

مجموعة تداول السعو<mark>دية</mark> Saudi Tadawul Group





CONTENTS

Highlights of the Group

006

Chairperson's statement

014

Chief Executive Officer's review

016

The **IPO**

019

A hand on the tiller

023

REPORTING PERIOD AND BOUNDARY

This Report is focused on the reporting period 1 January 2021 to 31 December 2021, which is consistent with the annual reporting cycle followed for 2019. The Report covers the financial and operational aspects of the Saudi Tadawul Group, formerly known as the Saudi Stock Exchange (Tadawul), including its four subsidiaries; Saudi Exchange (Tadawul), the Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Mugassa) and the Tadawul Advanced Solutions Company (WAMID). The Report has been issued in both Arabic and English and in the event of any discrepancy the Arabic version shall prevail.



REPORTING CHANNELS

Our Annual Report 2021 is being released in multiple digital mediums and formats simultaneously for the third consecutive time to effectively meet the diverse interests of our different stakeholder groups.



Print/PDF version

The PDF version of our Report comprises our statutory annual report, which may be downloaded from our website.

Operation review

038

- 038 Chief Financial Officer's foreword
- 039 Financial review/Key ratios
- 042 Operational excellence
- 045 Human capital
- 050 Transformation in operations
- 053 Subsidiary review
 - Saudi Exchange
 - Edaa
 - Mugassa
 - WAMIT
- 063 Looking beyond the numbers

Governance

068

- 068 Governance at Saudi Tadawu Group
- 069 Saudi Tadawul Group
- 070 Board of Directors
- 085 Executive Managemen
- 090 Board of Directors committees
- 102 Details of remuneration
- 106 Risk management
- 109 Business or contract to which the Company is a party of and in which a Director of the Company is or was interested
- 109 Statutory payments, penalties and sanctions
- 110 Disclosure and transparency policy
- 110 Dividends policy
- 111 Financial pertormance for 202°
- 114 Shareholder rights
- 115 Board of Directors declarations
- 116 Investor relations

Financial statements

119

- 120 Independent auditors' report
- 124 Consolidated statement of financial position
- 126 Consolidated statement of profit or loss and other comprehensive income
- 127 Consolidated statement of changes in equity
- 128 Consolidated statement of cash flows
- 130 Notes to the consolidated financial statements

Supplementary information

182

- 182 Glossary
- 183 Corporate information



HTML version

The end-to-end interactive online HTML version of our Report is identical to the PDF version, while it includes features for ease of finding, extracting, and sharing information.



https://annualreport.tadawulgroup.sa/2021/



Executive summary

The executive summary of the Report in both PDF and video formats is ideal for those who want a quick read while on the go and for sharing information through social media.



https://annualreport. tadawulgroup.sa/2021/esp/



https://annualreport. tadawulgroup.sa/2021/esv/ **Transformation**

Saudi Tadawul Group Holding

Company was formed in April

2021 with four subsidiaries;

Saudi Exchange, the Security

Depositary Center Company

(Edaa), the Security Clearing

Center Company (Mugassa),

Solution Company (WAMID).

With its new structure, the

Saudi Tadawul Group has

established a diversified

range of revenue streams

and growth opportunities.

investors with a wide range of

investment options, enabling

classes and opportunities to

manage risk and benefit from

them to access new asset

market movements.

The subsidiaries provide

business model with a broad

and Tadawul Advanced

of Group

HIGHLIGHTS OF THE GROUP

Highlights of the Group

006

014 Chairperson

016 CEO's

019 The

023A hand

038 Operation review

068

119 Financial statements

182 Supplementary

Formation of WAMID

A new company - Tadawul **Advanced Solutions** Company (WAMID) launched its operations in April 2021. This fullyowned subsidiary of the Saudi Tadawul Group. aims to drive technologydriven innovation and transformation of the financial market, while seeking new opportunities in the region. Its goal is to enhance the investors experience by enhancing data access, and serving as the innovation hub for the Group.

Strategic Plans

With the formation of the Group structure, a revised comprehensive strategic plan was formulated for 2021-2025.

While maintaining important points of continuity with the

continuity with the preceding strategy, the new strategy seeks to drive growth by diversifying the business mix and developing new asset classes, products, and services; leveraging the Group's integrated business model to create vital regional and global linkages; and improving the Group's capabilities, resilience, and agility to thrive in a competitive global environment.

The IPO

The recent successful IPO marks a major milestone in the Group's growth story as a leading diversified capital markets group in the MENA region, and a Saudi powerhouse with a global mindset that is able to leverage scale, innovation, and execution capabilities to drive long-term value for all our stakeholders, achieving the nation-wide goal of the successful delivery of Saudi's Vision 2030.

مجموعة تداول السعو<mark>دية</mark> Saudi Tadawul Group

Financial performance highlights for 2021

1,166.08 Mm

820.69 Mn

611.83 _{Mn}

Operating Revenue **8.01**%. YoY

Gross Profit

8.79% YoY

Operating Profit

12.64% YoY

668.85 Mn

66.22 Mr

587.70 Mn

EBITDA **13.10**% YoY **↑**

Zakat Expense
20.75% YoY ↓

Net Profit after Zakat

17.42% YoY

Operational highlights

FTSE Russell included Saudi Arabia in Emerging Markets Government Bonds Index (EMGBI)

MOUs signed with Abu Dhabi Securities Exchange and Bahrain Clear MOU signed between Edaa and Clearstream to facilitate access by foreign investors to Saudi Sukuk and Bond Market was activated

Wamid facilitating market participants to co-locate their servers and equipment within the Tier IV Data Centre

In the pipeline

- The launch of single stock futures
- The Activation of Edaa/Euroclear Bank agreement to foster links between the two depositories
- Muqassa activation of counterparty risk and netting transactions for cash market
- Introduction of Market Maker service and supporting rules
- Porting of key functions such as clearing, settlement, backup, and business continuity to new data centres

006Highlights of the Group

014 Chairperson's statement

> O16 CEO's

> > O19
> > The

023 A hand on the tiller

038

068 Sovernance

119 Financial statements

182 Supplementary information



006Highlights of the Group

014 Chairperson's

016 CEO's

019The

023A hand on the tiller

038

068 Governance

119 Financial statements

182Supplementary information



The Saudi Tadawul **Group Holding** Company was established in April of 2021 to integrate the financial market. capitalize on the rapid growth witnessed by emerging markets, enhance the market's competitiveness, and expand the scope of financial market innovation. The Group is the parent company and the whole owner of the subsidiaries – the Saudi Exchange, one of the largest capital markets in the world in terms of market capitalization; The Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Muqassa) and Tadawul Advanced Solutions Company (WAMID), the recently launched company – the innovation arm of Saudi Tadawul Group.

The Group's integrated business model shape what comes next in terms of capital market development, serving as the bridge connecting global investors and regional economies, and provides a strong platform and opportunity for investors to access the Saudi economy.

The Group structure is part of a series of enhancements which have been focused on developing the capital market and attracting foreign investments. Thereby the Group is also increasing its contribution to the economy in terms of non-oil based revenue, which is a key goal of Vision 2030.

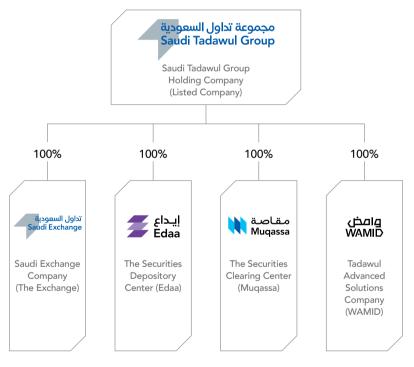
The Financial Sector Development Program (FSDP), is a delivery programme which supports the execution of Vision 2030. Three of the strategic objectives of FSDP are enabling financial institutions to support private sector growth, ensuring the formation of an advanced capital market and promoting and enabling financial planning. The Group is closely aligned with all objectives. These objectives in turn contribute to the Vision 2030 goal of diversification of the economy.

The formation of the Group will facilitate smooth operational integration and synergies between the subsidiaries. This will increase efficiency across the Group and will strengthen the ability of the Group to position itself as a regional and global capital market service provider. The Group will provide best-in-class services to all market participants and enable the diversification of investment opportunities. Saudi Tadawul Group will act as a bridge between international investors and regional economies.



The Group in detail

While all the subsidiaries have considerable independency, they all function under the direction and oversight of the Holding Company. The new structure below gives more focus to the subsidiaries while facilitating synergies. The Saudi Exchange has become a dedicated stock exchange; its former subsidiaries, Edaa and Muqassa, are placed directly under the Holding Company. A new addition to the Group, Tadawul Advanced Solutions Company (WAMID), is a newly created subsidiary focused on solutions and pioneering technologies.



006 Highlights of the Group

014 Chairperson's

> 016 CEO's

O19 The IPO

023A hand on the tiller

038 Operation

068 Governance

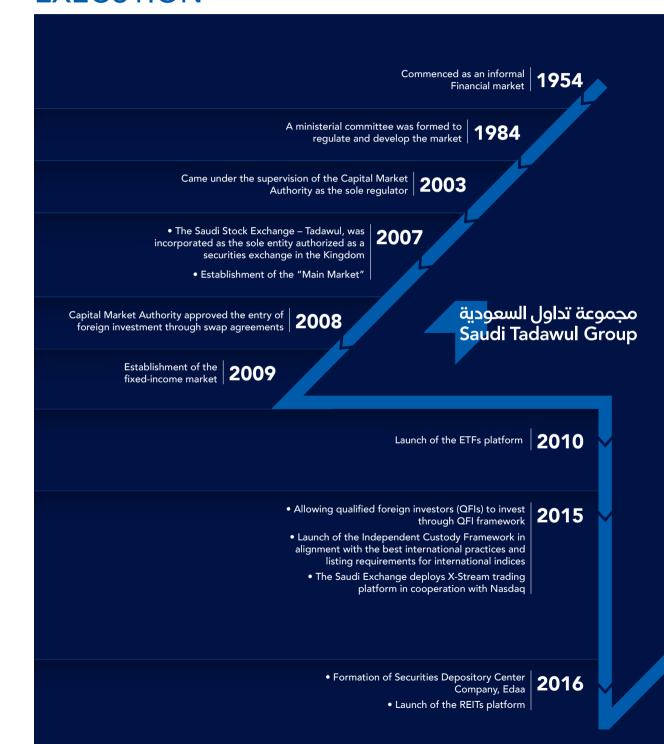
119 Financial

182 elementary Chairperson's

Highlights of the Group

AT A GLANCE

A HISTORY OF INNOVATION AND EXECUTION



Supplementary information

AT A GLANCE

2021

- The Saudi Stock Exchange is reorganized, whereby the Company is converted into a holding company and changes its name to "Saudi Tadawul Group" and a new company is established under the name "Saudi Exchange" and assumes all listing and trading services from the Company
- Launch of the Tadawul Advanced Solutions Company (WAMID), a newly created subsidiary focused on solutions and pioneering technologies
- Launch of the Close Ended Funds platform
- Linking Clearstream with Edaa as the first International Central Securities Depository (ICSD), which allows foreign investors to invest in local listed bonds and Sukuk

2020

- Muqassa licensed by CMA as a qualified central counterparty (QCCP)
- Activated clearing derivatives with the launch of the derivatives market
- Funds allowed to be listed on the Exchange's Parallel Market "Nomu"
- \bullet Completed inclusion in the FTSE Emerging Index
- Edaa launches REPO collateral transfer services
- \bullet Listing for the first time Sukuk and commodities ETFs
- Incorporation of Tadawul Advanced Solutions Company WAMID, a Subsidiary focused on technology innovation

2019

- The Exchange became one of the world's 10 largest exchanges in terms of total market capitalization
- Complete inclusion in MSCI and S&P Emerging Markets indices and partial inclusion in the FTSE Russell Emerging Index
- Allowing foreign listed companies to list (on a dual listing basis) on its Main Market

2018

- Formation of Securities Clearing Center Company, Muqassa
- MSCI, S&P, and FTSE announce intention to include the Exchange in their emerging markets indices
- Listing of Government Sukuk and bonds on the debt instruments market

2017

- Establishment of the Parallel Market "Nomu" for the SME sector
- Agreement with Nasdaq to revamp the Exchange's post-trade infrastructure
- \bullet Launch of securities borrowing and lending and short selling frameworks
- Registration of all Government bonds and Sukuk in Edaa

006Highlights of the Group

014

Chairperson's statement

016 CEO's

O19

023 A hand on the tiller

038

Operation review

068

Governance

119

Financia statement

182

upplementar information

TOWARDS A BRIGHTER FUTURE

With the formation of the Saudi Tadawul Group, all the subsidiaries underwent a restructuring. The new structure of the Group gives independency to the subsidiaries' businesses and enables them to be more focused, which contributes to providing strategic resiliency, integration, and growth, in addition to achieving operational efficiency.

006 Highlights

of the Group

014 Chairperson

016 CEO's

019 The

023A hand on the tiller

038Operation review

068

119 Financial statements

182Supplementary information



The main market recorded a very impressive performance during 2021, as demonstrated by the key market indicators.

THE TRANSFORMATION

With the formation of the Saudi Tadawul Group, the former Saudi Stock Exchange and its subsidiaries underwent a huge transformation. The new structure gave the subsidiaries the opportunity to focus on their specific functions. At the same time, the holding company gives cohesive direction and facilitates realization of synergies. The formation of Tadawul Advanced Solutions Company (WAMID), a newly created subsidiary focused on solutions and pioneering technologies, epitomizes the growing importance of technology and innovation.

OPERATIONAL HIGHLIGHTS

The main market recorded a stellar performance during the year as demonstrated by the market indicators. The Tadawul All Share Index (TASI) grew by 29.83%, the market capitalization grew by 9.97%, and the value of shares traded grew by 7.09%. The number of qualified foreign investors increased by around 14% to reach 2,658.

The performance of the parallel market Nomu was also impressive. The market capitalization increased by 56.23% and the value of shares traded by 59.77%. The Nomu Index, however, recorded a decline of 1.03%. Nomu also took a step forward when its rules were amended to permit the listing of REITs, ETFs, and CEFs. The rules regarding transitioning from the parallel market to the main market were amended, making the process simpler.

The other subsidiary companies saw important developments during the year. The Securities Depository Center Company (Edaa) signed an agreement to link the Saudi Stock Exchange with "Clearstream" (a provider of post-trading services to Deutsche Börse AG), allowing international investors to invest in the Sukuk, Bonds, and ETFs listed on the Saudi Exchange. The link became operational in the second half of 2021 and allowed the Group to also benefit from the services of the International Securities Depository Center (ICSD).

The Central Counterparty Clearing House (Mugassa) played a major part in the introduction of index futures. It also activated the clearing of transactions for index futures. Mugassa has established itself as an effective intermediary in the transaction process within the Kingdom. To improve its service offering and catalyze an exchange of information and knowledge, it recently announced its commitment to secure bilateral agreements and strengthen regional cooperation between clearing center companies through a series of MOUs. Mugassa will also be announcing the extension of its clearing services which will benefit market participants and reduce the systemic risk in the Saudi capital market.

The new technology and innovation company, Wamid, holds much promise for the future. It has tremendous potential to provide new generation services with distinct capabilities to enhance the integration of the market infrastructure and build innovation-oriented strategic partnerships. These capabilities will act as a key driver for the development of the Saudi financial market and the expansion of the Group.

IPO

A strong financial system is a foundation for the transformation that the Kingdom is currently undergoing. It is vital to have an advanced financial market with a prominent global presence and advanced and sophisticated financial institutions as key enablers for this growth.

The Saudi Tadawul Group is a key element in achieving this transformation of the Kingdom, and the main pillar for the implementation of the Financial Sector Development Program within Vision 2030. The Group contributes to the achievement of Vision 2030 by ensuring the continuous development of an integrated and technologically-advanced financial market and by providing investment opportunities comparable to most developed markets in the world.

In 2021, the Group, the leading player in the financial markets in the MENA region, announced its intention to proceed with an initial public offering and to list its shares on the main Saudi Exchange after having obtained the approval of the Capital Market Authority (CMA) on 3 November 2021. This included offering 36 million shares, which represents 30% of the Company's capital, by selling 36 million shares owned by the Public Investment Fund (PIF), 70% of which were allocated to the participating classes and 30% to individuals who constitute a very important segment in the attractiveness and volume of daily and monthly market trades.

The volume of coverage for the participating classes amounted to 121 times of the total shares offered, and the collected funds amounted to SAR 458 Bn. Focusing on the individual subscription coverage, the number of individual participants reached 598.33 thousand individuals, with a total coverage of 442.53% and a total value of more than SAR 5 Bn for individual requests.

AWARDS AND RECOGNITIONS

Information Technology Division passed the ISO 20000-1:2018 Service Management Systems surveillance & transition audit in addition to the ISO 9001:2015 Quality Management System surveillance audit for the year 2021 conducted by SGS S.A., a pioneer and globally certified audit and inspection company.

Saudi Tadawul Group's continuous success in maintaining such global certificates despite the circumstances and challenges imposed by the Coronavirus pandemic, major technology changes, the increase of IT services, and adopting new processes as part of the ISO 20000-1:2018 version demonstrates the quality and efficiency of the processes and procedures adopted by Information Technology Division to deliver the corporate expectations according to the relevant international standards.

006Highlights of the Group

014 Chairperson's statement

> 016 CEO's

019 The IPO

023 A hand

038 Operation review

068

119 Financial statements

182 upplementary

CHAIRPERSON'S STATEMENT

"With the listing of the Saudi Tadawul Group, 2021 set a number of landmark developments that have been worked on during the past few years."

006Highlights of the Group

014Chairperson's statement

O16 CEO's review

019 The IPO

023A hand on the tiller

038Operation review

068 Governance

119 Financial statements

182Supplementary information

Our commitment to growth and innovation is at the heart of everything we do at Saudi Tadawul Group. Over the past year, we marked several major milestones in our own growth story and in the concomitant advancement of the Saudi capital market, in line with the ambitious goals of Saudi Vision 2030's Financial Sector Development Program.

Our continued pursuit of excellence and advancement has propelled us forward, from our transformation into a holding group supporting the needs of all types of investors, to the successful listing of the Group. The transformation has allowed us to provide greater and more





As Saudi
Tadawul Group
has grown, so
has our focus
on sustainable
growth
and social
responsibility.

seamless access to a diverse set of investment opportunities within the Saudi capital market, adding to the breadth and depth of our offering.

Other achievements throughout the vear reinforced our position as a key investment destination and issuers' exchange of choice on par with most developed markets. We welcomed a record number of listings on the Saudi Exchange across both the main market and our parallel equity market, Nomu, and introduced a range of new asset classes products and services. These changes are part of our long-term strategy to pursue growth and diversification while strengthening interconnectivity with other financial markets in the region and around the world.

As Saudi Tadawul Group has grown, so has our focus on sustainable growth and social responsibility. We took this to the next level in 2021, launching new initiatives to promote environmental, social, and governance excellence across all areas, from regulation and environmental finance to gender diversity and financial literacy. These include the establishment of ESG Disclosure Guidelines for issuers. a carbon trading platform, and the continued growth of our Invest Wisely educational platform, as well as a successful and ongoing effort to increase women's representation within the Group's ranks. Throughout all of these initiatives, we are focused on building our technical capabilities and facilitating a financial ecosystem that rewards companies that recognize value beyond balance sheets.

Moving into 2022, we plan to continue our enhancements to the Group to support the development of a technologically advanced, diverse, and integrated capital market, for the benefit of our issuers and investors across the Kingdom, the region, and worldwide.

I want to extend my gratitude to our leaders, King Salman bin Abdulaziz AlSaud, King of Saudi Arabia and the custodian of the two holy mosques, HRH Prince Mohammed bin Salman AlSaud, crown prince and deputy prime minister, for their continuous inspiration and belief in this nation that will never know what "Impossible" means. We promise to continue on the same road and contribute to the realization of the Kingdom's vision 2030. I would also like to thank the Group CEO, our Board of Directors, Executive team and the Group employees for their dedication and contribution to yet another successful year crowned by the Group's IPO. I also wish to thank all our other stakeholders; issuers, investors, brokers, custodians, and service providers for helping to maintain business continuity through their trust and confidence in the Group and the Saudi Capital Market.

Sarah Al-Suhaimi Chairperson

006 Highlights

014 Chairperson's statement

> 016 CEO's

019 The IPO

023A hand on the tiller

038 Operation review

068

119 Financial statements

182 Supplementary



CHIEF EXECUTIVE OFFICER'S REVIEW

"Within the strategic transformation, the new structure of the Group has four subsidiaries, each of which contributes mainly to promoting and developing the capital market, which leads to enhancing the efficiency, stability, and transparency of the capital market infrastructure."

006 Highlights

014 Chairperson's statement

016 CEO's

019 The IPO

023A hand on the tiller

038 Operation

068

119 Financial

182Supplementary information

2021 was a landmark year for the Saudi Tadawul Group and the wider Saudi capital market. We are proud to have recorded a strong financial performance during 2021, continued our growth trajectory, and delivered a successful IPO, all underpinned by our ambitious transformation into a holding group structure with four subsidiaries, including our dedicated stock exchange company, the Saudi Exchange, as well as the Securities Clearing Center (Mugassa), the Securities Depository Center Company (Edaa), and Tadawul Advanced Solutions Company (WAMID), a newly created subsidiary focused on solutions and pioneering technologies.

Our transformed integrated and scalable business model allowed us to leverage new opportunities, diversify our revenue profile, and created vast opportunities to further expand the Group's service offering, reinforcing the position of the Group as an attractive ¹investment destination.

At the beginning of 2021, we set out a clear road map to grow our business and attract a wider pool of investors, while continuing to provide a diverse range of best-inclass products and services to all market participants. Each of the Group's subsidiaries played key roles in innovating and advancing technologies to improve the efficiency, stability, and transparency of the Saudi capital market's infrastructure.

Our transformed integrated and scalable business model allowed us to harness the power of synergies and leverage the new opportunities. It strengthened and reinforced the Group's position as an attractive investment destination and the issuers' exchange of choice, which is evident in the increased appetite from local and foreign investors for Saudi instruments, as well as the Group's robust performance leading to higher liquidity and strengthened governance.

The transformation into a holding group marked a new chapter in the Group's history and laid the groundwork for our own listing on the Saudi Exchange.

A MOMENTOUS IPO

Saudi Tadawul Group's IPO was met with significant demand from retail and institutional investors and was 121x and 4.4x oversubscribed, generating SAR 458 Bn and SAR 5.02 Bn respectively. The offering shares were priced at SAR 105 per share at the top of the Company's initial price range, implying a market capitalization of SAR 12.6 Bn at the time of listing.

The IPO's success indicates strong growth prospects for the Saudi Tadawul Group and is reflective of how highly the Saudi capital market is regarded and how well it is perceived locally, regionally, and further afield. As one of the largest exchanges in the world and the leading exchange in the MENA region based on market capitalization and liquidity, Saudi Tadawul Group is well-positioned to act as a bridge between global foreign investors and the region's economies.

As we continue our journey into 2022, we will actively pursue a strategy of growth and diversification through the development and implementation of new asset classes, products, and services, while strengthening inter-connectivity with other financial markets in the region and around the world to facilitate capital formation through our subsidiaries.

006 Highlights of the Group

014 Chairperson's statement

> **016** CEO's review

019 The IPO

023 A hand

> 038 Operation

068

119 Financial statements CHIEF EXECUTIVE OFFICER'S REVIEW

A ROBUST PERFORMANCE

Saudi Tadawul Group has a long track record of strong operational and financial performance, combining steady growth with strict financial discipline and a robust balance sheet.

Over the past year, the Group and its subsidiaries marked several achievements to advance the development of the Saudi capital market. These include enhancements to the regulations of securities borrowing and lending (SBL) and short selling, as well as partnerships between Edaa and international depository centers to increase international access to the Saudi capital market. At the Saudi Exchange, we launched ESG disclosure guidelines for issuers, among other ESG initiatives underway across the Group.

Underpinning these market enhancements was a continued focus on our own performance and on delivering for our shareholders. I'm pleased to note that this focus bore fruit as we ended the year with a robust balance sheet, an impressive increase of 17.42% YoY in net income after zakat, and recorded a 8.01% YoY increase in operating revenues, mainly driven by solid growth in trading services, post trade services, and listing fees on the back of strong Saudi capital market performance in 2021. We also maintained a strong EBITDA, increasing by 13.10% YoY to reach

SAR 668.85 Mn in 2021 compared to SAR 591.37 Mn in 2020, on the back of the growth in the Group's operating revenue against moderate growth in the Group's operating expenditures.

2022 AMBITIONS

Saudi Tadawul Group is a central and integral player to the Saudi economy. With that in mind, our focus will always be twofold: delivering in the immediate term for our issuers and investors, while supporting the long-term growth and diversification of Saudi Arabia's capital market.

Responsible financial practices are key to this effort. We are currently focused on several initiatives to help build a financial ecosystem that rewards companies that recognize proposition value beyond balance sheets. A core component of this is our focus on supporting ESG in our market and across the region, and leading by example.

We strive to create an environment that empowers, supports, and encourages women to reach their full potential, and are committed to becoming a leading advocate for women in the MENA region. We are also focused on driving forward financial literacy and welcoming new generations of investors to explore all the capital markets have to offer through education projects, including our Invest Wisely platform.

These initiatives will play an important role in achieving the Group's strategy of developing a technologically advanced, diverse, and integrated capital market, and becoming a key investment destination on the world stage, enabling diversified investment opportunities and strengthened market infrastructure to all market participants.

LOOKING AHEAD

A key objective of the Group is to develop an advanced capital market in line with a core pillar of Saudi Arabia's Financial Sector Development Program (FSDP), as it seeks to create a vibrant financial sector to enable and support Saudi Arabia's Vision 2030.

Looking ahead to the coming year and beyond, our chief goal is to build on the powerful momentum of the past few years. Saudi Tadawul Group's achievements have been central to the Kingdom's development and ambitions, and could not have been accomplished without the guidance and support from our Chairperson, the Board of Directors, and the unwavering commitment of our employees.

Eng. Khalid Al-Hussan

Chief Executive Officer and Member of the Board of Directors

006Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The

023 A hand

038 Operation

068 Governance

119 Financial statements



Saudi Tadawul
Group has been
an integral part
of the Kingdom's
transformation's
success,
supporting
the continuous
development of
Saudi Arabia's
capital markets.

Saudi Arabia is undergoing a historic transformation, which relies heavily upon a solid financial ecosystem and advanced capital markets. Saudi Tadawul Group has been an integral part of this and a major contributor to the transformation's success, supporting the continuous development of Saudi Arabia's capital markets.

The transformation of the Group into a holding structure earlier this year paved the way for the successful IPO of Saudi Tadawul Group Holding Company on 8 December 2021.

- Saudi Tadawul Group floated 36,000,000 shares, representing 30% of its issued share capital. Final allocations were 70% to institutional investors and 30% to individual investors.
- The IPO saw significant demand from institutional and retail investors with the offering being 121x oversubscribed by institutional investors generating SAR 458 Bn in demand. The retail tranche was 4.4x oversubscribed, generating SAR 5.02 Bn in demand.

 The offering shares were priced at SAR 105 per share at the top of the Company's initial price range, implying a market capitalization of SAR 12.6 Bn at the time of listing.

The significant investor demand for the listing is testament to the strong growth potential of both the Saudi Tadawul Group and Saudi Arabia as a global investment destination.

The IPO has created a range of benefits for market participants, including greater transparency and strengthened governance. The listing has also provided a greater platform for innovation, which is at the heart of Saudi Tadawul Group's mission.

006 Highlights

014 Chairperson's statement

> 016 CEO's review

> > **019**The

023 A hand on the tiller

> 038 Operation

068

119 Financial statements

182 Supplementary THE IPO

A NATIONAL CHAMPION AND INTEGRAL TO THE DELIVERY OF VISION 2030

- The Kingdom is currently undergoing a significant economic transformation. At the heart of the Kingdom's economic momentum is the Vision 2030 programme of the Saudi Government. Launched in 2016, the programme aspires to reduce the country's dependency on oil, diversify its economic resources, and enhance its growth profile.
- As the only G20 economy in the region, the Kingdom is wellpositioned as the dominant economy in comparison to its neighbours. With a total estimated GDP of SAR 2.6 Tn for 2020, the Kingdom forms nearly 48% of the total GDP among the member states of the Gulf Cooperation Council (GCC).

 The Company is the foundational pillar for the delivery of the FSDP which has the stated goal of developing an advanced capital market to support the broader realization of Vision 2030.

A DIFFERENTIATED BUSINESS MODEL – INTEGRATED, SCALABLE, AND DIVERSE

- The Saudi Tadawul Group's integrated and diverse business model is a key enabler for sustainable top-line revenue growth and innovation. The operational independence of each subsidiary facilitates an agile environment and supports rapid responses to evolving global and regional market trends.
- The structure will foster growth and innovation while providing

- strategic flexibility. This in turn will allow it to compete with other exchanges globally.
- With its subsidiaries, the Saudi Tadawul Group provides endto-end services from listing, trading, post trade, and data and technology services.

PRIMED TO BE THE CENTER FOR REGIONAL CAPITAL FORMATION

- Saudi Tadawul Group has strong strategic and competitive positioning supported by its scale, growth profile, and role at the heart of a large-scale economic transformation agenda envisaged by Vision 2030 and the growing global relevance of the Kingdom on the international stage.
- The Saudi Exchange is amongst the largest exchanges globally by market capitalization of listed companies (approximately USD 2.8 Tn as of 31 December 2021.)
- The Company has no close peer within the MENA region and accounts for approximately 75% of total regional market capitalization as of 31 December 2021 and approximately 74% of regional traded value YTD as of 31 December 2021.

006 Highlights of the Group

014 Chairperson's

016 CEO's

019 The IPO

023A hand on the tiller

038 Operation

068

119 Financial statements



The Group CEO is signing the board at Saudi Tadawul Group listing ceremony



Members of the IPO management team involved in the Saudi Tadawul Group IPO

- The number of Qualified Foreign Investors (QFIs) is in excess of 2,600 as of 31 December 2021, with a growth rate of 14% yearon-year.
- The successful execution of the Saudi Aramco IPO, the largest ever IPO globally, enhanced the profile of the Company in successfully delivering an IPO of global relevance. In addition, the growing proliferation of new classes of securities and platforms (Nomu Parallel Market, fixedincome securities, REITs, CEFs, and derivatives) distinguishes the Company as a regional leader in product and business development.

THE COMPANY HAS DELIVERED A STRONG FINANCIAL PERFORMANCE CHARACTERIZED BY SIGNIFICANT GROWTH AND INCREASING MARGINS

- From 2019 to 2021, the Company's operating revenue grew at a CAGR of 44%.
- This growth momentum has continued in the 12 months ending 31 December 2021 with an increase in operating revenues of 8.01% over the comparative period in the previous year.

- This top-line performance has translated into increased EBITDA margin of 13.10% for the period ending 31 December 2021 compared to the previous year.
- The Company's net income after zakat grew by 17.42% in the period ending 31 December 2021, given the substantial operating leverage in the business.
- The degree of organic capital and free cash flow generation has enabled the Company to maintain a well-capitalized balance sheet and positions the Company with strong dividend potential.

006 Highlights of the Group

A SEASONED LEADERSHIP TEAM WITH A TRACK RECORD OF DELIVERY

- Saudi Tadawul Group has a seasoned and visionary management team with strong capital markets expertise.
- The Executive Management team (comprising of eight Senior Executives and four CEOs of subsidiaries) has over 220 years of combined experience which has led the Company to achieve significant growth in recent years in terms of products, services, and infrastructure.

014 Chairperson's

016

019 The

023 A hand on the tiller

038 peration

068

119 Financial statements

THE IPO

- Ongoing delivery of the 2018-2022 five-year strategic plan has witnessed a number of key achievements, including expansion into financial derivatives with the launch of index futures, enhancement of debt markets trading infrastructure, delivery of large-scale post-trade capabilities to bring the Company in line with other leading exchanges globally, and development of a new data centre to enable business continuity and to provide higher availability for mission-critical systems for the Company.
- This executive management team is supported by a Board of Directors with comprehensive experience in local and global capital markets.

SIGNIFICANT GROWTH OPPORTUNITIES AHEAD

• The Company's profile is supported by strong potential for continued growth based on the positive structural characteristics supporting the Kingdom's economy, as well as many new business initiatives facilitated by the recent corporate reorganization and building upon the Company's project and initiative execution track record in business development.

- The organic growth drivers for the business are, as previously mentioned, underpinned by the Vision 2030 and the Kingdom's growing economic profile, which together are expected to drive new issuances across asset classes and strong capital markets activity in the Kingdom.
- In particular, key new initiatives include the continued expansion into financial derivatives. The Company launched, MT30 index in August 2020 and plans to follow with single stock futures, options, data, and indices services, clearing across cash and debt markets, and new technology and data revenues attributable to the launch of Tadawul Advanced Solutions Company (WAMID), a newly created subsidiary focused on solutions and pioneering technologies.

006 Highlights of the Group

014Chairperson's statement

016 CEO's

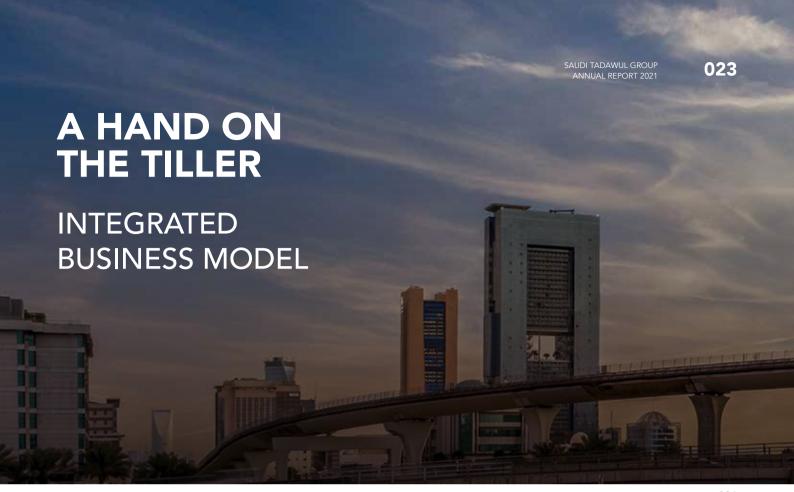
019 The IPO

023A hand on the tiller

038 Operation

068

119 Financial



The Saudi **Tadawul Group** is a wellintegrated, scalable, and diverse capital market with associated functions consisting of the holding company and four subsidiaries. The Saudi Tadawul Group's business model is characterized by the independence of business functions of each of the main subsidiaries, spanning listing and trading under the Saudi Exchange, settlement and safekeeping/registry by Edaa, and clearing by Muqassa, in addition to the innovation-based technology and data solutions solutions provided by WAMID.

While all subsidiaries are aligned with the Group strategy, this independent structure creates a more flexible environment to support growth, innovation, and rapid responses to market trends, both globally and regionally.

The inputs to the four core functions are groups of market participants and resources. The participants include, for instance, legal bodies; the resources may include market entities as well as supporting services and processes. The outputs of the processes are shown as results, which include direct impacts on the market and market participants.

The business model also encompasses the long-term effects of forming a leading national entity and playing an integral part of the ambitions of the Kingdom's Vision 2030, transforming into a distinguished centre for attracting capital at the regional level, achieving superior financial performance with prospects for growth, and enhancing the Kingdom's presence at the international level.

006

014 Chairperson's statement

016

019

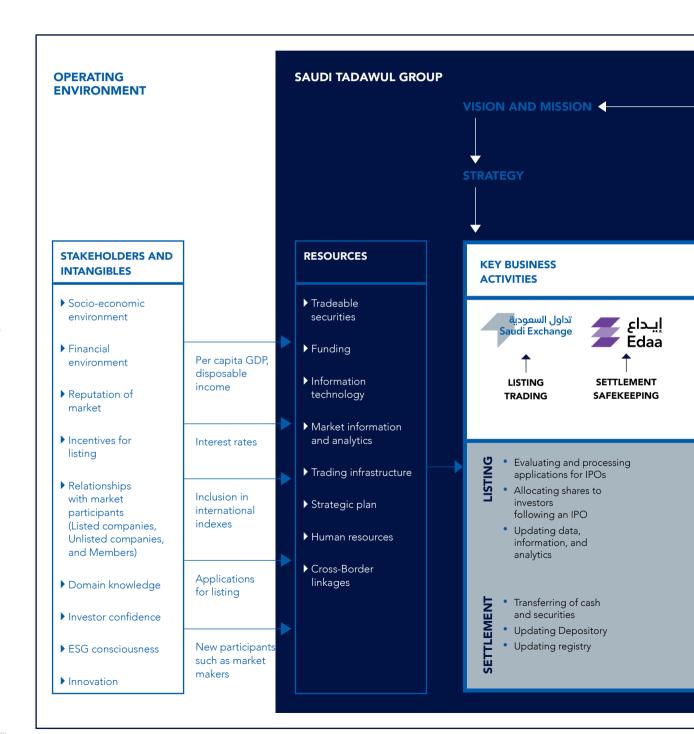
023 A hand on the tiller

038

068

119

182



006 Highlights

Highlights of the Group

014

Chairperson's

016

CEO's review

019

PΩ

023

A hand on the tiller

038

Operation review

068

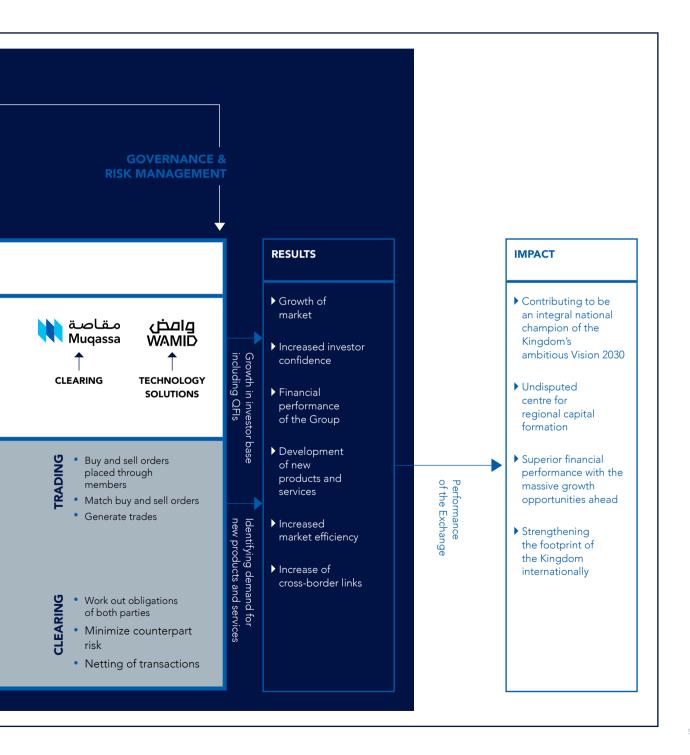
Governanc

119

Financial statement

182

Supplementary information



006 Highlights

f the Group

014 airperson's

Chairperson's statement

016 CEO's review

019 The IPO

023A hand on the tiller

038

Operation review

068

Governance

119

Financial statements

182

pplementary information

STAKEHOLDERS

Saudi Tadawul Group's stakeholders are the individuals and/or organizations who are influenced by the strategies and operations of the Group or who have an ability to influence the strategies and operations of the Group.

SHAREHOLDERS



The Public Investment Fund (PIF) was the main shareholder of the Saudi Tadawul Group, until the recent IPO. Subsequent to the IPO, other shareholders have become owners of 30% of the share capital. The Group is considered as a long-term extremely attractive regional investment opportunity.

