

Annual Financial Results 2022

Earnings Release

February 26, 2023

Saudi Tadawul Group announces its Annual Financial Results 2022, achieving a net profit after zakat of SAR 424.6 million

- Saudi Tadawul Group in participation with the Public Investment Fund (PIF) established the Regional Voluntary Carbon Market Company.
- Complete the first dual listing on the Saudi Exchange and Abu Dhabi Securities Exchange.
- "Wamid", Saudi Tadawul Group subsidiary, signed a sale and purchase agreement with "National Two Ventures" to acquire 51% shares in Direct Financial Network Company "DirectFN"
- Launched the market maker framework for Equity and Derivatives Markets, as part of Saudi Exchange's efforts to ensure the availability of liquidity and increase price formation efficiency in line with its efforts to advance the growth of the Saudi capital market as part of the Kingdom's Vision 2030

Riyadh, Saudi Arabia, February 26, 2023: Saudi Tadawul Group Holding Co. (the "Company" or the "Group"), a leading diversified capital markets group in the MENA region, announced its annual financial results for the period ended on 31 December 2022.

Financial Performance Highlights

The Group achieved a net profit after zakat of SAR 424.6 million in FY 2022, a 27.8% year on year (YoY) decrease from SAR 587.7 million in the same period of 2021, This was mainly driven by the following:

- **Operating Revenue** decreased 8.1% YoY reaching SAR 1,071.4 million in FY 2022 compared to SAR 1,166.1 million in the same period of 2021, predominantly due to the decrease in trading revenue and post trade revenue driven by the decrease in trading values which contracted by 23.0%.
- **Operating Expenditures** increased 16.6% YoY reaching SAR 644.3 million in the FY 2022 compared to SAR 552.5 million in the same period of 2021, due to the increase in the salaries and related benefits, the largest cost item, driven by the increase in headcount as per the Group's plan.
- **EBITDA** decreased 26.9% YoY reaching SAR 490.3 million in the FY 2022 compared to SAR 670.6 million in the same period of 2021, due to the decrease in the Group's operating revenue against growth in the Group's operating expenditures.
- **Gross Profit** decreased 18.0% YoY reaching SAR 683.7 million in the FY 2022 compared to SAR 834.3 million in the same period of 2021, due to the decrease in the Group's operating revenue against growth in the Group's operating expenditures.

Eng. Khalid Al-Hussan, Group Chief Executive Officer at Saudi Tadawul Group, commented: "In 2022, we worked to enhance the infrastructure of the Saudi capital market to host a diverse range of issuers and investors. This is evidenced by the strong IPO activity we witnessed, firmly placing the Saudi capital market among the top performing IPO markets in the world. We also invested in the development of our infrastructure and service offering as we continue to realize the achievement of our strategic goals".

Al-Hussan added: "In line with our efforts to enhance the infrastructure of trading and post trading services and encourage listings, we witnessed the first dual listing between Saudi Exchange and Abu Dhabi Securities Exchange, which marks a new era of collaboration between Saudi Arabia, GCC and international capital markets exchanges. Through the year, we continued to collaborate with regional and international exchanges to lay the groundwork for the nearest future cross listings.

He concluded: During Q4 2022, "Wamid", Saudi Tadawul Group subsidiary, announced the signing of a sale and purchase agreement with "National Two Ventures" to acquire 51% shares in Direct Financial Network Company "DirectFN", this acquisition will create additional opportunities to leverage the power of data and connection to the issuers and investors in the Saudi capital market.

Our focus will always remain on delivering sustainable value to our shareholders, while driving the long-term advancement of the Saudi capital market. Looking ahead to 2023 and beyond, our goal will be to build on our successes and further the economic development of the Kingdom, as we work to establish Saudi Arabia as a global financial hub."

Business Performance Highlights

Saudi Tadawul Group has made a steadily continued progress in building its position as a global capital markets powerhouse through new product launches and events to accelerate growth, strengthen operational and financial performance, diversify world-class offerings across solutions and technologies, and broaden its local, regional, and international client base:

- **Saudi Tadawul Group** in participation with the Public Investment Fund (PIF) established the Regional Voluntary Carbon Market Company to offer guidance and resourcing to support businesses and industries in the region as they play their part in the global transition to net zero, ensuring that carbon credit purchases go above and beyond meaningful emission reductions in value chains.
- Completion of the First dual listing on the **Saudi Exchange** and Abu Dhabi Securities Exchange.
- Signing of **Wamid**, Saudi Tadawul Group subsidiary, a sale and purchase agreement with "National Two Ventures" to acquire 51% shares in Direct Financial Network Company "DirectFN".
- Launched the market maker framework for Equity and Derivatives Markets, as part of Saudi Exchange's efforts to ensure the availability of liquidity and increase price formation efficiency in line with its efforts to advance the growth of the Saudi capital market as part of the Kingdom's Vision 2030.
- Launched Repo Clearing Service by **Muqassa**
- The completion of the enhancements to develop post trade infrastructure, the largest bundle in the history of Saudi capital market.
- **Saudi Exchange** launched the Second derivatives product, Single Stock Futures Contracts.

