

Annual Report

2022

Executive Summary

Contents

01	THE GROUP AT A GLANCE	12	STRATEGY	21	OUR ESG FOCUS
02	ASSERTING OUR GUIDING PRINCIPLES: FROM OUR CHAIRPERSON	13	INTERNAL AUDIT	22	CASE STUDY: CO-LOCATION SERVICES
04	SECURE PRINCIPLES IN GROUP LEADERSHIP: FROM OUR GROUP CHIEF EXECUTIVE OFFICER	14	REGULATORY OVERSIGHT AND AUTHORIZATION	23	SUBSIDIARY REVIEW
07	UNWAVERING FINANCIAL PRINCIPLES, AND CONTINUING ACHIEVEMENT: FROM OUR CHIEF FINANCIAL OFFICER	15	RISK AND SECURITY	31	CASE STUDY: DUAL LISTING
09	HIGHLIGHTS OF THE YEAR	16	CASE STUDY: POST-TRADE INFRASTRUCTURE PROGRAM		
10	BUSINESS MODEL	17	SHARED RESOURCES		

The Group at a Glance

Saudi Tadawul Group leads, and operates within a diversified business model comprising four subsidiaries, which are bonded in pursuit of strategic objectives, in tandem with the overarching objectives of the Kingdom's Vision 2030.

VISION

TO BE A WORLD LEADING HOLDING GROUP FOSTERING THE DEVELOPMENT OF A DIVERSE SAUDI CAPITAL MARKET, AND A BRIDGE BETWEEN GLOBAL INVESTORS AND REGIONAL ECONOMIES.

MISSION

AS PART OF ITS 2030 VISION, SAUDI TADAWUL GROUP IS HELPING THE KINGDOM BUILD A THRIVING ECONOMY WITH A TECHNOLOGICALLY ADVANCED AND INTEGRATED CAPITAL MARKET AT ITS CENTER.



The Exchange conducts listing and trading in securities for local and international investors, and is instrumental to achieving the long-term growth plans for the Group, while providing market participants with attractive and diversified investment opportunities.

Edaa works to develop infrastructure and procedures to execute transactions aligned with international standards, while enhancing the efficiency of securities deposit and registration services by developing a more streamlined environment.

Muqassa plays a significant role in developing market infrastructure to enhance efficiency, and is essential for the development of new products and services in the Saudi capital market. Muqassa is a key pillar of KSA's Financial Sector Development Program 2020 (FSDP).

WAMID is an innovation-focused company helping market players solve real-world challenges. Its unlimited potential will unlock the power of technology and data in the Saudi capital market, boost economic growth and contribute to the success of Vision 2030.



ASSERTING OUR GUIDING PRINCIPLES: From Our Chairperson



Heading into 2023, our focus remains on achieving the goals of the Financial Sector Development Program and realizing Vision 2030. We aim to develop an advanced capital market and solidify its position as an attractive investment destination that connects the East and the West.



The year 2022 was a continuation of the success and achievements of 2021, as we entered a new phase aimed at expanding growth opportunities at all levels. Following the IPO of the Saudi Tadawul Group, our strategy focused on unleashing the potential of the group, whether in terms of overall performance or for each of its subsidiaries.

Driven by our strategy, we have launched new products, significantly enhanced our infrastructure, and strengthened partnerships within the Kingdom and beyond, which in turn will enhance the Group's competitiveness to acts as an investment hub between the East and the West, as the Group is one of the main enabling factors for the Saudi economy and the main pillar for implementing the financial sector development program under vision 2030.

During 2022, the Group has enhanced the overall accessibility of investors and issuers to the region's largest exchange, making the Saudi Exchange an attractive destination to list and access to the capital, and consolidates the position of the Saudi capital market among the best-performing listing markets.

This year has also been a record year for IPOs, positioning Saudi capital market as an important platform for accessing capital regionally and internationally. We have seen a significant increase in the number of listings across the Main and Parallel markets this year, including the Kingdom's first dual listing.

All of which make the Saudi capital market more diverse, resilient, and globally appealing. The achievements

of this year contribute to our longterm strategy of growth and facilitating interconnectivity with other financial markets around the world.

Driven by our strategy, we have launched new products, significantly enhanced our infrastructure, and strengthened partnerships within the Kingdom and beyond.

As Saudi Tadawul Group is central to the transformation of Saudi Arabia's economy, we are committed to enabling sustainable growth, both as a Group and within our market. In 2022, we forged partnerships with local & international entities to further support gender diversity and promote financial literacy and encouraging sustainable business practices, as we grow our capital market and expand our asset classes.

In addition, we launched the Regional Voluntary Carbon Market Company in collaboration with the Public Investment Fund (PIF) announced the establishment of the Regional Voluntary Carbon Market Company, to support businesses and industries in the region as they play their part in the global transition to net zero.