Engagement channels

Investor Relations, earnings call, roadshows and conferences, audited financial statements, website, social media channels, annual reports, and General Assembly Meetings

006Highlights of the Group

014Chairperson's

016 CEO's

O19
The

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements

182Supplementary information

EMPLOYEES



The nature of our operations requires professionals of the highest calibre, and our employees are the engine of our success. As such, creating an environment in which they can perform and thrive is paramount. We solicit feedback and engagement with our people regularly on the issues that matter to them, such as fulfilling and meaningful work, productive and motivating working conditions, and pathways to professional development and advancement.

Engagement channels

Review meetings, town hall meetings, performance management system, website, training programmes, social media channels, and internal communication

REGULATOR



The Saudi Tadawul Group is a partly self-regulating organization since 2018, but the Capital Market Authority (CMA) also exercises a degree of regulatory oversight. CMA regulations and oversight ensure that the market functions smoothly, transparently, and ethically. This enables the seamless and efficient functioning of the market and imparts a sense of trust and confidence among market participants.

Engagement channels

Governance, Directives, reports, audited financial statements, annual reports, and meetings

MEDIA



The Group conveys information to stakeholder groups, especially market participants and the general public through press releases. Market related information, usually originating from Exchange market analysts, is also published by business journalists. Such information is vital to market participants but is also used by policymakers and the general public, and it needs to be accurate, timely, and clearly communicated.

Engagement channels

Press releases, interviews, TV programmes, and social media channels

COMMUNITY



The Group's activities result in benefits to the general public of the Kingdom through both the economic growth generated by the Group's core functions and directed initiatives conducted as part of the Group's CSR programme.

Engagement channels

Media coverage, press releases, TV programmes, social media channels, and community contribution activities

The Group interacts with members of the different stakeholder groups through specific engagement channels.

Similarly the subsidiaries have their own stakeholders and engagement channels. With the advent of the COVID-19 pandemic, virtual means of communication have assumed greater importance.

INVESTORS



Investors are parties – individuals or entities, Saudi nationals or foreigners – who buy and sell securities in the Exchange. To maintain the confidence of investors, the Exchange needs to ensure that the market functions smoothly and efficiently, that risks in trading are managed, and that accurate and timely market information and data is made available.

Engagement channels

Statistical reports, annual reports, press releases, website, roadshows, social media, and contact centre

ISSUERS



Issuers are corporates or other entities (including the Government) which issue securities of any kind which are traded on the Exchange. These include shares, bonds, REITs, and FTFs

Engagement channels

Notifications, roadshows, relationship managers, website, social media, workshops, meetings, and e-meetings

MARKET PARTICIPANTS



Members are brokerage firms which conduct transactions in the market on behalf of investors

Engagement channels

Statistical reports, notifications, website, workshops, meetings, and e-meetings

INTERNAL BUSINESS PARTNERS



All the subsidiaries have to closely interact with each other and with STG in the course of performing their functions and seamless communication is needed for efficiency.

Engagement channels

Meetings, committees, and emails

EXTERNAL BUSINESS PARTNERS



MOUs have been entered into with other regional and global exchanges, CSDs, CCPs, and other entities such as Universities, Government bodies, etc., in which the Group and its subsidiaries were involved. These agreements facilitate foreign investors to trade in Saudi securities and cross listings.

Engagement channels

MOUs, meetings, e-meetings, email, and reports

DATA VENDORS AND INDEX PROVIDERS



These are external parties who are licensed to provide information to market participants. The services provided include market information and customized indices.

Engagement channels

Corporate disclosures, websites, press releases, emails, and meetings

006 lighlights

014

Shairperson's statement

> 016 CEO's review

> > O19 The IPO

023A hand on the tiller

038 Operation

068

119

Financial statements

182

upplementary information

STRATEGY

Concurrent with the transformation to the new Group structure, a refreshed strategy was also launched for the period 2021-25. There is however a continuity between the former strategy and the refreshed strategy with some of the original features being retained.

This was the formulation of a refreshed strategy. The original strategy for the period 2018-2022 was superseded by a refreshed strategy which was launched in June 2021 and will run until 2025. The refreshed strategy is, however, not a wholly new one; it still retains some features of the original structure.





Growth and diversification

Enhancing the Group's performance by developing and implementing new asset classes, products, and services. Diversifying the business mix to further improve the revenue stream.

Integrated and connected

Leverage the integration of our value chain to expand our linkages into the region and beyond. Develop connectivity with key international stakeholders and major global financial markets.



014 Chairperson's

016 CEO's review

019 The IPO

023A hand on the tiller

038Operation review

068 Governance

119 Financial statements

182 Supplementary





Capable and agile

Highly skilled management and resilient operations, evolving in an increasingly competitive global environment to capitalize on business opportunities, drive greater efficiencies,



006

Highlights f the Group

014

Chairperson's statement

016 CEO's

019 The

023A hand on the tiller

038

Operation review

068

119

Financial statements

182

applementary information

At the apex of the strategy are the strategic goals. The next level of the strategic structure is the strategic pillars, which was also the case in the pre-existing strategy; however, the pillars have undergone some modifications with the new Group structure, and each of the subsidiaries and the Group Company have pillars to which they are strongly linked.

Our business model is vertically integrated and diversified. The Group's functions are categorized under a number of key processes such as listing, trading, depository, clearing and settlement, and market information etc. Several of the functions come under the umbrella of post-trade. The model comprehensively encapsulated all the core functions, supporting services, and potential for innovation of the Group.

The previous strategic plan for the period 2018-2022, was also based on value drivers, strategic pillars, and strategic initiatives. We have had many achievements during the period of this plan, such as activation of Muqassa, launching of derivatives and other new products, partnerships with other exchanges and CSDs, and inclusion in global emerging market indexes. Our present strategic framework is not a complete break from the previous one but an evolutionary step.

The third level of the present strategic hierarchy also retains the strategic initiatives.

The new Group structure will give a degree of operational independence to the subsidiaries. At the same time the structure will facilitate integration and synergies between the subsidiaries. The subsidiaries will be able to respond swiftly to market trends while at the same time contributing to value addition for the Group as a whole.

A major strategic development, which occurred in December 2021, is the completion of the Saudi Tadawul Group IPO. This has been the subject of a great deal of arduous preparation. The IPO is the next stage in our strategic evolution. It is the culmination of many developments and transformations the Group companies have undergone over the past few years. One of our strategic goals is integration and connectivity. This leads to deepening global mindshare and capital formation across major financial markets. The resulting enhancement of our image in the eyes of international investors will enable us to be a bridge between the global investor community and regional investors. The Group intends to position itself as the acknowledged centre for regional capital formation, and we will leverage the IPO to achieve this goal.

006Highlights of the Group

014Chairperson's statement

016 CEO's

019 The IPO

023A hand on the tiller

038 Operation

068

119 Financial statements

HAND ON THE

OPERATING ENVIRONMENT, MARKET, AND ECONOMY OUTLOO

In 2021, the global economy recovered from the slump in 2020. The recovery remains uneven across countries and regions, with vaccine access being a key dividing factor. In advanced countries, fiscal and monetary support have contributed greatly to the recovery.



The Saudi economy also performed well in 2021, driven by growth in the non-oil sector and higher oil prices.

GLOBAL ECONOMY

In 2021, the COVID-19 pandemic and its containment was a key determinant of the economic performance worldwide, just as it was in 2020. The International Monetary Fund in its World Economic Outlook (WEO) Report, January 2022, estimated global economic growth at 5.9% for 2021, reflecting the contraction in 2020.

However, growth was expected to be highly divergent across different groups of countries.

COVID-19 deaths saw a reduction towards the latter part of the year. While vaccination rates have been uneven across countries, rollout has certainly played a role. However the emergence of the Omicron variant in late November threatens to retard

Projected growth rates of major countries and regions

Country/Region	GDP Growth			023
_	2022 (%)	2021 (%)	2020 (%)	A hand on the tiller
World	4.4	5.9	-3.1	038
The United States	4.0	5.6	-3.4	Operation review
Euro Area	3.9	5.2	-6.4	
Japan	3.3	1.6	-4.5	068
The United Kingdom	4.7	7.2	-9.4	Governance
China	4.8	8.1	2.3	
India	9.3	9.0	-7.3	119 Financial
Russia	2.8	4.5	2.7	statements
Middle East and Central Asia	4.3	4.2	-2.8	

Source: World Economic Outlook, January 2022

006

014 Chairperson's statement

016

019

182

Projected Growth rates by economic categories

	2022	2021	2020
Advanced economies	3.9	5.0	-4.5
Emerging market and middle income economies	4.8	6.5	-2.0
Low income developing countries	5.3	3.1	0.1

Source: World Economic Outlook, January 2022

In advanced countries, fiscal and monetary policies have been enacted to alleviate the impact of the pandemic. In a development unprecedented in several decades, fiscal and monetary policies are working in lockstep to combat the crisis.

Global growth is projected at 5.9% in 2022, according to the WEO Report. For advanced economies, it is projected at 5.0%, while in emerging market and developing economies, it is projected at 6.5%. Some emerging economies, such as India, performed exceptionally well, despite headwinds. However, the recovery is expected to be uneven and standards of living, even in some developed countries, are expected to be lower than pre-pandemic levels. The biggest factor affecting the reliability of the forecasts is China. It is the biggest driver of economic growth, expected to account for about 30% of total growth in 2021. If the Chinese economy falters, it will have a major impact globally.

The WEO Report points out that with improving economic conditions and health conditions, governments should move away from emergency support to more targeted measures. Global debt is a rising concern with total debt increasing to nearly USD 300 Tn in June 2021.

STOCK MARKETS

Despite the COVID-19 crisis, stock exchanges on the whole performed remarkably well in 2020. After the initial crash, stimulus measures and development of vaccines sent markets on an upward curve and all three major indices (the S&P 500, the Dow Jones, and the Nasdaq) registered double digit growth in 2021. Furthermore, all three indices have shown similar returns. What is more impressive is that stocks from diverse sectors have performed well.

However, by September there were signs of unease, mainly due to fears of the spread of the Delta variant and by November due to the Omicron variant. There was a shift towards defensive investments, which are less affected by swings in the global economic cycle. It is

significant that high tech stocks, which boomed at the height of the pandemic, are doing well again.

SAUDI ECONOMY

After a contraction of 4.1% in 2020, the Saudi economy is expected to record a growth of 2.9% in 2021. This is partly driven by a strong growth in the non-oil sector. Many non-oil subsectors have expanded, consequent to the relaxation of COVID-19 related restrictions enabled by vaccine rollout, and return of consumer and business confidence. Higher oil prices have been another contributory cause. The Kingdom aspires to diversify the economy and reduce dependence on oil and its derivatives under its Vision 2030 plan.

The Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund, is playing a transformative role in the Saudi economy, and is spearheading the effort to realize the goals of Vision 2030. The PIF has created more than 30 companies across 10 sectors. Some of these companies operate in sectors that are new to the Saudi economy, and thereby promote diversification. The sectors include renewable energy, desalination, tourism, entertainment, real estate, logistics, and IT. A sector that is showing strong growth is real estate; this aligns with the Vision 2030 goals of increasing home ownership to 70%. The ventures initiated by the PIF have generated 331,000 direct and indirect employment opportunities.

006Highlights of the Group

014 Chairperson's

016 CEO's review

019 The IPO

023A hand on the tiller

038 Operation review

068

119 Financial statements

Total public revenues, which are estimated at SAR 930 Bn in 2021, are forecast to amount to SAR 1,045 Bn in 2022, driven by the domestic recovery and higher oil prices. The budget surplus in 2022 is forecast as SAR 90 Bn (2.5% of GDP), as against a budget deficit of SAR 85 Bn (2.7% of GDP) 2021. The public debt, which is estimated to be SAR 938 Bn in 2021, is forecast to remain the same at the end of 2022.

Export earnings increased from SAR 652 Bn in 2020 to an estimated SAR 935 Bn in 2021. With rising export earnings from oil and non-oil sectors, the Kingdom expects a current account balance of SAR 121 Bn (3.8% of GDP) in 2021. Sectors such as travel, restaurants, tourism, and entertainment are also expected to benefit from rising demand in 2021. This was driven by higher vaccination coverage and relaxation in social distancing rules.

The Saudi banking sector has weathered the COVID-19 storm relatively well. Even Western banks have seen their valuations drop sharply as a result of the pandemic. However, in the case of Saudi banks, their drop in valuations was smaller and their valuations are now close to pre-pandemic levels. Indeed, some have even exceeded it. In fact, NCB, the Kingdom's largest bank notched its highest profit ever in 2020, despite the pandemic. Throughout the sector, the growth areas have been residential mortgages, corporate lending, and lending to the state, in that order. Residential mortgage finance has increased by a factor of 17 since 2016. Small and Medium Enterprise (SME) lending has been another growth area, supported by the Kafalah programme.

SAUDI STOCK MARKET

The Saudi Exchange is the largest exchange in the GCC region, and also ranks among the leading exchanges globally. The Exchange plays a pivotal role in the Saudi economy, and also plays a key role in achieving the goals of Vision 2030. The exchange has been included in three leading global emerging market Indexes; FTSE Russel, MSCI, and S&P. It is also an affiliate member of the International Organization of Securities Commissions (IOSCO), the World Federation of Exchanges (WFE), and the Arab Federation of Exchanges (AFE).

006

Market performance - 2021

Main Market	Percentage increase over 2020 (%)	Nomu Market	Percentage increase over 2020 (%)
TASI	29.83	Nomu C Index	-1.03
Market capitalization	9.97	Market capitalization	56.24
Value of shares traded	7.09	Value of shares traded	59.76

014

016

019

023 A hand on the tiller

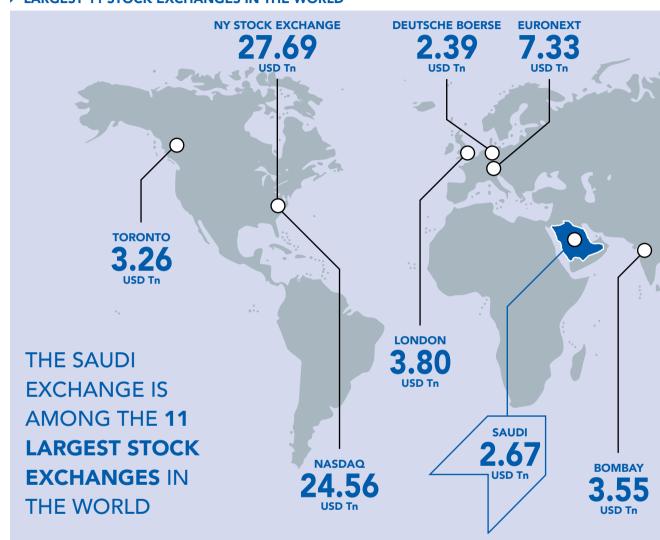
038

068

119

Where we stand

> LARGEST 11 STOCK EXCHANGES IN THE WORLD



006 Highlights

014 Chairperson's statement

016 CEO's review

019 The IPO

023A hand on the tiller

038 Operation

068

119 Financial statements

182Supplementary information

Emerging markets' exchanges

THE EXCHANGE RANKS THIRD AMONG THE LEADING EMERGING MARKETS IN TERMS OF MARKET CAPITALIZATION

(USD Bn)

138.40 414.29
Turkey Malaysia

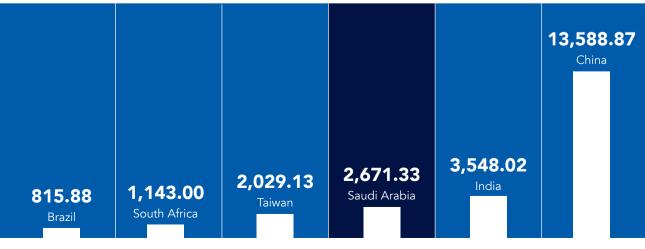
841.85Russia

> GCC STOCK EXCHANGES - MARKET CAPITALIZATION



SAUDI EXCHANGE	2,671 USD Bn
ABU DHABI	443 USD Bn
QATAR	194 USD Bn
KUWAIT	137 USD Bn
DUBAI	112 USD Bn
BAHRAIN	29 USD Bn
MUSCAT	19 USD Bn
THE SAUDI EXCI	HANGE
ACCOUNTS FOR	R 74.11% OF
THE TOTAL GCC	MARKET
CAPITALIZATION	J

Source: World Federation of Exchanges, as end of December 2021



006 Highlights

014 Chairperson's statement

> 016 CEO's

019 The IPO

023A hand on the tiller

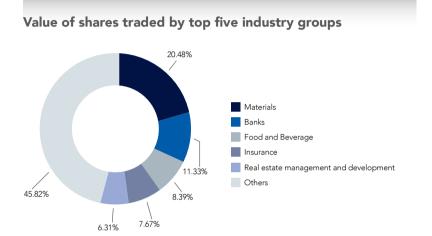
038 Operation review

068

119 Financial statements

182 Supplementary information

A HAND ON THE TILLER



006

014 Chairperson's

016

019

023 A hand on the tiller

038

068

119

Market performance - 2017 to 2021



Number of qualified foreign investors

2020	2,333
2021	2,658

IPOs and new listings

Main Market

New listings	9
IPOs	9
Nomu	
IPOs	6
New listings	11

SAUDI ECONOMY -FUTURE OUTLOOK

In its pre-budget statement, the Saudi Ministry of Finance forecasted a growth in real GDP of 7.5% for 2022, based on the assumption that economic activity will normalize, which would support a healthy growth in the non-oil sector. The Kingdom's balance of trade is also expected to improve, as indicated by the positive development in 2021. This is in addition to growth in the oil sector, driven by the anticipated increase in the Kingdom's production starting in 2022, according to the OPEC+ agreement, and also by the stabilization in global demand.

A HAND ON THE TILLER



Listing ceremony of Aqwa Power



Listing ceremony of Burgerizzer



Listing ceremony of Tanmiah Food Co.

The Government aims to sustain the spending ceilings approved last year for the medium-term and expenditure is projected to reach approximately SAR 955 Bn for FY 2022 and SAR 951 Bn in FY 2024. This is in addition to continued investments in mega projects and Vision Realization Programs (VRPs) in order to achieve the Saudi Vision

2030 goals. More opportunities will also be given to development funds and the private sector to participate in leading investment opportunities, privatization projects, and infrastructure development projects.

Meanwhile, the Kingdom's public debt is anticipated to remain the current figure of SAR 938 Bn, or 25.9% of GDP, in 2022. Saudi Arabia's public debt to GDP ratio remains significantly below that of advanced economies, European countries, and other Middle Eastern countries. This is a trend that is expected to continue in the future. A total of SAR 96 Bn in new Government Debt has been issued during the year under review. This has been sufficient to bridge the fiscal deficit, eliminating the need to draw on Government deposits held at the Saudi Central Bank.

A budget surplus of SAR 90 Bn is projected in 2022 and surpluses are expected to continue into subsequent years. Budget surpluses will be used to enhance Government reserves, as well as supporting development funds, while new debt issuances will be directed towards the repayment of principals. The annual borrowing plan is being formulated in the context of a medium-term debt strategy. In the medium term, public debt levels are expected to remain constant. Government deposits at the Saudi Central Bank are expected to exceed initial projections in 2022 and continue to grow, due to expected surpluses in 2023 and 2024.

006 Highlights

014 Chairperson's statement

> 016 CEO's

019 The IPO

023A hand on the tiller

038 Operation

068

119 Financial statements

182 lementary



006Highlights of the Group

014 Chairperson

016 CEO's

019 The

023 A hand

038Operation review

068

119 Financial statements

182Supplementary



SHAHRUKH QURESHIGroup Chief Financial Officer

Saudi Tadawul Group's strong financial performance in 2021 reflects our continued progress on our growth plans, in line with the objectives of the Financial Sector Development Program and Saudi Arabia's ambitious Vision 2030.

Saudi Tadawul Group achieved a net income after zakat of SAR 587.7 Mn in 2021, a 17.42% year on year increase from SAR 500.5 Mn in 2020, driven by the strong performance of the Saudi capital market in 2021.

WATER AND THE PROPERTY OF THE

- Operating revenue increased by 8.01% from a year earlier, driven by solid growth in trading services, post trade services, and listing fees
- Gross profit increased by 8.79% year on year, reaching SAR 820.7 Mn in 2021 compared to SAR 754.4 Mn in 2020
- Operating profit increased by 12.64% to SAR 611.8 Mn, driven by an increase in gross

- profit against a more moderate increase in general and administrative expenses
- EBITDA increased by 13.10% year on year, reaching SAR 668.9 Mn
- Zakat expense decreased by 20.75% following a 2021 optimization of Saudi Tadawul Group's financial assets

As a listed company, Saudi Tadawul Group is committed to providing shareholder returns with an attractive dividend payout ratio. Reflecting strong earnings, the Board proposed a dividend of SAR 3 per share for 2021, with earnings per share to SAR 4.90, up from SAR 4.17 in the prior year.

The resilience and attractiveness of the Saudi capital market was well demonstrated by the marked increase in both the number of listed companies on the Saudi Exchange's Main Market and the average daily traded value (ADTV) of companies on the Main Market.

• There was a significant uptick in IPO activity in 2021, particularly in the second half of the year, reflecting the healthy market environment in the Kingdom and across the region.

· Higher liquidity from increased investor interest, alongside supportive initiatives from the Saudi government, helped drive a 7.5% increase in ADTV in 2021.

Saudi Tadawul Group's transformation and IPO have established a robust platform for global growth, and the Group continues to execute on its strategy, enhancing the infrastructure of the financial market and delivering best-in-class services for all market participants.

Saudi Tadawul Group is well positioned to capitalize on the significant Saudi market transformation to accelerate its growth, strengthen its operational and financial performance, diversify its world-class offering across solutions and technologies, and broaden its client base in the Kingdom, the region and internationally.

006

FINANCIAL REVIEW/KEY RATIOS

SAR Mn, ended 31 December	2021	2020	014 Chairperson's
Trading revenues	810.5	755.5	statement
Non-trading revenues	355.5	324.1	016
Operating revenues	1,166.1	1,079.6	CEO's review
Opex	554.2	536.5	
EBITDA	668.9	591.4	019
EBITDA margin (%)	57	55	The IPO
Net income after Zakat	587.7	500.5	
Net income margin (%)	50	46	023
EPS (SAR)	4.90	4.17	A hand on the tiller

038 Operation review

068 Governance

119

P&L SNAPSHOT

SAR million, ended 31st December	2021	2020
Operating revenues	1,166.1	1,079.6
OPEX	497.2	488.3
EBITDA	668.9	591.4
EBITDA margin (%)	57	55
Depreciation & amortization	57.0	48.2
EBIT	611.8	543.2
EBIT margin (%)	52	50
Investment income and other income	45.4	43.0
Loss from associates	(3.3)	(2.1)
Zakat	66.2	83.6
Net profit after Zakat	587.7	500.5
Net profit margin (%)	50	46
EPS (SAR)	4.90	4.17

Highlights of the Group

006

014Chairperson's statement

016 CEO's review

O19 The IPO

023A hand on the tiller

038 Operation review

068Governance

FINANCIAL	POSITION	SNAPSHOT
-----------	----------	-----------------

SAR million, ended 31st December	2021	2020
Cash & cash equivalents	76.2	96.8
Investments	2,687.0	3,204.8
Other assets	780.1	791.5
Total assets	3,543.3	4,093.1
Total Liabilities	450.9	458.5
Total equity	3,092.4	3,634.6
Key Metrics		
ROE (%)	17	15
ROA (%)	15	13

119Financial statements

SEGMENTAL REVIEW

The Group operates solely in the Kingdom of Saudi Arabia. For management purposes, the Group is organized into business units based on services provided. The reportable segments of the Group are as under:

CAPITAL MARKETS

The activities of this segment include trading commission for securities and derivatives, admission fees from initial listing and further capital raises, annual fees charged for securities traded on the Group's markets, and fees from our secondary market services.

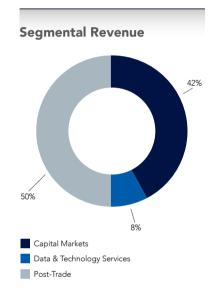
POST TRADE

The activities of this segment include registration of investment portfolios in the filing and settlement system, register and file its ownership, transfer, settlement, clearing and safekeeping its ownership, registering any restriction of ownership on the file securities. and associate with members of the market and settlement agents to filing and settlement system. Further, linking and managing records of securities issuers, organize general assemblies for issuers including remote voting service for such assemblies, provide reports, notifications, and information in addition to providing any other service relating to its activities according to financial market

regulations. This business unit covers revenue from the post trade services.

DATA & TECHNOLOGY SERVICES

The activities of this segment is to grow business of Technology Services which includes offering high-quality real-time trading data, reference data, market indices, financial information to the financial community, financial technology solutions, research and development in the field of engineering and technology, innovative capital market solutions for stakeholders. This business unit covers revenue from the Data and technology services.



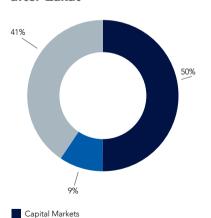




016

019





Data & Technology Services

Post-Trade

after Zakat









006 Highlights

014 Chairperson

O16 CEO's

019 The

023A hand on the tiller

038Operation review

068

119 Financial statements

of mega
projects were
implemented
during the
year, delivering
multiple new
requirements.

A number

The Group offers a wide range of products and services to its market participants and acts as a link between investors and issuers. The Group's activities facilitate the growth of the Saudi Exchange and support the goals of the Kingdom's Vision 2030, which include increasing the contribution of the private sector to the economy, attracting more foreign investment, and developing the small and medium enterprises sector. The Group has developed its current products and services in line with the increasing demand of the Saudi Exchange and continues to monitor and develop its products and services with the increasing demand for them by market participants.

The Saudi Tadawul Group has overarching ownership of the unified technology and operational strategy of the Group. It plays a major role as an information technology enabler for the Group through its reliance

on the latest technologies and best practices that contribute to the Group's success and ensures the highest level of reliability and service delivery, maintenance, and enhancement. The Group also provides value-added solutions and services that increase the efficiency and quality of service to internal and external clients, enabling them to achieve the best results.

This centralization enabled the Group to achieve outstanding achievements in 2021, in terms of performance development, scalability, availability, and new applications. A number of mega projects had to be implemented, which involved delivering multiple new requirements and change requests. The requirements had to be completed within tight time frames, with necessary technical support provided to users for setups and implementation. We also participated in several exercises

Supplementary

and requirements definitions in collaboration with both internal and external parties.

INITIATIVES TO DRIVE GROWTH

The following are some of the IT initiatives that have been implemented in 2021. These initiatives have been crafted based on organizational needs, hardware, and the most appropriate and cutting-edge technology.



Upgrading of X-stream servers hardware, to enhance performance and availability



Brokers Surveillance Solution, enabling automated investor trading surveillance in the Capital Market



Private Cloud Server hardware replaced with newer hardware and software



Database hardware upgraded to enable hosting Oracle database

SYSTEM EFFICIENCY AND READINESS

The new functions and enhancements implemented during the year under review have brought increased traffic, which in turn created demands on system efficiency and readiness to preserve business continuity, and prevent downtime and interruptions.

The IT Team achieved the following performance enhancements.

- Leveraging the latest technology to achieve greater performance and scalability as evidenced by:
 - Average enhancements in daily database tasks – 286%
 - Average of measured performance gains in reporting, analytics performance, and response time – 2,100%
 - Average of measured performance gains in daily and weekly data saving (backups) – 1,289%
- Increased operational efficiency with less complexity in terms of easier upgrades, tuning, and patching.
- Increase cost effectiveness by use of less hardware and fewer licenses; 188% reduction of required number of CPU cores and licenses.
- System downtime has been reduced by utilizing built-in redundancy, and also by major improvements in database failover. The need for failover in case of hardware failure has been minimized. The points of control to monitor and maintain data access has been reduced, which has also contributed to reducing system downtime.

 Tadawulaty AGM capacity was increased by 390% on average, providing more flexibility to satisfy AGM capacity requirements and achieving a maximum number of AGMs per day.

The following are some quantitative measures of system performance and availability.

> 99.9%

Core system availability

> 99.9%

Non-core system availability

> 100%

Efficiency and effectiveness index (successful changes and releases)

91.8%

Internal stakeholders satisfaction

92%

Delivery of post-trade and funds distribution

> 99%

Completion of milestones of IT projects

006 Highlights of the Group

014 Chairperson's

> 016 CEO's

> > 019 The

023 A hand on the tiller

038 Operation review

068

119 Financial statements

182 Supplementary

CYBERSECURITY

Cybersecurity is a major concern for the Group as attempts at breaching security have been observed on several occasions. However none of these attempts have been successful, which demonstrates the robustness of our cybersecurity precautions.

IT EFFICIENCY & RISK MANAGEMENT

- Major transformation and upgrade to ISO20000, and successfully passing the annual surveillance on ISO20000:2018 and ISO9001:2015 certifications for the year 2021.
- Successful Compliance reviews on NCA Cybersecurity Regulations.
- Major Business Continuity, Cybersecurity, and Enterprise Risk Management activities were completed successfully.
- Continuous review on IT vendors performance and their quality of services.
- Continuous internal/external quality and risks reviews.

FUTURE OUTLOOK

A number of initiatives are planned to be executed in 2022. Among these strategic projects are the Saudi Tadawul Data Centre Strategy and Members Connectivity Technology Enhancement Project.

The Post Trade Technology
Program (PTTP), being executed
in cooperation with Nasdaq,
is still ongoing. It impacts the
Exchange, Edaa and Muqassa.
Another derivative product, single
stock futures, will be implemented
when the PTTP is completed.
The PTTP will also enable us to

look at possibilities of further automation, and help us to improve our operations with the new functionalities as they come on stream.

We look forward to technology and innovation making a greater contribution to the market and the Group in the years to come. We anticipate major contributions from WAMID in this direction. The Group has a journey ahead towards becoming a global exchange, and technology is a major driver of our progress.



006Highlights of the Group

014Chairperson's statement

O16 CEO's review

019 The IPO

023A hand on the tiller

038Operation review

068

119 Financial statements



7

We endeavor to provide maximum growth potential and career opportunities for all employees. The Saudi capital market underwent a major transformation with the formation of the Saudi Tadawul Group and its new structure. With this transformation, many of the functions remained under the purview of the subsidiaries, while some, including human resources, are executed at the Group level.

We intend that the transformation will position us to compete globally, and to maintain the advanced skills and competencies of our employees. These skills need to be sharpened to enable them to be leaders in this rapidly changing industry. Our employees' growth plans need to be aligned with the Group's development plans. The Group aspires to be a key financial hub and the gateway to the MENA region. Employees are our valuable assets and core strength and they will lead the way to realizing the future ambitions of the Group.

With the formation of the Group, all HR policies were made unbroken to ensure fairness and efficiency. While the subsidiaries retain some degree of independence, we also preserve a sense of unity of purpose. Our policy is to maximize growth potential and career opportunities for all employees of the Group and its subsidiaries. As far as possible, we endeavour to recruit internally to fill all positions.

006 Highlights

014 Chairperson's statement

> 016 CEO's review

> > O19 The IPO

023 A hand

038 Operation review

068

119 Financial statements

OVERVIEW OF THE YEAR

The composition of our workforce manifests diversity, which is one of our strengths. This diversity is visible in gender, age distribution, and service period.



Total number of employees

396



Number of female employees

102



Number of Saudi employees

360

006Highlights of the Group

18%
Turnover ratio

26.0%
Percentage of female employees

1.97
Training days per participant

014Chairperson's statement

O16 CEO's review

019 The

023

A hand on the tiller

038 Operation review

068Governance

119 Financial statements Employee composition of the Group - 2021

	Saudi Exchange	Edaa	Muqassa	Wamid	Saudi Tadawul Group	Total
Total number of employees	80	48	30	8	230	396
Number of female employees	22	4	9	0	67	102
Number of Saudi employees	72	47	24	7	210	360

Employees by category

Grade -	Male					Female				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
Senior management	21	14	16	13	15	3	2	2	3	2
Middle management	69	70	68	52	57	6	6	5	5	5
Non-management	204	200	202	211	214	93	83	77	73	66

Employees by status

	2021	2020	2019	2018	2017
Permanent	396	375	370	357	359
Outsourced	16	22	22	15	17

Employees by age group

Age group			Male					Female		
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
18-30 years	98	78	88	82	79	80	69	63	61	49
31-40 years	114	130	126	126	141	19	17	17	18	22
41-50 years	64	59	57	56	49	3	5	4	2	2
Over 51 years	18	17	15	12	17	0				
Total	294	284	286	276	286	102	91	84	81	73

The majority of employees of the Group belong to the younger age groups. They, who will be the leaders of the future, inject dynamism and innovation into the Group and its subsidiaries.

Employees by service period

Service period			Male					Female		
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
0-5 years	176	169	165	135	111	88	84	74	64	49
6-10 years	46	34	38	43	62	11	3	6	10	15
11-15 years	28	62	64	75	86	2	4	4	7	9
16+ years	44	19	19	23	27	1				
Total	294	284	286	276	286	102	91	84	81	73

006 Highlights

014 Chairperson's statement

016 CEO's

CEO's review

> 019 The IPO

023A hand on the tiller

038 Operation review

068 Governance

There have been learning experiences during the year. The "MUTTASEL" initiative was launched during the year as a remote working option, accessible to all employees of the Group. We strive to achieve integration in HR practices which promotes cohesiveness and better results. Most of the HR objectives were successfully completed during the year.

ighlights f the Group **W**

014 Chairperson's

016 CEO's

006

019The

023A hand on the tiller

WELL-BEING OF OUR EMPLOYEES

We have built a culture of employee empowerment as one of our key HR objectives. The Group is drawing on best practices that would enhance the work experience and promote work-life balance. While we had to cope with the challenges posed by the COVID-19 pandemic this was done effectively, minimizing health risks to employees. Employees are entitled to a range of benefits and we rigidly follow the principle of "equal pay for equal work".

TRAINING AND DEVELOPMENT OF OUR TEAM

A culture of employee empowerment and positive reinforcement enables the Group to implement its overarching vision and strategy. As such, improving the Organizational Health Index is one of the main strategic objectives of Human Resources. A key focus for the year was employee engagement. Despite the pandemic, 171 training programmes were held in 2021 with the participation of 1,009 employees throughout the Group. The training programmes covered a variety of aspects such as leadership, soft skills, technical skills, continuous education, and remote working.

	2021	2020
Number of training programmes	171	21
Total number of participants	1,009	317
Training days	1,988	419
Training days/participant	1.97	1.3
Number of trained staff	347	153

Salaries and benefits

SAR Mn	2021	2020	2019	2018	2017
Salaries paid	144,468,008.97	127,404,415	132,161,921	127,595,446	130,257,981
Benefits paid	6,251,316.38	4,936,316	6,060,536	6,448,966	6,672,563
Social security contributions	11,172,640.15	9,409,212	9,685,562	9,405,908	9,823,897
Staff insurance	13,768,208.62	12,963,851	12,996,762	11,932,641	12,226,274
Total salaries and benefits paid	175,660,174.12	154,713,794	160,904,781	155,382,961	158,980,715

Operation review

038

068



006 Highlights of the Group

EMPLOYEE ENGAGEMENT

Despite the social distancing conditions a number of events and engagements were conducted for staff, some of which were virtual. These included Eid Aladha Games, National Day Video and celebration, International Coffee Day, Eid AlFiter Coupons, CEO Town Halls, Ramadhan Giveaways, and breast cancer awareness month. The staff also contributed to the CSR activities by way of marketing and donations.

4

2022 AND BEYOND

Some of the HR strategies and programmes planned for 2022 are:

- Identify opportunities to enhance the working journey of employees
- Develop strategic and innovative learning framework, programmes and channels
- Review current HR practices and services
- Enable digital transformation and increase percentage of automation in services provided and HR processes
- Increase organization health index (Employee engagement)

- Develop robust internal communications framework to align employees to key messages, engage them with company's strategy, and support leaders and managers to make an impact on their teams
- Inculcate values in employees' that translate to their behaviour and establish guiding principles for the internal communications messaging, and content.
- Conducting surveys to gauge the level of staff engagement and satisfaction.

014 Chairperson's statement

016 CEO's

019 The IPO

023 A hand on the tiller

038 Operation review

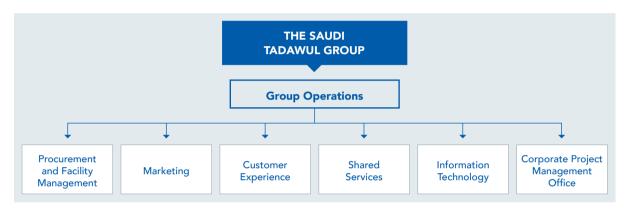
068

119 Financial

> 182 mentary

TRANSFORMATION IN OPERATIONS

The Saudi Tadawul Group's operations encompasses six divisions; Procurement and Facility Management, Marketing, Customer Experience, Shared Services, Information Technology, and Corporate Project Management Office (PMO).



006 Highlights of the Group

014Chairperson's

O16 CEO's

019 The

023A hand on the tiller

038Operation review

068

119 Financial statements

182Supplementary information

The Group is the overall strategic owner of the operations functions of the Group, as it is of the IT function. Development activities for the subsidiaries are drawn up for operations, by a similar process as they are for IT. The Group Operations impact initiatives carried out under all of the seven strategic pillars. There is a close alignment between the IT, Operations, and the Strategy teams. Centralizing operations at Group level results in similar benefits as it does for IT.

CORPORATE PROJECT MANAGEMENT OFFICE

The Corporate Project Management Office (PMO), within the Group operations, monitors the implementation of the Group's programmes and projects to ensure the successful implementation of the Corporate Strategy. Corporate PMO sets the required Project Management Standards that will foster and support the programmes and projects execution. The Corporate PMO accomplished the following activities during the year 2021:

Monitoring, compliance, and Reporting of 60+Projects and Programmes which ncludes:	Corporate Strategy Alignment which includes:	The quarterly CMA/Saudi Tadawul Group Alignment which includes
Conduct of eight PMO Steering Committees	Conduct of 2025 Tadawul Corporate Strategy workshop	 Monitoring and reporting of 60+ initiatives and tasks
 Conduct of monthly Progress Reports/ Meetings with subsidiaries' CEOs 	 Development of 10 Strategic Initiatives reports 	 Conduct of three Steering Committees
 Conduct of biweekly Progress Reports/Meetings with Chiefs and Heads Development of a monthly Cost Management Reports 	 Conduct of 6+ Strategy alignment meetings 	 Conduct of three alignment meeting Conduct of nine working group meetings
Project Management Training Programme and the internal awareness sessions	Enhancements for the project management tools and templates	

The Corporate PMO is keen to continue its effort in improving the project management environment in Saudi Tadawul Group by planning to achieve the following in 2022:

- Monitoring and compliance of 2022 Portfolio of projects and programmes
- > Reporting on the projects/programme status for sponsors and CEOs of subsidiaries
- CMA/Saudi Tadawul Group alignment in governance
- > Development of a Corporate PMO Internal Guide
- > Conducting the project management training programme

PROCUREMENT AND FACILITY MANAGEMENT

Procurement and Facility
Management executed a smooth
transition to align its operations with
the new Group structure. There have
been some changes to the authority
and responsibilities of the Division
consequent to the new structure.
New Delegation of Authority (DOA)
was introduced in coordination with
the Compliance, Legal, Finance,
and new Operations Division. New
Procurement Committee Charters
were also introduced.