Market Performance Highlights

- The Saudi capital market ranked as ninth the largest global exchange in terms of market capitalization, which reached SAR 9.9 trillion at the end of 2022.
- In 2022, the Saudi Exchange experienced a record setting year and had the highest number of listings in the Middle East, welcomed 51 listings, of which 19 were in the Main Market and 32 in Nomu - Parallel Market, raising a total value of 40.8 billion Saudi Riyals.
- The number of listed companies in the main market and Nomu - Parallel Market increased to 269 companies by the end of 2022, compared to 224 in the last year 2021, which in turn confirms the continued attractiveness of the Saudi financial market.
- The Average Daily Traded Value "ADTV" for both Main Market and Nomu - Parallel Market reached SAR 6.9 billion at the end of 2022, a decrease of 22.8% YoY compared to the last year 2021, which was SAR 9.0 billion.

Segment Information

The Group is organized into business segments based on services provided. The reportable segments of the Group are as below:

- **Capital Markets Segment:** The Capital Markets segment's revenue, which includes trading services and listing fees, decreased 17.0% YoY, reaching SAR 406.5 million in FY 2022.

Trading services revenue decreased 23.4% YoY reaching SAR 313.4 million in FY 2022 compared to SAR 409.4 million in the same period of 2021, driven by the decrease in trading values which contracted by 23.0%

Listing fees revenue increased 15.8% YoY reaching to SAR 93.2 million in FY 2022 compared to SAR 80.5 million in the same period of 2021, mainly due to an increase in the number and size of listings.

- **Data & Technology Services Segment:** Data and Technology services revenue increased 7.4% YoY reaching SAR 100.2 million in FY 2022 compared to SAR 93.3 million in the same period of 2021 driven mainly by Wamid's co-location service, which was activated in Q1 2022.
- **Post-Trade Segment:** Post-trade revenue decreased 3.1% YoY reaching SAR 564.7 million in FY 2022 compared to SAR 583.0 million in the same period of 2021, mainly driven by the decrease in trading values which contracted by 23.0% mitigated by the new fees structure of post trade services (Clearing, Settlement and Safekeeping).

P&L Snapshot

SAR million,	FY 2022	FY 2021	Y-o-Y Change	
Operating revenues	1,071.4	1,166.1	8.1%	▼
Operating expenses	581.1	495.5	17.3%	▲
EBITDA	490.3	670.6	26.9%	▼
<i>EBITDA margin</i>	<i>46%</i>	<i>58%</i>		
Depreciation & amortization	63.2	57.0	10.8%	▲
EBIT	427.1	613.6	30.4%	▼
<i>EBIT margin</i>	<i>40%</i>	<i>53%</i>		
Investment income & other income	75.1	43.6	72.1%	▲
Loss from associates	(9.9)	(3.3)	202.5%	▲
Zakat	67.7	66.2	2.2%	▲
Net profit after Zakat	424.6	587.7	27.8%	▼
<i>Net profit margin</i>	<i>40%</i>	<i>50%</i>		
EPS (SAR)	3.54	4.90		

Financial Position Snapshot

SAR million,	FY 2022	FY 2021	Y-o-Y Change	
Cash & cash equivalents	2,118.8	86.2	2358.1%	▲
Investments	674.4	2,687.0	74.9%	▼
Other assets	4,896.8	770.1	535.8%	▲
Total assets	7,690.0	3,543.3	117.0%	▲
Total liabilities	4,510.4	450.9	900.3%	▲
Total equity	3,179.7	3,092.4	2.8%	▲

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About Saudi Tadawul Group

Saudi Tadawul Group Holding Co., a leading diversified capital markets group in the MENA region, is a holding company with a portfolio of four wholly owned integrated subsidiaries: the Saudi Exchange, one of the largest stock exchanges in the world by market capitalization, the Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Muqassa) and Tadawul Advanced Solutions Company (WAMID), an innovative technology solutions company. In addition, the Group owns a 33.12% stake in Tadawul Real Estate Company (TREC), a company operating in the field of real estate management and development, and 20% stake in the Regional Voluntary Carbon Market Company, which offer guidance and resourcing to support businesses and industries in the region as they play their part in the global transition to net zero, ensuring that carbon credit purchases go above and beyond meaningful emission reductions in value chains.

The Group maintains a diversified business model that is integrated across all the relevant business lines, which allows the Company to offer a full array of capital markets related products and services. It has strong strategic and competitive positioning supported by its scale, growth profile, and position at the heart of a large-scale economic transformation agenda. The operational independence of each subsidiary promotes an agile environment which supports growth and innovation and enables rapid responses to evolving global and regional market trends. The Group is the foundational pillar for the delivery of the Financial Sector Development Program (FSDP) which has the stated goal of developing an advanced capital market to support the broader realization of Vision 2030.

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