As a result of the cumulative efforts, the Group achieved a net profit after Zakat of SAR 424.6 Mn, driven by our strategic investments in infrastructure for the trade and post trade enhancements and encourage listings.

ASSERTING OUR GUIDING PRINCIPLES: From Our Chairperson

Based on this financial performance, the Group's Board of Directors proposed a 23.1% cash dividend (SAR 2.31 per share) for 2022, with a total of SAR 277.1 Mn scheduled to be distributed in 2023.

Heading into 2023, our focus remains on achieving the goals of the Financial Sector Development Program and realizing Vision 2030. We aim to develop an advanced capital market and solidify its position as an attractive investment destination that connects the East and the West.

I would like to thank our leaders, the Custodian of The Two Holy Mosques, King Salman bin Abdulaziz Al-Saud, and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud, Crown Prince and Prime Minister of Saudi Arabia. They have inspired us to reach new heights as we strive to accomplish the goals set out in Vision 2030.

I also express my gratitude to our Board of Directors, Executive team, and the Group employees for their contribution to the achievements of this year. I thank our shareholders, issuers, investors, brokers, custodians, and service providers for elevating the Saudi capital market to new heights and supporting our journey, and I look forward to working together further to deliver a bright future as a leading global capital market group.

Sarah Al-Suhaimi
Chairperson



SECURE PRINCIPLES IN GROUP LEADERSHIP:

From Our Group Chief Executive Officer



In our first year as a listed company, we succeeded in boosting listing activities and hosting a diverse group of issuers and investors, at a time when other global markets witnessed a significant slowdown.



SECURE PRINCIPLES IN GROUP LEADERSHIP: From Our Group Chief Executive Officer

RECORD YEAR OF LISTINGS AND ENHANCEMENTS

In 2022, we worked to enhance the infrastructure of the Saudi capital market to host a diverse range of issuers and investors. This is evidenced by the strong IPO activity we witnessed, firmly placing the Saudi capital market among the top performing IPO markets in the world.

The Saudi Exchange welcomed the highest number of listings in the Middle East in 2022 with a record-setting 51 listings, raising a total value of SAR 40.8 Bn (USD 10.8 Bn) in capital, of the 51 listings, 19 were in the Main Market, and 32 in the Nomu – Parallel Market.

Through the Group's integrated business model, we were able to harness the power of connection to deliver significant enhancements and create new opportunities within the Saudi capital market.

The continuous growth of the Nomu – Parallel Market is testament to the development of the SME sector in the Kingdom, as many fast-growing companies seek to sustain their businesses, enhance governance by listing on Saudi Exchange.

The Saudi capital market is the home of the region's largest and most successful companies. In 2022, the Saudi capital market succeeded in completing its first dual listing, between the Saudi Exchange and Abu Dhabi

Despite a backdrop of global volatility witnessed by global financial markets, Saudi Tadawul Group achieved steady success during 2022, as the Group developed and fostered the growth of a strong IPO pipeline through continuous enhancements. We built a diversified and resilient capital market, as evidenced by the record number of listings in 2022 and the sectors now represented across the Main Market and the Nomu – Parallel Market.

In addition, we broadened our offering, introducing new products and services, as part of our commitment to develop an advanced capital market. In doing so, we have demonstrated our capabilities to build capacity, diversify the Saudi capital market among the best performing listing markets in the world and implement best practices to drive market efficiencies.

At the start of 2022, we set out to diversify our pool of issuers and investors, while supporting the technological development of an advanced capital market. Each of the Group's subsidiaries – the Saudi Exchange, Muqassa, Edaa and WAMID – have made significant contributions towards the achievement of these goals.

Through the Group's integrated business model, we were able to harness the power of connection to deliver significant enhancements and create new opportunities within the Saudi capital market. This is evidenced by increased interest from local and international issuers to list on the Saudi Exchange and growing numbers of international investors participating in our market.

Securities Exchange, underpinned by a strengthened regulatory environment to promote further international and dynamic transactions.

The first dual listing marks a new era of collaboration between Saudi Arabia and international exchanges. Through the year, we continued to collaborate with regional and international exchanges to lay the groundwork for future cross listings.

As a part of Saudi Tadawul Group's efforts to develop the Saudi capital market and reinforce its position as a globally attractive investment destination, the Group successfully implemented a bundle of enhancements to develop the post trade infrastructure of the Saudi capital market. These enhancements are the largest in the history of the Saudi capital market and intend to provide investors with increased investment opportunities and access to a diverse range of financial instruments and new products.

As a result of these enhancements, our subsidiary "Muqassa" was fully activated in April 2022, which will further develop the capital market infrastructure, increase its operational efficiency, and facilitate the introduction of new products and services in the market.