Reviewing, amending, and updating was conducted for following documents:

- Legal documents, contracts/ letters for Saudi Tadawul Group and all subsidiaries
- Authorities for purchase requisitions, purchase orders, and receiving in new Oracle-based structure and DOA
- All printout formats were amended to reflect new management signatures, new company information, and logos.

The Division also provided support for a number of changes relating to Group Companies:

 Supporting newly established subsidiaries of Saudi Tadawul Group such as WAMID and the Exchange in term of procurement system and process readiness, delegation of authority, training, and offices and facilities needs readiness.

Procurement and Facility
Management Department is
playing a key role in the New Tower
Project. Interior designs were
completed in 2021, and the RFPs
for the main contractor and other
furniture vendors were floated.
Intensive engagements have been
conducted with a wide range of
stakeholders. RFPs for related plant
and equipment are to be finalized
by early 2022. 99% of target KPIs of
2021 were achieved.

The following are some quantitative highlights of Procurement's achievements in 2021.

 Around 700 commercial purchase orders and contracts have been issued Total purchase volume SAR 135.52 Mn and achieved yearly saving from new business deals is 10% of procurement spend.

All audit items on procurement have been successfully closed and submitted in the system. We worked with the IT Division, to develop operations such as capturing savings per buyer, type of contracts, end user notifications, vendor and contract information, and follow up reminder. These enhancements have led to closing more than 10 audit points and enhanced operational efficiencies.

The Saudi Tadawul Group supports the growth of the Saudi economy as well as the SME sector. Recently, Procurement and Facility Division has signed an agreement with Human Resources Development Fund (HRDF). This agreement allows Saudi Tadawul Group to use Forsa platform which facilitates small and medium enterprises to conduct business with the Government and large organizations.

006 Highlights f the Group

014 Chairperson's statement

> 016 CEO's review

> > 019 The IPO

023 A hand on the tiller

038 Operation review

068 Sovernance

119 Financial statements

SHARED SERVICES

The Shared Services standardized most of the services that are delivered by the Saudi Tadawul Group in order to improve the processes between departments; this will ensure effective and efficient service delivery to enable the Group and its subsidiaries to achieve their strategic objectives.

Shared Services also reviewed and upgraded documentation related to Service Level Agreements (SLAs), in addition to utilizing technology to improve and optimize service delivery.

CORPORATE MARKETING AND COMMUNICATIONS

The Marketing Department also mounted some initiatives connected with the change, mainly directed towards awareness raising. The programmes were targeted towards both Saudi and international audiences; they included, press conferences, secured media coverage, developing briefing packs for the Groups' leadership, and developing the social media campaigns. Employees were included in the publicity campaign by way of internal communication and internal town-halls. A tech and innovation plan was also implemented to enhance the visibility of Saudi Tadawul Group and key executives on the global stage. The execution of this plan will be led by the marketing team, which will seek to maximize its impact by developing a campaign plan to increase its visibility across key

target audiences.

The Marketing Department executed the branding project to create a brand strategy and a visual identity aligned with the brand, for the Group and its subsidiaries. An international branding agency was hired to help drive the project, together with the Internal Committee, the Board of Directors, and all stakeholders. A marketing strategy and campaign was developed to launch the new brands. A brand rollout plan was developed to manage the transition from the old to the new brands, internally and externally.

CUSTOMER EXPERIENCE

The Customer Experience team has been heavily active on collecting customers' feedback in order to optimize the customer journey across all products and services. There were over 1,400+ customer feedback collected in 2021; the feedback was from issuers, members, information providers, and investors. The feedback collected is a critical factor for the success of Saudi Tadawul Group.

The Customer Service team has also played a key role in assisting the customers with their enquiries. There were 56,143 customer's enquiries that were assisted through calls, emails, live chat, and social media.

Customer Experience achieved the following scores:

- SLA compliance 98%
- Quality score 97%
- Customer satisfaction 99%

006Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The

023A hand on the tiller

038Operation review

068 Governance

119 Financial statements

182 Supplementary

7

FUTURE OUTLOOK

The Group Operations' direct and full involvement in the implementation of the initiatives classified under the strategic pillars (Listing & Trading Services, Clearing Services, Deposit Services, Market Information & Indices, Innovation & Digitalization, and Strategic Expansion) is a key success factor to achieve Saudi Tadawul Group growth and diversification.

Many Strategic, IT & Operations initiatives to be studied, prioritized and implemented for the existing and new Subsidiaries of the Group.

The new Holding Company is the overall owner of the unified IT strategy and Operations of the Group. The strategic requirements of all the Subsidiaries are consolidated, prioritized, budgeted and PM programs/projects are in place for their implementation.

SUBSIDIARY REVIEW

مجموعة تداول السعودية Saudi Tadawul Group

تداول السعودية Saudi Exchange







تداول السعودي<mark>ة</mark> Saudi Exchange

Saudi Exchange www.saudiexchange.sa



VISION

Shaping what comes next in capital market development in Saudi Arabia, by providing best in class financial instruments across all asset classes, and supported by a strong, innovative and technologically advanced market infrastructure.

MISSION

Providing markets that are reliable, resilient, transparent and efficient. Protecting market participants and offering tailored services that are attractive to domestic and international stakeholders.

The Saudi Exchange was incorporated on 30 March 2021 as a single shareholder closed joint stock company in Riyadh under Commercial Registration No. 1010697067 dated 17/08/1442H. The key activities of the Saudi Exchange includes listing and trading securities and providing market information. Its main operations include the managing the Exchange,

providing a platform through which trading in securities listed on the Exchange is enabled, giving listed companies access to financing, and allowing investors to invest in the securities listed on the Exchange.

The Exchange includes two markets; the Main Market and the parallel market, Nomu, for the SME companies. While Nomu maybe smaller than the Main Market in terms of market capitalization, it plays an important role in the Saudi economy by facilitating the growth of the SME companies, thereby contributing to the goals of Vision 2030 006 Highlights

014 Chairperson's statement

> 016 CEO's review

> > O19
> > The

023 A hand on the tiller

038 Operation review

068

119 Financial

182 upplementary information

OWNERSHIP

100%

owned by the Saudi Tadawul Group

> SHARE CAPITAL OF THE COMPANY

SAR 600 Mn

NUMBER OF SHARES

60 Mn shares of SAR 10 each

COUNTRY OF OPERATION **Kingdom of Saudi** Arabia, Riyadh

THE EXCHANGE'S KEY **FUNCTIONS**

With the formation of the Group, Saudi Exchange functions as a dedicated exchange. Since Edaa, Mugassa, and the new entity Wamid, have become subsidiaries of STG the Exchange can focus on its core function. The Exchange provides the infrastructure for trading and listing of a wide range of securities including equities, ETFs, CEFs, bonds, and Sukuks. The trading platform it hosts is accessible to both Saudi and international investors. All foreign investors now have access to the debt market. The Exchange also provides market information and analytics for a range of stakeholders especially investors.

The Exchange is the largest exchange in the MENA region; globally it ranks among the 12 largest by market capitalization and is also one of the fastest growing exchanges. It is also the third largest exchange in emerging markets. In addition to the Main Market the Exchange also includes the parallel market - Nomu, catering to the SME companies. While Nomu might be smaller than the Main Market in terms of market capitalization, it nevertheless plays a vital role in the Saudi economy, by contributing to the goals of Vision 2030.

Many components of the capital market infrastructure are in a dynamic state, which enables implementing several infrastructure enhancements, that aim to develop trading and post-trade services. This would contribute to expand investor access to the Saudi capital market

as part of wider efforts to develop an advanced capital market in Saudi Arabia.

IMPACT OF FORMATION OF THE GROUP

The functions of the subsidiary companies are well integrated, so as be complementary and generate synergies. With the formation of the Group a comprehensive, cohesive and transparent long-term vision was laid out through the new strategic plan. The strategy also has a close match with the structure of the Group. The communication and interaction channels within the Group were also streamlined. All these developments had a positive impact on the performance and operations of the Exchange.

The transformation is a milestone of the the Company's journey, and creates vast opportunities to realize the vision of the "Saudi Exchange", and continue its successes through the Group's integrated and diverse business model, attract international investors, and enhance the infrastructure of the financial market. At the same time, it will provide best-in-class services to all market participants and keep pace with rapid developments in local and alobal markets.

Despite the initial challenges that are inherent in any restructuring, it has resulted in more streamlined interaction between the Group's subsidiaries, business units, operations, and support functions.

006

014

016

019

023 A hand on the tiller

038 Operation review

068

119

182

HIGHLIGHTS OF THE YEAR

The market and its performance grew by all important indicators during the year.

Main Market

	2021	2020	Percentage increase/ decrease (%)
TASI	11,281.71	8,689.53	29.83
Market capitalization (SAR Bn)	10,009.15	9,101.81	9.97
Value of shares traded (SAR Bn)	2,235.90	2,087.80	7.09
Nomu – Parallel market			
	2021	2020	Percentage increase/ decrease (%)
Nomu C Index	25,975.83	26,245.46	(1.03)
Market capitalization (SAR Bn)	19.03	12.18	56.23
Value of shares traded (SAR Bn)	11.36	7.11	59.77

It is clear from the above that both markets achieved remarkable growth in 2021. In addition the number of Qualified Foreign Investors increased from 2,333 to 2,658 at the end year 2021.

OUR PROGRESS DURING THE YEAR

TRADING

There has been a focus on enhancing listed instruments other than equities, such as fixed income securities and exchange traded funds. We have also achieved a growth in liquidity levels. Several related microstructural changes are in progress.

Enhancements have also been made for the fixed income and the funds market:

 Activation of yield calculation for fixed coupon Sukuk & Bonds on Saudi Exchange website in an effort to establish a reliable yield curve

- 2. Inclusion of the Saudi Government Sukuk index into the iBoxx Global Government Bond Index, and FTSE Emerging Market Government Bond Index (EMGBI).
- 3. A revised version of short selling regulations has been effective starting from March 2021, which allow all types of investors to conduct short selling, securities borrowing, and lending activities with specific conditions, in addition to amendments related to the criteria and requirements of such activities. Through these changes, it aims to develop a regulatory environment consistent with the international best practices and

that will provide motivating and competitive atmosphere with high reliability.

DERIVATIVES MARKET

Derivative products were first launched in 2020, with the introduction of index futures. However, this was only the first step. Our goal is to create a Derivatives platform with the necessary supporting infrastructure that competes both regionally and internationally. Over the year under review, the Team has been focused on expanding the Derivatives Market by offering new products, new memberships, and introducing market makers and liquidity providers. These developments will widen the client and investor base The Derivatives Division has been preparing for the launch of single stock futures (SSF) contracts. These initial contracts will cover the largest and most liquid companies in the stock market. The launching of SSFs gives an opportunity for investors to trade and hedge, refining their strategies, and using sophisticated tools. The number of Derivatives Market members has been increased showing the strong potential of this market. With the introduction of SSFs we anticipate changes to the Derivatives Exchange Trading and Membership Procedures.

LISTING

A major development occurred in the parallel market Nomu, with the amendment of rules permitting the listing of REITs, ETFs, and CEFs. We have also amended the rules that apply to companies transitioning from Nomu to the Main Market. A new framework is under process 006 Highlights

014 Chairperson's statement

> O16 CEO's review

019 The IPO

023 A hand on the tiller

> 038 Operation review

068 Governance

119 Financial statements

182 Supplementary information

for IPOs. This provides investors with the flexibility to subscribe through their desired portfolios under any of the financial market institutions. With the increasing number of IPOs, this also opens up new opportunities for financial market institutions to diversify their sources of revenue. It also contributed to developing the Capital Market to comply with international best practices. Other developments in listings during the year 2021 include:

- Acceleration of the tradable rights process, which allows shareholders to sell their rights when a listed company makes a rights issue.
- Publication of the Listing Securities 200 book.
- A long pipeline of expected IPOs.
- A number of links were established between companies interested in listing with financial advisers.
- The first fully marketed offering was completed, which resulted in a large share of a listed company being sold to retail and institutional investors.

There have also been many developments in the Nomu market that are targeted at improving performance and experience for issuers, financial advisers, and investors. Another initiative has been the creation of a fund for independent researchers to conduct research on Nomu stocks. The Listing Division covers the cost of the independent research. The results will be made available through the Exchange providing more market information. During the course of the year seven independent researches were published.

The Listing Rules were amended to permit different types of securities (ETFs, REITs, and CEFs) to list on Nomu with lighter listing requirements, which also fosters the development of Nomu as a parallel market.

4

LOOKING AHEAD

Building on the achievements of 2021, and considering where we are positioned now, there are a number of developments and focus areas we can identify for the next two to three years. Many of the anticipated developments are trading-related. One is the introduction of market makers to promote liquidity. New rules are expected to be introduced to facilitate this. Other developments in the pipeline are; value added services for members and their clients such as drop copy and cancel on disconnect; enhancing fixed income products and services as well as liquidity; periodical reports on performance of fixed income securities and market which will provide greater transparency; enhancing trading in the over-the-counter market; and continuous review of market-wide microstructural enhancements to further improve market efficiency. Business design of new services and market-wide enhancements to trading listed instruments can also be expected in 2022. The inclusion of Saudi Arabia in FTSE **Emerging Markets Government** Bond Index (EMGBI) will be effective in April 2022.

The goal of diversifying products and asset classes will lead to changes in listing processes. These will include developing the process of listings and secondary offering, enhancing transparency, supporting investor relations practices and exploring international listings opportunities. Developing derivatives will also be an ongoing process which will lead to increased liquidity and a wide client and investor base.

Several new Indexes - TASI large, medium and small companies, as well as an IPO Index- are in the process of being launched. A Sharia Index is also being developed. The information provided by these indexes will facilitate more prudent investment by asset managers when diversifying their portfolios. Market information is a key facet of the Exchange's efforts to develop a more sophisticated market. The Sharia Index will represent all Sharia-compliant listed companies in the TASI Index.

There will be many challenges involved including ensuring launching of projects considering the plethora of initiatives. We will also have to work with a range of capital market participants to ensure ecosystem readiness and seamless integration. However, the Exchange has travelled far in the last few years, and we can face the future with confidence that we will overcome any challenges.

006Highlights of the Group

014 Chairperson's

016 CEO's review

019The

023A hand on the tiller

038 Operation review

068





VISION

Post-trade service provider of choice, building bridges between issuers and investors, domestically and internationally.

MISSION

Offer innovative and trusted post-trade products and services in line with highest international standards that create value for clients.

OWNERSHIP

100% owned by the Saudi Tadawul Group

SHARE CAPITAL OF THE COMPANY

SAR 400 Mn

NUMBER OF SHARES

40 Mn shares with a nominal value of SAR 10

COUNTRY OF OPERATION Kingdom of Saudi Arabia, Riyadh The Securities Depository
Center Company (Edaa) was
formed in Riyadh on 30 August 2016
as a closed joint stock company
under Commercial Registration
No. 1010463866 dated
11/27/1437 AH. Edaa's main
activities are providing deposit,
settlement, and registration services.

EDAA'S KEY FUNCTIONS

Edaa is responsible for the DSS, which is an electronic system, maintains a record of securities and their ownership. Depository is one pillar of the new strategic framework of STG. In addition, Edaa offers several value added services some of which have been enhanced in 2021. Edaa facilitates a range of securities including equity, debt, Sukuk and bonds, ETFs, REITs, and mutual funds. In addition to its core function Edaa provides other management services including management of issuer's general meetings, e-voting, reporting and notifications.

With the advent of the COVID-19 pandemic, and the resulting health precautions, Edaa had to modify some of its systems and procedures to ensure the protection of the shareholders. In the context of supporting the preventive and precautionary efforts and measures exerted by the competent and relevant health authorities to address the emerging COVID-19. Edaa has encouraged companies to hold their general assemblies remotely. However, all these changes were implemented smoothly.

IMPACT OF FORMATION OF GROUP

With the formation of the Group, Edaa, which was a previously a subsidiary of the Exchange, became a subsidiary of STG. In common with the other subsidiaries, this transformation has given us more focus in several dimensions; in our strategies, projects, and ambitions.

7. a.o o.oap

006

014 Chairperson's

> 016 CEO's review

O19 The

023A hand on the tiller

038 Operation review

068

119 Financial

182 olementary

The new structure will result in better governance and better direction for Edaa, as well as the rest of the Group.

The formation of Tadawul Advanced Solutions Company (WAMID), a newly created subsidiary focused on solutions and pioneering technologies, opens up new vistas for Edaa and the other subsidiaries. It creates opportunities to develop new and innovative products and services.

Despite the transformation, Edaa continues to offer post-trade advanced and comprehensive post-trade solutions, which makes it a complementary business to the Exchange as before. Nevertheless, the independence the new structure has given, provides the opportunity to branch off into new business lines.

HIGHLIGHT OF THE YEAR

In terms of operations, 2021 has been a very successful year for the market. Remarkable growth has been visible in number of listings, trading value, trading volume, new portfolios or any other important market indicator.

- At the end of 2021, the TASI Index rose by 29.83% over end 2020
- The corresponding increase in the market capitalization was 9.97%; in the value of shares traded 7.09%
- Nine new listings in the Main Market as against four in 2020

While there was no significant change in the nature of market operations, with the increase in trading volumes Edaa had to scale its capabilities to match the increased demands in processing needs, which was done very successfully. As we handle post-trade we have a part to play in all market transactions.

SECURITY LENDING MECHANISM

Another major development that occurred during the year was the enhancement of the securities lending mechanism. New securities lending and short selling rules were published jointly by the Exchange and Edaa, to align standards with international best practices. Certain restrictions that were in the previous draft documents have been relaxed to promote lending. The new rules also permit a non-qualified investor to participate in the lending market either through an agent lender (on the lending side) or through a broker or his custodian (on the borrowing side). Edaa however retains the right to disclose any information regarding securities lending transactions, as it considers appropriate.

THE INTRODUCTION OF ICSDS

There were also developments in the links with other exchanges and International Central Security Depositories (ICSDs), a process which had already commenced prior to the year under review. MOUs had been signed with Abu Dhabi Securities Exchange and Bahrain Clear. These agreements have laid the groundwork for us to enter into cross listing. Earlier in 2020, an MOU was signed between Edaa and Clearstream (the post-trading services provider of Deutsche Börse Group), to facilitate access for investors in Saudi Arabia, through cross-border links. This agreement commenced live operation in 2021, thereby providing international investors access to the Saudi debt market. An agreement was also signed in October 2021, with Euroclear Bank to foster links between the two depositories and enhance access for investors. This agreement is expected to go live in 2022.



Signing Ceremony with Euroclear at FII yearly conference



Agreement signing with Clearstream

LOOKING AHEAD

In 2022 and beyond we look forward to activating and realizing the value of the agreements we have entered into within the last two vears. The securities lending framework that has been introduced is expected to be conducive to the continued growth of the market. A fund distribution platform is also in the pipeline, which we hope to introduce in 2022. A major challenge will arise from the growth momentum that was generated in 2021, which we envisage will continue into 2022. However, a major IT, programme, the Post-Trade Development Programme which is being implemented by the Exchange and Edaa, will enable us handle any increase in volume. We have also accelerated the Programme to include features to support B2B, which are expected to go live next year. We are confident that, with the necessary systems and processes in place, we have the ability to handle any market expansion that may occur in the future.

006Highlights of the Group

014Chairperson's statement

O16 CEO's review

019 The

023A hand on the tiller

038Operation review

068

119 Financial statements

182 Supplementary



The Securities Clearing
Center Company

www.mugassa.sa



VISION

To be a leading clearing house that fosters financial market stability.

MISSION

To provide reliable, efficient and innovative clearing services.

006 Highlights f the Group

OWNERSHIP

100% owned by the Saudi Tadawul Group

SHARE CAPITAL OF THE COMPANY

SAR 600 Mn

> NUMBER OF SHARES

60 Mn shares with a nominal value of SAR 10

 COUNTRY OF OPERATION Kingdom of Saudi Arabia, Riyadh The Securities Clearing Center Company (Muqassa) was established in Riyadh on 18 February 2018 as a closed joint stock company under Commercial Registration No. 1010935131 dated 06/02/1439 AH. Muqassa's primary activity is to provide clearing services.

FUNCTIONS OF MUQASSA

Muqassa's strategic role is to be a key contributor to the safety and transparency of the capital market. The main functions of Muqassa have been identified as assuming counterparty risk and netting of transactions. It thereby contributes to the goals of the Financial Sector Development Plan (FSDP), one of which is the development of an

advanced capital market. Muqassa acts as an intermediary to the trading process by being a buyer to each seller, and a seller to each buyer. The netting of transactions will be carried out on a multilateral basis and will reduce the number and value of payments and securities transfers. With the transition to the new Group structure, Muqassa became a subsidiary of the Saudi Tadawul Group.

IMPACT OF FORMATION OF GROUP

The transition to the new Group structure has given more focus to the subsidiaries and enabled them to concentrate on their core functions, since shared services have been taken over by STG.

014 Chairperson's

016

019 The

023A hand on the tiller

038 Operation review

068

While the previous strategic plan has been revamped with a new time horizon of 2025, there is continuity with the original plan. Many of the initiatives relating to Mugassa are carried forward into the revised plan. The new structure has not resulted in any major changes to Mugassa's operations. However, it has necessitated modifications to certain operations-related documents, such as the service level agreements Mugassa has entered into with Edaa and the Saudi Exchange. When developing its services, Mugassa always considers alignment with Group strategic plans as paramount.

HIGHLIGHTS OF THE

Since the activation of Mugassa, the main project which has been completed is the netting of Index futures. However, a great deal of effort has been expended on developing products and services to be activated and introduced to the market. Our efforts have been directed towards achieving the level of service we are aiming at. Many in-depth discussions have been conducted to this end, with internal stakeholders and external regulators.

Mugassa, broadly speaking, deals with two markets; derivatives and cash. In derivatives, the index future has been the main development to date. Mugassa's role in the cash market is yet to be activated. When it is, functions such as covering counterparty risk and clearing of securities will be implemented by Mugassa. At present clearing has

been activated for index futures only, which has contributed to efficiency in this market; for the cash market, it is being partially carried out by Edaa for the moment. Covering counterparty risk is presently being partly carried out for the cash market, by the Exchange, but the complete function is to be taken over by Mugassa. Once the developments in progress for the cash market are completed, Mugassa will bring to the market approximately 80% of the combined value of cash and securities.

Many training activities needed to be carried out for the staff, since Mugassa is providing new services to the market. These training sessions were conducted for both Mugassa staff and the staff of the other group companies, and covered both business and technical aspects. Mugassa has also conducted workshops and awareness sessions for the market participants, to prepare them for changes in business activities that are in the offing.

LOOKING AHEAD

Muqassa expects to make major contributions to the Group in the post-trade arena, in the near future. We anticipate taking over completely our mandated functions in netting of transactions and counterparty risk. Once Mugassa services become activated in the cash market, Mugassa will make a significant impact on increasing efficiency of transactions. Many derivative products are in the pipeline, starting with single stock futures. There will also be major changes ahead in terms of regulatory changes, technical changes, processes, and alignment. Muqassa is confidently looking forward to play and enhanced role in the group and the market.

YEAR

038 Operation review

006

014

016

019

023

068

119

Tadawul Advanced Solutions Company (WAMID) www.wamid.sa



VISION

WAMID is the Group's technology innovation subsidiary targeting Saudi and regional capital markets, providing innovative services focusing on data & AI, market infrastructure and disruptive technologies.

MISSION

To partner with market participants, and the wider business community, to build ambitious and dynamic solutions that leverage emerging technologies to address real-world challenges.

006 Highlights

OWNERSHIP

100% owned by the Saudi Tadawul Group

SHARE CAPITAL OF THE COMPANY

SAR 300 Mn

> NUMBER OF SHARES

30 Mn shares with a nominal value of SAR 10

 COUNTRY OF OPERATION Kingdom of Saudi Arabia, Riyadh Tadawul Advanced Solutions
Company (WAMID) was established
in Riyadh on 28 September 2020
as a closed joint stock company
under Commercial Registration
No. 1010656577 dated 02/11/1442 AH.
WAMID's activities include financial
technology solutions, research
and development in the field of
innovation and technology, market
research, and opinion polls.

WAMID'S KEY FUNCTIONS

As WAMID came into existence only in 2021, there has not been sufficient time for it to make a significant impact yet. However, WAMID has introduced the first service (the Co-location) to elevate the sophistication of the Saudi capital market infrastructure and offering.

WAMID is a **fully-fledged innovation company** in the Saudi Tadawul Group with the following features;

- STAND-ALONE INNOVATION COMPANY – which directly generates autonomous recurring revenues
- STAND-ALONE VENTURE BUILDER – providing ideation and sandboxing services to external parties

WAMID is also a innovation incubator within the Group;

- STG DESIGN THINKING HUB acting as the Group's ideation and sandboxing environment
- STG INNOVATIVE TECH
 SERVICES PROVIDER offering
 to the Group the necessary
 platforms and infrastructure

014 hairperson's

016 CEO's

> O19 The IPO

023A hand on the tiller

038 Operation review

068

WAMID'S STRATEGIC THRUSTS

WAMID's strategic focus is built on the objectives mentioned below:

- Being the trusted technological partner of choice for Saudi and regional businesses
- Enhancing the investor experience in the market by use of cuttingedge technology and positioning itself as an innovation hub
- Developing the infrastructure which will provide a base for new product and service development
- Building partnerships to foster innovation
- Capitalizing on acquisition and venture capital opportunities
- Being a driver of the expansion of STG

HIGHLIGHTS OF THE **YEAR**

transmitting and processing data), as well as architecture complexity. This pioneering initiative will enable customers, to swiftly implement their data, trading, and execution strategies.

The Co-location service launched by WAMID offers trading participants (members and non-members) the opportunity to co-locate their services and rent server space within Saudi Tadawul Group's Data Centre to ensure the lowest latency route possible to the Group's trading services and products. The colocation service will also reduce network complexity and unlock highspeed connectivity for users.

A major innovation has been the opportunity provided to market players to co-locate their servers and equipment within our Tier IV Data Centre. This will allow them to have LAN connectivity access to our trading engine. The service will be provided to both trading and non-trading customers and will reduce latency (delays in



THE FUTURE REMAINS INTACT

There are other initiatives in the pipeline, where Wamid will use its competencies in data and analytics. The innovative offerings that will be developed will support product and service development. The technological capabilities of the Saudi capital market that will be developed will enhance its appeal to investors.

There are also initiatives, which are at different stages, which will contribute to the development of Edaa and Muqassa. In a world in which technology and innovation are becoming more and more important we look forward to Wamid playing an increasingly important role in the Saudi capital market, the economy of the Kingdom, and the realization of the goals of Vision 2030.

006

014

016

019

023 A hand on the tiller

038 Operation review

068

119



RESILIENT PERFORMANCE

The year under review began on an optimistic note with plans for vaccine rollout globally, after successful trials. Nevertheless, the Group still had to cope with the impact of the COVID-19 pandemic. Business development and team development had to be carried out taking this reality into account. Coordination with relevant external stakeholders to meet targets had to be done under time pressure.

The pandemic was an unprecedented situation, which affected practically all companies and sectors. However the Exchange and its subsidiaries had the experience of having to cope with the pandemic, and maintain business continuity in 2020. The "work-from-home-culture" had been instilled and following from this, employees are permitted to work remotely 30 days of the year. All hardware necessary was provided

to employees and training was given where needed, for which the IT Department provided the necessary services. "Work-fromhome" was introduced when the pandemic situation was acute. However, the fact that it has continued, reflects the impact it has had on flexibility in work practices. This has built resilience to enable business continuity in any future turbulent situations. The change in work culture, has also brought about a climate of mutual trust between the management and the employees. COVID-19 has been a learning experience, and has greatly increased our preparedness for future situations.

Adjustments to established work procedures had to be made in the post-COVID environment. However this was executed successfully with forward planning, crisis management, and use of technology. The Exchange made the maximum use of technology by hosting virtual seminars, workshops, and listing ceremonies.

006 Highlights

014 hairperson's

> 016 CEO's

> > O19 The IPO

023A hand on the tiller

038 Operation review

068

Despite the pandemic the Exchange achieved an improved market performance as well as financial performance. The market performance in 2021, is demonstrated by the key market indicators, including the TASI Index, market capitalization, the value of shares traded and number of new companies listed. The performance of the MT30 futures launch which occurred in the middle of a bull run in the cash market, also demonstrated the robustness of the market.

COVID-19 had and continues to have a global impact. The fact that despite this, the Group was able to record an improving financial and operational performance is a tribute to its well established risk and security management functions. These functions have helped to build our resilience, and weather a period of uncertainty. The Group's risk categorization already included pandemic related events under business continuity risks. However, risk registers were updated to take into account the possibility of unprecedented events related to COVID-19, with the relevant controls.

The Group has developed and brought on stream physical security precautions that are in accordance with the guidelines provided by the Ministry of Health and the Ministry of Human Resources Development. New threats also arose from the introduction of remote working for staff. New cybersecurity controls, which align with the Telework

Cybersecurity Controls issued by the National Cybersecurity Authority (NCA), were introduced to mitigate threats emerging from the activation of the remote set-up for staff. Furthermore, relevant risk registers were updated to cover potential events relevant to security precautions.

The COVID-19 pandemic was an occurrence that impacted human resources, above all other factors. Changes have been made to HR policies and practices as a result, which are likely to last into the long term. As an example, the "MUTASSEL" application was launched as a remote working application for all employees. Our IT Department coordinated with all other departments to ensure that all employees have remote access. The experience of COVID-19 has increased our preparedness for other similar situations.

OUR CONTRIBUTION TO SUSTAINABILITY

IMPORTANCE OF SUSTAINABILITY

ESG consciousness and the concept of sustainable growth have moved to centre stage throughout the financial and commercial worlds. The issue figures prominently at all global political, social, financial, and non-governmental forums. Stock exchanges have historically played an important role in economic development as intermediaries in the process of capital provision. However, there is today a growing awareness of the unsustainability of the financial bottom-line focused approach. Hitherto, important players in the financial system- markets, listed companies and investors-have tended to take a short term view, and have not given much weightage to the environmental and social impact of industrial and commercial operations. However, we are now witnessing a changed scenario. A number of studies have concluded that it pays for companies to integrate environmental, social, and governance (ESG) considerations into their strategies. They have found a strong correlation between strong ESG performance, and improved cost of capital and financial performance. Stock exchanges word-wide are playing an important role in promoting sustainable development. Their role makes them well positioned to promote the cause of ESG in financial markets and among corporates.

006Highlights of the Group

014 Chairperson's

O16 CEO's review

O19 The

023A hand on the tiller

038Operation review

068 Governance

119 Financial statements

182 Supplementary

The United Nations Sustainable Stock Exchanges (SSE), which Saudi Exchange became a member of in 2018, is a network which provides a framework for stock exchanges and market participants to discuss ESG issues, conduct advocacy on ESG, drive and evaluate ESG performance. The UN Sustainable Development Goals (SDGs) also provide a conceptual framework to steer ESG activities. The UNSSE has identifies six thrust areas where stock exchanges promote ESG. They are: encouraging investment flows towards achieving Sustainability Development Goals (SDGs) through financial products; improving the quantity and quality of disclosure on environmental and social data; guiding investors on the integration of sustainability into their decisions; introducing Board responsibilities related to environmental and social factors; and facilitating the training of market participants on sustainability topics.

THE GROUP'S FOCUS ON SUSTAINABILITY

The Saudi Tadawul Group is playing a key role in Vision 2030 and the transformation of the Kingdom's economy. A key pillar of the Financial Sector Development Program (FSDP), one of the supporting programmes of Vision 2030, is the development of an advanced capital market. Sustainable growth is part of the ethos of Vision 2030.

ESG information provides insight into the quality of corporate management, and the long term growth and profitability prospects of the Company. This has brought ESG disclosures to the forefront in the financial ecosystem. Stock exchanges are well positioned to drive and facilitate ESG disclosure by listed entities. The Exchange issued an ESG Guide in January 2021 to promote awareness of ESG.

The Saudi Tadawul Group has identified the following six of the 17 SDG goals as priority areas where it can make the most impact.



GENDER EQUALITY

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.



GOOD JOBS AND ECONOMIC GROWTH

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small-, and medium-sized enterprises, including through access to financial services.



REDUCED INEQUALITIES

Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.



RESPONSIBLE CONSUMPTION

Encourage companies, especially large and trans-national companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.



CLIMATE ACTION

Improve education, awareness raising, human, and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalize the global partnership for sustainable development.

006 lighlights

014 Chairperson's statement

016 CEO's

O19
The

023 A hand

038 Operation review

068 Governance

There are a number of processes and supporting activities that can facilitate implementation of the SDGs within the financial ecosystem. Analysis of the factors that impede market players' acceptance of ESG criteria can help fill gaps and overcome barriers. There is much to be gained in this regard by studying the international frameworks, the experience of other markets, and networking with other related organizations globally such as stock exchanges, regulators, and industry associations.

THE GROUP'S ESG PROGRAMMES

The ESG scenario is continuously evolving, both within the stock exchange domain and in the specific context of the Group. We develop and structure our ESG programmes around globally accepted frameworks. The Group's ESG programmes are focused on four themes: economy, environment, education and community. Our ESG activities have included many programs, the most important of which are described below under the respective themes.

ECONOMY

The Invest Wisely Program was initiated to instill financial literacy and investment awareness. The program is targeted at participants of varying levels and is adapted according to their levels. Students are given an opportunity to have a realistic experience of investing with actual market data, but using virtual money. The program has now

been conducted for over five years. A total of seven workshops were conducted in 2021 for the public and for universities.

We also make a major economic contribution through Nomu, the parallel market for the small and medium enterprise (SME) sector. Nomu has tailored its listing requirements to the capabilities and needs of smaller companies. The development of Nomu dovetails with our commitment to SDG8 (Decent work and economic growth). SMEs are a major generator of economic growth, employment and are an outlet for entrepreneurial skills and innovation in emerging economies. At the end of 2021, 11 companies were listed on Nomu.

COMMUNITY

The Group conducted a large number of Corporate Social Responsibility activities to benefit the underprivileged sections of the community. On the National Day a visit was conducted to the Disabled Children's Association for the benefit of children who have special needs and who are affected by cancer. A cash contribution was given to the charity; a video was created which was posted on our social media platform. As part of this programme, the children contributed their drawings to be used as printing cards by Group employees. The Group also supported the Ehsan Platform for charitable work by contributing Eid clothing for families in need.

The Group also has a strong commitment to the empowerment of women and gender equality. Out of the Group's employees 22% are women and 9% of the C-level positions are occupied by women. Furthermore, 32% of employees are below 30 years of age, which demonstrates the importance we give to providing opportunities to our youth. We also sponsored a virtual event on Women's day "Ring the Bell for Gender Equality" which featured an employees' video and a screen saver to promote awareness on gender equality.

In 2021, the Saudi Tadawul Group, together with the World Federation of Exchanges, joined other global exchanges, in 'Ring the Bell for Financial Literacy'. This is an initiative that takes place during the World Investor Week. Muqassa and Derivative Teams participated in this initiative.

EDUCATION

The Saudi Exchange launched the Graduate Development Program in 2019, with the objective of supporting educated Saudi Youth to be future leaders. It is specially designed for Saudi Youth who wish to pursue a career in the capital market. The program is of nine-months duration and provides fast-tracked learning and development. It gives the graduate trainees a wide exposure and enables them develop their skills in a number of areas. The program encourages the students to come

006 Highlights of the Group

014 Chairperson's

016 CEO's

019 The

023A hand on the tiller

038Operation review

068 Governance

119 Financial statements up with innovative ideas. The participants receive a competitive monthly salary and other benefits such as health insurance for themselves and their families.

During 2021, the Group signed a MoU with McKinsey & Co. to support the Quimam Fellowship Programme. Qimam is an initiative, which is a joint effort of a number of leading national and international companies that is targeted at developing promising university students from Saudi Arabia. Through this initiative the Group is investing in future leaders.

ENVIRONMENT

The Group seeks to minimize its direct environmental impact by reducing consumption and recycling. One initiative in this connection is the recycling of paper and plastic waste. We also make a contribution through our advocacy activities, for example by fostering environmental consciousness among listed companies. We also play a role by our membership in the Climate Change Advisory Group.



Ring the Bell for Financial Literacy

FUTURE DEVELOPMENTS

In 2021, Public Investment Fund (PIF) announced the intent to to establish Riyadh Voluntary Exchange Platform, an exchange for trading offsets and carbon credits in collaboration with Saudi Tadawul Group. This announcement is part of Saudi Tadawul Group's ongoing commitment to facilitate sustainable growth. Capital

markets have an important role to play in driving green innovation and encouraging listed companies to consider their value and purpose beyond profit generation. 006 Highlights of the Group

> 014 irperson's

016

019

023 A hand

038 Operation review

068

119 Financial

182

GOVERNANCE

GOVERNANCE AT SAUDI TADAWUL GROUP

Governance is an important part of the values and practices of Saudi Tadawul Group, in which it seeks to support implementing the best corporate governance practices amongst the subsidiaries. In addition, the Company works towards raising the level of transparency and corporate integrity by maintaining the best governance practices based on the following:

- 1. Companies Law;
- 2. Capital Market Law;
- Corporate Governance Regulations;
- 4. Company By-laws, and
- Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued by CMA.

As such, the Company has developed a governance manual in accordance with the Corporate Governance Regulations (CGRs) issued by the Capital Market Authority (CMA). The CGRs prescribe the rules and standards to the management of the Company in order to ensure that the Company's corporate governance standards are in line with best practices enshrining the rights of shareholders and stakeholders. The Company's internal governance manual that was approved by the Company's Board

of Directors on 29/12/442H (corresponding to 08 August 2021G) includes provisions relating to the following:

- Shareholders' rights
- Rights related to the General Assembly Meeting
- The Board of Directors, its composition, responsibilities, competencies and work procedures
- Executive Management, its functions and responsibilities
- The Company's committees, their membership and meetings.

IMPLEMENTED AND NON-IMPLEMENTED PROVISIONS OF THE CORPORATE GOVERNANCE REGULATIONS

The Company applies all the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority ("CMA"), except the guiding provision quoted below:

Article No.	Article Provision	Reasons		
Article 54 – clause (B)	The chairman of the audit committee shall be an Independent Director.	The formation of the Audit committee, which includes more than two independent directors, achieves the independence required by the Corporate Governance Regulations in a way that carries out the committee's duties.		
Article 95 If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.		circumstances in order to enable it to effectively perform its duties".		

006Highlights of the Group

014 Chairperson's

O16 CEO's review

O19
The

023A hand on the tiller

038 Operation review

068 Governance

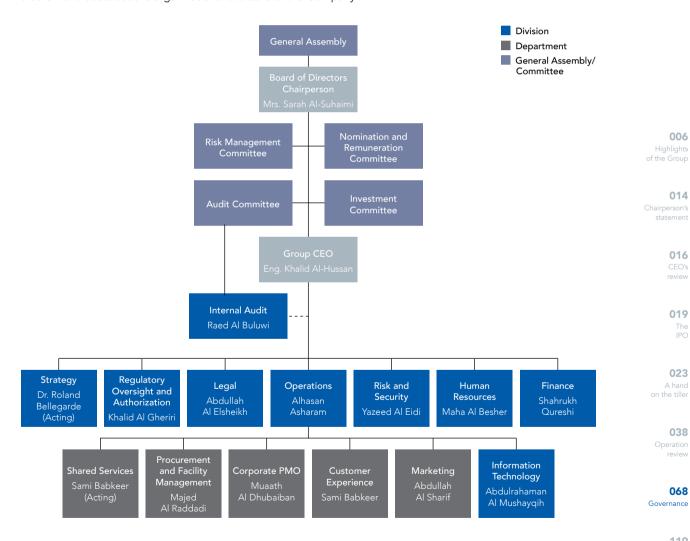
119 Financial statements

GOVERNANCE

SAUDI TADAWUL GROUP ORGANIZATIONAL STRUCTURE

The Company has an organizational structure headed by the Board of Directors and supported by the Executive Management. The Board assumes the ultimate responsibility for the general direction, supervision and control of the Company and the Executive Management.

