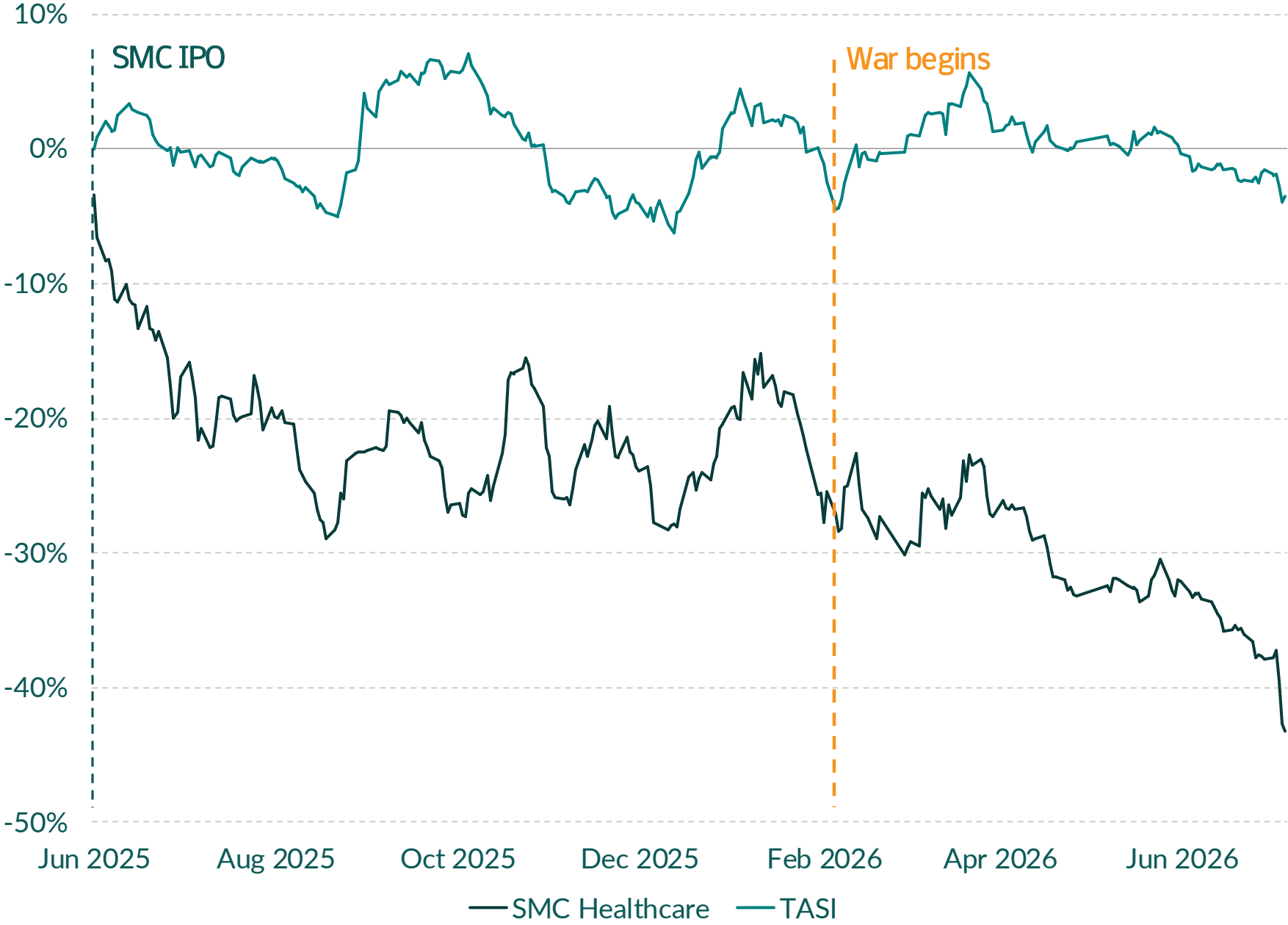
●●● High exposure ● Moderate ● Low



Premium-priced, fully secondary IPO ●●●

- SMC’s fully secondary IPO provided no growth capital, while its 33.7x offer P/E left limited valuation support once post-listing demand normalized
- The stock weakened before the war and the subsequent geopolitical risk-off environment accelerated the de-rating

Monthly returns | SMC vs TASI

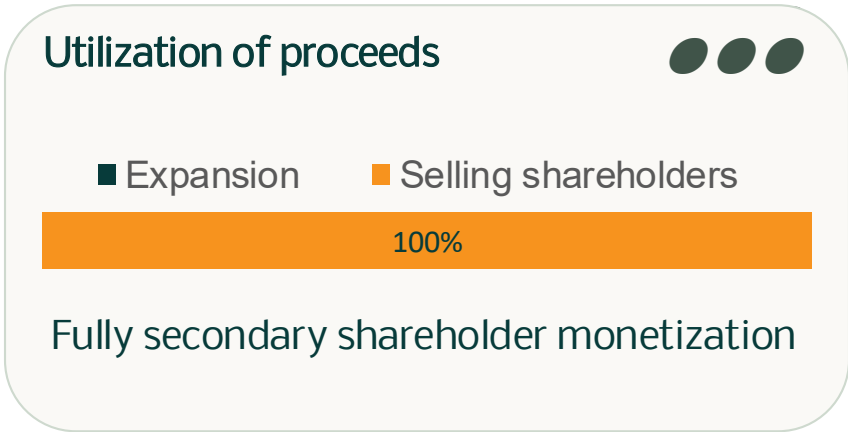
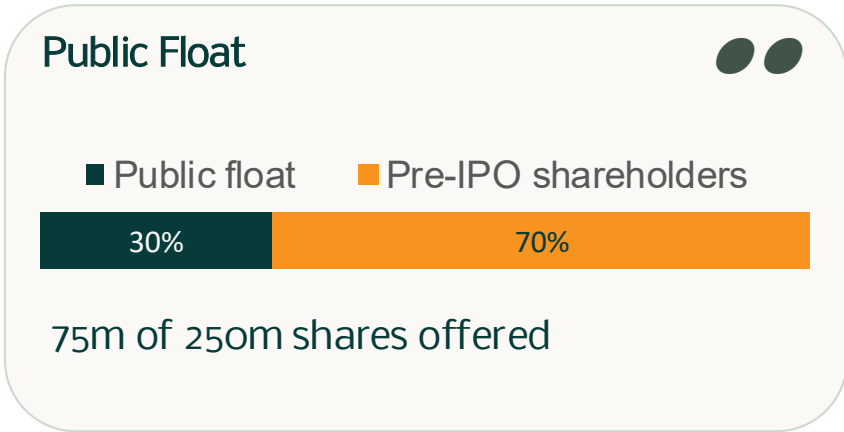
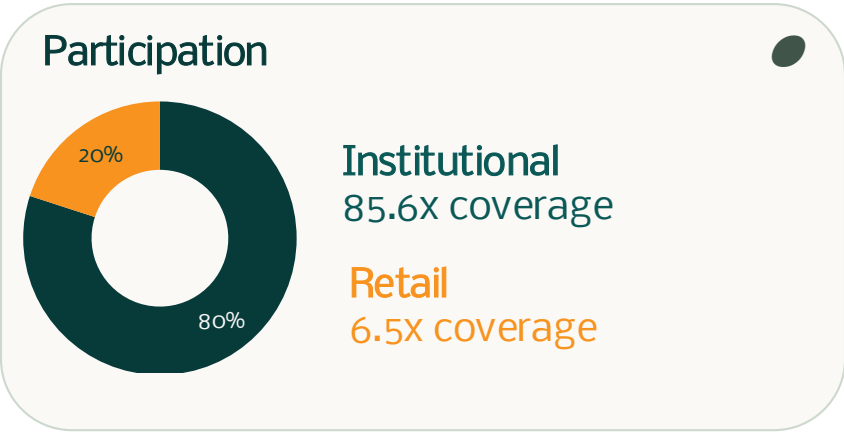