The below chart sets out the organizational structure of the Company.



119 Financial

Financial statements

GOVERNANCE

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors is composed of nine (9) members elected by the Ordinary General Assembly for a period of three (3) years, renewable for one or more terms. In its meeting held on 07/05/1441H (corresponding to 2 January 2020G), the Extraordinary General Assembly elected the current members of the Board of Directors for a period of three (3) Gregorian years as of the date of such meeting.

Name	Position	Nationality	Appointment Date	Status
Mrs. Sarah Jammaz Al-Suhaimi	Chairperson	Saudi	02/01/2020G	Independent
Mr. Yazeed Abdulrahman Al Humaid (a representative of Public Investment Fund "PIF")	Vice Chairman	Saudi	02/01/2020G	Non-Executive
Mr. Youssef Abdullah Al-Benyan	Member	Saudi	02/01/2020G	Independent
Eng. Khalid Abdullah Al-Hussan	Member	Saudi	02/01/2020G	Executive
Mr. Rania Mahmoud Nashar (a representative of Public Investment Fund "PIF")	Member	Saudi	02/01/2020G	Non-Executive
Mr. Sabti Sulaiman Al-Sabti (a representative of Public Investment Fund "PIF")	Member	Saudi	02/01/2020G	Non-Executive
Mr. Mark Stephen Makepeace (a representative of Public Investment Fund "PIF")	Member	British	02/01/2020G	Non-Executive
Mr. Hashem Othman Al Hekail	Member	Saudi	02/01/2020G	Independent
Mr. Xavier Robert Rolet (a representative of Public Investment Fund "PIF")	Member	French	02/01/2020G	Non-Executive

006Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The IPO

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements

182Supplementary information

BOARD OF DIRECTORS BIOGRAPHIES





Mrs. Sarah Al-Suhaimi is the Chairperson of the Saudi Tadawul Holding Group Board of Directors, which is considered the largest exchange in the Middle East. In her capacity, Mrs. Al-Suhaimi spearheads Tadawul's efforts to integrate the Saudi capital market with global peers, by way of aligning the platforms operations and governing regulations.

Mrs. Al-Suhaimi is also a Board Member at the Saudi Telecom Company and the Saudi Arabian Airlines Public Agency and the Cultural Development Fund and the child care association. In addition, Mrs. Al-Suhaimi is a trustee of the International Financial Reporting Standards Foundation and a We-Fi Leadership Champion.

Mrs. Al-Suhaimi served as the CEO of Saudi National Bank Capital (SNB Capital) from 2014 to 2021 and was a member of the Board of Directors. During her tenure, AUMs grew by over four times, NCBC's brokerage market share increased by more than 10%, and the bank executed multiple large investment banking mandates earning league table status in DCM and M&A.

Mrs. Al-Suhaimi served a two-year term as Vice-Chairperson of the Advisory Committee of the Capital Market Authority (CMA) Board of Directors from 2013 to 2015.

Prior to that, Mrs. Al-Suhaimi led the Asset and Wealth Management Division at Jadwa Investment Company, where she was also the Chief Investment Officer from 2007 to 2014, and a member of the firms' Management Committee. Mrs. Al-Suhaimi started her career within asset management at Samba Capital.

Mrs Al-Suhaimi holds a Bachelor's degree in Accounting with Honours from King Saud University, and completed the General Management program in Harvard Business School.

Mr. Al-Humaid is the Deputy Governor and the Head of MENA Investments at the Public Investment Fund (PIF), where his responsibilities include managing two key investment pools: Saudi Equity Holdings pool and Saudi Sector Development pool, being the most condensed pools with assets under management. His responsibilities also include attracting international strategic partners to invest in Saudi and to localize cutting edge technologies, as well as carrying PIF role as a driver of the economy.

In 2015, Mr. Al-Humaid joined PIF as an advisor to H.E. the Governor to contribute to PIF restructuring and strategy crafting, post its reallocation to Council of Economic and Development Affairs. He was then, in 2016, appointed as the Chief of Staff, in addition to his advisory post, delivering during that post outstanding achievements. These included contributing to the construction of PIF updated strategy and business plan, managing PIF investment projects from inception to being established as companies, developing a comprehensive governance model for PIF portfolio companies along with establishing the foundations and mechanisms for representations in the Boards of Director for PIF portfolio companies, developing several international strategic partnerships, and enhancing PIF relations to become an enabler to other local entities.

In addition to his tenure at PIF, Mr. Al-Humaid's career journey surpasses the 16 years mark, during which he has had extensive experience in both financial and management fields, working between two companies PriceWaterhouse Coopers and House of National Consulting from 2004 to 2008, thereafter joining the Capital Market Authority (CMA) until 2015. During this period he headed the Mergers and Acquisitions. He was exposed to international practices as he was seconded to work at the Malaysian Securities

006 Highlights

014 Chairperson's statement

> O16 CEO's

O19 The IPO

023A hand on the tiller

038 Operation

068 Governance

> 119 Financial statements

182 Supplementary information



006 Highlights

014 Chairperson's

016 CEO's

019 The

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements Commission and the regulatory body of mergers and acquisitions in the United Kingdom. He also served as advisor to H.E. the Chairman of CMA, enabling him to develop a comprehensive understanding of the CMA and its practices.

Mr. Yazeed Al-Humaid's contributions reach beyond his executive role, by being a member in permanent committees in PIF such as the Management Committee, the Portfolio Companies Nomination Committee and Management Investment Committee. His contributions exceed the organizational boundaries of PIF, since he was also the Chairman of the National Security Services Company, Vice Chairman for the Saudi National Bank, the Saudi Tadawul Holding Group, Saudi Telecom Company (STC), and Saudi Egyptian Investment Company and a board member in several companies such as Saudi Arabian Airlines, Civil Aviation Holding, Richard Attias & Associates and Flyadeal, in addition to being a member in several sub-committees from the aforementioned boards of directors.

Mr. Yazeed Al-Humaid holds bachelor's degree in Accounting from the King Saud University, along with being certified by several of the top tier international academic institutes such as London Business School in executive management programs.

Mr. Yousef Al-Benyan is the CEO, Vice- Chairman and Board member, and a member of the Investment Committee in the Saudi Basic Industries Corporation (SABIC) since February 2015.

He is also the Chairman of several Boards, such as: the Board of SABIC Agri-Nutrients Company, SABIC for investment and content (Nusaned), the Business 20 (B20) for the Group of Twenty (G20), Gulf Petrochemicals and Chemicals Association (GPCA) and is also the Chairman of the Petrochemical Manufacturers Committee.

Furthermore, Mr. Al-Benyan is a member of the Board of Directors of U.S. – Saudi Arabia Council, the Global Business Council of the Bloomberg Global Forum, Saudi Information Technology Company, the Saudi General Authority of Foreign Trade, the Royal Commission for Jubail and Yanbu, Saudi Ports Authority, Saudi Tadawul Holding Group, Boao Forum for Asia (PFA), the Constituent Council of Future Transportation Sector Development Project, the International Council of Chemical Associations (ICCA) ,and the Research, Developments and Innovation Committee.

Before he was appointed as the CEO of SABIC he worked as Deputy Chief Financial Officer, and Executive Vice President of the strategic Chemicals Business Unit and the Human Resource Unit.

He obtained a Bachelor's Degree in Economics and a Master's Degree in Industrial Management.





Eng. Khalid Al-Hussan is a Board member and the Chief Executive Officer of Saudi Tadawul Group. He also serves as the Chairman of the Saudi Exchange, the Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Muqassa), Tadawul Advanced Solutions Company (WAMID), a newly created subsidiary focused on solutions and pioneering technologies, and the Arab Federation of Capital Markets (AFCM). Additionally, Al Hussan is a board member in the World Federation of Exchanges (WFE) and Tadawul Real Estate Company.

Eng. Al-Hussan has more than 14 years of capital market and financial sector experience and possesses a wide range of expertise from business development and corporate planning, to strategy and operations. Preceding his appointment as CEO of the Group, Eng. Al-Hussan was the CEO the Company – previously known the Saudi Stock Exchange (Tadawul) – for more than 5 years.

Throughout his tenure at the Exchange, Eng. Al-Hussan has overseen the introduction and implementation of several key development programs, including the Qualified Foreign Investor (QFI) framework, the inclusion of Tadawul in the emerging markets' indices, the launch of Nomu and the derivative markets, the development of the fixed income market and the record-setting IPO of Saudi Aramco. Notably and most recently, he led the transformation into the Saudi Tadawul Group.

Prior to joining the Exchange, Eng. Al-Hussan worked in the insurance sector, managing areas of business, marketing and strategy.

Eng. Al-Hussan is an engineer and holds an MBA from the University of Colorado, where he is also a certified entrepreneur. Ms. Rania Nashar joined the Public Investment Fund (PIF) as a Senior Advisor to the Governor in February 2021, where she advises His Excellency Yasir Al-Rumayyan, Governor of PIF, in areas of Business and Governance, drawing on more than 20 years of professional experience in the banking industry. In addition, she is the Head of Compliance & Governance at the Public Investment Fund.

Prior to joining PIF, Ms. Nashar served as the CEO of Samba Financial Group (SFG), making her the first Saudi woman to lead a major banking group in the Kingdom of Saudi Arabia. She first joined SFG in 1997 at the start of her banking career, where she served in various positions across different divisions of the Group and played a pivotal role in bringing vital changes and developments to SFG's business sectors.

Ms. Nashar also holds various other leadership and advisory positions. During her time at SFG, she served as Vice Chair of the SambaCapital Board and as a Board member of Samba Bank Limited in Pakistan, Samba Global Markets Limited. She also served as a board member at Institute of International Finance "IIF" in USA.

In March 2019, the Board of the Capital Market Authority of Saudi Arabia (CMA) appointed Ms. Nashar as Vice Chair of the CMA Advisory Committee. Ms. Nashar also serves as Board member of STC, the Saudi Stock Exchange, the National Center for Performance Measurement, Saudi Space Commission and Saudi Polo Federation. Also, she chairs the Audit Committee at FII.

Some of Ms. Nashar's other major achievements throughout her career include becoming the first Saudi women to lead the audit and risk review functions for all business and operations areas at SFG, including investment business, corporate and individual banking, and risk management. She is also the first woman in the GCC financial sector to lead a compliance group and first Saudi woman to be named a certified anti-money laundering specialist by the Association of Certified Anti-Money Laundering Specialists (ACAMS) in the USA. During KSA G20 Presidency Rania chaired the B20 Women in Business Action Council and G20 EMPOWER Alliance. Currently, she is serving as a Co-Chair in Action Council for B20 Women in Business

Ms. Nashar holds a Bachelor's degree with Honours in computer science and technology from Kind Saud University. She has been recognized by Forbes on multiple occasions for her professional achievements, being named among the Top 100 Powerful Women in the World in 2018, 2019 and 2020.

006 Highlights of the Group

O14 Chairperson's statement

> 016 CEO's

O19 The IPO

023 A hand on the tiller

038 Operation

068 Governance

> 119 Financial statements

182 Supplementary information





006 Highlights

014 Chairperson's

016 CEO's

019 The

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements Mr. Sabti Al-Sabti is the CEO of Riyadh Capital, an investment bank that works in all areas and activities of financial markets. Mr. Sabti Al-Sabti is also a board member in both Saudi Tadawul Holding Group and Zakat, Tax and Customs Authority.

He started his career with (PwC), and previously worked as Vice President of the Listed Companies and Investment Products Agency in the Capital Market Authority, where he assumed responsibility for overseeing six different departments in the Authority, performing many organizational and development tasks in the following areas: public and private securities offering, mergers and acquisitions, investment product development, asset management, disclosure and corporate governance of listed companies.

He obtained a Bachelor's Degree in Accounting from King Saud University, and a Master's Degree in Business Administration from Colorado Technical University, and also obtained a Certified Public Accountant's license from the Saudi Organization for Certified Public Accountants (SOCPA) and (CPA).

Mr. Mark Makepeace is the CEO of Wilshire Company and as a result, he became a director in a number of Wilshire subsidiaries. He is also a Board member in the Singapore Stock Exchange and Tadawul Advanced Solutions Company (WAMID) and Singapore Stock Exchange. He is also an advisor to Hang Seng Bank in Hong Kong. Previously he was the Non-Executive Chairman of Information Services at the London Stock Exchanges Group (LSEG), and UNICEF Vice President in the UK since 2011.

Mr. Makepeace started his career in the financial services field in 1985 after joining the London Stock Exchange and worked during this period to develop the stock market's business in the field of information technology and services.

He also led the securities organization in the United Kingdom and participated in establishing the first international stock market across borders in Europe. He was the founder, CEO and Chairman of Information Services in FTSE Russell. He also has experience of more than 20 years in developing successful joint ventures, and has succeeded in establishing alliances with stock exchanges, academics and leading industrial groups all over the world. He has founded large companies in Asia, Europe, the Middle East, Africa and the Americas, and was also the first Chairman and Founding Member of the Index Industry.





Mr. Hashem Al-Hekail has previously worked as Deputy Governor of the Saudi Central Bank (SAMA) for developing the financial sector and national initiatives, and he also cofounded Derayah Financial, and has worked as a co-CEO responsible for operations and technology.

He has more than 30 years of experience in the field of technology, analysis, system design, and engineering work procedures and investment accounts. He began his career in 1983 as an auditor at SAMA; after holding several positions there including Government Accounts Manager and Information Technology Manager. He then moved to SNB, where he supervised systems development projects in addition to supporting and maintaining existing systems. He then co-founded Derayah Financial and thereafter returned to SAMA.

Mr. Al-Hekail is now the chairperson of the Boa Technology Company Board of Directors and a Board member and Chairperson of Audit Committee at Derayah Financial.

He obtained a Bachelor's Degree in Social Services from King Saud University in 1981, and a professional Diploma in Financial Supervision from the Institute of Public Administration in 1983. He has also participated in technical and management training programs at various institutions, including Harvard University and the Massachusetts Institute of Technology.

Mr. Xavier Rolet is currently Chairman and CEO of NYSE-listed World Quantum Growth Acquisition Corporation, Chairman of the Board of Shore Capital Markets, Chairman of the Remuneration Committee, Board Member of Seplat Energy, Board Member of Golden Falcon Acquisition Corporation and Tadawul Advanced Solutions Company (WAMID) and Senior Advisor to Towerbrook Capital Partners LLP.

He is also an External Director for Portfolio Companies at the Public Investment Fund (PIF). He was previously Chairman of the Board of Phosgaro PJSC, the CEO of CQS (UK) LLP, and the CEO of the London Stock Exchange Group (LSEG) from 2009 until 2017 during which time its market capitalization increased from USD 1.2 Bn to USD 21 Bn. Prior to that, he worked for Lehman Brothers in New York as co-head of Global Equities and Derivatives trading, head of European and Asian Equities in London and CEO of Banque Lehman Brothers in Paris. Prior to Lehman Brothers, he was global head of European Equities at Credit Suisse First Boston and a Vice-President and Executive Director at Goldman, Sachs & Co in New York, and London.

After graduating from Kedge Business School with an MSc in Management studies in 1981, Xavier served as a Second Lieutenant and Instructor at the French Air Force Academy. He received a Master's Degree in Business Administration from Columbia Business School in 1984 and a post-graduate degree from the Paris-based Institute of Advanced Studies in National Defence (IHEDN) in 2008.

Xavier is a Knight Commander of the British Empire (Hon), a Knight of the Order of the French Legion of Honor, an Officer of the Royal Sharifian order of Al-Alawi, and a recipient of the Order of Friendship of the Russian Federation. He featured in the 2017 Harvard Business Review list of the Best 100 CEOs in the world.

006 Highlights

014 Chairperson's statement

> O16 CEO's

> > 019 The IPO

023A hand on the tiller

038 Operation

068 Governance

> 119 Financial statements

182 Supplementary information

BOARD OF DIRECTORS MEMBERSHIPS

Mrs. Sarah Jammaz Abdullah Al-Suhaimi Chairperson – Independent

Current Positions

- Independent Director, Saudi Telecom Company (STC), a Saudi Listed Joint Stock Company.
- Investment Committee Member, Saudi Telecom Company (STC), a Saudi Listed Joint Stock Company.
- Independent Director, SAUDIA, a Saudi Public Institution.
- Audit Committee Member, SAUDIA, a Saudi Public Institution.
- Independent Director, Cultural Development Fund, a Saudi Governmental Fund.
- Director, Child Care Association, a Saudi private organization.
- Board of Trustees Member, IFRS Foundation, a non-profit organization in the UK.

Previous Positions

Current Positions

- Executive Director, SNB Capital Company, a Saudi Closed Joint Stock Company.
- CEO, SNB Capital Company, a Saudi Closed Joint Stock Company.
- Advisory Committee Vice Chairperson, Capital Markets Authority (CMA), a Saudi Government Authority.
- Head of Asset and Wealth Management and Chief Investment Officer, Jadwa Investment, a Saudi Closed Joint Stock Company.

Mr. Yazeed Abdulrahman Ibrahim Al Humaid Vice Chairman – Non-executive (a representative of Public Investment Fund "PIF")

016 CEO's

006

014 Chairperson's

019 The

023A hand on the tiller

038Operation review

068 Governance

119Financial statements

- Non-Executive Vice Chairman, Saudi Telecom Company (STC), a Saudi Listed Joint Stock Company.
- Deputy Governor and Head of MENA Investments, Public Investment Fund (PIF), a Saudi Government Fund.
- Non-Executive Vice Chairman, Saudi National Bank (SNB), a Saudi Listed Joint Stock Company.
- Non-Executive Vice Chairman, Saudi Egyptian Investment and Finance Company, a Closed Joint Stock Company in Egypt.
- Non-Executive Chairman, National Security Services Company (SAFE), a Saudi Closed Joint Stock Company.
- Non-Executive Director, Matarat Holding, a Saudi Closed Joint Stock Company.
- Independent Director, Richard Attias & Associates, a Limited Liability Company in the UAE.
- Non-Executive Director, SAUDIA, a Saudi Public Institution.
- Non-Executive Director, flyadeal, a Saudi Closed Joint Stock Company.

Previous Positions

- Head of Local Holding Investments, Public Investment Fund (PIF), a Saudi Government Fund.
- Chief of Staff, Public Investment Fund (PIF), a Saudi Government Fund.
- · Advisor, Public Investment Fund (PIF), a Saudi Government Fund.
- Manager of M&A Department, Capital Markets Authority (CMA), a Saudi Government Authority.
- Chairman Advisor, Capital Markets Authority (CMA), a Saudi Government Authority.
- M&A Senior Specialist, Capital Markets Authority (CMA), a Saudi Government Authority.

182

Supplementary

Mr. Youssef Abdullah Mohammed Al-Benyan Member – Independent

Current Positions

- Non-Executive Director, SABIC Agri-Nutrients Company, a Saudi Listed Joint Stock Company.
- Vice Chairman, Saudi Basic Industries Corporation (SABIC), a Saudi Listed Joint Stock Company.
- Investment Committee Member, Saudi Basic Industries Corporation (SABIC), a Saudi Listed Joint Stock Company.
- Non-Executive Chairman, SABIC Investment and Local Content Development Company (Nusaned Investment), a Saudi Closed Joint Stock Company.
- Non-Executive Director, Saudi Information Technology Company (SITE), a Saudi Closed Joint Stock Company.
- Remuneration and Nomination Committee Chairman, Saudi Information Technology Company (SITE), a Saudi Closed Joint Stock Company.
- CEO, Saudi Basic Industries Corporation (SABIC), a Saudi Listed Joint Stock Company.

Previous Positions

- Non-Executive Chairman, Yanbu National Petrochemical Company (Yansab), a Saudi Listed Joint Stock Company.
- · Non-Executive Chairman, Saudi Iron and Steel Company, a Saudi Limited Liability Company.
- Director, Power and Water Utility Company for Jubail and Yanbu (Marafiq), a Saudi Closed Joint Stock Company.
- Chairman, Saudi Yanbu Petrochemical Company (YANPET), a Saudi Listed Joint Stock Company.
- Chairman, Al-Jubail Petrochemical Company (Kenya), a Saudi Limited Liability Company.
- Executive Vice President of Corporate Finance, Saudi Basic Industries Corporation (SABIC), a Saudi Listed Joint Stock Company.
- Executive Vice President of Petrochemicals, Saudi Basic Industries Corporation (SABIC), a Saudi Listed Joint Stock Company.

006 Highlights

014 Chairperson's

016

019

023 A hand

038

review

068 Governance

119 Financial statements

Eng. Khalid Abdullah Nasser Al-Hussan Member – Executive

Current Positions

- Non-Executive Chairman, Securities Clearing Center Company (Muqassa), a Saudi Closed Joint Stock Company.
- Non-Executive Chairman, Saudi Exchange Company, a Saudi Closed Joint Stock Company.
- Non-Executive Chairman, Securities Depository Center Company (Edaa), a Saudi Closed Joint Stock Company.
- Non-Executive Chairman, Tadawul Advanced Solutions Company (WAMID), a Saudi Closed Joint Stock Company.
- Non-Executive Director, World Federation of Exchanges, a non-profit global federation of capital markets in the UK.
- Non-Executive Chairman, Arab Federation of Exchanges, a non-profit Arab federation of capital markets in Lebanon.
- Non-Executive Director, Tadawul Real Estate Company, a Saudi Limited Liability Company.
- Regulatory Policy and Oversight Committee Member, Securities Clearing Center Company (Muqassa), a Closed Joint Stock Company.
- Compliance Committee Member, Securities Clearing Center Company (Muqassa), a Saudi Closed Joint Stock Company.
- Information Technology Committee Member, Securities Clearing Center Company (Muqassa), a Saudi Closed Joint Stock Company.
- Regulatory Policy and Oversight Committee Member, Saudi Exchange Company, a Saudi Closed Joint Stock Company.
- Compliance Committee Member, Saudi Exchange Company, a Saudi Closed Joint Stock Company.
- Information Technology Committee Member, Saudi Exchange Company, a Saudi Closed Joint Stock Company.
- Regulatory Policy and Oversight Committee Member, Securities Depository Center Company (Edaa), a Saudi Closed Joint Stock Company.
- Compliance Committee Member, Securities Depository Center Company (Edaa), a Saudi Closed Joint Stock Company.
- Information Technology Committee Member, Securities Depository Center Company (Edaa), a Saudi Closed Joint Stock Company.

006

of the Group

014

Chairperson's statement

016

CEO's review

019

The IPO

023

A hand on the tiller

038

Operation review

068

Governance

119

Financial statements

182

Supplementary information

Previous Positions

- Non-Executive Director, Arab Federation of Exchanges, a non-profit Arab federation of capital markets in Lebanon.
- Audit Committee Member, Tadawul Real Estate Company, a Saudi Limited Liability Company.
- Regulatory Policy and Oversight Committee Member, Saudi Tadawul Group (formerly known as Saudi Stock Exchange (Tadawul), a Saudi Listed Joint Stock Company.
- · Advisory Committee Member, Capital Markets Authority (CMA), a Saudi Government entity.
- Acting Executive Director, Saudi Tadawul Group (formerly known as Saudi Stock Exchange (Tadawul), a Saudi Listed Joint Stock Joint Stock Company.
- Chief of Markets, the Company Saudi Tadawul Group (formerly known as Saudi Stock Exchange (Tadawul), a Saudi Listed Joint Stock Company.
- Chief of Assets and Deposit, the Company Saudi Tadawul Group (formerly known as Saudi Stock Exchange (Tadawul), a Saudi Listed Joint Stock Company.
- Chief of Strategy, the Company Saudi Tadawul Group (formerly known as Saudi Stock Exchange (Tadawul), a Saudi Listed Joint Stock Company.
- General Manager of Strategy, Company for Cooperative Insurance (Tawuniya), a Saudi Listed Joint Stock Company.

Ms. Rania Mahmoud Abdulwahab Nashar Member - Non-executive (a representative of Public Investment Fund "PIF")

Current Positions

- Non-Executive Director, Saudi Telecom Company (STC) a Saudi Listed Joint Stock Company.
- Director, The National Center for Performance Measurement (Adaa), a Saudi government entity.
- Director, Saudi Space Commission, a Saudi government entity.
- Director, Saudi Polo Federation, a Saudi sport federation.
- Risk Committee Chairman, Saudi Telecom Company (STC), a Saudi Listed Joint Stock Company.
- Remuneration and Nomination Committee Member, Saudi Telecom Company (STC), a Saudi Listed Joint Stock Company.
- Audit Committee Chairman, The National Center for Performance Measurement (Adaa), a Saudi government entity.
- Head of Compliance and Governance, Public Investment Fund (PIF), a Saudi government fund.
- Audit Committee Chairman, Future Investment Initiative Institute, a Saudi non-profit civil institution.
- Executive Committee Member, Saudi Space Commission, a Saudi government entity.
- Remuneration and Nomination Committee Member, Saudi Space Commission, a Saudi government entity.
- Audit Committee Member, Saudi Space Commission, a Saudi government entity.
- Governor Advisor, Public Investment Fund (PIF), a Saudi government fund.

006 Highlights

014 Chairperson's statement

> 016 CEO's

> > 019 The

023

A hand on the tiller

038 Operation review

068 Governance

119 Financial

Previous Positions

- Non-Executive Vice Chairperson, Samba Capital & Investment Management Company, a Closed Joint Stock Company.
- CEO, Samba Financial Group (currently known as Saudi National Bank), a Saudi Listed Joint Stock Company.
- Audit Committee Member, Samba Bank Limited, a Listed Joint Stock Company in Pakistan.
- Remuneration and Nomination Committee Member, Samba Bank Limited, a Saudi Listed Joint Stock Company in Pakistan.
- Chief of Audit and Executive Review, Samba Financial Group (currently known as Saudi National Bank), a Saudi Listed Joint Stock Company.
- Chief of Compliance, Samba Financial Group (currently known as Saudi National Bank), a Saudi listed joint stock company.
- Director, Samba Global Markets Limited, a Limited Liability Company in Cayman Island.
- Non-Executive Director, Samba Bank Limited, a Listed Join Stock Company in Pakistan.

006Highlights of the Group

Mr. Sabti Sulaiman Al-Sabti

Member - Non-executive (a representative of Public Investment Fund "PIF")

014 Chairperson's **Current Positions**

- Independent Director, Zakat Tax and Customs Authority, a Saudi Government Entity.
- CEO, Riyad Capital, a Saudi Closed Joint Stock Company.

Previous Positions

 CMA Deputy for Listed Companies & Investment, Capital Markets Authority (CMA), a Saudi government authority.

016 CEO's

Mr. Mark Stephen Makepeace

Member - Non-executive (a representative of Public Investment Fund "PIF")

019 The

023

A hand on the tiller **Current Positions**

- Vice Chairman and CEO, Monica Top GP (Cayman) (Wilshire Global Advisors), a Limited Liability Company.
- Independent Director, Singapore Exchange, the Capital Market of Singapore.
- CEO, Wilshire Global Advisors, a Limited Liability Company, in the US and Europe.
- Non-Executive Vice Chairman, Tadawul Advanced Solutions Company (WAMID), a Saudi Closed Joint Stock Company.
- Chairman and Owner, M8R LIMITED, a Limited Liability Company (outside the Kingdom).

038

8 Previous Positions

- Executive Information Services Director, London Stock Exchange Group, a British securities company in the UK.
- CEO, FTSE Russell, a Limited Liability Company in the UK.

068

Governance

119

Financial statements

182

Supplementary information

Mr. Hashem Othman Ibrahim Al Hekail Member - Independent

Current Positions

- Independent Director, Derayah Financial, a Saudi Closed Joint Stock Company.
- Audit Committee Chairman, Derayah Financial, a Saudi Closed Joint Stock Company.
- Chairman, BWA Information Technology Company, a Saudi Closed Joint Stock Company.
- Director, HyperPay Inc, a Closed Joint Stock Company in the British Virgin Island.

Previous Positions

- Independent Director, Bayan Payments Limited, a Saudi Limited Liability Company.
- Deputy Governor, Saudi Central Bank, the central bank of the Kingdom of Saudi Arabia
- Co-Director, Derayah Financial, A Saudi Closed Joint Stock Company.

Mr. Xavier Rolet

Member - Non-executive (a representative of Public Investment Fund "PIF")

Current Positions

- Chairman and CEO, World Quantum Growth Acquisition Corp, NYSE-Listed special purpose acquisition company in the USA.
- Independent Non-Executive Director, Golden Falcon Acquisition Corp, NYSE-Listed special purpose acquisition company in the USA.
- Non-Executive Director, Tadawul Advanced Solutions Company, a Saudi Closed Joint Stock Company.
- Independent Non-Executive Director, Seplat Petroleum Development Company, a Joint Stock Company listed in London and Nigeria.
- Corporate Portfolio External Director, Public Investment Fund (PIF), a Saudi Government entity.
- Nomination and Remuneration Committee Chairman, Seplat Petroleum Development Company, a Joint Stock Company listed in London and Nigeria.
- Expert advisor, Shanghai Institute of Finance for the Real Economy, a Government Institute.
- Managing Partner, Grayling Centennial LLC, a Limited Liability Company in the USA.
- Member, Centennial Valley Association, a non-profit organization in the USA, a non-profit organization in the USA.
- Director, SAS La Verriere Company, a Simple Joint Stock Company (outside the Kingdom).
- Board of Advisors Member, Ranchlands in the USA.
- Director, Columbia Business School, a Business College in the USA.
- Partner, SCI La Verriere, a real estate investment company, a partnership (outside the Kingdom).
- Partner, SCEA Domaine de la Verriere, a partnership (outside the Kingdom).

006 Highlights

014 Chairperson's

016

CEO's review

The

023 A hand

038

Operation review

068 Governance

> 119 Financial statements

Previous Positions

- Chairman, Phosagro PJSC, a Joint Stock Company in Moscow.
- Independent Non-Executive Director, Verseon Company in the USA.
- Expert Advisors Committee Member, a Department for the International Trade (DIT), a government agency in the UK.
- CEO, London Stock Exchange Group, a British Securities Company in the UK.
- · Governor's Financial Services Forum, Bank of England, a British government entity.
- Financial Services Trade and Investment Board Member, HM Treasury, a government entity in the UK.
- Securities and Markets Stakeholders Group Member, European Securities and Markets Authority (ESMA), European Securities and Markets Authority.
- Second Lieutenant and Instructor at the French Air Force Academy.
- Director, Marketing Mediterranee, a junior enterprise in France.

006Highlights of the Group

014 Chairperson's

016

CEO's review

019 The

023A hand on the tiller

038

068 Governance

119 Financial

182 Supplementary

RESPONSIBILITIES AND POWERS OF THE BOARD OF DIRECTORS

- (a) Subject to the powers reserved for the General Assembly, the Board shall have the widest authority in managing the affairs of the Company in order to achieve its objectives, and the Board shall be responsible for achieving the strategic and operational objectives of the Company. In particular, the Board shall assume the following powers and may delegate some or all of these powers as it sees fit:
 - The overall strategy and business plan of the Company.
 - 2. Annual budget.
 - 3. Formation of the Board's sub-committees and providing them with the powers the Board believes are appropriate.
 - Approval of the Company's internal, financial, administrative and technical regulations as well as employee-related policies and regulations and setting the Company's performance standards.

- 5. Approval of loans and other credit facilities, for any term, from Government financing funds and institutions, commercial banks, central banks, credit companies and any other credit body.
- 6. Investment of Company funds.
- Approval of the establishment of companies, purchase of shares therein and mergers as well as obtainment and amendment of commercial registers.
- 8. Appointment of the Company's representatives to boards of companies in which the Company participates and owns shares, the right to attend meetings of shareholder assemblies, general assemblies and board meetings of these companies, signing of minutes and resolutions of these companies, endorsing the approval of annual budgets of these companies and receiving the Company's share of these companies' profits.
- (b) The Board shall prepare an annual report on the Company's performance to be presented to the General Assembly.

(c) The Board may, within the limits of its competence, delegate any of its powers to any of its members, or to a third party to take a certain action or conduct certain work. The Board is responsible for the Company's business even if it delegates some of its powers to committees, individuals or other third parties.

The Extraordinary General Assembly in its meeting dated 17 August 2021 has approved the Nomination and Remuneration Committee Charter (NRC) which reflects that the NRC shall assist the Board in assessing the performance of the Board, its committees and executive management in terms of strengths and weaknesses, and in sitting and implementing plans to define and enhance the competencies of board members by recommending the necessary procedures.

Where applicable, the Board members are informed through the Chairperson, of the shareholders' suggestions and remarks on the Company and its performance.

BOARD OF DIRECTORS MEETING ATTENDANCE

Number of meetings: 7 meetings

Name of member	Position	25 January 2021	28 March 2021	28 April 2021	24 June 2021	11 August 2021	11 October 2021	13 December 2021
Mrs. Sarah Jammaz Al-Suhaimi	Chairperson of the Board	(*)	⊘ (*)	⊘ (*)	⊘ (*)	(*)	Ø	⊘ (*)
Mr. Yazeed Abdulrahman Al-Humaid	Vice- Chairperson	×	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)
Eng. Khalid Abdullah Al-Hussan	Member	⊘ (*)	⊘ (*)	⊘ (*)	(*)	⊘ (*)	Ø	(*)
Mr. Hashem Othman Al-Hekail	Member	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)	⊘	⊘ (*)
Mr. Sabti Sulaiman Al-Sabti	Member	⊘ (*)	⊘ (*)	(*)	⊘ (*)	⊘ (*)	⊘	⊘ (*)
Mr. Yousef Abdullah Al-Benyan	Member	8	⊘ (*)	(*)	8	⊘ (*)	⊘	*
Ms. Rania Mahmoud Nashar	Member	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)	⊘	⊘ (*)
Mr. Xavier Rolet	Member	(*)	⊘ (*)	⊘ (*)	(*)	⊘ (*)	(*)	(*)
Mr. Mark Makepeace	Member	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)

(*) Attended through communication means

006 Highlights of the Group

014 Chairperson's statement

> 016 CEO's review

O19 The IPO

023A hand on the tiller

038 Operation review

068 Governance

119 Financial statements

OWNERSHIP OF BOARD MEMBERS, SPOUSES AND MINORS

Name of member	Shares Ownership*				
	Type of Ownership	Opening Balance (January 2021)	Closing Balance (December 2021)	Percentage Change	
Mrs. Sarah Jammaz Al-Suhaimi		0	0	-	
Mr. Yazeed Abdulrahman Al-Humaid (a representative of Public Investment Fund "PIF")	Direct Ownership	0	0	-	
	PIF Ownership	Ownership (January 2021) (D 0 0 0 Direct 0 0 PIF Ownership 120,000,000 0 0 Direct 0 Ownership 120,000,000 PIF Ownership 0 Direct 0 Ownership 120,000,000 PIF Ownership 120,000,000 Direct 0 Ownership 0	84,000,000	-70%	
Eng. Khalid Abdullah Al-Hussan		0	0	_	
Mr. Hashem Othman Al-Hekail		0	0	_	
Mr. Sabti Sulaiman Al-Sabti (a representative of Public Investment Fund "PIF")		0	0	-	
	PIF Ownership	120,000,000	84,000,000	-70%	
Mr. Yousef Abdullah Al-Benyan		0	0	_	
Ms. Rania Mahmoud Nashar (a representative of Public Investment Fund "PIF")		0	0	_	
	PIF Ownership	120,000,000	84,000,000	-70%	
Mr. Xavier Rolet (a representative of Public Investment Fund "PIF")		0	0	-	
	PIF Ownership	120,000,000	84,000,000	-70%	
Mr. Mark Makepeace (a representative of Public Investment Fund "PIF")	Direct Ownership	0	0	_	
	PIF Ownership	120,000,000	84,000,000	-70%	

⁰⁰⁶Highlights of the Group

014Chairperson's statement

O16 CEO's review

019 The

023

A hand on the tiller

038

Operation review

068

Governance

119

Financial statements

182

^{*}There are no ownership of the board members relatives on shares of the Company.

EXECUTIVE MANAGEMENT



Eng. Khalid Abdullah Alhussan is a Board member and the Chief Executive Officer of Saudi Tadawul Group. He also serves as the Chairman of the Saudi Exchange, the Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Muqassa), Wamid, an applied technology services business and the innovation arm of Saudi Tadawul Group and the Arab Federation of Capital Markets (AFCM). Additionally, Eng. Al-Hussan is a Board Member in the World Federation of Exchanges (WFE) and Tadawul Real Estate Company.

Alhussan has more than 14 years of capital market and financial sector experience and possesses a wide range of expertise from business development and corporate planning to strategy and operations. Preceding his appointment as CEO of the Group, Eng. Khalid was the CEO of the Company – previously known the Saudi Stock Exchange (Tadawul) – for more than 5 years.

Throughout his tenure at the Exchange, Khalid has overseen the introduction and implementation of several key development programs, including the Qualified Foreign Investor (QFI) framework, the inclusion of Tadawul in the emerging markets' indices, the launch of Nomu and the derivative markets, the development of the fixed income market and the record-setting IPO of Saudi Aramco. Notably and most recently, led the transformation into the Saudi Tadawul Group.

Prior to joining the Exchange, Eng. Khalid worked in the insurance sector, managing areas of business, marketing and strategy.

Khalid is an engineer and holds an MBA from the University of Colorado, where he is also a certified entrepreneur.

Membership in Board Committee: Member of the Investment Committee.



Mr. Al-Esheikh joined Tadawul in September 2018 as the Director of the Policies Department, and in March 2019, he was appointed as Chief Legal Officer. He has wide experience in the field of legislation especially those related to the capital market and listed companies. Mr. Al-Esheikh holds an LLM in Corporate Finance Law from the University of Westminster, London, UK.

He also holds a Bachelor's Degree in Law from King Saud University. In addition, he has joined several training courses from reputable institutions. 006 Highlights

014 Chairperson's statement

> 016 CEO's review

> > 019 The IPO

023 A hand

038 Operation

068 Governance

> 119 Financial statements

182 Supplementary information





006 Highlights

014 Chairperson's

016 CEO's

019 The

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements

182

information

Mr. Yazeed has successfully assumed various management roles in the field of Information Technology, Cybersecurity, Risk Management and Business Continuity.

Mr. Yazeed holds a Bachelor's degree in Computer Science from King Saud University and Executive Masters of Business Administration from Al Yamamah University. In addition to several Professional and Leadership Certifications from various respectable institutions.

Eng. Albuluwi is the Group Chief Internal Audit Officer for the Saudi Tadawul Group and manages a comprehensive program of internal auditing within Saudi Tadawul Group and its subsidiaries (Saudi Exchange, Edaa, Muqassa and WAMID). He has over 19 years of experience and track record of success in managing a wide spectrum of internal audit services with an aim of providing robust assurance to the Audit Committee and Board of Directors to assist in fulfilling their governance duties.

Eng. Albuluwi graduated from King Fahad University with a B.S. in Computer Engineering and he received various professional certificates in Audit as well as in other professions.



MR. ALHASAN ASHRAM Group Chief Operations Officer

Mr. Al-Gheriri joined Tadawul in 2006 where he held several administrative and leading positions, until he was appointed as Chief of Regulatory Oversight and Authorization at Tadawul in November 2018. Mr. Al-Gheriri has extensive experience in the financial sector where he has successfully led several roles and responsibilities. Over the past few years, he has successfully led various functions and projects within the Members Relations Department.

Mr. Al-Gheriri holds a Bachelor's Degree in Computer Information Science from Minnesota State University, USA. He also has several professional certifications from various respectable institutions. Mr. Alhasan joined Group in May 2021, he was appointed as Group Chief Operations Officer. Mr. Alhasan has extensive experience in Information Technology, Cybersecurity and Risk Management. He assumed various Technical, Managerial and Leadership positions in the High-Tech Industry, Commercial Banking and Capital Markets.

Mr. Alhasan holds a B.Sc. degree in Computer Engineering from KFUPM, and an M.Sc. degree in Engineering Management and Leadership from Santa Clara University, California, United State of America. He also has many Professional Certifications from multiple reputable institutions in IT, Security, Risk and Management and Leadership.

006 Highlights

Highlights of the Group

014 Chairperson's

> 016 CEO's

O19 The IPO

023 A hand

038 Operation

068 Governance

119 Financial statements



MR. SHAHRUKH QURESHI Group Chief Financial Officer

006 Highlights

014Chairperson's statement

016 CEO's

019 The

023A hand on the tiller

038 Operation

068Governance

119 Financial statements

182Supplementary information

Ms. Al-Besher joined Tadawul in May 2018 as Chief Human Resource Officer. She has wide experience in the field of human resources development, support services, corporate communications and leading FinTech initiatives.

Ms. Al-Besher holds a Master's Degree in HR from the Catholic University of America, USA.

Mr. Qureshi joined in March 2018 as Chief Financial Officer. Mr. Qureshi has over 23 years of experience in strategic financial planning & management, accounting, investment management, company start-ups, mergers & acquisitions and assets liabilities management. Mr. Qureshi holds a Master's Degree in Commerce from Pakistan. He is a fellow member of The Institute of Chartered Accountants of Pakistan and Institute of Public Finance Accountants.



Dr. Bellegarde is currently the Group Chief of Strategy & CEO Advisor at the Saudi Tadawul Group, He is a Board member of the Securities Depository Center Company (Edaa) and Securities Clearing Center Company (Muqassa) and the Saudi Exchange Company, he was a member of the NYSE-Euronext management Committee from 2007 to 2014 as Group Executive Vice-President in charge of European Equities and Listings. His mandate extended to cover domestic and International Listings, Equity and Index derivatives, Index business development, structured products as well as market operations.

He acted as chairman of SmartPool (Block trading platform), Board member of LIFFE AM, Qatar Exchange, Clearnet SA as well as Interbosla (Portuguese CSD).

Dr. Bellegarde has a PhD degree in Treasury Finance Banking from De La Sorbonne University in France.

006 Highlights

014 Chairperson's

016 CEO's

019 The IPO

023 A hand

038 Operation review

068 Governance

119 Financial

OWNERSHIP OF EXECUTIVE MANAGEMENTS, SPOUSES AND MINORS

Name of member		Shares Ownership			
	Opening Balance (January 2021)	Closing Balance (December 2021)	Percentage Change		
Eng. Khalid Abdullah Al-Hussan	0	0	-		
Mr. Khalid Abdulaziz Al-Gheriri	0	0	_		
Mr. Raed Hamoud Al-Buluwi	0	0	_		
Mr. Shahrukh Qureshi	0	0	_		
Mr. Abdullah Abdullatif Al-Esheikh	0	0	_		
Mr. Alhasan Ashram	0	0	_		
Dr. Roland Bellegarde	0	0	_		
Ms. Maha Mohammed Al-Besher	0	0	_		
Mr. Yazeed Aleidi	0	0	_		

006 Highlights of the Group

014 Chairperson's

016 CEO's

019

IPO

023A hand on the tiller

038Operation

068 Governance

119 Financial

182Supplementary

BOARD OF DIRECTORS COMMITTEES

The Company has the following committees in place: The Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Investment Committee. The Regulatory Policy and Oversight Committee was terminated on the 31 May 2021 after the commencement of the Saudi Exchange Company.

A charter for each committee has been adopted, which sets out its role and responsibilities, powers and delegations, and how to conduct meetings for the purposes of exercising the duties of each committee and enabling each committee to properly perform its tasks.

AUDIT COMMITTEE

Pursuant to Article 101 of the Companies Law, and in compliance with the Corporate Governance Regulations, the Audit Committee has been formed by a resolution of the General Assembly dated 24/07/1441H (corresponding to 19/03/2020G). The Extraordinary General Assembly has approved the revised charter of the Audit Committee during its meeting held on 09/01/1443H (corresponding to 17/08/2021G).

In accordance with the Audit Committee's Charter, the Audit committee shall consist of three to five members from among the shareholders or third parties, and shall not include any executive directors or senior executives. The Chairperson may not be a member of the Audit Committee, and any person who works or has worked in the Company's Finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the Audit Committee. The Audit Committee shall include at least one independent member and a member with experience in financial and accounting matters. The Audit Committee shall meet according to an approved annual schedule, with at least four (4) meetings per year.

The responsibilities of the Audit Committee are summarized as follows:

Financial Statements

- Examining the interim, quarterly and annual financial statements submitted by the auditor and providing its recommendation to the Board of Directors and to the Ordinary General Assembly.
- Considering the Company's applicable accounting policies and providing opinions and recommendations to the Board of Directors thereon.

^{*}There are no ownership of the executives relatives on the shares of the Company.

Internal Audit

- Overseeing the Internal Audit Department and ensuring its independence in the performance of its tasks, and verifying that there are no restrictions or negative impact on its work.
- Examining the Company's
 internal and financial control
 system and disclosure and
 information technology systems,
 ensuring their adequacy for
 the conduct of the Company's
 business, and submitting a
 recommendation to the Board in
 this regard.

Compliance

- Reviewing the findings of the reports of monitoring authorities, and ensuring that the Company has taken the necessary measures thereabout.
- Ensuring compliance of the Company and its employees with relevant laws and regulations and recommending the appropriate measures in case of non-compliance.
- 3. Ensuring the effectiveness of procedures followed by the Company to guard against claims, legal proceedings, and risks of non-compliance with relevant laws and regulations.
- 4. Reviewing proposed contracts and transactions between the Company and Related Parties and expressing the Committees opinion thereabout to the Board.

- Regularly Examining the report of the chief of the Compliance Division and taking decisions thereabout.
- 6. Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

RESULTS OF ANNUAL INTERNAL AUDIT PROCEDURES

- Committee Governance
- Review the Committee Charter;
- Ensured Confirmation of Independence;
- Declared Potential Conflicts (where applicable).

Compliance Reports

 Reviewed all Code of Conduct Violations Cases presented to AC.

Financial Statements

- Reviewed Financial Policies;
- Reviewed Financial Auditors
 Selection Proposals.
- Endorsed the Consolidated Financial Statements for Saudi Tadawul Group Holding Company.

Internal Audit Governance

- Ensured that Internal Audit
 Governance documents
 (charters, policies) are updated
 and relevant.
- Reviewed and Approved Internal Audit Divisional KPIs and Performance Assessment.

Internal Audit Operations

- The Internal Audit Division carried out planned audits in accordance with the Internal Audit plan and changes required during the year, as approved by the Saudi Tadawul Group Holding Company Audit Committee to evaluate, objectively and independently, the adequacy and effectiveness Of Internal Control Systems.
- Internal Audit Department reports functionally to Audit Committee and administratively to the Chief Executive Officer of Saudi Tadawul Group Holding Company. In carrying out its duties, Internal Audit ensured its independence and objectivity. The Internal Audit Division operates in accordance with International Internal Auditing Standards (IIA Standards). As part of its mandate, during the year, Audit Committee reviewed/ approved following, but not limited to, deliverables/outputs:
 - Reviewed and Approved Annual Risk Assessment
 - Reviewed and Approved Internal Audit Plan;
 - Reviewed Internal Audit Progress Reports; and
 - Reviewed Resolution Progress of Observations
- Furthermore, Internal Audit maintains an internal quality assurance and improvement program, covering all aspects of the internal audit activities, to evaluate and continuously improve these activities.

006 Highlights

014 Chairperson's statement

> 016 CEO's

019 The

023 A hand on the tiller

> 038 Operation review

068 Governance

> 119 Financial

182

Internal Audit Division regularly issued audit progress reports to the Audit Committee during the year covering the audit plan progress, audit activities/ outcome and overall update/ view on internal controls effectiveness and related subjects. The Internal Audit continued its significant progress made in closing and verifying audit findings along with strengthening the follow-up/ closure process.

006

014

016

019

023 A hand on the tiller

038

068 Governance

119

AUDIT COMMITTEE OPINION

The Audit Committee oversees the Internal Audit work, which periodically reviews the adequacy and effectiveness of the internal control system, to provide a continuous assessment of the internal control system and its effectiveness. The Committee also reviews the External Auditor's reports and management letter, which might include any lack of internal control noted by the External Auditor as part of his internal controls assessment.

Based on the above, the Audit Committee believes that the internal control system within Saudi Tadawul Group Holding Company is appropriately designed and effectively serves organizational objectives, operational efficiency, financial reporting reliability and regulatory compliance without any material deficiency or material weakness.

The Audit Committee also extends its sincere thanks to the Board of Directors for its support to the Committee to fulfill its roles and responsibilities and the Executive Management for providing all the data requested to perform the duties of the Committee.

AUDIT COMMITTEE MEMBERS

The Audit Committee consists of the following members:

Name of member	Position
Mr. Yazeed Abdulrahman Al-Humaid	Committee Chairman
Mr. Hashem Othman Al-Hekail	Member
Dr. Abdullah Abdulrahman Al-Shuwayer	Independent Member
Mr. Omar Mohammed Al Hoshan	Independent Member
Mr. Abdulrahman Mohammed Al-Odan	Independent Member

Mr. Yazeed Abdulrahman Al-Humaid

Chairman Kindly Refer to the Board of Directors Biographies.

Mr. Hashem Othman Al-Hekail Member Kindly Refer to the Board of Directors Biographies.

Dr. Abdullah Abdulrahman Al-Shuwayer

Independent Member Dr. Al-Shuwayer is currently the CEO of Ashmore Investment Saudi Arabia, after serving as the Chief Executive and Secretary General of the Higher Education Fund (HEF), the investment arm for 26 public Saudi universities, where he was responsible for managing

its multi-asset-class, multi-market investment portfolio. Prior to this, Dr. Al-Shuwayer worked at multiple private and public entities such as the Ministry of Education in Saudi Arabia where he was a senior advisor in areas related to investment and financial affairs. He served as Chairman and member of the Advisory Committee at the Capital Markets Authority (CMA). In addition to these posts, Dr. Al-Shuwayer has served as a board director in companies in such sectors as technology, agriculture, hospitality, and real estate. He has also served as a fund board member for investment funds in the US and Saudi Arabia. He also worked as the Chairman of Finance department and a faculty member at King Saud University, and a lecturer in finance and investment department at University of Wisconsin.

Dr. Al-Shuwayer holds a Ph.D. in Finance from the University of Wisconsin, MBA in Finance from the John Neff College of Business at the University of Toledo, BA in Finance from King Saud University, and is a CFA Charterholder. He has also completed multiple executive education programs at Harvard, INSEAD, IMD, and LBS.

Mr. Omar Mohammed Al Hoshan Independent Member

Mr. Omar Al Hoshan is a Certified Public Accountant, and is the founder and Managing Partner of AlHoshan Russell Bedford CPA & Consultants in Saudi Arabia. Mr. Omar has contributed to many of the top 100 companies in Saudi Arabia and GCC countries in the areas of Accounting, Auditing, Financial Planning, Business Performance Measurement, Business Restructuring, Corporate Governance, Regulatory Compliance, Risk Assessment, HR, Financial & Business Solutions and Technology.

Mr. Omar is instrumental in the Business Improvement initiatives in the Kingdom of Saudi Arabia and served on numerous Boards and Committees, including Tadawul, Alawwal Invest, SIRC, AbuNayyan Holding, Cruise Saudi Arabia, MEDGULF, and SAMBA Financial Group.

In addition, Mr. Omar is a regular contributor to The World Bank's Annual Project "Doing Business".

With strong cross-functional expertise in Finance, Organization Performance, Aviation, and Technology, Mr. Omar has a keen interest in improving performance from all aspects of an organization. As such, Mr. Omar has been invited to speak at various local and international functions.

Mr. Abdulrahman Mohammed Al-Odan

Independent Member

Mr. Abdulrahman Al-Odan is a Board member of Tawuniya Insurance from 2020G. He is also the Owner and Manager of Kemet Corporation, A.N. Alodan Construction Company and Security House Trading. Mr. Abdulrahman is a member of the Constitutional Committee of Small and Medium Enterprises from 2020G, and a Board member of SNB starting from 2020G.

Mr. Al-Odan held several positions in Riyad Bank such as, IT Consultant, Information Technology Vice CEO, Transformation and Performance Improvement Program Executive Director, Solutions and Systems Department Director and the Development Program for Treasury, Investment and Trade Finance Systems Director in 2000G.

Mr. Abdulrahman also worked as the Manager of Systems
Reengineering for the United Saudi
Bank. He was also the Owner and a General Manager for Madar
Communications Company, and
Computer Operations Department
Director and a System Programmer at Saudi Central Bank (SAMA), as well as working at Saudi Aramco as a System Analyst.

Mr. Al-Odan hold a Master degree in Computer Science from Florida Institute of Technology, USA -1985G- and a Bachelor's Degree in Computer Science from Jacksonville University, USA.

006 Highlights of the Group

014 Chairperson's statement

> 016 CEO's

019 The IPO

023 A hand on the tiller

> 038 Operation

068 Governance

119 Financial statements

AUDIT COMMITTEE MEETING ATTENDANCE

Name of member	Position	23 March 2021	7 June 2021	9 August 2021	25 October 2021
Mr. Yazeed Abdulrahman Al-Humaid	Committee Chairman	⊘ (*)	⊘ (*)	⊘ (*)	⊘ (*)
Mr. Hashem Othman Al-Hekail	Member	8	⊘ (*)	⊘ (*)	(*)
Dr. Abdullah Abdulrahman Al-Shuwayer	Independent Member	⊘ (*)	⊘ (*)	⊘ (*)	(*)
Mr. Omar Mohammed Al Hoshan	Independent Member	⊘ (*)	⊘ (*)	⊘ (*)	(*)
Mr. Abdulrahman Mohammed Al-Odan	Independent Member	⊘ (*)	(*)	(*)	(*)

(*) - Attended through communication means

014Chairperson's

006

statement

O16 CEO's review

019 The IPO

023A hand on the tiller

038 Operation

068 Governance

119 Financial

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was reformed pursuant to the Board of Directors' Resolution dated 03/01/1443H (corresponding to 11/08/2021G). The Board of Directors approved the charter of the Risk Management Committee on 29/12/1442H (corresponding to 08/08/2021G).

Pursuant to the charter of the Risk Management Committee, the Committee consists of three to five members. The responsibilities of the Risk Management Committee include, but are not limited to, the following:

 Supervising the work of the Company's Risk and Security Department; evaluating the measures, policies and strategies for monitoring and managing risks; evaluating the mechanisms to address such risks as well as the methods for analyzing and recording them; ensuring the adequacy of such methods for the Company's business; following up on corrective measures; making the necessary recommendations to the Board; reviewing and evaluating the Company's Information Security Policy. Ensuring the verification of any risk incident as requested by the Board.

 Approve the evaluation criteria of the Risks and Security Department based on the proposal of the CEO of the Company and in accordance with the Company's relevant policies.

RISK MANAGEMENT COMMITTEE MEMBERS:

The Risk Management Committee consists of the following members:

Members of the Risk Management Committee – until 11 August 2021

Name of member	Position
Mr. Yousef Abdullah Al-Benyan	Committee Chairman
Mr. Sabti Sulaiman Al-Sabti	Member
Mr. Xavier Rolet	Member
Dr. Yahya Ali Al-Jabr	Independent Member
From 12 August 2021 until present:	
Name	Position
Ms. Rania Mahmoud Abdulwahab Nashar	Chairperson – Non-Executive
Mr. Xavier Rolet	Member – Non-Executive
Dr. Yahya Ali Ahmed Al-Jabr	Independent Member

Ms. Rania Mahmoud Nashar Chairperson

Kindly Refer to the Board of Directors Biographies.

Mr. Xavier Rolet Member

Kindly Refer to the Board of Directors Biographies.

Dr. Yahya Ali Al-Jabr Member

Dr. Yahya Al-Jaber is a member of Risk Management Committee at Saudi Tadawul Holding Group. He is an Associate Professor of Accounting and served as the Deputy Secretary General, Saudi Organization for Certified Public Accountants (SOCPA).

Dr. Yahya Al-Jaber obtained a
Bachelor's in Accounting from King
Saud University and a Master's
degree in Accounting from
University of Miami. In addition to a
Ph.D. in Accounting from University
of Melbourne. He is also Certified
a Public Accountant by the Saudi
Organization for Certified Public
Accountants (SOCPA), Certified
Management Accountant (CMA) and
Certified in Financial Management
(CFM) by the US Institute of
Management Accountants.

006 diabliabts

of the Group

014 Chairperson's statement

> O16 CEO's

> > 019 The

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements

RISK MANAGEMENT COMMITTEE MEETING ATTENDANCE

Number of meetings for the period until 11 August 2021: 2 meetings

Name of member	Position	16 March 2021	21 June 2021
Mr. Yousef Abdullah Al-Benyan	Committee Chairman	⊘ (*)	⊘ (*)
Mr. Sabti Sulaiman Al-Sabti	Member	⊘ (*)	⊘ (*)
Mr. Xavier Rolet	Member	⊘ (*)	⊘ (*)
Dr. Yahya Ali Al-Jabr	Independent Member	⊘ (*)	⊘ (*)
<u></u>			

√ (*) - Attended through communication means

Number of meetings from 12 August 2021: 1 meeting

Name of member	Position	23 November 2021
Ms. Rania Mahmoud Nashar	Committee Chairperson	⊘ (*)
Mr. Xavier Rolet	Member	⊘ (*)
Dr. Yahya Ali Al-Jabr	Independent Member	⊘ (*)

006 Highlights of the Group

014Chairperson's statement

O16 CEO's

019 The

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements

182 Supplementary

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was reformed pursuant to the Board of Directors' Resolution dated 03/01/1443H (corresponding to 11/08/2021G). The Board approved the charter of the Nomination and Remuneration Committee on 29/12/1442H (corresponding to 08/08/2021G), which was approved by Extraordinary General Assembly during its meeting held on 09/01/1443H (corresponding to 17/08/2021G).

Pursuant to the charter of the Nomination and Remuneration Committee, the committee consists of three to five members, including at least one independent member. The Chairman of the Board of Directors shall not be the Chairman of the Nomination and Remuneration Committee. The members and Chairman of the committee shall be appointed and dismissed by the Board of Directors.

The responsibilities of the Nomination and Remuneration Committee include, but are not limited to, the following:

 Evaluating the strengths and weaknesses of the Board and its committees, as well as Executive Management and its performance in developing and implementing plans to identify and enhance the competencies of the Directors by recommending the necessary actions.

- Assessing the organizational structure of the Company and make the necessary recommendations to the Board.
- Proposing clear policies and criteria for membership in the Board of Directors, Executive Management and the Company's representatives in the Subsidiaries.
- Making recommendations to the Board of Directors to nominate and re-nominate Directors in accordance with the approved policies and standards.
- Verifying on an annual basis that the Chairperson, Directors and those holding any other important administrative positions have no conflict of interest, verifying whether a Director is a member

of the Board of Directors of another company and verifying the independence of the independent Directors and members of the Board Committees.

- Reviewing the compensation, retirement plan and incentive policies and plans for employees.
- Setting performance standards for the Company's CEO, evaluate him/her based on such standards, and submit recommendations to the Board.

The Extraordinary General Assembly during its meeting held on 09/01/1443H (corresponding to 17/08/2021G). approved the Nomination and Remuneration Committee Charter including the Evaluating the strengths and weaknesses of the Board and its committees, as well as Executive Management and its performance in developing and implementing plans to identify and enhance the competencies of the Directors by recommending the necessary actions.

MEMBERS OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of the following members:

Until 11 August 2021

Name of member	Position
Mrs. Sarah Jammaz Al-Suhaimi	Committee Chairperson
Ms. Rania Mahmoud Nashar	Member
Mr. Mark Makepeace	Member
Mr. Bandar Abdulrahman bin Mogrin	Member
From 12 August 2021 until present	Position
Mr. Youssef Abdullah Al-Benyan	Chairman – Independent
Mr. Mark Stephen Makepeace	Member – Non-Executive
Mr. Bandar Abdulrahman bin Mogrin	External member (Non-Director – Non-Executive)

Mr. Youssef Abdullah Al-Benyan Chairman

Kindly Refer to the Board of Directors Biographies.

Mr. Mark Stephen Makepeace Member

Kindly refer to the Board of Directors Biographies.

Mr. Bandar Abdulrahman bin Mogrin

Member

Mr. Bander bin Mogrin has 16 years of experience in Shared Services, participated in many conferences in the Middle East, such as the "Opportunities in the Age of Globalization" conference, For the years of 2018 and 2019,

he established several initiatives & the most important of which is the Leadership Visions Initiative for Human Capital.

Mr. Bander bin Mogrin is the Chief Operation Officer at the Public Investment Fund (PIF) and the Vice Chairman of the Board of Directors at the Saudi Real Estate Company (SRECO) and the Electronic Games Infrastructure Company, Board member and the Chairman of Nominations and Remunerations Committee at King Abdullah Financial District Management and Development Company (KAFD) and the Saudi Company for Development and Technical

006 Highlights

014 Chairperson's statement

> 016 CEO's review

019 The IPO

023 A hand on the tiller

> 038 peration

068 Governance

> 119 Financial statements

182 Supplementary information

Investment (Taqnia). Furthermore, He is a Board Member Gulf International Bank Bahrain and Saudi Arabia (GIB) and Jasara Company.

He is also the Chairman of Nominations and Remunerations Committee of the Electronic Games Infrastructure Company, and a Nominations and Remunerations Committee Member in many different companies such as, Saudi Tadawul Holding Group, Neom Company, the Royal Court Decision Support Center (DSC), Qiddiya Company, the National Center for Privatization (NCP), Jasara

Company, Gulf International Bank of Bahrain and Saudi Arabia (GIB), Noon Investments Company, Saudi Real Estate Company (SRECO) Nomination Remuneration and Governance Committee Member at the (NRGC) Saudi Arabian Military Industries company. In addition to his membership of Human Capital & compensation Committee at Sanabil Investment.

Prior to that Mr. Bander bin Mogrin served two years in Saudi Telecom Company as a Planning and Development manager then as a Business Development Manager. Mr. Bander bin Mogrin was also the Head of Human Resources at Jadwa Investment and the General Manager, Human Resources and Support Services Department of National Commercial Bank Capital. In addition to his membership of the Nominations and Remunerations Committee at the Downtown Development Company in Riyadh.

He obtained a Bachelor's Degree in a Double Major in Human Resources and Business Administration – Eastern Washington University-2000.

28 July 2021

18 March 2021

006Highlights of the Group

014Chairperson's

COMMITTEE MEETING ATTENDANCE

Committee meetings until 11 August 2021: 3 meetings

Name of member

016 CEO's

019

023

A hand on the tiller

038 Operation

068 Governance

119 Financial Mrs. Sarah Jammaz Committee **(***) **(***) **(*)** Al-Suhaimi Chairperson Ms. Rania Mahmoud Nashar Member **(***) **(*) (***) Mr. Mark Makepeace Member **(*) (*) (***) Mr. Bandar Abdulrahman bin Mogrin Member **(*) (***) **(*)**

19 January 2021

Position

(*) - Attended through communication means

Committee meetings from 12 August 2021: 2 meetings

Name of member	Position	29 August 2021	30 November 2021
Mr. Youssef Abdullah Al-Benyan	Chairman – Independent	⊘ (*)	⊘ (*)
Mr. Mark Stephen Makepeace	Member – Non-Executive	×	⊘ (*)
Mr. Bandar Abdulrahman bin Mogrin	External member (Non-director – Non-Executive)	⊘ (*)	⊘ (*)

(*) - Attended through communication means

REGULATORY POLICY AND OVERSIGHT COMMITTEE

The Committee was established by the Board resolution No. 06-01-2020 dated 05 February 2020 and continued until 31 May 2021. The RPOC comprises four (4) members, including three independent external members who do not hold any positions within the Group.

REGULATORY POLICY AND OVERSIGHT COMMITTEE MEMBERS

The committee consists of four members:

Name of member	Position
Dr. Abdullah Hassan Al- Abdulqader	Committee Chairman – Independent
Dr. Abdulrahman Abdul Mohsen Al-Khalaf	Independent member
Dr. Naijm Abdullah Al-Zaid	Independent member
Eng. Khalid Abdullah Al-Hussan	Executive member

Dr. Abdullah Hassan Al- Abdulgader

Chairman

Dr. Alabdulqader is one of the expertise in Saudi Arabia in many different fields such as, governance, risk management, banking system, IT strategies and internal audit management. Dr. Abdulqader gained this experience through a long successful career. He succeeded in transferring his academic output to the financial and banking institutions, regulators and private sector companies, which made a paradigm shift in many different areas of oversight.

After he had his Ph.D. in Business Administration from University of Colorado boulder, Dr. Abdullah started his career for nearly two decades as a Professor in King Fahad University of Petroleum and Minerals in many different areas of Administrative Science

and Information System, he made his way through several management positions and degrees in the University until he reached Professorship and Vice-dean position.

Dr. Abdullah was appointed by a Royal Order for the first session of the Capital Market Authority, which was a foundation period where he participated in recognition of the Corporate Governance Regulations which formed the core of the market. After that, he worked on enhancing the governance regionally by working as the CEO of GCC Board Directors Institute.

After the first session of the board of the Capital Market Authority ended, He worked in many different Boards of directors and Committees in several major companies working in Investment, telecommunication and financial services, in addition

of being the Chairman of some of the Audit Committees in these companies. He is also a founding member and the Chairman of the Regulatory Policies and Oversight Committee in Saudi Exchange Company.

Dr. Abdulrahman Abdul Mohsen Al-Khalaf

Member

Dr. Abdulrahman Al-Khalaf is a member of the Regulatory and Oversight Committee at Saudi Exchange Company, the Securities Depository Center Company "Edaa", the Securities clearing Center Company "Mugassa". He also worked as a deputy governor of technical affairs at the Central Bank and a Vice President of Cash Management and Investment department and the Chairman of the Monetary Union Unit of Gulf Cooperation Council. In addition to representing the Secretariat General of the Gulf Cooperation Council to the Financial Committee of Anti-Money laundering and Terrorist Financing. Dr. Abdulrahman started his career as an Accounting Teaching Assistants in at King Saud University. He was also the Chairman of the Board of Directors of Najm Company for Insurance Services, the Vice-chairman of Al-Eatessad Company and the Vice-Chairman of Saudi Economic Association, Furthermore, Dr. Abdulrahman al-Khalaf is a member in the Board of Directors and the Chairman of Investment Committee of the Council Health Insurance, and a board member of the Ministry of Investment, Real Estate Development Fund and the Capital Market Authority Board along with being the

006 Highlights

014 Chairperson's statement

> 016 CEO's review

019 The IPO

023 A hand on the tiller

038 Operation

068 Governance

119 Financial statements

182 Supplementary information

Chairman of several Committees in the CMA such as, the Financial Committee of MENA Anti-Money laundering and Counter Terrorist Financing, Training and Scholarship Committee at the CMA and the Economic Saudis program of the institute of Banking. He was also a member of the Editorial Council in the AlEqtisadiah Saudi Journal. In addition to working as an Advisor to the Ministry of Human Resources and Social Development, the Steering Committee of the National Security Center and an Advisor to the Minster of Housing.

Dr. Al-Khalaf hold a BA in Economics from King Saud University and a Master degree in Economics from University of Cincinnati and a Ph.D. in Economics from University of Kentucky.

Dr. Naijm Abdullah Al-Zaid Member

Dr. Al Zaid is the Founding and Managing Partner of ZS&R Law Firm in association with Hogan

Chairman and the Chairman of the Risk and Compliance at the Saudi Electricity Company and a member of the Regulatory Policies and Oversight Committee at Saudi Exchange, the Securities Depository Center Company "Edaa" and the Securities Clearing Center Company "Mugassa". Further, he is a Governance Committee member at Saudi International Petrochemical Company, a Governance Committee member at Arabian Centres Company. Dr. Al Zaid is a Board member and the Chairman of Risk Committee member at Gulf International Bank (Saudi Arabia – Bahrain) and a member of Nomination and Remuneration Committee at Gulf International Bank (Bahrain). He also served as the Vice Chairman of the Mediterranean & Gulf Cooperative Insurance & Reinsurance Company and as a board member of the National Centre for Privatization & PPP and Audit and Risk Committee at Diriyah Development Authority. Prior to founding ZS&R, Dr. Al Zaid was the Chief Governance and Legal Officer

at Al Rajhi Bank Group, a Counsel at the Islamic Development Bank Group and had previously served as the Commissioner and a board member of the Saudi Capital Market Authority, appointed by Royal Order.

Dr. Al Zaid holds a Doctor of Juridical Science from the George Washington University Law School, USA, a Master of Laws from the University of Minnesota Law School, USA, a High Diploma in Law from the Institute of Public Administration, Saudi Arabia and a BA in Islamic Jurisprudence & Law from Umm AlQura University, Saudi Arabia. Dr. Al Zaid career extends to more than 23 years. Further, he successfully completed the Harvard Law School Leadership Program and the London Business School Management Development Program.

Eng. Khalid Abdullah Al-Hussan Member

Kindly Refer to the Board of Directors Biographies.

Lovells. He is the Board Vice

COMMITTEE MEETINGS Number of meetings: 2 meetings

Name of member	Position	26 January 2021	7 April 2021
Dr. Abdullah Hassan Al- Abdulqader	Committee Chairman – Independent	⊘ (*)	⊘ (*)
Dr. Abdulrahman Abdul Mohsen Al-Khalaf	Independent member	⊘ (*)	⊘ (*)
Dr. Naijm Abdullah Al-Zaid	Independent member	⊘ (*)	⊘ (*)
Eng. Khalid Abdullah Al-Hussan	Executive member	⊘ (*)	⊘ (*)

(*) - Attended through communication means

006

014

016

019

023 A hand on the tiller

038

068 Governance

119

182

INVESTMENT COMMITTEE

The Board of Directors has formed the Investment Committee during its meeting held on 03/01/1443H (corresponding to 11/08/2021G). The charter of the Investment Committee was approved on 11/10/2021G.

The Committee shall assume the following duties and responsibilities in accordance with the Investment Policy and the authority matrix approved by the Board:

- Recommending the adoption of the necessary work policies for the Management to the Board.
- Assessing the investment strategy and make decisions thereon.
- Supervising the investments of the Group and its Subsidiaries and the approved measures, policies and strategies for investment; ensure their adequacy and make the necessary decisions in this regard; follow up on related procedures and make the necessary recommendations to the Board.
- Examining and evaluating the investment offers proposed by Management, and make decisions thereon.
- Appointing external investment managers, monitoring their performance, approving their fees and terminating their service.
- Examining the periodic reports prepared by Management and making decisions thereon.
- Developing an annual report on the activities of the committee, details of investment strategies, performance, and recommendations regarding the tasks assigned thereto, and submit the same to the Board.

INVESTMENT COMMITTEE MEMBERS

The Investment Committee consists of the following members:

Name	Position
Mrs. Sarah Jammaz Al-Suhaimi	Chairperson – Independent
Mr. Sabti Sulaiman Al-Sabti	Member – Non-Executive
Eng. Khalid Abdullah Al-Hussan	Member – Executive

Mrs. Sarah Jammaz Al-Suhaimi

Chairperson

Kindly refer to the Board of Directors Biographies.

Mr. Sabti Sulaiman Al-Sabti

Member

Kindly refer to the Board of Directors Biographies.

Eng. Khalid Abdullah Al-Hussan

Member

Kindly refer to the Board of Directors Biographies.

COMMITTEE MEETINGS

Number of meetings: 1 meeting

Name of member	Position	27 December 2021	
Mrs. Sarah Jammaz Al-Suhaimi	Chairperson – Independent	⊘ (*)	
Mr. Sabti Sulaiman Al-Sabti	Member – Non-Executive	⊘ (*)	
Eng. Khalid Abdullah Al-Hussan	Member – Executive	⊘ (*)	

(*) – Attended through communication means

006 Highlights

014 hairperson's

> **016** CEO's

> > 019

023 A hand

038

Operatio review

068 Governance

> 119 Financial

182 oplementary 006

014Chairperson's statement

016

019

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements

GOVERNANCE

DETAILS OF REMUNERATION

ALLOWANCES FOR MEMBERS TO ATTEND BOARD MEETINGS FOR THE YEAR 2021

		Fixed remunerations					
	Specific amount	Allowance for attending board meetings	Total Allowance for attending committee meetings committee	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total
First: Independent Directors							
Mrs. Sarah Jammaz Al-Suhaimi	250,000	0*	0*			3,600,000**	3,850,000**
2. Mr. Hashem Othman Al Hekail	250,000	21,000	9,000				280,000
3. Mr. Youssef Abdullah Al-Benyan	142,857.14	12,000	12,000				166,857.14
Total	642,857.14	33,000	21,000				4,296,857.14
Second: Non-Executive Directors 1. Mr. Yazeed Abdulrahman	214,285.71	18,000	12,000				244,285.71
Al Humaid							
2. Mr. Sabti Sulaiman Al-Sabti	250,000	21,000	9,000				280,000
3. Ms. Rania Mahmoud Nashar	250,000	21,000	12,000				283,000
4. Mr. Xavier Rolet	250,000	21,000	9,000				280,000
5. Mr. Mark Stephen Makepeace	250,000	21,000	12,000				283,000
Total	1,214,285.71	102,000	54,000				1,370,285.71
Third: Executive Directors	5						
 Eng. Khalid Abdullah Al-Hussan 	250,000	21,000	9,000				280,000
Total	250,000	21,000	9,000	-			280,000

¹⁸²Supplementary information

^{*} Based on the provisions of Article (76) of the Companies Law, which states, "The total amount of remuneration and financial or in-kind benefits that a board member receives does not exceed 500,000 Saudi riyals annually."; therefore, the chairperson's membership will be limited to the 350,000 for her membership in the Board of Directors and 150,000 for the board committees (as shown in the next schedule).

^{**} SAR 100,000 as per the Remuneration Policy for the Board Members and Executives and SAR 3.5 Mn for her contribution in the IPO project of the Company.

				Variable remunerations				
Expenses allowance	Aggregate amount	End-of-service award	Total	Granted shares (insert the value)	Long-term incentive plans	Short-term incentive plans	Periodic remunerations	Percentage of the profits
	3,850,000**							
	280,000							
	166,857.14							
	4,296,857.14							
	244,285.71							
	280,000							
	283,000							
	280,000							
	283,000							
	1,370,285.71							
	280,000							
	280,000							

006Highlights f the Group

014 Chairperson's statement

> O16 CEO's review

O19 The IPO

023 A hand on the tiller

038 Operation review

068 iovernance

119

Financial tatements

REMUNERATION OF COMMITTEE MEMBERS FOR THEIR MEMBERSHIP IN THE BOARD'S COMMITTEES:

		Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
	Audit Committee			
1.	Mr. Yazeed Abdulrahman Al Humaid	150,000	12,000	162,000
2.	Mr. Hashem Othman Al-Hekail	112,500	9,000	121,500
3.	Mr. Abdulrahman Mohammed Al-Odan	150,000	12,000	162,000
4	Mr. Abdullah Abdulrahman Al-Shuwayer	150,000	12,000	162,000
5	Mr. Omar Mohammed Al Hoshan	150,000	12,000	162,000
	Total	712,500	57,000	769,500
	Nomination and Remuneration Committee ⁽¹⁾			
1.	Mrs. Sarah Jammaz Al-Suhaimi ⁽²⁾	90,000	0	90,000
2.	Mr. Youssef Abdullah Al-Benyan	60,000	6,000	66,000
3.	Mr. Mark Stephen Makepeace	120,000	12,000	132,000
4.	Ms. Rania Mahmoud Nashar	90,000	9,000	99,000
	Total	306,000	27,000	333,000
	Regulatory Policy and Oversight Committee(3)			
1.	Mr. Abdullah Hassan Al-Abdulqader	60,000	6,000	66,000
2.	Mr. Abdulrahman Abdul Mohsen Al-Khalaf	60,000	6,000	66,000
3.	Mr. Naijm Abdullah Al-Zaid	60,000	6,000	66,000
4.	Eng. Khalid Abdullah Al-Hussan	60,000	6,000	66,000
	Total	240,000	18,000	258,000
	Risk Management Committee ⁽⁴⁾			
1.	Mr. Yousef Abdullah Al-Benyan	100,000	6,000	106,000
2.	Mr. Sabti Sulaiman Al-Sabti	100,000	6,000	106,000
3.	Mr. Xavier Rolet	150,000	9,000	159,000
4.	Mr. Yahya Ali Al-Jabr	150,000	9,000	159,000
	Total	500,000	30,000	530,000

006Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The IPO

023A hand on the tiller

038Operation review

068Governance

119Financial statements

182Supplementary information

		Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
	Investment Committee ⁽⁴⁾			
1.	Mrs. Sarah Jammaz Al-Suhaimi ⁽²⁾	60,000	0	60,000
2.	Mr. Sabti Sulaiman Al-Sabti	75,000	3,000	78,000
3.	Eng. Khalid Abdullah Al-Hussan	75,000	3,000	78,000
	Total	225,000	6,000	231,000

⁽¹⁾ The committee has been reformed on 11/08/2021G.

PAID REMUNERATIONS TO THE TOP FIVE SENIOR EXECUTIVES 2021 (INCLUDING CEO AND CFO)

		Amount
Fixed Remunerations	Salaries	5,764,808
	Allowances	2,527,639
	In-kind Benefits	240,000
	Total	8,532,448
Variable Remunerations	Periodic Remunerations	3,500,000
	Profits	_
	Short-Term Incentive Plans	8,400,000
	Long-Term Incentive Pans	
	Granted Shares	_
	Total	11,900,000
End of Service award		
Total Remunerations for Board Executives, if any		-
Aggregate Amount		20,432,448

006

014

Chairperson's statement

016

019 The IPO

023 A hand

038

Operation

068 Governance

119

182

information

[🖾] Based on the provisions of Article (76) of the Companies Law, which states, "The total amount of remuneration and financial or in-kind benefits that a board member receives does not exceed 500,000 Saudi riyals annually."; therefore, the chairperson's membership will be limited to the 350,000 for her membership in the Board of Directors and 150,000 for the board committees.

⁽³⁾ The committee roles have ended on the 31/05/2021G.

 $^{^{\}mbox{\tiny (4)}}$ The committee has been reformed on 11/08/2021G.

⁽⁵⁾ The committee has been established on 11/08/2021G.

REMUNERATION OF THE BOARD MEMBERS AND EXECUTIVE MANAGEMENT POLICY

Pursuant to the Board of Directors and Committees Remuneration Policy which was approved at the General Assembly dated 17 August 2021, the Directors receive an annual remuneration of SAR 250,000 (excluding the attendance allowance) by virtue of their positions as members of the Board and in consideration for their contribution to the business of the Board. The Chairperson receives an additional annual remuneration of SAR 100,000. Attendance and transportation allowances shall be determined in accordance with the applicable laws, decisions and directions specified by the competent authorities of the Kingdom. Each Director shall receive SAR 3,000 as an attendance allowance for each meeting of the Board of Directors, whether the Director attends in person or participates in the meeting through any remote communication channel.