SMC Healthcare listed on 25 June 2025. June return is measured from the SAR25.00 offer price to the SAR22.94 close on 30 June

# Cherry Trading: Strong subscriptions did not produce lasting price support

Despite 85.6x institutional and 6.5x retail coverage, the fully secondary SAR252m offering lacked a new-capital catalyst. The price decline began before the war and deepened as investors reduced exposure to newer, less-liquid stocks

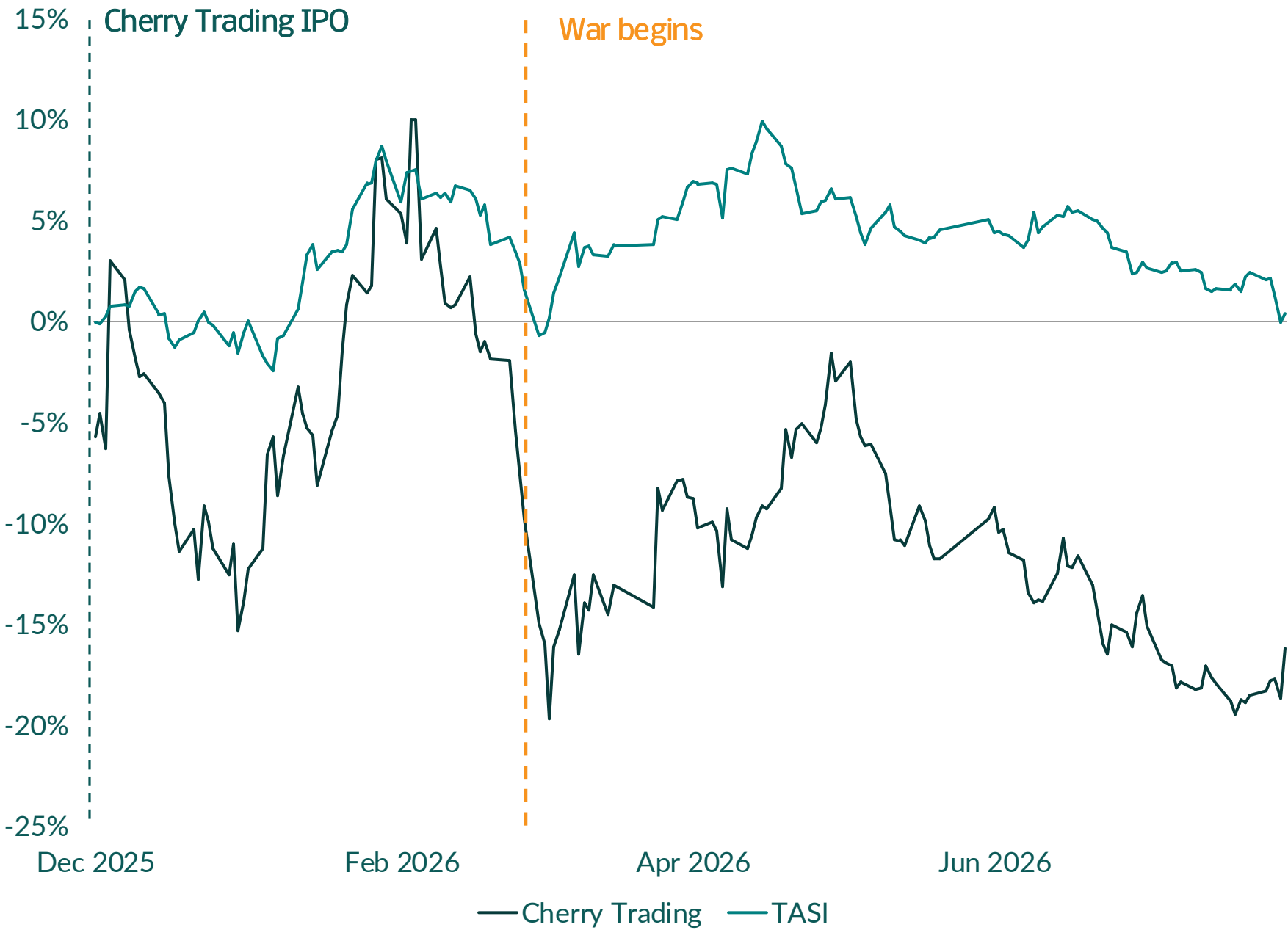
●●● High ●● Moderate ● Low



**Strong bookbuilding, limited post-IPO catalyst** ●●●

- Cherry’s strong subscription reflected primary-market demand for a limited float, but the fully secondary structure created no new capital or reinvestment catalyst after listing
- The decline therefore reflects weaker aftermarket liquidity, with the war adding further pressure to risk appetite

Monthly performance | Cherry vs TASI



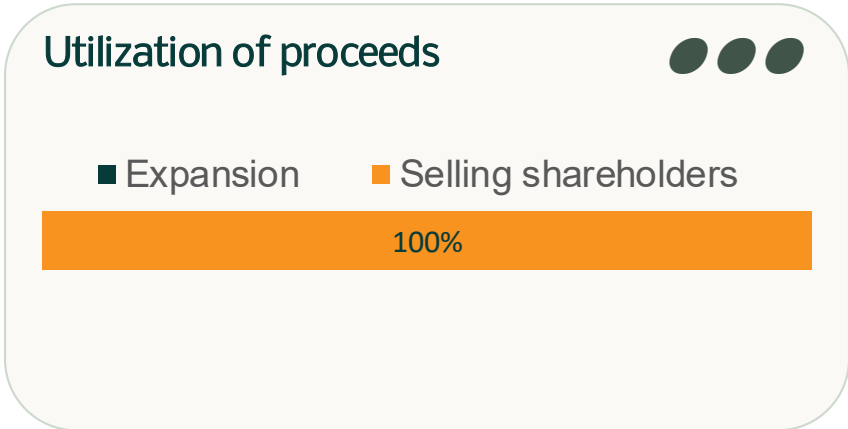
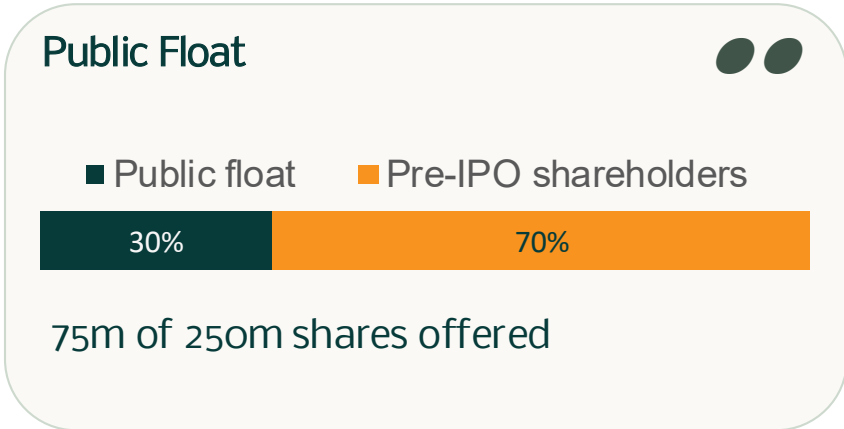
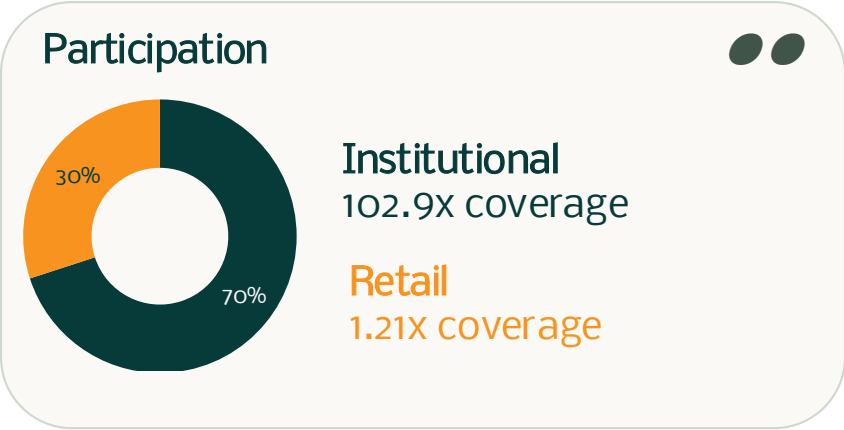
Cherry Trading listed on 1 December 2025. December return is measured from the SAR28.00 offer price to the SAR24.12 close on 31 December



# Almasar Alshamil Education: Resilient pricing absorbed the war shock

The 16.6x offer P/E and 102.9x institutional coverage provided a stronger starting point, allowing the stock to remain 14.3% above offer by July 2026; the resilience shows that the war amplified existing weaknesses rather than causing a uniform IPO sell-off

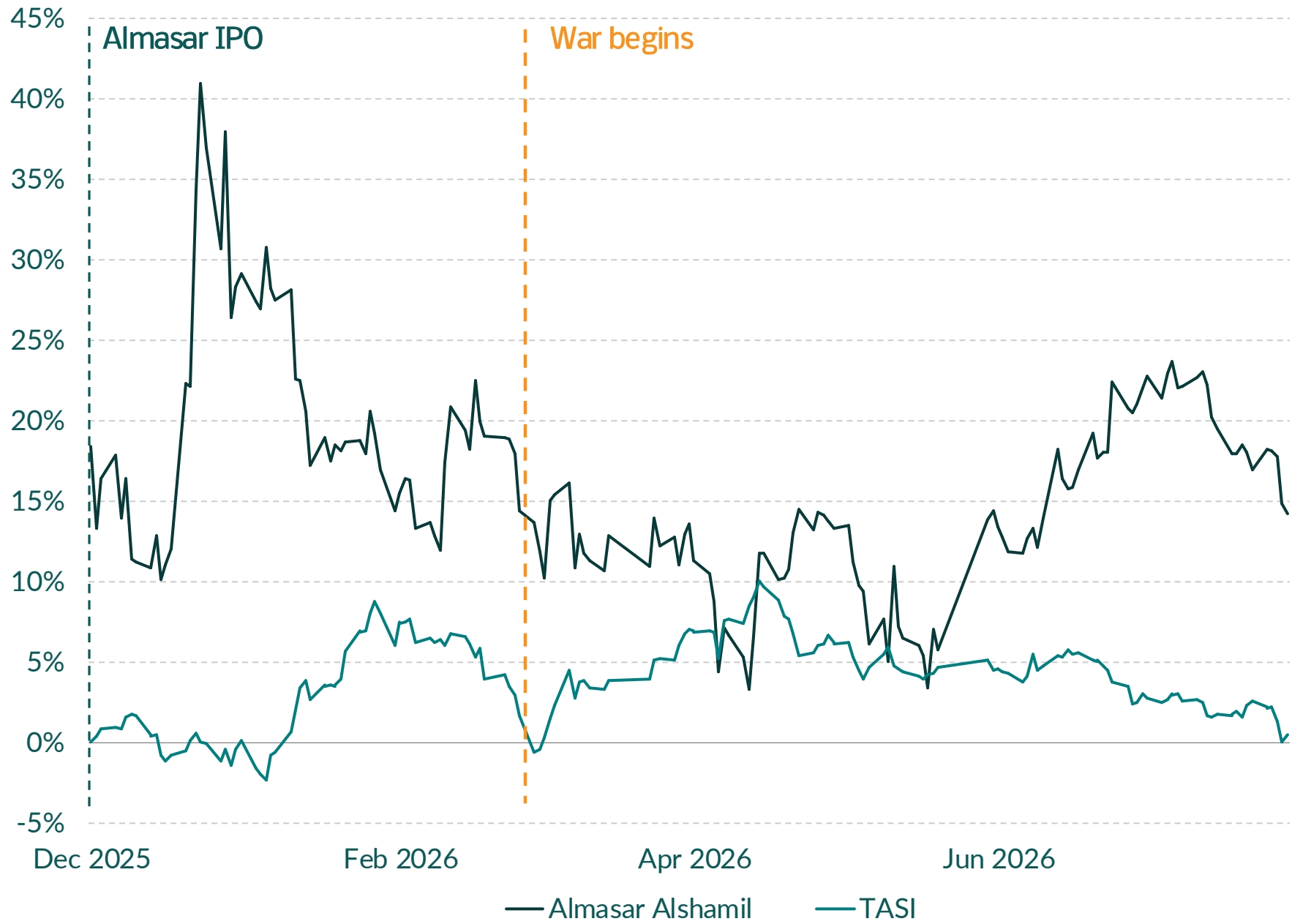
●●● High ●● Moderate ● Low



**Demand resilience despite a secondary sell-down** ●

- Almasar was the exception: its smaller float, lower 16.6x offer P/E and strong institutional coverage supported demand beyond the IPO allocation period.
- The war caused a temporary market-wide dip, but did not reverse the stock's relative outperformance