REMUNERATIONS MECHANISM

The Remuneration Policy for the Board, its Committees and Executive Management shall be performance-related standards, disclosure and verification of their implementation taken into account the following:

- Being consistent with the Company's strategy and objectives.
- Being consistent with the magnitude, nature and level of risks faced by the Company.

- Acquiring and maintaining the Board members and executive management, and encouraging them to achieve the success of the Holding company, its shareholders and its long-term development.
- Determine remuneration based on job level, duties and responsibilities, educational qualifications, practical.

There was no arrangement or agreement whereby a Board member or a senior executive waived any salary or compensation.

RISK MANAGEMENT

STG, through its Risk and Security Division ('Division'), has implemented a systematic and integrated risk structure and methodology to ensure the Group's preparedness to mitigate a broad range of risks. The Division follows the "Three Lines of Defense" methodology, which is considered the best according to international standards. It also helps to define the responsibilities of each of the general departments in the Group, the Executive Management, and the Board Committees with regard to risks. One of the important roles of the Division is to approve and develop standards and requirements for information security and business continuity for all market members and data providers in proportion to the accompanying and surrounding changes to the market. Additionally, the Division is tasked with raising the level of awareness of risks, security and business continuity in line with changes in the market and the vision of the Group.

The following are the types of risks identified and approved by STG:

OPERATIONAL RISKS

These are the risks arising from the inefficiency or failure of internal and external processes, individuals, systems, or external events, and it includes the risks arising from issuance operations, clearing Group transactions, market deals, asset and deposit transactions, market regulation, human resources and physical assets. The Division reviews all sources related to operational risks in cooperation with the concerned departments in order to reduce these risks.

TECHNOLOGY RISKS

These are the risks associated with information technology that result from the possibility of malfunctions in information systems or errors in the technical structure or communications. Risk prevention and mitigation strategies must take into account human factors, especially the possibility of intentional harm, as well as collateral damage. These strategies include limiting Group's liability for any risks, avoiding them altogether, mitigating their harmful effects, or absorbing their consequences in whole or in part.

CORPORATE RISKS

These are risks resulting from wrong decisions made by the Group's management, wrong implementation of organizational decisions, or failure to take timely decisions, which may lead to losses or loss of alternative opportunities. These risks may arise due to the

006 Highlights of the Group

014 Chairperson's

O16 CEO's review

019 The

023A hand on the tiller

038 Operation review

068 Governance

119 Financial statements

182 Supplementary Group's violation of regulations and standards established by the regulatory authorities or the absence of an appropriate strategy to achieve goals in the short-term and the long-term.

FINANCIAL RISKS

These are the current or future risks that could affect the Group's revenues or reduce the efficiency of operating expenses. One example of this is the volatile nature of the trading commission, which constitutes a large proportion of the revenue. Other risks include variation in interest rates, exchange rates and the market value of stocks that may affect the rate of return on investment, in addition to the risks involved in increasing income, liquidity, investment, insurance and financial analysis. One of the main risk mitigation strategies is to increase non-trading income, in order to mitigate risks arising from market volatility. Financial risks also include risks related to procurement and support services for which a strategy has been developed to limit their potential impacts.

INFORMATION SECURITY RISKS

These are risks arising from technical gaps and threats to the information assets used by the Group that affect the achievement of business objectives. Information security risks include internal and external threats, risks of data privacy and confidentiality, and risks of correctness and availability of information. The Division determines the level of data confidentiality to ensure the effectiveness of tools, procedures and mandatory access controls in addition to

evaluating the Group's ability to protect confidential data in the face of all threats arising from any unauthorized disclosure or access.

BUSINESS CONTINUITYRISKS

These are risks that lead to a catastrophic and effective suspension of the Group's operations, which, in turn, can result in large losses in the technical structure and level of services provided. These risks include infrastructure breakdown, natural disasters, problems faced by logistical support providers, and threats targeting individuals.

The Division determines the requirements for effecting reinforcement of service in the wake of major breakdowns and ensuring the Group's ability to maintain the services provided in a manner that ensures preserving the integrity and credibility of the market and investors. The Division is also working on setting controls and plans to reduce the risks of system or public facilities breakdowns to ensure business continuity in line with the requirements of raising market efficiency.

BUSINESS ENVIRONMENT RISKS

These are potential risks or losses resulting from a number of external factors that shape the surrounding environment and affect the performance and business of the Group such as economic, political, and environmental conditions, and include market members' risks, legal risks, data providers' risks, and the risks of vendors and suppliers.

NEW DEVELOPMENTS IN 2021

THE FORMATION OF STG AND GOING PUBLIC

In 2021, the Division extended its activities to cover all changes that emerged following the formation of STG and listing of its shares. The Division actively worked with all other functions to enhance policies and procedures to meet the new requirements triggered by the changes. The Division also actively contributed to the successful listing of STG's shares by proactively working to identify, assess, mitigate and monitor the potential threats and opportunities also by classifying the potential events probable to be realized before, during and after the STG IPO. In addition, the Division served to subsidiaries by providing all the required information and resources while also representing on behalf of them in the relevant Board Level Committees.

CAPITAL MARKET INFRASTRUCTURE

STG maintains a capital market infrastructure that mandates the continued availability and stability of trading, market operations and surveillance, and post-trade operations.

In 2021, fulfilling this mandate became increasingly challenging due to the increased load on systems and on people caused by a spike in price volatility and transaction volumes. Additionally, potential risk events related to the introduction of derivatives are actively identified, assessed and managed in alignment with STG's risk and security framework.

006 Highlights of the Group

014 Chairperson's statement

> 016 CEO's review

019 The IPO

023 A hand on the tiller

038 Operation review

068 Governance

> 119 Financial statements

182 Supplementary information

NAVIGATING THE COVID-19 PANDEMIC

COVID-19 continues to have implications on organizations around the world. However, STG was able to maintain the upwards trend in its financial and operational performance. The Group's proven resilience was supported by a well-established risk and security management function that helped in the effective control of uncertainties through a challenging period. Since 2020, STG's risk categorization has been covering pandemic-related events as part of the business continuity risks. During 2021, risk registers were updated to cover unprecedented events related to COVID-19 with the relevant controls. In addition, the Division helped develop procedures that adhered to physical health and safety guidelines announced by the Ministry of Health and the Ministry of Human Resources and Social Development. Furthermore, attracting and retaining proficient human resources was difficult considering the high demand prompted by changes in working environments and methodologies locally and globally.

EMPHASIZING CYBERSECURITY

The Division paid close attention to the growing frequency and sophistication of cyber-attacks, especially since the activation of the remote set-up for staff has increased vulnerability points for technology and cybersecurity risks, posing a potential major threat to the Group. In 2021, new cybersecurity controls, which align with the Telework Cybersecurity Controls issued by the National Cybersecurity Authority (NCA), were introduced to mitigate these emerging risks. Furthermore, relevant risk registers were updated to cover potential events relevant to security precautions. In addition, the Division promoted awareness among staff on the new threats that could emerge from the remote set-up.

RISK AND GOVERNANCE

The Enterprise Risk Management (ERM) Framework was reviewed effectively and relevant amendments were made to align with new products, new projects, and the pandemic situation. Furthermore, regular meetings were held with the technology provider Nasdag to ensure the harmonization of the risk management efforts with a collaborative approach. The Risk Assessment (RA) approach and quidelines were reviewed during the year and new procedures were developed to ensure mitigating of the emerging risks and 2021 requirements in terms of products, projects and governance.

Key Risk Indicator (KRI) guidelines were reviewed and updated to govern the roles, responsibilities and processes related to preparing, calculating, validating, monitoring, and reporting the KRIs. This enabled ensuring an effective process to identify appropriate KRIs and KRI thresholds. Furthermore, in addition to the current Group KRIs, potential KRIs were identified to ensure readiness for timely reacting to the changes in corporate strategy.

OUTLOOK

Over the past few years, STG has become a major player as a result of its massive initial public offerings and the introduction of new products; the Group has also entered into new markets in line with Vision 2030 and in order to compete with the largest stock exchanges in the world. Now restructured as a Group, this heightened pace and volume of activity will bring strategic, operational, and financial challenges that need to be managed. While the Group's existing risk and security framework is robust and comprehensive, the Division understands the need to be vigilant in constantly assessing and updating the Group's approach to emerging risks.

006Highlights of the Group

014 Chairperson's

016 CEO's review

019 The IPO

023 A hand

038Operation review

068 Governance

119 Financial statements

182

BUSINESS OR CONTRACT TO WHICH THE COMPANY IS A PARTY OF AND IN WHICH A DIRECTOR OF THE COMPANY IS OR WAS INTERESTED

Business or contract to which the company is a party of and in which a director of the company is or was interested	Nature of the contract or business	Conditions of the contract or business	Duration	Amount
The Board member Mr. Sabti S. AlSabti	Tadawul investments in (Riyad SAR Trade Fund)	A an open-ended mutual fund available for the public.	Effective 18 December 2016G up to date.	Closing balance amounting to 105,962,714 Saudi riyals as of 31 December 2021 resulting from investment between the Company and Riyad Capital in (Riyad SAR Trade Fund) amounting to 374,618,668 Saudi riyals

ent between

npany and

Highlights
apital in

of the Group

014 Chairperson's statement

In addition, the Company entered into transactions with entities having common directors within the normal course of its business activities as disclosed in note 31 to the Company's audited financial statements for the year ended 31 December 2021.

016 CEO's review

019

STATUTORY PAYMENTS, PENALTIES AND SANCTIONS

#	Regulatory Body	Description	Amount (SAR)
1.	Capital Market Authority	Annual flat fees	130,000,000
2.	General Authority of Zakat, Tax, and Customs	Statutory payment of Zakat	66,663,698
3.	General Authority of Zakat, Tax, and Customs	Statutory payment of Withholding tax and VAT	163,302,063.09
4.	General Organization for Social Insurance	Statutory payment on the employees.	20,223,124.59

023 A hand

038 Operation

PUNISHMENTS AND PENALTIES

Saudi Tadawul Group did not incur any punishment or penalties during the year of 2021 from any oversight, regulatory, or judicial bodies.

068Governance

119 Financial

DISCLOSURE AND TRANSPARENCY POLICY

DISCLOSURES

- a. The Company is obliged to disclose any substantial developments that fall within its activity and whose knowledge is not available to the general public and may affect its assets and liabilities, financial position or the general course of its business or subsidiaries, and may lead to a change in the price of its listed securities or significantly affect its ability to meet its debt obligations.
- The Company is obliged to disclose, in the Annual Report of the Board of Directors, in accordance with the statutory requirements to which the Company is subject.
- c. The Company is obliged to disclose the Company's financial information in accordance with the statutory requirements and relevant legal requirements and regulations.
- d. The Company is committed to developing policies and procedures related to the disclosure of conflicts of interest to all other stakeholders of the Company.

MEANS OF DISCLOSURE

The Company is committed to making disclosure to shareholders and stakeholders without discrimination, in a timely, regular and accurate manner, and through appropriate disclosure means to the Company's shareholders and stakeholders, including but not limited to:

- 1. Company's website
- 2. Reports issued by the Board of Directors of the company

The company must comply with any time-limits or other disclosure means specified by the relevant regulators

CLARITY AND VALIDITY OF DISCLOSURES

- a. The disclosure must only be clear, True, not misleading or incomplete, and for all shareholders and stakeholders alike without any distinction between one group and another.
- b. The Company is obliged not to ignore any statement to which it is bound by regulations.

DIVIDENDS POLICY

- After deduction of all overheads and other costs, the annual net profits of the Company shall be distributed as follows:
 - Ten percent (10%) of the net profits shall be retained to form a statutory reserve. The Ordinary General Assembly may discontinue such retention if the reserve reaches 30% of the paid capital.
 - 2. The Ordinary General
 Assembly may, based on a
 proposal by the Board, retain
 a percentage of the net
 profits to form an additional
 reserve to be allocated for a
 certain purpose(s).
 - 3. The Ordinary General
 Assembly may resolve to
 retain other reserves to
 the extent that serves the
 Company's interest or ensures,
 as far as possible, consistent
 distribution of dividends to
 shareholders. The Assembly
 may also deduct from the net
 profits amounts to establish
 social institutions for the
 Company's employees or to
 assist existing institutions.

- 4. The Board may recommend distribution of a certain percentage of the remaining profits to shareholders. The Company may distribute quarterly or semiannual dividends following satisfaction of liabilities of related bodies.
- b. The Board must include in its annual report submitted to the General Assembly the portion of dividends distributed to shareholders during different periods of the financial years in addition to the portion of dividends proposed for distribution at the end of the financial year, and the aggregate dividend amounts.
- c. A Company must, upon resolving to distribute interim dividends, disclose and announce such resolution immediately, and provide the CMA with a copy thereof immediately.

ENTITLEMENT TO DIVIDENDS

- A shareholder will be entitled to their share of dividends in accordance with the resolution adopted by the General Assembly in this regard. The resolution must indicate the date of entitlement and the date of distribution.
- b. The Board must implement the General Assembly resolution with respect to dividend distribution to the registered shareholders within fifteen (15) days from the date they become entitled to such dividends as determined in such resolution, or the Board's resolution for the distribution of interim dividends.

006
Highlights
of the Group

014 Chairperson's statement

016 CEO's review

O19 The

023A hand on the tiller

038Operation review

068 Governance

119 Financial statements

PAID DIVIDENDS

The following are the proposed dividends for the year 2021 compared to the dividends for the year 2020

	2021 SAR Mn	2020 SAR Mn
Distribution date	Following AGM Approval	2 June 2021
Dividend per share (SAR)	3.00	1.00
Total proposed dividends (SAR)	360,000,000(1)	1,120,000,000(2)

⁽¹⁾ On 5 March 2022, the Board of Directors recommended to the General Assembly to distribute cash dividends for fiscal year 2021 total amount of SAR 360 Mn, equivalent of SAR 3 per share, representing 30% to the Share Par Value.

FINANCIAL PERFORMANCE FOR 2021

PREPARATION OF THE FINANCIAL STATEMENTS

In addition, there are no differences from the accounting standards issued by the Saudi Organization for Certified Public Accountants. There are no material notes from the Auditor's on the Company's financial statements for the fiscal 2021.

INCOME STATEMENT

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
Operating revenue	1,166,080,140	1,079,635,090	564,747,899	583,280,040	545,449,550
Operating costs	345,391,599	356,484,493	326,128,116	298,503,938	295,466,902
Gross profit	820,688,541	723,150,597	238,619,783	284,776,102	249,982,648
General and administrative expenses	209,669,462	180,244,860	196,960,609	210,520,277	192,528,380
Operating profit	611,833,957	542,905,737	41,659,174	74,255,825	57,454,268
Investment income	40,596,274	38,797,145	94,343,939	79,211,522	87,188,113
Share of net loss in an equity-accounted investee	(3,279,208)	(2,101,685)	(1,610,095)	(6,629,084)	(2,409,809)
Other income	5,732,352	4,478,947	18,900,768	1,348,402	3,070,137
Non-operating profit	42,092,934	41,174,407	111,634,612	73,930,840	87,848,441
Profit for the year before Zakat	653,926,891	584,080,144	153,293,786	148,186,665	145,302,709
Zakat	66,223,360	83,561,274		_	_
Profit for the year after Zakat	587,703,531	500,518,870	153,293,786	148,186,665	145,302,709

006 Highlights

014 Chairperson's

statemen

019

016

023 A hand

038 Operation review

068 Governance

> 119 Financial

⁽²⁾ On 28 June 2021G, the Ordinary General Assembly approved the distribution of special dividends to the Selling Shareholder (Public Investment Fund "PIF") in the amount of one billion Saudi Riyals (SAR 1,000,000,000) from the balance of the retained earnings. This amount was due fifteen (15) days after the date of the meeting.

BALANCE SHEET

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017
ASSETS					
Current assets					
Cash and cash equivalents	76,197,458	96,798,376	268,487,867	363,178,918	613,057,827
Deposits with Saudi Central Bank	28,013,567	32,177,558			
Accounts receivables, net	60,547,611	57,364,818	41,179,879	38,594,342	26,916,210
Prepaid expenses and other assets	108,059,619	102,271,835	102,841,000	31,959,881	24,939,387
Investments	2,631,732,808	3,103,518,964	2,660,288,572	2,616,337,849	1,479,115,490
Total current assets	2,904,551,063	3,392,131,551	3,072,797,318	3,050,070,990	2,144,028,914
Non-current assets Investment in equity-accounted investee	375,616,085	378,895,293	40,996,978	42,607,073	49,236,157
Projects under progress			-	-	
Property and equipment, net	56,056,384	21,381,712	13,693,404	18,321,065	26,137,061
Intangible assets, net	144,727,277	179,552,282	176,516,175	114,622,164	81,184,289
Investments	55,272,377	101,267,886	231,554,876	306,327,691	1,113,741,772
Right of use assets	7,120,394	19,856,726	11,271,347	_	
Total non-current assets	638,792,517	700,953,899	474,032,780	481,877,993	1,270,299,279
TOTAL ASSETS	3,543,343,580	4,093,085,450	3,546,830,098	3,531,948,983	3,414,328,193

006Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The IPO

023A hand on the tiller

038 Operation review

068 Governance

119Financial statements

182Supplementary information

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	
LIABLILITIES AND SHAREHOLDER'S EQUITY						
Current liabilities						
Margin deposits from clearing participants	14,386,707	19,030,340				
Members' contribution to clearing house funds	3,626,642	3,147,217				
Lease liability	982,913	9,128,643	4,263,087			
Accounts payables	6,785,710	5,977,047	105,383,866	87,268,042	51,116,941	
Balance due to Capital Market Authority	22,280,843	32,758,785	22,330,201	56,661,001	11,881,482	Highlight of the Group
Accrued expenses and other liabilities	236,085,074	116,616,283	75,018,332	59,136,932	48,511,337	
Deferred revenue	3,214,902	3,223,464	3,134,967	4,733,107	5,829,797	014 Chairperson
Zakat payable	66,663,698	83,561,274		_		statemen
Total current liabilities	354,026,489	362,780,677	210,130,453	207,799,082	117,339,557	
Non-current liabilities Provision for end-of-service benefits	96,876,185	91,024,046	77,294,401	72,059,827	91,824,969	O16 CEO' review
Lease liability	_	4,658,348	_	_	_	019 The
Total non-current liabilities	96,876,185	95,682,394	77,294,401	89,490,702	109,255,844	IPC
TOTAL LIABILITIES	450,902,674	458,463,071	287,424,854	297,289,784	226,595,401	023
Shareholder's equity						A hand on the tille
Share capital	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000	038
Statutory reserve	360,000,000	376,963,633	326,911,746	311,582,367	296,763,700	Operation review
General reserve	_	1,114,180,214	1,114,180,214	1,114,180,214	1,114,180,214	.5000
Retained earnings	1,532,440,906	943,478,532	618,313,284	608,896,618	567,428,470	068
Total Shareholder's equity	3,092,440,906	3,634,622,379	3,259,405,244	3,234,659,199	3,187,732,792	Governance
TOTAL LIABLILITIES AND SHAREHOLDER'S EQUITY	3,543,343,580	4,093,085,450	3,546,830,098	3,531,948,983	3,414,328,193	119 Financia

LOANS

The Company has no loans.

SHAREHOLDER RIGHTS

FAIR TREATMENT OF SHAREHOLDERS

- The Board is obliged to seek shareholders' rights protection to ensure fairness and equality among them.
- The Board and the Executive Management of the Company is obliged not to discriminate among shareholders who own the same class of shares nor prevent them from accessing any of their rights.
- 3. The Company shall specify in its internal policies the procedures that are necessary to guarantee that all shareholders exercise their rights.

RIGHTS RELATED TO SHARES

All rights related to shares shall be guaranteed to the shareholder, and particularly the following:

- To obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares.
- To obtain his/her share of the Company's assets upon liquidation.
- 3. To attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions.
- 4. To dispose of his/her shares in accordance with the provisions of the Companies Law and the CML and their implementing regulations.

- 5. To enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the CML and their implementing regulations.
- To monitor the performance of the Company and the activities of the Board.
- 7. To hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the bylaws of the Company.
- 8. Preemptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's bylaws or when the Extraordinary General Assembly suspends the pre-emptive rights are per Article (140) of the Company's Law.
- To request to view a copy of the Company's articles of association and bylaws unless the Company publishes them on its website.
- 10. To record his/her name in the Company.
- 11. To nominate and elect the Board members.

SHAREHOLDER ACCESS TO INFORMATION

 The Board shall make available to the shareholder complete, clear, accurate and no misleading information to enable

- him/her to properly exercise his/ her rights. Such information shall be provided at the proper times and shall be updated regularly.
- 2. The method used to provide information to the shareholders shall be clear and detailed and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.
- 3. The Company shall use the most effective methods in communicating with shareholders and shall not discriminate among shareholders in respect of providing information.

COMMUNICATING WITH SHAREHOLDERS

- The Board shall ensure communication between the Company and the shareholders based on the common understanding of the strategic objectives and interests of the Company.
- 2. The chairperson of the Board and the Chief Executive Officer shall inform the remaining Board members of the opinions of the shareholders and discuss these opinions with them.
- 3. No shareholder may intervene in the operations of the Board or the work of the Executive Management of the Company unless he/she is a member of its Board or its management team; or unless his/her intervention is through the Ordinary General Assembly according to its powers or within the limits and situations permitted by the Board.

006 Highlights of the Group

014 Chairperson's

016 CEO's

019 The

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements

PROCEDURE TAKEN TO THE BOARD TO INFORM ITS MEMBERS OF THE SHAREHOLDERS' SUGGESTIONS

Where applicable, the Board members are informed through the Chairperson, of the shareholders' suggestions and remarks on the Company and its performance.

GENERAL ASSEMBLY

Position	Attendees	Date	Assembly
Chairperson of the Board/ AGM Chairperson Member of the Board and the CEO	Mrs. Sarah Jammaz Al-Suhaimi Eng. Khalid Abdullah Al-Hussan	6 April 2021	Second Extraordinary General Assembly
Chairperson of the Board/ AGM Chairperson Member of the Board and the CEO	Mrs. Sarah Jammaz Al-Suhaimi Eng. Khalid Abdullah Al-Hussan	2 June 2021	Fourteenth Ordinary General Assembly
Chairperson of the Board/ AGM Chairperson Member of the Board and the CEO	Mrs. Sarah Jammaz Al-Suhaimi Eng. Khalid Abdullah Al-Hussan	28 June 2021	Fifteenth Ordinary General Assembly
Chairperson of the Board/ AGM Chairperson Member of the Board and the CEO	Mrs. Sarah Jammaz Al-Suhaimi Eng. Khalid Abdullah Al-Hussan	17 August 2021	Third Extraordinary General Assembly
Chairperson of the Board/ AGM Chairperson Member of the Board and the CEO	Mrs. Sarah Jammaz Al-Suhaimi Eng. Khalid Abdullah Al-Hussan	14 October 2021	Fourth Extraordinary General Assembly

BOARD OF DIRECTORS DECLARATIONS

The Board confirms the following:

- Correctly prepared account records.
- The internal control system was prepared on a sound basis and was effectively implemented.
- There is not the slightest doubt about the Company's ability to continue its activity.
- There were no recommendations by the audit committee which conflict with Board resolution

or any recommendations that the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, or appointment of an internal auditor.

The Company has no loans.

As of the end of 2021, there was no punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the

Capital Market Authority or any other supervisory, regulatory or judiciary authority.

In addition, there are no differences from the accounting standards issued by the Saudi Organization for Certified Public Accountants. There are no material notes from the Auditor's on the Company's financial statements for the fiscal year 2020.

006 Highlights of the Group

014 Chairperson's statement

> 016 CEO's review

019 The IPO

023 A hand on the tiller

038 Operation review

068 Governance

INVESTOR RELATIONS

The Group's successful IPO and listing in December 2021 is a milestone in the Group's growth story to scale up our integrated and diverse business model in line with the objectives of the Financial Sector Development Program and the Kingdom's ambitious Vision 2030, and deliver further value for our shareholders.

With the aim of creating an effective two-way communication with the investment community, the Group established an Investor Relations Department that revolves around building best in class practices, and positioning the Group as a unique regional investment opportunity.

Driven by the importance of the Investor Relations role, which is a key role to achieve the Group's fair value, we have set ambitious goals to provide local and international investors ease access to the Group and its Executive Management, while committing to high level of disclosure and transparency in line with the governance efforts and practices by the Group.

006

014 Chairperson's

016

019

023 A hand on the tiller

038

068 Governance

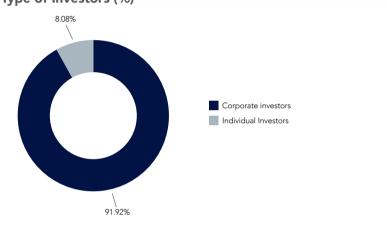
119

182

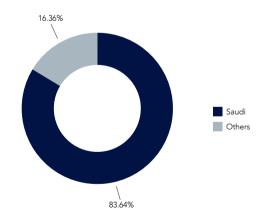
information

Shareholder Composition

Type of Investors (%)



Nationalities of Investors (%)

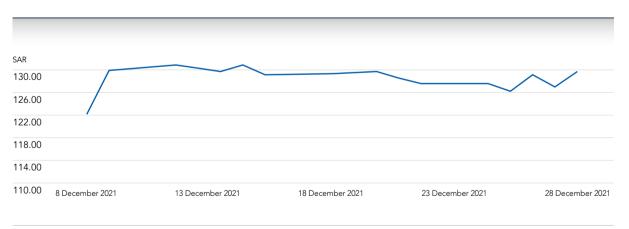


SUBSTANTIAL SHAREHOLDERS

Ownership of 5% and more of the issued shares	Beginning	of the Year	End of the Year	
	Number of Shares	Ownership %	Number of Shares	Ownership %
Public Investment Fund	120,000,000	100.00	84,000,000	70.00
Public	_	_	36,000,000	30.00
Total	120,000,000	100.00	120,000,000	100.00

SHARE PRICE PERFORMANCE (SAR)

125.80	19.81%		
Closing share price 31 December 2021	Change from IPO Price		
127.00	118.00		
Highest Price – 15 December 2021	Lowest Price – 8 December 2021		



006 Highlights of the Group

014 Chairperson's statement

016 CEO's

O19 The IPO

023A hand on the tiller

038 Operation review

068 Governance

SHAREHOLDERS RECORDS REQUESTS

Number of Shareholders Records Requests	Date of Request	Reason
1.	8 December 2021	Periodic Report
2.	30 December 2021	Periodic Report

FINANCIAL CALENDAR*

Event	Date
Q1 2022 Interim Consolidated Financial Results Announcement	15-19 May 2022
Q2 2022 Interim Consolidated Financial Results Announcement	14-18 August 2022
Q3 2022 Interim Consolidated Financial Results Announcement	6-10 November 2022

006Highlights of the Group

014Chairperson's statement

CONTACTS FOR INVESTOR RELATIONS

Contact Name

Investor Relation Department

016 CEO's

Address

6897 King Fahd Road – Al Olaya

Unit No: 15

Riyadh 12211-3388 Kingdom of Saudi Arabia

019 The IPO

Telephone

(+966) 92001 3130

023A hand on the tiller

Fax

(+966) 11218 9392

038

Operation

E-mail

Investorrelations@tadawulgroup.sa

068

Governance

Website

www.tadawulgroup.sa

119

Financial statements

182

Supplementary information

^{*}Announcement dates for Financial Results are preliminary and subject to change.

Financial statements

119

- 120 Independent auditors' report
- 124 Consolidated statement of financial position
- 126 Consolidated statement o profit or loss and other comprehensive income
- 127 Consolidated statement of changes in equity
- 128 Consolidated statement of cash flows
- 130 Notes to the consolidated financial statements

INDEPENDENT AUDITORS' REPORT



KPMG Professional Services

Riyadh Front, Airport Road P O Box 92876 Riyadh 11663 Kingdom of Saudi Arabia Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية واجهة الرياض، طريق المطار

واجهه الرياض، طريق المطا صندوق بريد 92876 الرياض 11663 المملكة العربية السعودية المركز الرئيسي

سجل تجاري رقم 1010425494

TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY

OPINION

We have audited the consolidated financial statements of Saudi Tadawul Group Holding Company and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Highlights of the Group

006

014Chairperson's statement

O16 CEO's review

019 The

023 A hand

038 Operation

068

119 Financial statements

KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 15,000,000. Previously known as KPMG AI Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member forms affiliated with KPMG International Limited.

كي بي إم جي للاستشارات المهنية شركة مهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (15,000,000) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونين" . وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة إنجليزية محدودة بضمان، جميع الحقوق محفوظة.

INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2021 (Saudi Arabian Riyals)



KEY AUDIT MATTER

The key audit matter

How the matter was addressed in our audit

Operating revenue

Operating revenue is a key element of the financial statements due to its materiality and is a key metric for the users of the consolidated financial statements.

For the year ended 31 December 2021, the Group has recorded operating revenue of SR 1,166,080,140 (2020: SR 1,079,635,090).

As mentioned in note 24 to the consolidated financial statements, the operating revenue mainly comprise of trading services, technology and information services and post trade services. The recognition of revenue under some of these services is fully automated while others require manual recording of the transactions.

With respect to trading services, technology and information services and post trade services (clearing, settlement and trading related custody services), the processes around the recognition and recording of revenue are automated and involve a large volume of data. The general IT controls and application controls in respect of the input, processing and output of the data through to recording in the general ledger are of a critical nature

The revenue recognition in respect of other post trade services and listing fees is based upon a manual process, and therefore controls around data input, the processing/calculation of revenue to be recognized and the subsequent posting into the general ledger are considered critical.

Due to its scale and significance to the consolidated financial statements, we have determined revenue recognition as a key audit matter.

Refer to the summary of significant accounting policies note 3.15 to the consolidated financial statements for the revenue recognition and note 24 which contains disclosure of operating revenue.

We obtained and updated our understanding of the revenue recognition process including the recording of the different revenue streams;

We tested the design and implementation of relevant key controls around the revenue recognition process including the recognition of revenue under different revenue streams;

We involved our IT specialists to test the operating effectiveness of general IT controls and IT application controls around the revenue recognition of trading services, technology and information services and major post trade services (clearing, settlement and trading related custody services);

We tested the operating effectiveness of manual controls relating to the revenue recognition process of listing fees and part of post-trade services;

We performed the recalculation of revenue recorded from trading services, listing fees (annual) and part of post-trade services (in relation to trading activity);

For a sample of transactions, we performed test of details to verify that the revenue recorded from listing fees, technology and information services and other post trade services exists and is accurate through vouching to sales invoices;

We evaluated the accounting policies around the recognition of revenue under each stream to determine if the recognition meets the point in time or over the period recognition criteria; and

We assessed the appropriateness of the presentation and disclosures in the consolidated financial statements with respect to revenue and the relevant accounting policies.

006 Highlights of the Group

014 Chairperson's statement

> 016 CEO's

> > 019 The IPO

023A hand on the tiller

038 Operation

068

INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2021 (Saudi Arabian Riyals)



OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies and Company's By-laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the Board of Directors, are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

 Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate

006Highlights of the Group

014Chairperson's

016 CEO's review

019 The

023 A hand

038 Operation

068 Governance

INDEPENDENT AUDITORS' REPORT

For the year ended 31 December 2021 (Saudi Arabian Riyals)



to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
 We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Saudi Tadawul Group Holding Company ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

TOMG Professional

KPMG Professional Services



Hani Hamza H. Bedairi License No: 460

Al Riyadh, 06 Sha'ban 1443H Corresponding to: 09 March 2022 006 Highlights of the Group

014 Chairperson's statement

> O16 CEO's

019 The IPO

023A hand the tiller

038

068

overnance

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021 (Saudi Arabian Riyals)

		Notes	2021	2020
	Assets			
	Non-current assets			
	Property and equipment	4	56,056,384	21,381,712
	Intangible assets	5	144,727,277	179,552,282
	Equity-accounted investee	6	375,616,085	378,895,293
	Right-of-use assets	8	7,120,394	19,856,726
	Investments	7	55,272,377	101,267,886
	Total non-current assets		638,792,517	700,953,899
06	Current assets	retts -current assets -current		
ghlights the Group	Accounts receivable	9	60,547,611	57,364,818
	Prepaid expenses and other current assets	10	108,059,619	102,271,835
14 airperson's	Investments	7	2,631,732,808	3,103,518,964
tement	Deposits with Saudi Central Bank (SAMA)	11	28,013,567	32,177,558
	Cash and cash equivalents	12	76,197,458	96,798,376
16 Oʻs	Total current assets		2,904,551,063	3,392,131,551
iew	Total assets		56,056,384 144,727,277 375,616,085 7,120,394 55,272,377 638,792,517 60,547,611 108,059,619 2,631,732,808 28,013,567 76,197,458 2,904,551,063 3,543,343,580 1,200,000,000 360,000,000 1,532,440,906 3,092,440,906	4,093,085,450
9	Equity and liabilities			
e O	Equity			
	Share capital	1	1,200,000,000	1,200,000,000
3 and	Statutory reserve	13	360,000,000	376,963,633
the tiller	General reserve	14	_	1,114,180,214
	Retained earnings		1,532,440,906	943,478,532
8 eration	Total equity		3,092,440,906	3,634,622,379
iew	Non-current liabilities			
38	Employees' end-of-service benefits liability	15	96,876,185	91,024,046
vernance	Lease liability	16		4,658,348
9	Total non-current liabilities		96,876,185	95,682,394
*				

119 Financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021 (Saudi Arabian Riyals)

	Notes	2021	2020
Current liabilities			
Margin deposits from clearing participants	17	14,386,707	19,030,340
Members' contribution to clearing house funds	18	3,626,642	3,147,217
Lease liability	16	982,913	9,128,643
Accounts payable	19	6,785,710	5,977,047
Balance due to Capital Market Authority (CMA)	20	22,280,843	32,758,785
Deferred revenue	21	3,214,902	3,223,464
Accrued expenses and other current liabilities	22	236,085,074	205,953,907
Zakat payable	23	66,663,698	83,561,274
Total current liabilities		354,026,489	362,780,677
Total liabilities		450,902,674	458,463,071
Total equity and liabilities		3,543,343,580	4,093,085,450

The accompanying Notes from (1) through (37) form an integral part of these consolidated financial statements.

1

Chairperson



Group Chief Executive Officer

LUIN.

Group Chief Financial Officer

006 Highlights

014 Chairperson's statement

> 016 CEO's

> O19 The IPO

023A hand on the tiller

038 Operation review

068 Governance

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021 (Saudi Arabian Riyals)

		For the year ended 31 December		
	Notes	2021	2020	
Operating revenue	24	1,166,080,140	1,079,635,090	
Operating costs	25	(345,391,599)	(325,233,118)	
Gross profit		820,688,541	754,401,972	
General and administrative expenses	26	(209,669,462)	(192,583,382)	
Impairment reversal/(loss) on financial assets	27	814,878	(18,659,796)	
Operating profit		611,833,957	543,158,794	
Investment income	28	40,596,274	38,797,145	
Share of loss in equity-accounted investee	6	(3,279,208)	(2,101,685)	
Finance cost		(956,484)	(253,057)	
Other income		5,732,352	4,478,947	
Non-operating profit		42,092,934	40,921,350	
Profit for the year before Zakat		653,926,891	584,080,144	
Zakat expense	23	(66,223,360)	(83,561,274)	
Net profit for the year		587,703,531	500,518,870	
Other comprehensive income:				
Item that will not be reclassified to profit or loss				
Remeasurement of employees' end-of-service benefits liability	15	(9,885,004)	(5,301,735)	
Other comprehensive loss for the year		(9,885,004)	(5,301,735)	
Total comprehensive profit for the year		577,818,527	495,217,135	
Basic and diluted earnings per share	29	4.90	4.17	

The accompanying Notes from (1) through (37) form an integral part of these consolidated financial statements.

068 Governance

006

014 Chairperson's

016

019

023A hand on the tiller

038

119 Financial statements



Chairperson



Group Chief Executive Officer

SUDA.

Group Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital	Statutory reserve	General reserve	Retained earnings	Total equity
Balance as at 1 January 2021	1,200,000,000	376,963,633	1,114,180,214	943,478,532	3,634,622,379
Total comprehensive income for the	year				
Net profit for the year				587,703,531	587,703,531
Other comprehensive loss for the year				(9,885,004)	(9,885,004)
Transaction with the owners of the G	iroup				
Dividends (Note 33)				(1,120,000,000)	(1,120,000,000)
Transfers between reserves					
Transfer to retained earning		(16,963,633)		16,963,633	
Transfer to retained earning	_	_	(1,114,180,214)	1,114,180,214	
Balance as at 31 December 2021	1,200,000,000	360,000,000		1,532,440,906	3,092,440,906
Balance as at 1 January 2020	1,200,000,000	326,911,746	1,114,180,214	618,313,284	3,259,405,244
Total comprehensive income for the	year				
Net profit for the year				500,518,870	500,518,870
Other comprehensive loss for the year		_		(5,301,735)	(5,301,735)
Transaction with the owners of the G	iroup				
Dividends (Note 33)				(120,000,000)	(120,000,000)
Transfers between reserves					
Transfer to statutory reserve		50,051,887		(50,051,887)	
Balance as at 31 December 2020	1,200,000,000	376,963,633	1,114,180,214	943,478,532	3,634,622,379

The accompanying Notes from (1) through (37) form an integral part of these consolidated financial statements.

Chairperson

Group Chief Executive Officer

Group Chief Financial Officer

038 Operation review

068

119 Financial

statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021 (Saudi Arabian Riyals)

		For the year ended 31 December	
	Notes	2021	2020
Cash flows from operating activities			
Profit after zakat		587,703,531	500,518,870
Adjustments to reconcile net profit for the period to net cash generated from operating activities:			
Zakat		66,223,360	83,561,274
Depreciation and amortization	25, 26	57,016,184	48,213,576
(Reversal)/charge for credit losses on accounts receivable	9	(817,875)	19,735,859
Charge/(reversal) for impairment on investments held at amortized cost	7	2,997	(1,076,063)
Provision for employees' end-of-service benefits	15	11,430,706	11,300,262
Realized gain on sale of investments	28	(8,826,153)	(15,751,508
Unrealized gain on investments	28	(22,134,258)	(8,817,609
Dividend income		(6,103,257)	(11,367,239
Special commission income	28	(3,519,005)	(2,856,686
Share of loss in equity-accounted investee	6	(3,279,208)	(2,101,685
Interest expense on lease liability		956,484	253,057
Changes in operating assets and liabilities:			
Deposits with Saudi Central Bank (SAMA)		4,163,991	(32,177,558
Accounts receivable		(3,182,793)	(35,920,798
Prepaid expenses and other current assets		(5,787,784)	569,165
Margin deposits from clearing participants		(4,643,633)	19,030,340
Members' contribution to clearing house funds		479,425	3,147,217
Accounts payable		808,663	5,760,718
Balance due to Capital Market Authority		(10,477,942)	10,428,584
Deferred revenue		(8,562)	88,497
Accrued expenses and other current liabilities		30,131,167	25,768,038
Cash generated from operations		690,136,038	618,306,311
Employees' end-of-service benefits paid	15	(15,463,571)	(2,872,352
Zakat paid	23	(83,120,936)	_
Net cash generated from operating activities		591,551,531	615,433,959

Highlights of the Group

006

014Chairperson's statement

016 CEO's review

O19 The

023A hand on the tiller

038Operation review

068Governance

119 Financial statements

182Supplementary information

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021 (Saudi Arabian Riyals)

		For the ye		
	Notes	2021	2020	
Cash flows from investing activities				
Purchase of investments		(1,990,510,071)	(2,558,201,111)	
Additional investment in equity-accounted investee		_	(210,000,000)	
Proceeds from disposal of investments		2,552,364,275	2,080,331,477	
Special commission income received		3,218,820	3,998,707	
Proceeds from maturity of sukuk		_	75,000,000	
Purchase of intangible assets and property and equipment		(43,464,911)	(45,676,373)	
Net cash used in investing activities		521,608,113	(654,547,300)	Hio
Cash flows from financing activities				of the
Dividends paid	36	(1,120,000,000)	(120,000,000)	
nterest payment of lease liability		(956,484)	(253,057)	Chairp
Principal repayment of lease liability		(12,804,078)	(12,323,093)	3101
Net cash used in financing activities		(1,133,760,562)	(132,576,150)	
Net increase/(decrease) in cash and cash equivalents		(20,600,918)	(171,689,491)	
Cash and cash equivalents at the beginning of the period		96,798,376	268,487,867	
Cash and cash equivalents at end of the period	12	76,197,458	96,798,376	
Non-cash supplemental information				
Conversion of sukuk investment to equity-accounted investee	6		130,000,000	

The accompanying Notes from (1) through (37) form an integral part of these consolidated financial statements.