Monthly returns since listing | Almasar outperformed TASI

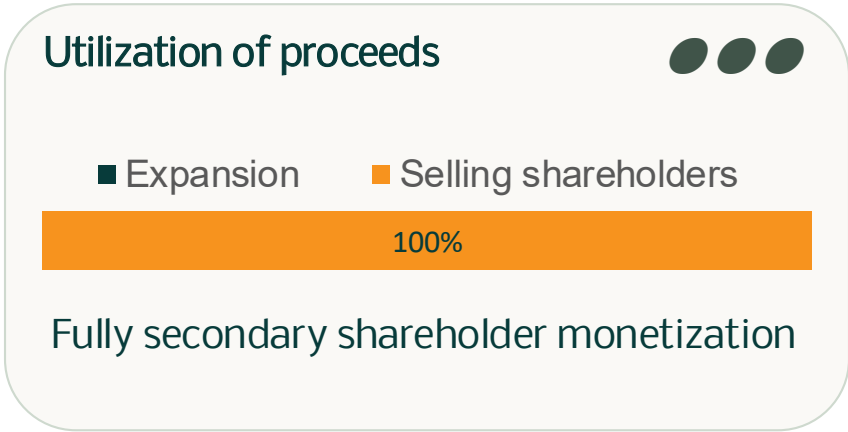
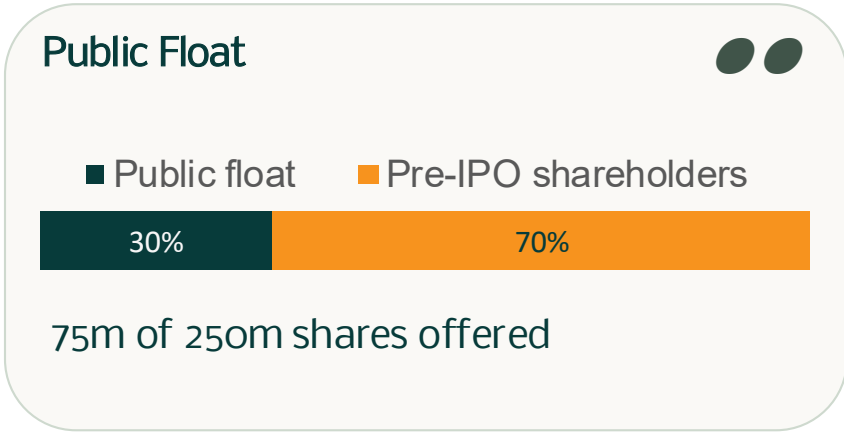
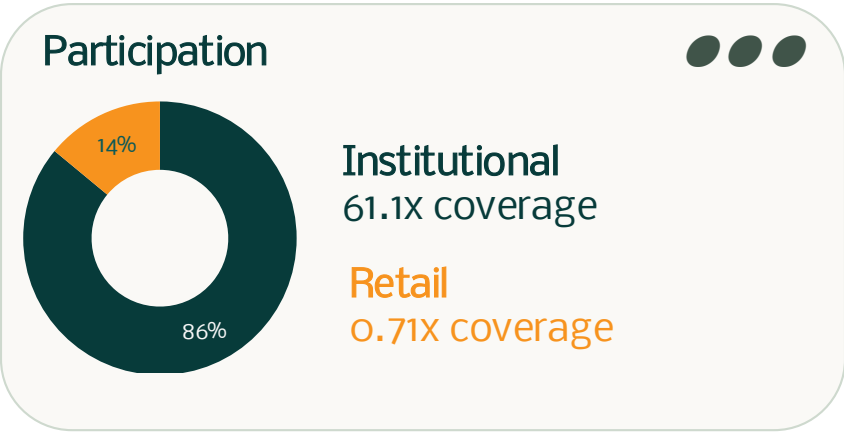


Almasar Alshamil Education listed on 2 December 2025. December return is measured from the SAR19.50 offer price to the month-end closing price on 31 December

# CGS Holding: Institutional demand masked a weak retail bid

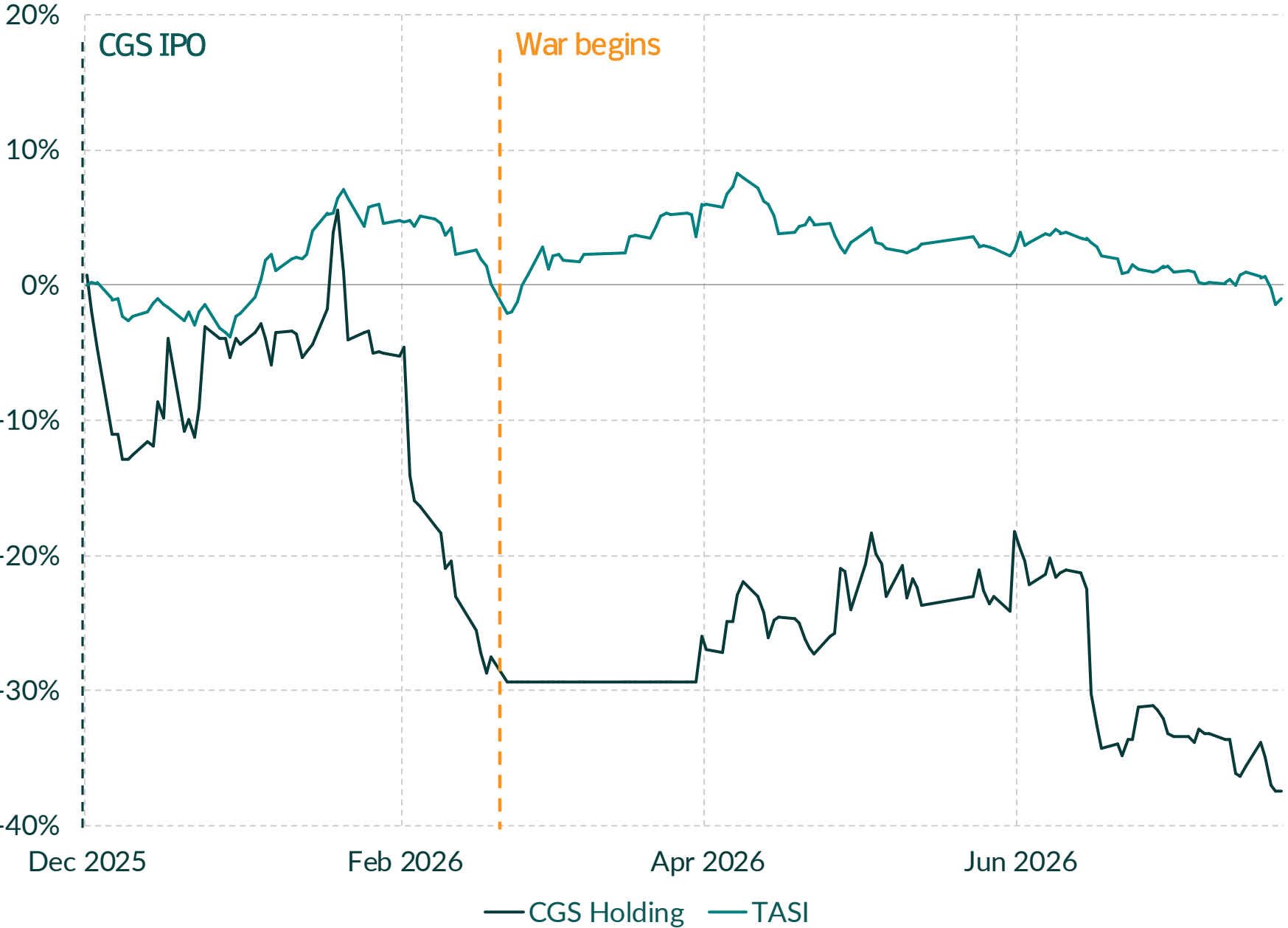
Institutional coverage reached 61.1x, but retail subscribed only 0.71x, revealing limited broad-market support at the SAR10 offer price. The stock fell below offer before the war and declined further as risk appetite weakened

●●● High ●● Moderate ● Low



- Institutional demand without retail confirmation** ●●●
- CGS combined strong institutional demand with undersubscribed retail participation, indicating limited broad-based conviction at the SAR10 offer price
  - The resulting supply-demand imbalance was reinforced by weak market liquidity and the war-related risk-off move

Monthly returns since listing | CGS materially underperformed TASI

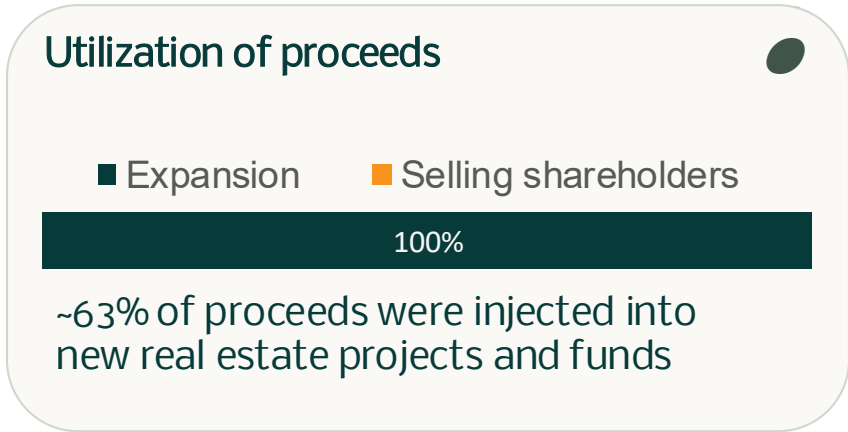
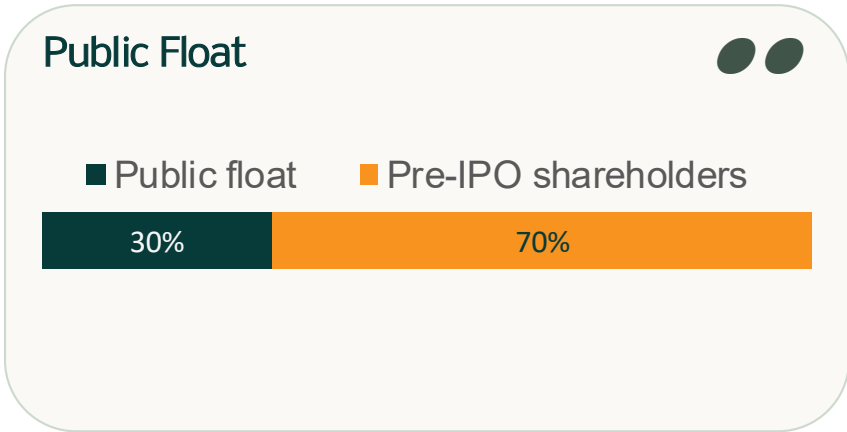


CGS Holding listed on 9 December 2025. December return is measured from the SAR10.00 offer price to the SAR9.09 close on 31 December

# Alramz Real Estate: Weak retail demand undermined a growth-funded IPO

Retail coverage reached only 0.36x versus 11.1x institutional coverage, leaving narrow aftermarket support despite the SAR900m primary raise. The price corrected immediately and fell further as the war reduced demand for less-liquid growth stocks