Chairperson



Group Chief Executive Officer

Group Chief Financial Officer

023 A hand on the tiller

> 038 Operation review

068 Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

1. GENERAL

Saudi Tadawul Group Holding Company (formerly "Saudi Stock Exchange Company") ("Tadawul" or the "Company") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010241733 dated 2/12/1428 H (corresponding to 12 December 2007). The Company was established by the Royal Decree No. M/15 dated 01/03/1428 H (corresponding to 20 March 2007) and the Ministry of Commerce Resolution No. 320/k dated 1/12/1428 H (corresponding to 11 December 2007).

The Company was wholly owned by the Government of the Kingdom of Saudi Arabia (the "Government") as ultimate controlling party through the Public Investment Fund ("PIF"). As at 31 December 2021, the authorized, issued and fully paid-up share capital of the Company is SR 1,200 million (31 December 2020: SR 1,200 million) divided into 120 million shares (31 December 2021: 120 million shares) of SR 10 each.

During the year, the Company announced its restructuring which resulted in transforming the Saudi Stock Exchange (Tadawul) into a holding company under the name of Saudi Tadawul Group Holding Company, a parent company of four wholly owned subsidiaries; Saudi Exchange Company (Exchange), Securities Clearing Center Company (Muqassa); the Securities Depository Center Company (Edaa);

and Tadawul Advance Solutions Company (Wamid), details of these subsidiaries given in Note 1.1. From 1 June 2021, the operations of the Company, that included listing, trading and dissemination of securities information, were transferred to the Exchange.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as "the Group").

The Company's main activities, after becoming a holding company, are managing and supporting subsidiaries or participating in the management of other companies in which it owns shares, investing its funds in shares and other securities, owning real estate and other properties in connection with its businesses, granting loans, guarantees and financing to its subsidiaries, and owning and leasing industrial property rights to its subsidiaries or other companies.

The Group's main activities through dedicated subsidiaries (given in Note 1.1) is to provide, a listing service, create and manage the mechanisms of trading of securities, providing depository and registration services for securities ownership, clearing of securities trades, dissemination of securities information and engage in any related other activity to achieve the objectives as defined in the Capital Market Law.

On 8 December 2021, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Exchange. In connection with the IPO, the Government through PIF sold 30% of their stake representing 36 million ordinary shares. Accordingly, the PIF now holds 70% (2020: 100%) of the share capital.

The Company's registered address is as follows:

6897 King Fahd Road – Al Olaya Unit Number: 15 Riyadh 12211-3388 Kingdom of Saudi Arabia

006Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The IPO

023 A hand

038 Operation review

068 Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

1. GENERAL (CONTINUED)

1.1 DETAILS OF THE COMPANY'S SUBSIDIARIES

Name of Country of subsidiary incorporation and		Commercial Business registration date activity		Ownership, direct and effective		Paid up share capital	
	legal status			2021 %	2020 %	- SR	
Security Depository Center Company "Edaa"	Kingdom of Saudi Arabia, closed Saudi Joint Stock Company	11/27/1437 H (corresponding to 30 August 2016 G)	Depository and registration of securities	100	100	400,000,000	
Securities Clearing Center Company "Muqassa"	Kingdom of Saudi Arabia, closed Saudi Joint Stock Company	02/06/1439 H (corresponding to 18 February 2018 G)	Clearing services of securities	100	100	600,000,000	006 Highlights of the Group
Tadawul Advanced Solution Company "Wamid"	Kingdom of Saudi Arabia, closed Saudi Joint Stock Company	11/02/1442 H (corresponding to 28 September 2020 G)	Financial technology solutions, innovative capital market solutions for stakeholders	100	100	75,000,000	014 Chairperson's statement 016 CEO's
Saudi Exchange Company "Exchange"	Kingdom of Saudi Arabia, closed Saudi Joint Stock Company	17/08/1442 H (corresponding to 31 March 2021 G)	Listing and trading of securities, market information dissemination	100	The company did not exist	600,000,000	ceview 019 The IPO

GOING CONCERN

The Coronavirus ("COVID-19") pandemic continues to disrupt global markets as many geographies are experiencing multiple waves of infections despite having previously controlled the outbreak through aggressive precautionary measures. The Government of the Kingdom of Saudi Arabia, however, managed to successfully control the outbreak to date.

These events have impacted businesses and economies. The Management of the Group is continuously monitoring the situation and its impact on the Group's operations, cash flows and financial position. Management believes, based on their assessment, that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they become due.

2. BASIS OF PREPARATION 2.1 STATEMENT OF **COMPLIANCE**

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered

023 A hand

038

068 Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

2. BASIS OF PREPARATION (CONTINUED) 2.1 STATEMENT OF COMPLIANCE (CONTINUED)

and Professional Accountants ("SOCPA") and in compliance with the provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the by-laws of the Group.

The new regulation for companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as "the Law") came into force on 25/07/1437H (corresponding to 2 May 2016). The Company has amended its by-laws for any changes to align those with provisions of the Law.

Consequently, the Company presented its amended by-laws to the stockholders in their its Extraordinary General Assembly Meeting for their ratification on 2 January 2021 and Extraordinary General Assembly approved it.

2.2 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared on historical cost basis, except for financial assets measured at fair value through profit or loss and employees' end-of-service benefits which is measured at fair value.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Saudi Arabian Riyals ("SAR"), which is the functional and presentational currency of the Group. All amounts have been rounded to the nearest SAR.

2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements in conformity with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, profit and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about material assumptions and estimation uncertainties are included in:

Impairment of equity-accounted investee:

As referred to in Note 3.8 of these consolidated financial statements, the Group estimates the recoverable amount of its investment for the assessment of impairment. To compute the recoverable amount of equity-accounted investee, the Group applies its judgment in determining the recoverable amount. Based on the evaluation, the Group has concluded that there is no impairment to be recorded.

Valuation of the employees' end-of-service benefits liability

The costs of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, employee turnover and mortality rates. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in Note 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below.

3.1 CHANGES IN ACCOUNTING POLICIES

Amendments and interpretations adopted in preparation of these consolidated financial statements.

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The Management has assessed that

006 Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The

023A hand on the tiller

038Operation review

068

119 Financial statements

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

the amendments did not have any significant impact significant impact on the Group's financial statements

- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases
- COVID-19-Related Rent Concessions beyond 30 June 2021
 Amendment to IFRS 16 Leases

New standards and amendments issued but not yet effective and not early adopted.

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning on or after 1 January 2022 are listed below. The Group has opted not to early adopt these pronouncements and do not expect these to have significant impact on the consolidated financial statements.

 Annual Improvements to IFRS Standards 2018–2020 – Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture, IFRS 16 Leases, Illustrative Example 13 – effective 1 January 2022

- Reference to the Conceptual Framework – Amendments to IFRS 3 – effective 1 January 2022
- Property, Plant and Equipment:
 Proceeds before Intended Use –
 Amendments to IAS 16 effective
 1 January 2022
- Onerous Contracts –
 Cost of Fulfilling a Contract:
 Amendments to IAS 37
 Provisions, Contingent
 Liabilities and Contingent
 Assets effective 1 January 2022
- IFRS 17 Insurance Contracts*, including amendments Initial Application of IFRS 17 and IFRS 9 – Comparative Information – effective 1 January 2023
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1 Presentation of Financial Statements – effective 1 January 2023
- Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – effective 1 January 2023
- Disclosure Initiative: Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – effective 1 January 2023
- Deferred Tax Related to
 Assets and Liabilities Arising
 from a Single Transaction –
 Amendments to IAS 12 Income
 Taxes effective 1 January 2023
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements

and IAS 28 Investments in Associates and Joint Ventures – To be determined

The Management of the Group anticipates that the application of these new standards and amendments in the future will not have significant impact on the amounts reported.

3.2 BASIS OF CONSOLIDATION

These consolidated financial statements comprise the financial statements of Tadawul and its subsidiaries (collectively referred to as "the Group"). Control is achieved when the Group is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In assessing control, the Group considers both substantive rights that it holds and substantive rights held by others. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealized profit and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

006 Highlights

014 Chairperson's statement

> 016 CEO's

> > 019 The

023 A hand

038 Operation

068

119 Financial statements

182
Supplementary information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 BASIS OF CONSOLIDATION (CONTINUED)

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

3.3 FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement:

Account receivables are in initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement of financial assets:

The classification and measurement of financial assets is set out below:

Under IFRS 9, upon initial recognition, a financial asset is classified as measured at:

- amortized cost;
- fair value through other comprehensive income (FVOCI) – debt investment;
- fair value through other comprehensive income (FVOCI) – equity investment; or
- fair value through profit or loss (FVTPL)

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

FINANCIAL ASSETS AT AMORTIZED COST

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt securities which meet the above conditions, cash and cash equivalents, accounts receivable, accrued operational revenue and other receivables are carried at amortized cost.

FINANCIAL ASSETS AT FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

FINANCIAL ASSETS AT FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investment in units of mutual funds is carried at FVTPL.

006Highlights of the Group

014 Chairperson's statement

016 CEO's

019 The

023A hand on the tiller

038 Operation review

068 Governance

119 Financial statements

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 FINANCIAL INSTRUMENTS (CONTINUED)

FINANCIAL ASSETS – BUSINESS MODEL ASSESSMENT

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to Management.

The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

FINANCIAL ASSETS – ASSESSMENT WHETHER CONTRACTUAL CASH FLOWS ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group

considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets
 (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

006 Highlights f the Group

014 Chairperson's statement

> 016 CEO's review

> > 019 The IPO

023 A hand on the tiller

> 038 Operation review

068 iovernance

119 Financial statements

182 upplementary information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 3.3 FINANCIAL INSTRUMENTS (CONTINUED)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend profit, are recognized in profit or loss.
Financial assets at amortized cost	These assets are recognized initially at cost and subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest profit, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

006

014

016

019

023 A hand on the tiller

038

068

119 Financial statements

182

(iii) Classification and measurement of financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss, unless they are required to be measured at fair value through profit or loss. The Group measure all financial liabilities at amortized cost except employees' end-of-service benefit liability.

(iv) Derecognition

Financial assets

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in profit or loss.

Financial liabilities

A financial liability is derecognized when its contractual obligations are discharged or cancelled or expired.

(v) Offsetting

Financial assets and liabilities are offset and reported net in the statement of financial position when there is a currently legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Profit and expenses are not being offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Group.

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 FINANCIAL INSTRUMENTS (CONTINUED)

(vi) Impairment of financial assets

IFRS 9 uses the "expected credit loss" (ECL) model to assess the impairment of financial assets. The impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The expected credit loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided. For trade receivables with a significant financing component, a simplified approach is available, whereby an assessment of increase in credit risk need not be performed at each reporting date. Instead, the Group can choose to provide for the expected losses based on lifetime expected losses. The Group has chosen to avail the option of lifetime expected credit losses ("ECL"). For trade receivables with no significant financing component, the Group is required to follow lifetime ECL.

The Group recognizes loss allowances for expected credit losses (ECLs) on:

- financial assets measured at amortized cost:
- debt instruments measured at FVOCI: and
- contract assets

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12 months ECLs:

- debt instruments that are determined to have low credit risk at the reporting date; and
- other debt instruments and bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for accounts receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

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

MEASUREMENT OF ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.)

ECLs are discounted at the effective interest rate of the financial asset.

PRESENTATION OF ALLOWANCE FOR ECL IN STATEMENT OF FINANCIAL POSITION

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to accounts receivables and investments at amortized cost are presented in profit or loss.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

WRITE-OFF

The gross carrying amount of a financial asset is written-off when

006 Highlights of the Group

014 Chairperson's statement

> 016 CEO's

> > 019 The

023A hand on the tiller

038 Operation

068

119 Financial

182

182 lementar

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 FINANCIAL INSTRUMENTS (CONTINUED)

the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when:

- the customer has been deemed bankrupt;
- the customer seized to exist as a legal entity; or
- the Group negotiated a partial payment where the rest of the outstanding balance will be written off

3.4 PROPERTY AND EQUIPMENT

Property and equipment except land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land is measured at its cost.

The cost include expenditure directly attributable to the acquisition of the asset including the cost of purchase and any other costs directly attributable to bringing the assets to a working condition for their intended use. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

The cost of replacing part of an item of operating fixed assets is recognized in the carrying amount of the item if it is probable the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of operating fixed assets are recognized in the profit or loss as incurred.

DEPRECIATION

Depreciation is calculated over depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment. Depreciation of an asset begins when it is available for use.

The estimated useful lives for current and comparative periods of different items of property and equipment are as follows:

	Estimated useful lives (years)
Building	30
Furniture and fixtures	10
Computers	4
Office equipment	6
Vehicles	4

Depreciation methods, useful lives, impairment indicators and residual values are reviewed at each annual reporting date and adjusted, if appropriate.

3.5 INTANGIBLE ASSETS

These represent software held for use in the normal course of the business and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to profit or loss over an estimated useful life of the software using the straight-line method. The estimated useful life of software is six years.

Work in progress is stated at cost until the development of software is complete and installed. The software is developed by third parties to the Group's specification. Upon the completion and installation, the cost together with cost directly attributable to development and installation are capitalized to the intangibles. No amortization is charged on work in progress.

006 Highlights of the Group

> Chairperson's statement

016 CEO's review

014

019 The

023 A hand

038 Operation review

068 Governance

119 Financial statements

182

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash in flows. Therefore, a corporate asset is not tested for impairment as an individual asset on a stand-alone basis, unless management has decided to dispose of the asset. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. A portion of a corporate asset is allocated to a CGU when the allocation can be done on a reasonable and consistent basis.

When a portion of a corporate asset cannot be allocated to a CGU on a reasonable and consistent basis, two levels of impairment tests are carried out.

- The first test is performed at the individual CGU level without the corporate asset (bottom-up test), and any impairment loss is recognized.
- The second test is applied to the minimum collection of CGUs to which the corporate asset can be allocated reasonably and consistently (top-down test).

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss (except against goodwill) is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.7 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

An associate is an entity over which the Group has significant influence, but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include the Group's share of the profit and expenses and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the

006 Highlights of the Group

014 Chairperson's statement

> 016 CEO's review

> > O19 The IPO

023 A hand the tiller

038 Operation

068

119 Financial statements

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES (CONTINUED)

carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding obligation.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the profit and loss.

3.8 DEPOSITS WITH THE SAUDI CENTRAL BANK ("SAMA")

Cash received from the clearing members to cover initial and variation margins and default fund contributions are deposited with the Saudi Central Bank ("SAMA"). Moreover, the Group has also made an initial deposit as required by the Capital Market Authority ("CMA"). These deposits are carried at amortized cost and are not available for use by the Group in its day-to-day operations.

3.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less and that are subject to an insignificant risk of changes in value, if any, which are available to the Group without any restrictions.

3.10 MARGIN DEPOSITS FROM CLEARING PARTICIPANTS

The Group receives margin deposits from its clearing members as collateral in connection with the outstanding derivative contracts between the Group and its members. The obligation to refund the margin deposits is recognized and presented as margin deposits from clearing participants under current liabilities. Liabilities held in this category are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.11 MEMBERS' CONTRIBUTIONS TO CLEARING HOUSE FUNDS

This represents a prefunded default arrangement that is composed of assets contributed by the Group's participants that may be used by the Group in certain circumstances to cover losses or liquidity pressures resulting from participant defaults. These balances are included under current liabilities. Liabilities held in this category are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.12 PROVISIONS

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

3.13 EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY

Employees' end-of-service benefits are payable to all employees employed under the terms and conditions of the labor laws applicable to the Group.

The Group's net obligation in respect of employees' end-of-service benefits is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods. That benefit is discounted to determine its present value.

Remeasurements, comprising of actuarial gains and losses, are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

006Highlights of the Group

014 Chairperson's

O16 CEO's review

019 The

023A hand on the tiller

038 Operation

068 Governance

119 Financial statements

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY (CONTINUED)

The Group recognizes the following changes in the defined benefits obligation under "operating cost" and "general and administrative expenses" in the profit and loss account:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense.

The calculation of defined benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

3.14 REVENUE RECOGNITION

The main source of the Group's revenue is through fees for services provided. Revenue is measured based on the consideration specified in a contract with a customer.

The Group recognizes revenue under IFRS 15 using the following five steps model:

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
A performance obligation is a promise in a contract with a customer to transfer a good or deliver a service to the customer.
The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or deliver services to a customer, excluding amounts collected on behalf of third parties.
For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the total consideration to which the Group is entitled in exchange for satisfying each performance obligation.
The Group recognizes revenue (or as) it satisfies a performance obligation by transferring a promised good or deliver a service to the customer under a contract.

The revenue recognition policies for revenue streams under each operating segment are set out below:

A. CAPITAL MARKETS

Revenues in the capital markets segment are generated from Primary and Secondary market services.

A.1 Primary market initial listing and the ongoing listing services represent a performance obligation from initial listing and additional issuances at a point-in-time. The Group recognizes the revenue at the time of admission and additional issuance. All initial listing fees are

billed to the listed company at the time of admission and become payable when invoiced.

A.2 Primary market annual listing fees, secondary markets membership and subscription fees are collected semi-annually and are recorded as unearned revenues (deferred revenue) and subsequently recognized in profit or loss on a straight-line basis over the period of twelve months to which the fee relates, as it

006 Highlights f the Group

014 Chairperson's statement

> 016 CEO's review

> > O19 The IPO

023 A hand on the tiller

> 038 Operation

068

119 Financial statements

182 Supplementary information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY (CONTINUED)

reflects the extent of the Group's progress towards completion of the performance obligation under the contract.

A.3 Secondary market trading and associated capital market services are recognized as revenue on a per transaction basis at the point the service is provided. At the same time the Group acts as an agent to collect the fees owed to CMA from trading participants and transfer them to the regulator on a periodical basis.

A.4 Derivative market trading and associated capital market services are recognized as revenue on a per transaction basis at the point the service is provided.

B. POST TRADE

Revenues in the post trade segment are generated from clearing, settlement, custody and other post trade services.

B.1 Clearing, settlement and custody services generate fees from trades or contracts cleared and settled and custody services which are recognized as revenue at a point in time when the Group meets its obligations to complete the transaction or service. In cases where the Group's performance obligations related to custody services are completed over time, revenue is

recognized on a straight-line basis, representing the continuous delivery of services over the period. In cases where there is a fixed annual fee for a service, the revenue is recognized and billed monthly in arrears.

B.2 Other post trade services include revenue from registry services which is collected annually at the start of the year and is recorded as unearned revenue (deferred revenue) and is subsequently recognized in profit or loss on a straight-line basis over the period to which the fee relates, as it reflects the extent of the Group's progress towards completion of the performance obligation under the contract.

C. DATA AND TECHNOLOGY SERVICES

The Data and technology services segment generates revenues from the provision of information and data products including, benchmarks and customized indices, real-time market data, reference data and analytics services.

C.1 Data subscription and index license fees are recognized over the license or usage period as the Group meets its obligation to deliver data consistently throughout the license period. Services are billed on a monthly, quarterly or annual basis.

C.2 Other information services include licenses to the regulatory news service and reference data businesses. Revenue from licenses that grant the right to access intellectual property are recognized over time, consistent with the pattern of the service provision and

how the performance obligation is satisfied throughout the license period.

D. Other fees are generated from the provision of events and media services, and are typically recognized as revenue at the point the service is rendered and becomes payable when invoiced.

E. DIVIDEND INCOME

Dividend income recognized when the right to receive is established.

F. SPECIAL COMMISSION INCOME

Special commission income recognized in profit or loss on an effective yield basis.

3.15 EXPENSES

General and administrative expenses are those arising from the Group's efforts underlying the marketing, consultancy, administrative and maintenance functions. Allocations of common expenses between operating costs and general and administrative expenses, when required, are made on a consistent basis.

3.16 FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling

006 Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The

023 A hand

038 Operation

068 Governance

119 Financial statements

182Supplementary information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 FOREIGN CURRENCY TRANSACTIONS (CONTINUED)

at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of FVOCI instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.17 ZAKAT

Based on Royal Decree 35657 issued on 29/6/1442H, the Group is subject to Zakat in accordance with the Zakat regulation issued by the General Authority for Zakat and Tax ("ZATCA") in the Kingdom of Saudi Arabia effective 1 January 2020. Zakat is recognized in the consolidated statement of profit or loss. Zakat is levied at a fixed rate of

2.5% of the Zakat base as defined in the Zakat regulations.

Additional Zakat calculated by ZATCA, if any, related to prior years is recognized in the year in which final declaration is issued.

3.18 CONTINGENT LIABILITIES

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability. All are assessed at reporting date and disclosed in the Group's consolidated financial statements under contingent liabilities.

3.19 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

006 Highlights of the Group

014 Chairperson's statement

> 016 CEO's review

019 The

023 A hand on the tiller

038 Operation review

068

119 Financial statements

182 Supplementary information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 FAIR VALUE MEASUREMENT (CONTINUED)

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

006Highlights of the Group

014Chairperson's statement

016 CEO's

019 The IPO

023 A hand

038 Operation

068

119 Financial statements

182Supplementary information

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, management of the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.20 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

As a lessee:

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.
The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred at and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life the underlying asset, which is determined on the same

For the year ended 31 December 2021 (Saudi Arabian Riyals)

3. SUMMARY OF **SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

3.20 RIGHT-OF-USE ASSETS **AND LEASE LIABILITIES** (CONTINUED)

basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable:
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value quarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE **ASSETS**

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items relating to office equipment.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

From 1 January 2021, where the basis for determining future lease payments changes as required by interest rate benchmark reform the Group remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

As a lessor:

The Group does not have any contracts in capacity of lessor.

3.21 CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is classified as current when:

- expected to be realized or intended to be sold or consumed in the normal operating;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current

006

014

016

019

023

038

068

119 Financial statements

182

For the year ended 31 December 2021 (Saudi Arabian Riyals)

4. PROPERTY AND EQUIPMENT

	Land	Buildings	Furniture and fixtures	Computers	Office equipment	Vehicles	Total
Cost:							
Balance as at 1 January 2020	2,310,985	618,248	22,012,162	105,474,040	18,781,964	1,656,350	150,853,749
Additions		141,755	35,085	12,455,164	325,042	_	12,957,046
Disposals		_	_	(153,594)		_	(153,594)
Balance as at 31 December 2020	2,310,985	760,003	22,047,247	117,775,610	19,107,006	1,656,350	163,657,201
Balance as at 1 January 2021	2,310,985	760,003	22,047,247	117,775,610	19,107,006	1,656,350	163,657,201
Additions		3,181,555	394,802	7,605,054	487,115	580,000	12,248,523
Transfer from intangible assets	_	_	_	34,322,078	_	_	34,322,078
Disposals				(14,530)			(14,530)
Balance as at 31 December 2021	2,310,985	3,941,558	22,442,049	159,688,209	19,594,121	2,236,350	210,213,272
Accumulated depreciatio	n:						
Balance as at 1 January 2020	_	89,302	16,409,766	102,235,984	16,892,547	1,532,746	137,160,345
Charge for the year	_	20,608	610,572	3,958,461	555,493	123,604	5,268,738
Disposals		_	_	(153,594)	_	_	(153,594)
Balance as at 31 December 2020		109,910	17,020,338	106,040,851	17,448,040	1,656,350	142,275,489
Balance as at 1 January 2021	_	109,910	17,020,338	106,040,851	17,448,040	1,656,350	142,275,489
Charge for the year		20,608	786,971	10,138,329	846,291	96,229	11,888,428
Disposals				(7,029)	_	_	(7,029)
Balance as at 31 December 2021		130,518	17,807,309	116,172,151	18,294,331	1,752,579	154,156,888
Net book value:							
As at 31 December 2021	2,310,985	3,811,040	4,634,740	43,516,058	1,299,790	483,771	56,056,384
As at 31 December 2020	2,310,985	650,093	5,026,909	11,734,759	1,658,966	_	21,381,712

006Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The IPO

023A hand on the tiller

038Operation review

068Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

4. PROPERTY AND EQUIPMENT (CONTINUED)

4.1 Property and equipment include work in progress which is not depreciated until the asset is available for use.

CAPITAL WORK-IN-PROGRESS

	For the year ended 31 December		
	2021	2020	
Cost:			
Balance at beginning of the year	2,003,775	1,571,995	
Addition to capital work-in-progress	3,438,247	648,879	
Transferred out from capital work-in-progress	(1,670,986)	(217,099)	
Balance at end of the year	3,771,036	2,003,775	

006 Highlights

5. INTANGIBLE ASSETS

		For the year end	ed 31 December
	Note	2021	2020
Cost:			
Balance at beginning of the year		429,409,654	396,690,327
Additions		31,216,388	32,719,327
Transfer to property and equipment	5.2	(34,322,078)	
Balance at end of the year		426,303,964	429,409,654
Accumulated amortization:			
Balance at beginning of the year		249,857,372	220,174,152
Charge for the year		31,719,315	29,683,220
Balance at end of the year		281,576,687	249,857,372
Net book value as at 31 December		144,727,277	179,552,282

014

Chairperson's statement

review

019 The IPO

023A hand on the tiller

038 Operation review

068 Governance

For the year ended, 31 December 2021 (Saudi Arabian Riyals)

5. INTANGIBLE ASSETS (CONTINUED)

5.1 Intangible assets include work in progress which is not amortized until the asset is available for use.

CAPITAL WORK-IN-PROGRESS

	For the year e	For the year ended 31 December		
	202	2020		
Cost:				
Balance at beginning of the year	98,779,677	103,678,305		
Addition to capital work-in-progress	13,868,188	7,056,665		
Transferred from capital work-in-progress	(30,106,608	3) (11,955,293)		
Balance at end of the year	82,541,257	98,779,677		

006

014

5.2 Reclassification has been made between property and equipment and intangible assets amounting to SAR 34.3 Mn for consistency with the current period presentation. This reclassification has no impact on the reported results of operations.

This represents the Group's share of investment in Tadawul Real Estate Company ("the Associate"), a company incorporated in the Kingdom of Saudi Arabia, where the Company has influence through voting rights. As at 31 December 2021, the Group owns 33.12% (31 December 2020: 33.12%) share capital of the Associate. The main activity of the Associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where

The Group has recognized its share of loss for the year ended 31 December 2021, based on the 2021 financial statements of the Associate. The financial restructuring of the Associate was completed during the year 2020.

SAR 130 Mn to equity investment. Furthermore, the Company made additional equity investment amounting to SAR 210 Mn to the Associate. These transactions were approved by the Group's Board of Directors on 19 April 2020.

The restructuring involved conversion of investment of the Group in the Associate in the form of sukuk amounting to

375,616,085

378,895,293

016

019

023 on the tiller

038

The movement of investment in the Associate is as follows:

6. EQUITY-ACCOUNTED INVESTEE

the Group expects to be headquartered.

Balance at end of the year

068		For the year en	ded 31 December
Governance		2021	2020
119 Balance at beginning of th	Balance at beginning of the year	378,895,293	40,996,978
Financial statements	ancial A delition of investment describes		340,000,000
	Share of loss for the year	(3,279,208)	(2,101,685)

This restructuring has not resulted to in the Group gaining control over the Associate.

182

For the year ended 31 December 2021 (Saudi Arabian Riyals)

6. EQUITY-ACCOUNTED INVESTEE (CONTINUED)

The following table summarizes the financial information of the Associate as included in the financial statements as of 31 December 2021 and 31 December 2020:

		31 December 2021	31 December 2020	
Summarized statement of financial position				
Total current assets		86,103,297	298,827,419	
Total non-current assets		2,231,973,900	1,925,466,589	
Total current liabilities		1,072,231,925	969,825,327	
Total non-current liabilities		48,396,004	47,354,400	0
Net assets (100%)		1,197,449,269	1,207,114,281	Highlig of the Gr
		31 December 2021	31 December 2020	O Chairpers
Summarized statement of comprehensive income				statem
Total revenue				O
Net loss		(9,900,989)	8,873,149	rev
Total comprehensive loss for the year		(9,900,989)	8,873,149	
7. INVESTMENTS Investment securities portfolios are summarized as follows:				0
	Notes	31 December 2021	31 December 2020	A h on the t
Non-current				O Operat
Investments at amortized cost	7.1	55,272,377	101,267,886	rev
		55,272,377	101,267,886	0
Current				Governa
Investments at amortized cost	7.1	101,292,699		1
Investments at FVTPL	7.2	2,530,440,109	3,103,518,964	Finan stateme
		2,631,732,808	3,103,518,964	

For the year ended 31 December 2021 (Saudi Arabian Riyals)

7. INVESTMENTS (CONTINUED)

7.1 INVESTMENTS AT AMORTIZED COST

This represents investment in Sukuk issued by counterparties operating in the Kingdom of Saudi Arabia having sound credit ratings. The Sukuk carry an average commission rate of 2.4% – 2.5% per annum during 2021 (2020: 2.5%).

The details of these investments are as follow:

	Note	31 December 2021	31 December 2020
Investment in Sukuk – Albilad		55,286,298	_
Investment in Sukuk – GACA		101,325,640	101,311,751
Impairment loss on investments are amortized cost	7.1.1	(46,862)	(43,865)
		156,565,076	101,267,886
		31 December 2021	31 December 2020
Investment at amortized cost – non-current		55,272,377	101,267,886
Investment at amortized cost – current		101,292,699	
·			

Highlights of the Group

006

014Chairperson's statement

016 CEO's review

019 The

023A hand on the tiller

038 Operation

068Governance

119 Financial statements

7.1.1 The movement of the expected credit losses on investment held at amortized cost is summarized as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	43,865	1,119,928
Charge/(credit) for the year	2,997	(1,076,063)
Balance at the end of the year	46,862	43,865

Below is the break-up of investment at amortized cost:

Description	Maturity date	Face value	Classification
General Authority of Civil Aviation (GACA)	18 January 2022	100,000,000	Current asset
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset

For the year ended 31 December 2021 (Saudi Arabian Riyals)

7. INVESTMENTS (CONTINUED)

7.2 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL"):

This represents investment in units of mutual funds, which are governed by the regulation issued by CMA. These assets are held by the Group for trading purpose due to which it has been classified as current assets. The cost and fair value of investments mandatorily held at FVTPL are as follows:

	31 Decei	mber 2021	31 December 2020		
	Cost	Fair value	Cost	Fair value	
Money market funds	2,464,606,786	2,499,724,667	3,017,198,517	3,074,346,514	
Real estate funds	40,000,000	30,715,442	40,000,000	29,172,450	
Total	2,504,606,786	2,530,440,109	3,057,198,517	3,103,518,964	

8. RIGHT-OF-USE ASSETS

	31 December 2021	31 December 2020
Balance at beginning of the year	19,856,726	11,271,347
Additions	672,108	21,846,997
Depreciation charge for the year	(13,408,440)	(13,261,618)
Balance at end of the year	7,120,394	19,856,726

9. ACCOUNTS RECEIVABLE

	Notes	31 December 2021	31 December 2020
Accounts receivable:			
– Related parties	31.1	11,652,168	7,217,825
– Others		74,691,162	76,760,587
Less: Allowance for credit losses	9.1	(25,795,719)	(26,613,594)
		60,547,611	57,364,818

006 Highlights of the Group

014 Chairperson's statement

> 016 CEO's review

> > 019 The IPO

023A hand the tiller

038 Operation

068 Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

9. ACCOUNTS RECEIVABLE (CONTINUED)

9.1 The movement in the allowance for credit losses is summarized as follows:

	For the year ended 31 December 2021	For the year ended 31 December 2020
Balance at the beginning of the year	26,613,594	6,877,735
(Charge)/reversal for the year	(817,875)	19,735,859
Balance at the end of the year	25,795,719	26,613,594

31 December

77,500,000

7,770,332

10,108,448

2,875,632

1,418,613

2,598,810

102,271,835

2020

31 December

77,500,000

7,920,038

9,064,755

5,404,641

2,744,593

5,425,592

108,059,619

2021

Notes

10.1

10. PREPAID EXPENSES AND OTHER CURRENT ASSETS

006

014 Chairperson's

016

019

023 A hand on the tiller

068

11. DEPOSITS WITH SAUDI CENTRAL BANK (SAMA)

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default fund. It also includes SAR 10 Mn deposited by the Group as per CMA guidelines. Commission is earned on such deposits, part of the commission is booked by the Group and the clearing members' share of the commission is added to their collateral accounts. These are not available for use by the Group.

10.1 This represents advance paid to purchase a property for establishing the data center in King Abdullah

12. CASH AND CASH EQUIVALENTS

Advance against purchase of property

Prepaid insurance expenses

Accrued operational revenue Advance to employees

Prepaid maintenance expenses

Other receivables

Financial District.

31 December 31 December 119 2020 Financial statements 76,197,458 96,798,376 Cash at banks - current accounts 182 76,197,458 96,798,376

038

information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

13. STATUTORY RESERVE

In accordance with the Company's by-law and Saudi Arabian Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to set aside 10% of its net profit each year as statutory reserve. The shareholder in the Extraordinary General Assembly held on 17 August 2021 has decided to discontinue setting aside such percentage when said reserve reaches 30% of paid-in capital. Since the Company has reached the required reserve level, therefore, no additional transfers are required to be made as at year end. The Company transferred the net surplus above the 30% requirement from the statutory reserve to the retained earnings at year-end. The statutory reserve in the consolidated financial statements is the statutory reserve of the Company. This reserve is currently not available for distribution to the shareholder of the Company.

14. GENERAL RESERVE

In accordance with the approval of the Chairman of CMA via letter number 524/2007, a balance of the retained earnings was transferred to a reserve for the purpose of financing the construction of Tadawul's headquarters in King Abdullah Financial District and any other future purposes to be decided by the Company's Board of Directors. During the year 2008, the Board of Directors of the Company had resolved, according to a decision number 6/8/2008, to transfer such balance of this reserve to a general reserve. On 17 August 2021, the shareholder in the Extraordinary General Assembly has decided that the reserve is no longer necessary and transferred it back to retained earnings.

006 Highlights of the Group

014 Chairperson's

15. EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY

The movement in employees' end-of-service benefits is as follows:

	For the year ende	ed 31 December
	2021	2020
Balance at beginning of the year	91,024,046	77,294,401
Current service cost	9,691,734	9,028,207
Interest cost	1,738,972	2,272,055
Amount recognized in profit or loss	11,430,706	11,300,262
Remeasurement loss recognized in other comprehensive income	9,885,004	5,301,735
Benefits paid during the year	(15,463,571)	(2,872,352)
Balance at the end of the year	96,876,185	91,024,046
15.1 Net end-of-service benefits liability is as follows:		
	31 December 2021	31 December 2021
Present value of benefits liability	96,876,185	91,024,046
Fair value of plan assets	_	_
Net defined benefits liability	96,876,185	91,024,046

044

016 CEO's

019The

023 A hand

038 Operation

068

119

Financial statements

182 upplementary

For the year ended 31 December 2021 (Saudi Arabian Riyals)

15. EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY (CONTINUED)

15.2 Remeasurement loss recognized in other comprehensive income for the year is as follows:

	For the year ended 31 Decer	
	2021	2020
Effect of changes in financial assumptions	4,894,755	5,930,906
Effect of changes in demographic assumptions	(813,585)	_
Effect of experience adjustments	5,803,834	(629,171)
Remeasurement loss recognized in other comprehensive income	9,885,004	5,301,735
15.3 PRINCIPAL ACTUARIAL ASSUMPTIONS	31 December 2021	31 December 2020
Key actuarial assumptions		
Key actuarial assumptions		
	2021	2020

014 Chairperson's

006

016

CEO's review

019 The IPO

023A hand on the tiller

038 Operation

068

DISCOUNT RATE USED

Demographic assumptions

Mortality rate

Retirement age

This rate is used to obtain the actuarial present value of the projected benefits. As per IAS 19 Employee Benefits, the rate to be used to discount post-employment benefit obligations (both funded and un-funded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and expected term of the post-employment benefit obligation. Since there is no deep market for high quality corporate bonds in the Kingdom of Saudi Arabia, therefore, the market yield of government bond is considered.

WHO SA19

- 75%

60 years

WHO SA19

- 75%

64 years

119 Financial statements

SALARY INCREASES

With regards to the past trend, it is assumed that the salaries would increase at a rate of 5.00% per annum compound in the long range.

For the year ended 31 December 2021 (Saudi Arabian Riyals)

15. EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY (CONTINUED)

15.3 PRINCIPAL ACTUARIAL ASSUMPTIONS (CONTINUED)

TURNOVER

The Management assumed the "Heavy" age-wise withdrawal rates. It was assumed that out of the employees that will cease to be employed in a year, other than by normal retirement or death, 90% will be on account of resignation and 10% on account of termination by the Group.

15.4 MATURITY PROFILE OF THE DEFINED BENEFIT LIABILITY

	2021	2020	
Weighted average duration (years)	7.44	7.82	
Distribution of benefit payments:		bunt	High of the G
Years	2021	2020	
1	10,945,904	10,186,507	Chairper stater
2	12,381,424	12,717,122	
3	9,357,298	8,549,431	C
4	10,147,958	8,229,939	C
5	11,164,260	8,793,346	
6-10	54,052,359	51,312,962	0

15.5 SENSITIVITY ANALYSIS

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, the amount of defined benefit obligations would have been:

	31 Decen	31 December 2021		31 December 2021 31 December 2020		nber 2020
	Increase	Decrease	Increase	Decrease		
Discount rate (0.5% movement)	93,384,567	100,605,874	90,624,158	98,126,361		
Future salary growth (0.5% movement)	100,532,484	93,415,352	96,337,369	92,251,617		

Keeping other assumptions constant, if turnover rate is increased or decreased by 10%, the liability will be 95,377,619 or 98,395,166 respectively. Similarly, keeping other assumptions constant, if mortality rate is increased or decreased by 10%, the liability will be 96,828,192 or 96,924,025 respectively.

023A hand

038 Operation review

068 Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

15. EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY (CONTINUED)

15.6 RISKS ASSOCIATED WITH DEFINED BENEFITS PLAN

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

16. LEASE LIABILITY

This represents amount of lease liability as per IFRS 16 for the rented offices of the Group.