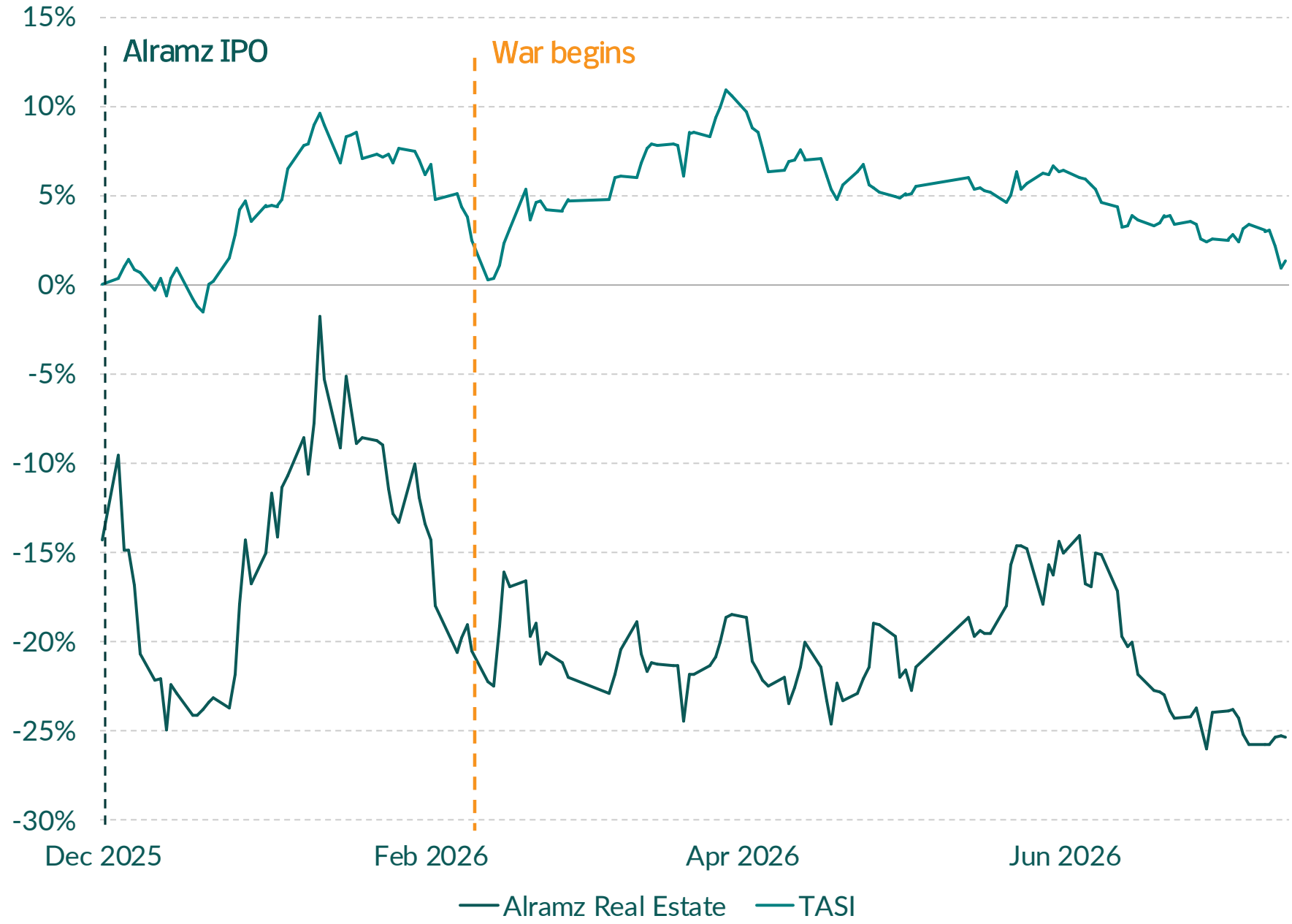
●●● High exposure ●● Moderate ● Low



Growth-funded, but exposed to weak market absorption ●●●

- Alramz faced the clearest aftermarket demand gap: retail investors covered only 0.36x despite 11.1x institutional coverage, while the SAR70 offer price implied a demanding valuation for a newly listed real-estate platform
- Its decline began before the war and deepened as geopolitical risk reduced appetite for higher-risk growth asset

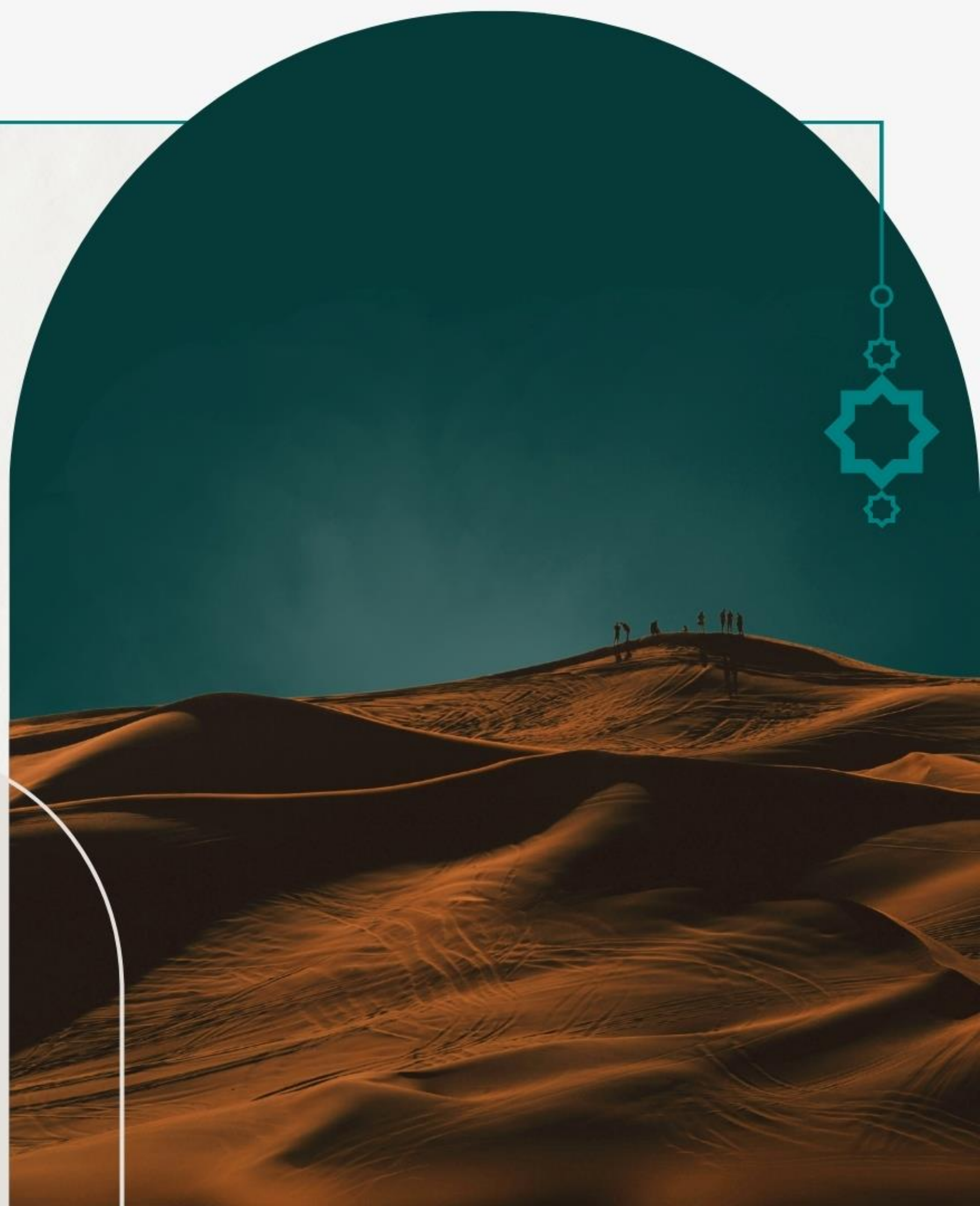
Monthly returns since listing | Alramz materially underperformed TASI



Alramz Real Estate listed on 18 December 2025. December return is measured from the SAR70.00 offer price to the SAR54.30 close on 31 December.

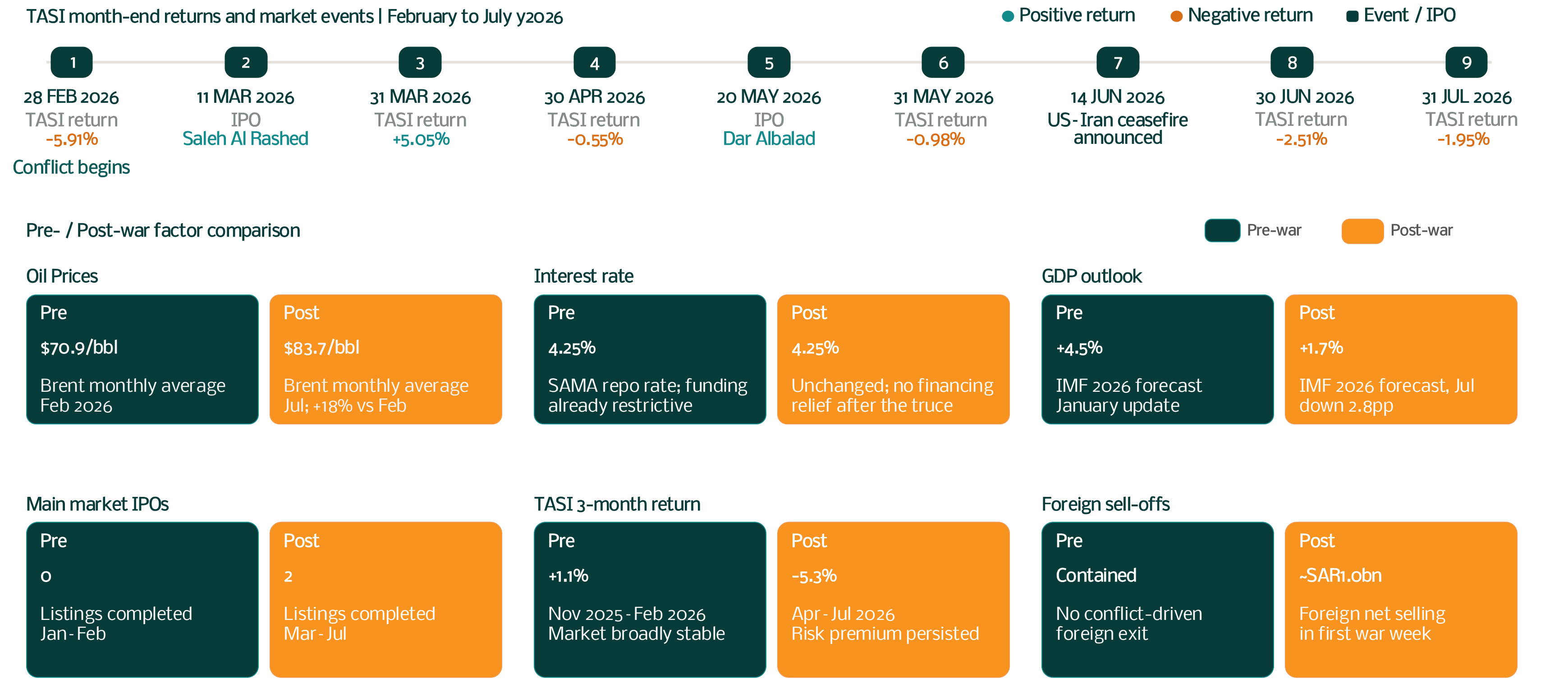
Chapter 4

# Investor Outlook



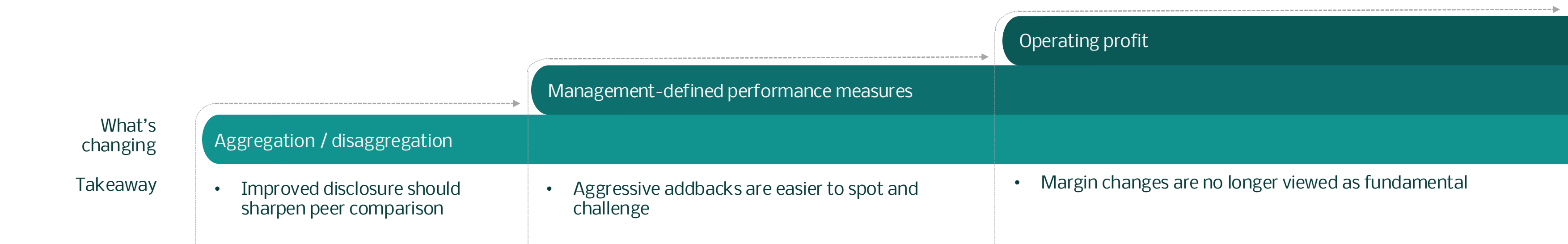
Market Impact | War-related risk outweighed the support from higher oil prices

Despite the June ceasefire, Saudi growth expectations fell from 4.5% to 1.7%, funding costs remained at 4.25%, and TASI’s three-month return reversed from +1.1% pre-war to -5.3% post-war



Disclosure and Governance | IFRS 18 raises the bar for earnings comparability

IFRS 18 should improve comparability across Saudi issuers, with the greatest analytical impact where adjusted earnings, fair-value effects and complex income classification currently shape the investment case



Which sector faces the greatest transition exposure?  
IFRS 18 matters most where current reporting mixes operating performance with valuation or management-defined adjustments

| Sector              | Exposure               | Companies (select)                                                                                                                                                                                                                                             | How the issuer falls short                                                                                                            | How the situation improves                                                                                                                                                |
|---------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Petrochemicals      | Mixed                  |    | <ul style="list-style-type: none"><li>Risk is driven more by reporting complexity than sector membership</li></ul>                    | <ul style="list-style-type: none"><li>Impact varies; simpler petrochemical issuers will benefit from presentation consistency than a changed earnings narrative</li></ul> |
| Real estate / REITs | High                   |    | <ul style="list-style-type: none"><li>Material fair-value, NAV and impairment effects can blur recurring operating earnings</li></ul> | <ul style="list-style-type: none"><li>Improved visibility into recurring versus valuation-driven performance</li></ul>                                                    |
| Healthcare          | Low-moderate           |    | <ul style="list-style-type: none"><li>Relatively clean statutory reporting limits reclassification risk</li></ul>                     | <ul style="list-style-type: none"><li>Better visibility into operating cost drivers and margin</li></ul>                                                                  |
| Banks / Financials  | Specialized / Moderate |    | <ul style="list-style-type: none"><li>Financing and investment returns are not uniformly classified across the sector</li></ul>       | <ul style="list-style-type: none"><li>Improves classification consistency of core financing, investment and fair-value activities</li></ul>                               |

Conclusion | Market access is expanding, but investment outcomes remain increasingly selective

Broader foreign participation and more attractive valuations support long-term market development, while tighter leverage controls reinforce resilience. Weak liquidity, geopolitical risk and uneven earnings recovery continue to constrain near-term returns

● Low exposure ●● Moderate ●●● High

● Foreign investor access



- Foreign holdings across TASI and Nomu rose 31% to SAR439.2bn by July 2026, supported by easier access and lower valuations
- However, weaker turnover shows that higher foreign allocation has not yet delivered broader liquidity

●● Ease of credit



- Local institutions have easier access to credit (IPO credit lines and post-IPO margin financing), but foreign institutions face greater onboarding and approval requirements and may rely on offshore financing, despite post-broadening of access
- Securities-backed margin facilities are subject to collateral haircuts, margin calls and potential forced liquidation

●● Regulatory tightening



- CMA proposes 50% initial and 25% maintenance margins for overseas securities trading
- This signals a shift towards managing the domestic consequences of global market access. Lower leverage could contain investor cash calls and broker losses during geopolitical shocks, at the cost of weaker credit-driven trading activity

●●● Primary market momentum



- Main Market IPOs fell from 6 in 1H2025 to 2 in 1H2026, while Nomu IPOs declined from 17 to 1.
- Main Market proceeds fell from SAR10.49bn in 1H2025 to SAR0.46bn in 1H2026, as weak aftermarket absorption and geopolitical uncertainty delayed issuance.