006 Highlights

014 Chairperson's

016 CEO's

O19

023A hand on the tiller

038Operation review

068Governance

119 Financial statements

Following are the classification and maturity analysis of lease liabilities:

2021	Opening balance	Interest	Addition	Payment	Present value of minimum lease payments
Lease liability	13,786,991	956,484		(13,760,562)	982,913
2020	Opening balance	Interest	Addition	Payment	Present value of minimum lease payments
Lease liability	4,263,087	253,057	21,143,570	(12,576,150)	9,128,643

17. MARGIN DEPOSITS FROM CLEARING PARTICIPANTS

	Notes	31 December 2021	31 December 2020
Collateral from clearing members received for their			
– own account	17.1	1,002,106	1,001,361
- clients	17.2	12,999,401	16,539,779
– initial margin for position	17.3	385,200	1,489,200
		14,386,707	19,030,340

For the year ended 31 December 2021 (Saudi Arabian Riyals)

17. MARGIN DEPOSITS FROM CLEARING PARTICIPANTS (CONTINUED)

- 17.1 This represents cash collateral received from clearing members on their own account.
- 17.2 This represents cash collateral received from clearing members on account of their customers.
- **17.3** This represents cash collateral from clearing members with position.

18. MEMBERS' CONTRIBUTION TO CLEARING HOUSE FUNDS

This represents prefunded default arrangement that is composed of assets contributed by clearing member that may be used by the Group in certain circumstances to cover the losses or liquidity pressure resulting from participant defaults.

19. ACCOUNTS PAYABLE

17. ACCOUNTS TATABLE				006
	Notes	31 December 2021	31 December 2020	Highlights of the Group
				014
Trade payables:				Chairperson's statement
Others		6,701,240	5,898,579	Statement
Related parties	31.4	84,470	78,468	016
		6,785,710	5,977,047	CEO's review

20. BALANCE DUE TO CAPITAL MARKET AUTHORITY

CMA is entitled to receive a financial return equal to 64% of total trading commission. The Group collects this return on behalf of CMA and deposit into CMA's account based on its instructions.

21. DEFERRED REVENUE

	31 Decemb	ber 2021		
Opening balance	Invoiced during the year	Recognized as revenue during the year	Closing balance	
3,223,464	169,346,097	(169,354,659)	3,214,902	
	31 Decem	ber 2020		
Opening balance	Invoiced during the year	Recognized as revenue during the year	Closing balance	
3,134,967	159,882,943	(159,794,446)	3,223,464	

Financial statements

019

023 A hand

038

068 Governance

119

182

For the year ended 31 December 2021 (Saudi Arabian Riyals)

22. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2021	31 December 2020
Accrued employees expenses	100,154,729	94,647,318
Accrued social insurance – General Organization for Social Insurance	1,979,001	2,108,213
Value added tax (VAT), net	6,637,535	10,195,945
Board of Directors remuneration payable	8,376,167	5,470,358
Accrued supplier expenses	114,942,930	89,337,624
Others	3,994,711	4,194,449
	236,085,074	205,953,907

23. ZAKAT PAYABLE

006Highlights of the Group

Effective 1 January 2021, the Group is subject to Zakat in accordance with the Zakat regulation issued by ZATCA based on Royal Decree 35657 issued on 29/6/1442H. The Group is yet to file its consolidated Zakat return for the Company and its wholly-owned subsidiaries with ZATCA. Zakat charge for the year amounted to be SAR 66.22 Mn.

rson's nt		31 December 2021	31 December 2020
	Share capital	1,200,000,000	1,200,000,000
	Statutory reserve	376,963,633	326,911,746
	General reserve	1,114,180,214	1,114,180,214
	Retained Earnings	943,478,532	618,313,284
	Liabilities and provisions	105,554,009	98,310,239
	Non-current assets	(1,781,020,140)	(721,787,698)
	Zakat base	1,959,156,248	2,635,927,785
	Zakat %	2.5777	2.5847
		50,501,171	68,130,825
	Adjusted profit	646,513,937	617,217,951
	Zakat %	2.5	2.5
		16,162,848	15,430,449
	Zakat charge for the year	66,223,360	83,561,274

For the year ended 31 December 2021 (Saudi Arabian Riyals)

23. ZAKAT PAYABLE (CONTINUED)

Movement of Zakat is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	83,561,274	_
Provision for Zakat for the period/year		
– Current period	66,663,698	83,561,274
– Prior period over charge	(440,338)	_
	66,223,360	83,561,274
Zakat paid during the period/year	(83,120,936)	_
Balance at the end of the year	66,663,698	83,561,274

23.1 The Group filed its Consolidated Zakat return for the year 2020 and settled its Zakat liability accordingly, however the Zakat assessment is pending finalization.

006

24. OPERATING REVENUE

	For the year ended 31 December		
	2021	2020	
Revenue recognized at over-time			
Post trade services	87,484,741	86,019,366	
Listing services	71,513,151	63,765,965	
Technology and information services	85,984,733	64,088,607	
Membership	2,969,364	2,839,879	
Derivatives	326,210	99,555	
	248,278,199	216,813,372	
Services transferred at point-in-time			
Post trade services	493,566,233	423,770,783	
Trading services	406,818,320	379,648,482	
Technology and information services	7,279,975	48,407,147	
Listing services	8,966,800	9,476,090	
Derivatives	915,613	1,276,217	
Membership	255,000	243,000	
	917,801,941	862,821,719	
Revenue from contracts with customers	1,166,080,140	1,079,635,090	

016

014

Chairperson's statement

019

023 A hand on the tiller

> 038 Operation review

> > 068

119 Financial

statements

182 information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

24. OPERATING REVENUE (CONTINUED)

- **24.1** In accordance with the Council of CMA resolution No. (17/270/6) dated 18 January 2017, operating revenues arrangement between the Group and CMA effective from 1 January 2017 is as follows:
- CMA is entitled to receive a financial return equal to 64% of total trading commission. The Group shall collect this return on behalf of CMA and deposit into CMA's account based on its instructions. However: the CMA share of revenue is not recognized under Note 23 and
- The Group is entitled to keep 100% of operating revenue (except trading commission, which is subject to the above-mentioned financial return sharing arrangement).

24.2 In the current year, the Group has updated the disaggregation of revenue as disclosed in the financial statements. In order to provide comparability to the amounts disclosed in the prior year annual financial statements, a reconciliation is provided below:

As disclosed in the FY 2020 financial statements	Amount	As disclosed in the comparative of FY 2021 financial statements	Amount
Trading commission	767,002,623	Trading services	379,230,324
		Listing services	8,319,537
		Membership	3,082,879
		Post trade services	376,369,883
Securities depository services	132,255,953	Post trade services	132,255,953
Market information services	112,495,753	Data and technology services	112,495,753
Listing services	65,340,676	Trading services	418,158
		Listing services	64,922,518
Clearing fees	943,253	Derivatives	943,253
Membership	416,967	Derivatives	416,967
		Post trade services	
Other	1,179,865	Post trade services	1,164,313
		Derivatives	15,552
·	1,079,635,090		1,079,635,090

006 Highlights of the Group

014 Chairperson's

016

019

023

A hand on the tiller

038Operation review

068 Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

25. OPERATING COSTS

Operating costs include direct expenses incurred by the Group to provide services to its customers and the Saudi financial market. A breakdown of operating costs is as follows:

		For the year ende	ed 31 December	
	Notes	2021	2020	
Salaries and related benefits		128,243,052	134,131,451	
CMA fees	25.1	101,000,000	91,000,000	
Maintenance, network and access		50,665,292	54,307,911	
Depreciation and amortization		41,585,525	31,808,960	
Marketing and sponsorship		13,508,593	459,632	
Others		2,819,542	2,743,968	O Highli
Security expense		1,703,468	2,071,007	of the Gr
Hospitality and cleaning		1,611,630	1,740,702	0
Consultancy		1,569,543	3,469,564	Chairpers staten
Utilities		906,022	974,729	
SAREE system usage fees		725,000	1,099,000	0
License fees		529,418	910,744	CI re ^s
Communication		493,250	447,258	
Business trip		31,264	68,192	0
		345,391,599	325,233,118	

25.1 This represents fee payable to CMA in relation to services provided to the Group in accordance with the Council of CMA resolution No. (17/268/6) dated 18 January 2017 and CMA Board decision No. (3-2-2020) dated 7 January 2020.

023 A hand

038

Operation review

068

For the year ended 31 December 2021 (Saudi Arabian Riyals)

26. GENERAL AND ADMINISTRATIVE EXPENSES

	 -	
	For the year ende	ed 31 December
	2021	2020
Salaries and related benefits	138,423,538	126,096,173
Consultancy	16,364,687	11,073,105
Depreciation and amortization	14,474,175	16,151,559
Maintenance, network and access	13,805,457	15,497,931
Board of Directors' remuneration	8,388,667	6,254,359
License fees	3,429,378	2,166,835
Marketing and sponsorship	3,042,602	2,087,106
Training	2,416,867	2,562,074
Hospitality and cleaning	2,038,518	1,861,712
Security expense	1,673,532	1,863,725
Others	1,508,363	4,172,374
Stationery and office supplies	1,242,283	281,323
Insurance	1,218,160	1,036,418
Utilities	890,270	870,601
Communications	716,253	324,716
Business trip	36,712	283,371
	209,669,462	192,583,382

of the Group

006

014Chairperson's statement

O16 CEO's

019 The IPO

023A hand on the tiller

038

Operation review

068Governance

119
Financial
statements

27. IMPAIRMENT REVERSAL/(LOSS) ON FINANCIAL ASSETS

	For the year end	ded 31 December
	2021	2020
Impairment (loss)/reversal on investment at amortised cost	(2,997)	1,076,063
Impairment reversal/(loss) on accounts receivable	817,875	(19,735,859)
Impairment reversal/(loss) on financial assets	814,878	(18,659,796)

For the year ended 31 December 2021 (Saudi Arabian Riyals)

28. INVESTMENT INCOME

	For the year ended 31 December		
	2021	2020	
On financial assets at amortised cost:			
Special commission income	3,519,005	2,856,686	
Commission from deposits with SAMA	13,601	4,103	
On financial assets at fair value through profit or loss:			
Dividend income	6,103,257	11,367,239	
Realised gain on sale of investments, net	8,826,153	15,751,508	
Unrealised gain on investments, net	22,134,258	8,817,609	
	40,596,274	38,797,145	

006

29. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing profit attributable to the ordinary shareholders of the Company by the weighted average outstanding number of shares for the year ended 31 December 2021, totaling 120 million shares (31 December 2020: 120 million shares).

	31 December 2021	31 December 2020
Net profit for the year	587,703,531	500,518,870
Weighted average outstanding number of shares	120,000,000	120,000,000
Earnings per share	4.90	4.17

30. CONTINGENCIES AND COMMITMENTS

Commitments represent the value of the part not yet executed from supply contracts of assets and services to the Group as follows:

	31 December 2021	31 December 2020
Purchase of assets	9,643,300	21,651,765
Committed expenditure	26,022,315	24,838,057
Letter of guarantee	1,147,940	11,300,000
	36,813,555	57,789,822

014 Chairperson's statement

016

019

023 A hand

038 Operation

068 Governance

> 119 Financial statements

> > 182

information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

30. CONTINGENCIES AND COMMITMENTS (CONTINUED)

30.1 The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Group's financial position or on the results of its operations as reflected in these consolidated financial statements.

31. TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include PIF ("the shareholder"), Tadawul Real Estate Company ("the Associate"), the Group's Board of Directors, and key executives. The related parties also include affiliated entities which are:

- (a) Owned by the shareholder;
- (b) Having common directors on the Company's BOD; and
- (c) Having common directors on the shareholder's BOD.

31.1 The Group has disclosed the transactions with related parties by each Group company. The revenue services provided by each Group company are explained below.

Transactions with Tadawul Holding Services represents the trading services, listing fees and technology and information services which were provided by the parent prior to the Group restructuring. However, from 1 June 2021 these services are being provided by Saudi Exchange Company and are reported under Saudi Exchange Services. Transaction with Securities Depository Services represents the post trade services, while with Securities Clearing Services represents the clearing services of derivatives.

The transactions with related parties during 2021 in relation to the Group's core activities carried out through the companies of the Group are as follows:

		Nature of transactions by Group companies				
Nature of relationship	Tadawul Holding Services	Securities Depository Services	Securities Clearing Services	Saudi Exchange Services	Year ended 31 December 2021	
Affiliated entities:						
 owned by the shareholder 	209,462,863	47,112,988	690	341,708,497	598,285,037	
- with common directors on the Company's BOD	124,780,302			51,555,897	176,336,199	
 with common directors on the shareholder's BOD 	69,311,383	3,459,240	38,100	_	72,808,723	
Total	403,554,548	50,572,228	38,790	393,264,393	847,429,959	

006Highlights of the Group

014Chairperson's

016 CEO's

019 The

023 A hand

038 Operation

068 Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

31.1 (CONTINUED)

The account receivables balance arising from the above transactions are as follows:

Nature of relationship		For the year ended 31 December 2021				
	Opening balance	Invoiced	Collections	Ending balance	Loss allowance	
Affiliated entities:						
– owned by the shareholder	2,823,849	598,285,037	(590,796,710)	10,312,176	1,440	
– with common directors on the Company's BOD	_	176,336,199	(175,290,161)	1,046,038	4	
 with common directors on the shareholder's BOD 	4,393,976	72,808,723	(76,908,745)	293,954	156,240	
Total	7,217,825	847,429,959	(842,995,616)	11,652,168	157,684	

006 Highlights of the Group

31.2 The transactions with related parties during 2020 in relation to the Group's core activities carried out through the companies of the Group are as follows:

014 Chairperson's statement

Nature of relationship	Nature of transactions by Group companies			
	Tadawul Holding Services	Securities Depository Services	Securities Clearing Services	Year ended 31 December 2020
Affiliated entities:				
– owned by the shareholder	75,733,048	23,163,779	190,111	99,086,938
– with common directors on the Company's BOD	3,356,070	_	_	3,356,070
– with common directors on the shareholder's BOD	561,295,279	_	_	561,295,279
 Total	640,384,397	23,163,779	190,111	663,738,287

016

019The

023 A hand

038 Operation review

068Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED) 31.2 (CONTINUED)

The receivables balance arising from the above transactions are as follows:

	For the year ended 31 December 2020								
Nature of relationship	Opening balance	Invoiced	Collections	Ending balance	Loss allowance				
Affiliated entities:									
- owned by the shareholder	6,286,548	99,086,938	(102,549,637)	2,823,849	26,048				
with common directors on the Company's BOD	1,185,250	3,356,070	(4,541,320)	_	_				
with common directors on the shareholder's BOD	2,559,467	561,295,279	(559,460,770)	4,393,976	47				
The Associate	105,000	_	(105,000)		_				
Total	10,136,265	663,738,287	(666,656,727)	7,217,825	26,095				

006Highlights of the Group

014Chairperson's statement

016

review

019 The IPO

023A hand on the tiller

038Operation review

068Governance

31.3 Other balances with related parties included in investments at "FVTPL" are as follows:

		For the year ended 31 December 2021						
Nature of relationship	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance				
Affiliated entities with common directors on the Company's BOD	1,142,833,446	(803,923,117)	6,456,887	345,367,216				
		For the year ended 3	31 December 2020)				
Nature of relationship	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance				
Affiliated entities with common directors on the Company's BOD	1,395,019,617	(269,427,458)	17,241,287	1,142,833,446				

119 Financial

statements

For the year ended 31 December 2021 (Saudi Arabian Riyals)

31. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

31.4 Other balances with related parties arising out of services received and included within accounts payables and accrued expenses are as follows:

For the year ended 31 December 2021							
Opening balance	Services received	Payments made	Ending balance				
7,743,772	9,039,557	(6,402,069)	10,381,260				
5,903,691	8,184,167	(5,711,691)	8,376,167 18,757,427				
13,647,463	17,223,724	(12,113,760)					
_	For the year ended	31 December 2020					
Opening balance	Services received	Payments made	Ending balance				
7,455,862	10,581,360	(10,293,450)	7,743,772				
1,044,440	6,769,077	(1,909,826)	5,903,691				
8,500,302	17,350,437	(12,203,276)	13,647,463				
	7,743,772 5,903,691 13,647,463 Opening balance 7,455,862 1,044,440	Opening balance received 7,743,772 9,039,557 5,903,691 8,184,167 13,647,463 17,223,724 For the year ended Opening balance Services received 7,455,862 10,581,360 1,044,440 6,769,077	Opening balance Services received Payments made 7,743,772 9,039,557 (6,402,069) 5,903,691 8,184,167 (5,711,691) 13,647,463 17,223,724 (12,113,760) For the year ended 31 December 2020 Opening balance Services received Payments made 7,455,862 10,581,360 (10,293,450) 1,044,440 6,769,077 (1,909,826)				

31.5 Key management consists of the non-executive directors and the executive management. The compensation of key management personnel is as follows:

	For the year ended 31 December		
	2021	2020	A ha on the til
Salaries and other short-term benefits	20,029,241	30,019,592	03
Post-employment benefits	3,547,953	2,180,760	Operati revie
Board of Directors' remuneration	8,388,667	6,254,359	
	31,965,861	38,454,711	06 Governan

119 Financial statements

006

014 Chairperson's statement

016

019

For the year ended 31 December 2021 (Saudi Arabian Riyals)

32. SEGMENT INFORMATION

The Group operates solely in the Kingdom of Saudi Arabia. For management purposes, the Group is organized into business units based on services provided. The reportable segments of the Group are as under:

CAPITAL MARKETS

The activities of this segment include trading commission for securities and derivatives, admission fees from initial listing and further capital raises, annual fees charged for securities traded on the Group's markets, and fees from our secondary market services.

POST TRADE

The activities of this segment include registration of investment portfolios in the filing and settlement system, register and file its ownership, transfer, settlement, clearing and safekeeping its ownership, registering any restriction of ownership on the file securities, and associate with members of the market and settlement agents to filing and settlement system. Further, linking and managing records of securities issuers, organize general assemblies for issuers including remote voting service for such assemblies, provide reports, notifications and information in addition to providing any other service relating to its activities according to financial market regulations. This business unit covers revenue from the post trade services.

006Highlights of the Group

DATA AND TECHNOLOGY SERVICES

014Chairperson's

The activities of this segment is to grow business of Technology Services which includes offering high-quality real-time trading data, reference data, market indices, financial information to the financial community, financial technology solutions, research and development in the field of engineering and technology, innovative capital market solutions for stakeholders. This business unit covers revenue from the data and technology services.

016 CEO's review

CORPORATE

019 The

023

Corporate manages future corporate development and controls all treasury related functions. All investments are incubated within this category, which also comprise managing strategy for business development, legal, finance, operations, human resources and customers' relation management.

32.1 Information about reportable segments:

on the tiller

038

Operation

068 Governance

2021	Capital markets	Data and technology services	Post trade	Total	
Segment revenue	489,841,483	93,264,708	582,973,948	1,166,080,140	
Segment profit before zakat	319,752,926	59,762,419	258,229,121	637,744,466	
Depreciation and amortization	24,267,966	3,583,589	26,425,184	54,276,739	
Segment profit after zakat	319,752,926	59,762,419	258,229,121	637,744,466	

For the year ended 31 December 2021 (Saudi Arabian Riyals)

32. SEGMENT INFORMATION (CONTINUED)

32.1 (CONTINUED)

2020	Capital markets	Data and technology services	Post trade	Total
Segment revenue	455,369,150	112,495,753	511,770,187	1,079,635,090
Segment profit before zakat	286,095,270	85,901,318	210,386,945	582,383,533
Depreciation and amortization	18,564,325	2,899,030	25,084,276	46,547,630
Segment profit after zakat	286,095,270	85,901,318	210,386,945	582,383,533

32.2 Reconciliation of information on reportable segments to the amounts reported in the financial statements:

(i) NET PROFIT FOR THE YEAR

2021	Capital market	Data and technology services	Post trade	Total	
Total profit before zakat for reportable segments	319,752,926	59,762,419	258,229,121	637,744,466	
Profit before zakat for other segments					
Unallocated amounts:					
- Other corporate income	_	_	_	43,049,418	
- Other corporate expenses	_	_	_	(26,866,993)	
Consolidated profit before zakat	319,752,926	59,762,419	258,229,121	653,926,891	
Zakat expense				(66,223,360)	
Consolidated profit after zakat	319,752,926	59,762,419	258,229,121	587,703,531	
2020	Capital market	Data and technology services	Post trade	Total	
Total profit before zakat for reportable segments	286,095,270	85,901,318	210,386,945	582,383,533	
Profit before zakat for other segments			_		
Unallocated amounts:					
- Other corporate income			8,585,615	41,174,406	
- Other corporate expenses	_	_	10,222,787	(39,477,796)	
Consolidated profit before zakat	286,095,270	85,901,318	208,749,773	584,080,143	
Zakat expense	_	_	_	(83,561,274)	
Consolidated profit after zakat	286,095,270	85,901,318	208,749,773	500,518,870	

006 Highlights

014 Chairperson's statement

> O16 CEO's review

> > O19 The IPO

023A hand on the tiller

038 Operation review

068 Governance

> 119 Financial statements

> > 182

applementary information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

32. SEGMENT INFORMATION (CONTINUED) 32.2 (CONTINUED)

(i) OPERATING REVENUE

2021	Capital market	Data and technology services	Post trade	Total
Revenue recognised at a point-in-time				
Trading services	406,818,320			406,818,320
Data and technology services		7,279,975		7,279,975
Post trade services			493,795,975	493,566,233
Listing services	8,966,800		_	8,966,800
Derivatives	805,870			915,613
Membership	135,000			255,000
Revenue recognised overtime				
Technology services		85,984,733		85,984,733
Trading services				
Listing services	71,513,151			71,513,151
Post trade		_	87,177,973	87,484,741
Derivatives	133,141	_		326,210
Membership	1,469,200	_		2,969,364
Consolidated revenue	489,841,483	93,264,708	582,973,948	1,166,080,140

006Highlights of the Group

014Chairperson's statement

O16 CEO's review

019 The IPO

023A hand on the tiller

038Operation review

068Governance

119 Financial statements

182

Supplementary information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

32. SEGMENT INFORMATION (CONTINUED) 32.2 (CONTINUED)

2020	Capital market	Data and technology services	Post trade	Total	
Revenue recognised at a point-in-time					
Trading services	379,648,481			379,648,481	
Data and technology services		48,407,147		48,407,147	
Post trade services	_		424,275,635	423,770,783	
Listing services	9,476,090		_	9,476,090	
Derivatives	891,365		_	1,276,217	006
Membership	123,000			243,000	Highlights of the Group
Revenue recognised overtime			_		044
Technology services		64,088,607		64,088,607	014 Chairperson's
Trading services	_		_		statement
Listing services	63,765,965	_	_	63,765,965	016
Post trade	_	_	87,494,552	86,019,366	CEO's review
Derivatives	42,588	_	_	99,555	
Membership	1,421,660	_	_	2,839,879	019
Consolidated revenue	455,369,150	112,495,753	511,770,187	1,079,635,090	The IPO

023A hand on the tiller

038

Operation review

068 Governance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

32. SEGMENT INFORMATION (CONTINUED)

32.3 In the current year, the Group has updated its operating segments as reviewed by the Chief Operating Decision Makers of the Group. In order to provide comparability to the amounts disclosed in the prior year annual financial statements, a reconciliation is provided below:

(i) NET PROFIT FOR THE YEAR

Segments as disclosed in the FY 2020 financial statements	Amount	Segments as disclosed in the comparative of FY 2021 financial statements	Amount
Markets	308,924,147	Capital markets	286,095,270
Derivatives	(22,828,877)		
Edaa	279,659,576	Post trade	208,749,773
Muqassa	(70,909,803)		
Market information	85,901,318	Data and technology services	85,901,318
	580,746,361		580,746,361

006Highlights of the Group

014Chairperson's statement

016 CFO's

019 The

023A hand on the tiller

038Operation review

1	Ϊij	١ (O	P	Ε	R	ΔТ	IN	IG	R	ΕV	ΈΙ	Nυ	JE
١	ш	,	v		_		~ :		•			_		

(II) OPERATING REVENUE			
Segments as disclosed in the FY 2020 financial statements	Amount	Segments as disclosed in the comparative of FY 2021 financial statements	Amount
Markets	454,435,197	Capital markets	455,369,150
Derivatives	933,953		
Edaa	511,328,368	Post trade	511,770,187
Muqassa	441,819		
Market information	112,495,753	Data and technology services	112,495,753
	1,079,635,090		1,079,635,090

068Governance

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- 119
- 119 Financial statements
- Market risk;Credit risk;
- Operational risk; and
- Liquidity risk.
- **182**Supplementary information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

This Note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these consolidated financial statements.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Furthermore, the Board reviews reports from relevant committees in relation to the above on a regular basis.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

006 Highlights

RISK MANAGEMENT STRUCTURE

A cohesive organisational structure is established within the Group in order to identify, assess, monitor and control risks.

014 Chairperson's

BOARD OF DIRECTORS

The apex of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

016 CEO's

SENIOR MANAGEMENT

Senior Management is responsible for the day-to-day operations towards achieving the strategic goals within the Group's predefined risk appetite.

019 The IPO

The risks faced by the Group and the way these risks are mitigated by Management are summarised below:

023 A hand on the tiller

33.1 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate, because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group limits market risk by maintaining a diversified portfolio and by monitoring the developments in financial markets. Market risk reflects price risk, currency risk and special commission rate risk.

038 Operation

068

PRICE RISK

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group's price risk exposure relates to its quoted investments in mutual funds whose values will fluctuate as a result of changes in market prices.

For the year ended 31 December 2021 (Saudi Arabian Riyals)

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED) 33.1 MARKET RISK (CONTINUED)

A 1% change in the redemption prices and quoted prices of the investments, with all other variables held constant, would impact the statement of profit or loss as set out below:

	For the year ended 31 December		
	2021	2020	
Effect on profit for the period	(+/-) 25,294,964	(+/-) 31,035,190	

CURRENCY RISK

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

006 Highlights

014

COMMISSION RATE RISK

Commission risk is represented by the exposure to multiple risks related to the impact of changes in commission rates in the market on the Group's financial position and cash flows. The Group monitors the fluctuations in commission rates and believes that the impact of commission rates risk is not significant as financial instruments held by the Group are not exposed to variable commission rate risk.

016 CEO's review

019

The IPO

023

33.2 CREDIT RISK

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment in debt securities.

The below schedule shows the maximum limit for exposure to credit risk of the consolidated statement of financial position elements:

	31 December 2021	31 December 2020
Investments at amortized cost	156,565,076	101,311,751
Advance for purchase of property	77,500,000	77,500,000
Cash and cash equivalents	76,197,458	96,798,376
Accounts receivable	60,547,611	83,978,412
Deposits with SAMA	28,013,567	32,177,558
Accrued operational revenue	9,064,755	10,108,448
Other receivables	5,425,592	2,598,810
Advance to employees	5,404,641	2,875,632
	418.718.700	407.348.987

038 Operation

068

119 Financial statements

182

For the year ended 31 December 2021 (Saudi Arabian Riyals)

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

33.2 CREDIT RISK (CONTINUED)

CASH AND CASH EQUIVALENTS

The Group kept its surplus funds with banks having sound credit ratings. Currently the surplus funds are kept with banks having rating as follows:

	Fitch	Mod	ody's
Long term	Short term	Long term	Short term
BBB+	F2	A1	P-1

INVESTMENTS AT AMORTIZED COST

This represents investment in Sukuk issued by counter parties operating in Kingdom of Saudi Arabia having sound credit ratings.

DEPOSITS WITH SAMA

This represents deposits with Saudi Central Bank, the Central Bank of the Kingdom of Saudi Arabia, therefore, no significant credit risk is involved.

ACCOUNT RECEIVABLES

Account receivables are shown net of allowance for credit losses. The Group applies IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

ACCRUED OPERATIONAL REVENUE

Accrued operating revenue represents earned revenue which is yet to be billed to the customers. These are short-term in nature and no significant credit risk exist in the balance.

ADVANCE TO EMPLOYEE

This represents advances provided to employees on their request. Such advances are deducted from their monthly salaries therefore no significant credit risk exist in the balance.

ADVANCE FOR PURCHASE OF PROPERTY

The Group is in the process of acquiring the second floor of the data center in the King Abdullah Financial District in Riyadh (the "Data Center") for the purposes of its operations the payment is made to SAMA which is the Central Bank of Kingdom of Saudi Arabia. Hence no significant credit risk exists in the balance.

OTHER RECEIVABLES

Other receivables represent receivables from low credit risk counterparties and is short-term in nature.

006 Highlights

014 Chairperson's

016

019

023

A hand on the tiller

038 Operation

068

For the year ended 31 December 2021 (Saudi Arabian Riyals)

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

33.3 CONCENTRATION OF CREDIT RISK

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2021.

	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	0.01	34,934,306	4,343	No
30-60 days	1.07	1,238,314	13,222	No
61-90 days	1.87	500,119	9,361	No
91-120 days	3.73	446,877	16,662	No
121-180 days	15.08	857,750	129,380	Yes
181-360 days	51.07	40,145,024	20,500,343	Yes
More than 360 days past due	62.31	8,220,940	5,122,408	Yes
		86,343,330	25,795,719	
The following table provides information ab at 31 December 2020:	out the exposure to credit r	isk and expected	credit losses for re	eceivables as
	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	27.03	72,287,674	19,539,792	No
30-60 days	1.34	519,181	6,963	N.1
				No

4.44

18.05

45.13

70.72

74,013

308,439

2,012,859

8,616,658

83,978,412

3,283

55,679

908,403

6,094,872

26,613,594

No

Yes

Yes

Yes

119 Financial statements

Governance

006

014Chairperson's statement

016

019

023A hand on the tiller

038

068

Operation review

91-120 days

121-180 days

181-360 days

More than 360 days past due

For the year ended 31 December 2021 (Saudi Arabian Riyals)

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

33.4 OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by internal audit. The results of internal audit reviews are discussed with the Management of the business unit to which they relate, with summaries submitted to the Audit Committee and Senior Management of the Group.

33.5 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

006 Highlights

014 Chairperson's

> O16 CEO's review

> > O19 The

023 A hand on the tiller

038 Operation review

068 overnance

For the year ended 31 December 2021 (Saudi Arabian Riyals)

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED) 33.5 LIQUIDITY RISK (CONTINUED)

The below schedule shows an analysis of financial assets and liabilities based on the contractual maturities:

	31 December 2021				
	Carrying amount	Less than 12 months	More than 12 months	Total	
Financial assets at fair value:					
Investments	2,687,005,185	2,631,732,808	55,272,377	2,687,005,185	
Financial assets at amortized cost:					
Cash and cash equivalents	76,197,458	76,197,458		76,197,458	
Deposits with SAMA	28,013,567	28,013,567		28,013,567	
Account receivables	60,547,611	60,547,611	_	60,547,611	
Accrued operational revenue	9,064,755	9,064,755		9,064,755	
Advance to employees	5,404,641	5,404,641		5,404,641	
Advance for purchase of property	77,500,000	77,500,000		77,500,000	
Other receivables	5,425,592	5,425,592		5,425,592	
Total financial assets	2,871,658,809	2,893,886,432	55,272,377	2,871,658,809	_
Financial liabilities at amortised cost					
Margin deposits from clearing participants	14,386,707	14,386,707		14,386,707	
Members' contribution to clearing house funds	3,626,642	3,626,642		3,626,642	
Lease liability	982,913	982,913		982,913	
Accounts payable	121,728,641	121,728,641		121,728,641	
Balance due to Capital Market Authority	22,280,843	22,280,843		22,280,843	
Accrued expenses and other current liabilities	121,142,143	121,142,143	_	121,142,143	
Total financial liabilities	381,024,074	284,147,889	96,876,185	381,024,074	
Net financial assets	2,568,134,735	2,609,738,543	(41,603,808)	2,568,134,735	

006

014 Chairperson's

016

019

023 A hand on the tiller

038

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

to undertake a transaction on adverse terms.

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. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or

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

068 Governance

119 Financial statements

182

For the year ended 31 December 2021 (Saudi Arabian Riyals)

Less than 12 months	More than 12 months	Total
3,104,830,715	100,000,000	3,204,830,715
96,798,376		96,798,376
32,177,558		32,177,558
57,364,818		57,364,818
10,108,448		10,108,448
2,875,632		2,875,632
77,500,000		77,500,000
2,598,810		2,598,810
3,306,754,357	100,000,000	3,406,754,357
19,030,340		19,030,340
3,147,217		3,147,217
9,128,643	4,658,348	13,786,991
95,314,671		95,314,671
32,758,785		32,758,785
104,312,125		104,312,125
263,691,781	95,682,394	359,374,175
3,120,562,576	4,317,606	3,124,880,182

006 Highlights

014 Chairperson's statement

> **016** CEO's

> > 019 The

023 A hand on the tiller

038 Operation

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

068 Governance

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

119 Financial statements

182

Supplementary information

For the year ended 31 December 2021 (Saudi Arabian Riyals)

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The fair value of all other/remaining financial assets and financial liabilities not mentioned below approximates to their carrying values.

Investments at FVTPL classified as Level 2 include units of mutual funds, the fair value of which is determined based on the latest reported net assets value (NAV) as at the date of consolidated statement of financial position.

	31 December 2021				
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total fair value
Investments					
– at amortized cost					
Sukuks	156,565,076	_	156,565,076	_	156,565,076
– at FVTPL					
Money market funds	2,499,724,667	_	2,499,724,667	_	2,499,724,667
Real estate funds	30,715,442	-	30,715,442		30,715,442
	_		31 December 2020		
			Fair value		
	Carrying value	Level 1	Level 2	Level 3	Total fair value
Investments					
 at amortized cost 					
Sukuks	101,267,886	-	101,267,886	-	101,267,886
– at FVTPL					
Money market funds	3,074,346,514	_	3,074,346,514	_	3,074,346,514
Real estate funds	29,172,450	_	29,172,450	_	29,172,450

119 Financial statements

006

014 Chairperson's

016

019

023A hand on the tiller

038 Operation

068 Governance

There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements as of 31 December 2021 (31 December 2020: Nil).

For the year ended 31 December 2021 (Saudi Arabian Riyals)

35. SUBSEQUENT EVENTS

There is no event subsequent to the year-end which requires adjustment to or disclosure in these consolidated financial statements.

36. DIVIDEND

The Board of Directors of the Company in their meeting dated 18 May 2021 recommended the declaration of dividends amounting to SR 120 Mn to the PIF. In their Fourteenth Ordinary General Assembly held on 2 June 2021, PIF approved the dividends declaration and payment was made.

On 24 June 2021, the Board of Directors of the Company recommended declaration of an additional dividends amounting to SR 1,000 Mn to the PIF. In their Fifteenth Extraordinary General Assembly held on 28 June 2021, PIF approved the dividends declaration and payment was made.

37. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 2 Shaban 1443H corresponding to 5 March 2022.

006

of the Group

014

Chairperson's statement

016

reviev

019

IPO

023 A hand

A hand on the tiller

038

review

068

Governance

119 Financial statements

182

GLOSSARY

Tadawul All Share Index (TASi)

An index designed to reflect the movement of the equity market on the Saudi Exchange.

Ask price

The price at which a trader is willing to sell a security.

Bid price

The price a trader is willing to pay for a given share.

Bull run

When a market as a whole is on a prolonged period of increasing prices.

Central Securities Depository (CSD)

A specialist financial institution holding securities either in certificated or uncertificated form, so that ownership can be transferred through a book entry rather than physical transfer of certificates.

Clearing

All activities pertaining to a security being traded from the moment a commitment is made regarding a transaction to the moment it is settled.

Custodian

A financial institution that holds customers securities for safeguarding to minimize the risk of their theft or loss. It can also be a clearing member for banks, corporations, foreign investors and institutional investors. They clear the trade by ensuring payin/pay-out of securities.

Depository system

IT system used by stock markets to facilitation of clearing, settlement, safekeeping and registry functions.

Derivative

A security or financial instrument whose value is determined by an underlying asset.

Exchange Traded Funds (ETF)

A fund made up of a portfolio of shares that reflect the composition of an index. The fund is listed on a recognized exchange and trades like a normal security.

Exchange Traded Products (ETPs)

Securities that are traded on a stock exchange, the value of which is derived from underlying instruments like commodities, currencies, share prices or interest rates.

Futures contract

A contractual agreement, to buy or sell a particular a particular commodity or financial instrument at a predetermined price in the future.

Hedge

A derivative instrument to protect an investment from unfavourable changes in value.

Independent custody

Providing custody services if trading services are provided by an execution broker.

Index

A simulated portfolio of securities that represents a market or a portion of that market.

Liquidity

How easily securities can be bought or sold on the market. A security is liquid if there are units available for large transactions to take place without substantial changes in price.

Liquidity risk

The risk that arises from the difficulty in buying or selling a security.

Market maker

A member firm of an exchange that buys and securities for its own account (principal trades) and for customer accounts (agency trades) and who promotes liquidity in the market.

Member

An individual or corporate body who has the right to trade in securities on an exchange on behalf on investors.

Option

The right (but not the obligation) to buy

(a call option) or sell (a put option), a given amount of stock, commodity, currency, index or debt at a specified price (the strike price) during a specified period of time.

Options contract

A financial derivative representing a contract by the option writer to the option holder.

Over-the - Counter (OTC)

A security traded in some context other than a formal exchange, such as a dealer network.

Par value

The nominal value assigned to a security by the issuer.

Securities Borrowing and Lending (SBL)

A collateralized loan of securities from one party (lender) of transaction to another party (borrower).

Shareholder register

A list of a company's shareholders updated on an ongoing basis. The register includes each person's name, address and the number of shares owned.

Short selling

The practice of borrowing shares with the idea of returning them later. This is usually done when it is believed that the shares will fall in price, as the borrower could make a profit by selling the shares now and returning at a lower price.

Volatility

The price movements of a stock or a market as a whole.

006Highlights of the Group

014Chairperson's statement

016 CEO's review

019 The

023A hand on the tiller

038 Operation

068 Governance

119 Financial

182 Supplementary information

CORPORATE INFORMATION

NAME

SAUDI TADAWUL GROUP

REGISTERED LOGO



LEGAL FORM

The Saudi Tadawul Group, formally known as the Saudi Stock Exchange (Tadawul), was formed on 19 March 2007 as a joint stock company in accordance with Article 20 of the Capital Market Law.

006

014

SUBSIDIARY COMPANIES

Name of Subsidiary	Ownership	Country of operation	Country of establishment	Chairperson's statemen
Saudi Exchange (Saudi Exchange Company)	100%	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	016 CEO's
Edaa (Securities Depository Center Company)	100%	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	review 019
Muqassa (Securities Clearing Center Company)	100%	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	The IPC
WAMID (Tadawul Advanced Solutions Company)	100%	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	023 A hand on the tiller

AUDITORS

KPMG Professional Services

HEAD OFFICE/REGISTERED OFFICE

Saudi Tadawul Group 6897 King Fahd Road – Al Olaya Unit Number: 15

Riyadh 12211-3388 Kingdom of Saudi Arabia

Customer service: +966 92000 1919

www.tadawulgroup.sa

038

Operation

068

Governance

119

182 Supplementary information

مجموعة تداول السعودية Saudi Tadawul Group

6897 King Fahd Road - Al Olaya Unit Number: 15 Riyadh 12211-3388 Kingdom of Saudi Arabia

Customer Service: +966 92000 1919

www.tadawulgroup.sa