●●● Geopolitical risk



- Equities recovered from the initial conflict shock in 2026, avoiding a sustained market-wide sell-off
- Uncertainty around oil production, trade disruption, funding costs and corporate earnings remains

●●● Valuation and recovery



- TASI traded at 16.05x P/E in 1H2026, 11 - 15% below 2023 - 2025 levels, creating a more attractive entry point
- Recovery remains dependent on geopolitical stability, stronger earnings visibility and improved returns on capital

## Geopolitical risk and investor appetite

### Has geopolitical risk fundamentally changed investors' appetite for Saudi assets, or is capital waiting for greater clarity? What would bring it back?

The report finds uneven effects across confidence, oil prices, trade and sector earnings. Weak trading activity raises the question of whether investors have withdrawn or deferred deployment.

Several experts see a varied impact on investor tolerance, rather than a fundamental shift.

“Appetite has diverged by asset class, and some weakness predates the war. ... This is a price-discovery problem, so a ceasefire alone won’t fix it.”

Director Corporate Finance Advisory at a leading capital house, Saudi Arabia

Adjacent view: Inflation, rates and technological change present other risks.

“Bigger risks are inflation and rates risk. As AI continues to evolve, the market needs to watch out for the degree and impact of the resulting technological drift on individual businesses and their asset prices.”

Pankaj Gupta, Veteran Banker, Saudi Arabia

Supporting view: Investors apply a higher risk premium and greater scrutiny.

“...investors are applying a higher risk premium and greater scrutiny to timing, valuations, cash-flow resilience and exit visibility.”

Big4 Partner, MENA region

Recovery view: Easing tensions and improved financing could accelerate deployment.

“...geopolitical risks ease, financing conditions improve, and major projects continue to demonstrate successful delivery and performance, capital deployment is expected to accelerate.”

Mohammed Najamuddin Ansari, Head-Real Estate Development & Investment, RAFAL Real Estate Development

Contrasting evidence: Private markets continue to show signs of activity.

“Transactions in private markets are still taking place however not disclosed.”

Senior Investment Advisor to a PIF entity

The views suggest selective deployment, with pricing, geopolitical clarity and financing conditions shaping the return of capital.

## IPO pricing, liquidity and confidence

### Is Saudi Arabia facing a liquidity problem, a pricing problem, or a loss of investor confidence? What would need to change to restore the IPO market?

In 2025, 77% of Main Market IPOs ended below offer as TASI traded value fell 30%. Weak aftermarket performance and slower issuance put pricing, liquidity and confidence under scrutiny.

One expert argues that poor aftermarket performance predates the conflict and reflects a valuation gap.

“...liquidity constraints are a symptom, not the cause. The underlying issue was pricing optimized to favor sellers, where high retail participation overshadowed quieter institutional demand.”

Talha Nazr, Director, Public Equities, Olayan Financing Company

One expert points to liquidity’s role in amplifying market weakness.

“Valuation compression and muted returns have weakened investor confidence and encouraged outflows, which in turn have created a self-reinforcing cycle of weak flows and continued valuation pressure.”

Senior Investment Banker, Saudi capital house

Supporting view: Realistic pricing and better book-building can restore confidence.

“High book-building demand has failed to prevent post-listing losses, damaging retail investor confidence and slowing 2026 issuance. Restoring confidence requires realistic pricing, improved book-building, and conservatively priced state listings.”

Hassan Ali, Investment & Strategy Director, AlKifah Holding

Common ground: Weaker confidence accompanies pricing and liquidity pressures.

“What we’re seeing today is a dent in liquidity and pricing, and narrower risk appetites. What will it take to turn the tide? National projects centered around uplifting the economy.”

Ahmed Zeeshan, CFA, FCCA, Senior Director, Emaar, The Economic City

Pricing is a recurring concern, while weaker returns, liquidity and confidence appear to reinforce one another.

# Appendix | Methodology and comparability

Definitions and normalization rules applied to the market, ownership, valuation and IPO analyses in slides 4–17

**01    Market size, turnover and liquidity**

Market capitalization and listed-company counts are period-end values. ADVT is average daily traded value: 2024 and 2025 use full-year averages; 1H2026 uses January - June; July 2026 is shown only where explicitly labelled. Main Market values are in SAR bn; Nomu market capitalization and ADVT are in SAR mn.

**02    Foreign ownership and access**

Foreign holdings are reported at the market level using Saudi Exchange and Argaam ownership snapshots. Comparisons use December 2025 and July 2026 where shown; values are not treated as fund-flow data unless explicitly labelled as net purchases or sales.

**03    IPO cohort and return conventions**

Main Market IPOs are assigned by listing date. Calendar-year charts compare final offer price with the 31 December close. Standardized returns use the close one or three calendar months after listing; if the anniversary is not a trading day, the next Saudi Exchange session is used. Returns are equal weighted and exclude dividends.

**04    Valuation measures**

P/E uses Saudi Exchange period-end market ratios; P/S uses Simply Wall St’s Saudi-market aggregate based on S&P Global Market Intelligence. Provider methodology and security universe differ, so the two series support directional analysis rather than a like-for-like valuation comparison.

# Appendix | Analytical conventions

Conventions used for sector attribution, war-event framing, issuer price charts and qualitative exposure assessments

**01**    **Sector and macro attribution**

Sector returns and market ratios are taken from Saudi Exchange reporting periods stated on each slide. Macro indicators use the latest cited release available at the analysis cut-off; relationships are interpreted as associations and not as proof of causality.

**02**    **War-event analysis**

The event framework separates pre-war and post-war windows using the date labelled on the relevant slide. TASI uses month-end returns, Brent uses monthly averages, and policy-rate and macro series follow their original publishers. The analysis distinguishes pre-existing IPO weakness from subsequent geopolitical amplification.

**03**    **IPO case-study price charts**

Company lines show cumulative price returns from the IPO offer price; the first partial month uses the offer price to month-end close. TASI is rebased to zero at the listing date. These charts assess pricing, liquidity and market sensitivity, not the effect of post-listing operating performance.

**04**    **Qualitative assessments and evidence hierarchy**

IFRS 18 exposure and case-study risk ratings are Axial Consulting assessments based on SOCPA/IASB guidance and cited disclosures. One dot denotes low exposure, two moderate and three high. Primary regulators, exchanges, issuer filings and official statistics are controlling sources; reputable secondary sources support market interpretation.

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