In the second half of 2022, the Saudi Exchange launched its second derivatives product, single stock futures contracts (SSFs). SSFs further bolster the Saudi Exchange's series of derivative products that will enable local and international investors to hedge and manage risk more effectively while diversifying the products available on the market, ultimately enhancing liquidity. This was followed in December with the launch of a market making framework for both the equity and derivatives markets, to deepen order

SECURE PRINCIPLES IN GROUP LEADERSHIP: From Our Group Chief Executive Officer

book liquidity and increase price formation efficiency in the Saudi capital market.

GROWTH PILLAR

In line with our commitment to growth and diversification, WAMID – the Saudi Tadawul Group's innovation arm, signed a sale and purchase agreement with National Two Ventures Sole Shareholder to acquire a 51% stake in DirectFN, a leading provider of technology solutions in the financial markets.

This agreement is a significant step that demonstrates the Group's strategy of growth and diversification, and its intention to introduce innovative products and services for investors and issuers alike.

The acquisition will play a crucial role in the development of the Saudi capital market, by allowing WAMID to provide a variety of services to clients looking to leverage the power of data in decision-making, while strengthening the groundwork for further expansion into regional markets.

RESILIENT FINANCIAL PERFORMANCE

In a year marked by volatility in global financial markets, the Group delivered resilient results, achieving a net profit after Zakat of SAR 424.6 Mn at the end of the financial year 2022.

We continued to invest in the development of our infrastructure and service offering, and strategically increased our headcount as per the Group's plan to match our pace of growth.

Our strategic investments in infrastructure enhancements and technology resulted in a 15.8% year-on-year increase in listing fees revenue to

SAR 93.2 Mn due to the increase in the number and size of listings. Revenues of the Group's data and technology services segment increased by 7.4% year-on-year, driven primarily by the new co-location services offered by Wamid.

With the Kingdom's promising economic forecast and solid expansion of non-oil activities, we expect to achieve more bullish expansion in 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

We firmly believe that working towards sustainability create competitive advantages and business benefits in the long run. We aim to be among the world's top capital markets through achieving world-class environmental, social and governance (ESG) performance on our internal priority measures, working with our issuers to aggressively adopt ESG management and disclosures and continuously improve performance, and encouraging our market investors to incorporate ESG into their investment decision-making, and finally accelerating the market shift towards sustainability through an expanding range of our sustainability-related product offerings.

We carried out several initiatives throughout the year to drive our ESG agenda forward, ranging from gender equality to promoting financial literacy and furthering education. We remain committed to the empowerment of women in the workforce and our progress on this front remained strong. The proportion of women employees increased to 27% in 2022, with 11% of executive positions at the Saudi Tadawul Group now held by women.

Our Graduate Development Program (GDP), now in its 11th batch, continued to build future capital market leaders by attracting, developing and retaining

young, ambitious Saudi talent with unrivalled opportunities including on-the-job training and engagement with leaders across the Group.

In addition, this year, in collaboration with the Public Investment Fund (PIF), we established the Regional Voluntary Carbon Market Company. The new company provides guidance and resources to businesses as they play their part in the global transition to net zero, ensuring that carbon purchases go above and beyond meaningful reductions in carbon emissions. The Company's launch was pivotal in facilitating the world's largest-carbon credit auction, which was successfully held in Riyadh in October.

LOOKING AHEAD

Saudi Tadawul Group is a key enabler of the Financial Sector Development Program under Vision 2030. Our focus will always remain on delivering sustainable value to our shareholders, while driving the long-term advancement of the Saudi capital market.

Looking ahead to 2023 and beyond, our goal will be to build on our successes and further the economic development of the Kingdom, as we work to establish Saudi Arabia as a global financial hub. Our journey is only just beginning, and I look forward to what is to come.

Finally, I would like to thank our Chairperson and Board of Directors for their support and guidance, and our employees for their dedication to excellence.

Eng. Khalid Al-Hussan

Group Chief Executive Officer,
Member of the Board of Directors

UNWAVERING FINANCIAL PRINCIPLES, AND CONTINUING ACHIEVEMENT: From Our Chief Financial Officer

"Saudi Tadawul Group achieved a number of significant market developments in 2022, here is an overview of our financial and strategic achievements for the 2022."

Shahrukh Qureshi
Group Chief Financial Officer



The Group achieved a strong financial results driven by our key objectives for 2022, in a year full of challenges and fluctuations on the economic front, in addition to the volatility in the market. Against this background, there are many things that we are always keen to review in order to improve the Group's positioning, financial performance and other related developments.

We strive to achieve our goals and achievements in parallel, adding momentum to year-on-year Group's growth and performance. Post our IPO, the Group embarked to implement its diversification strategy, one which continued its development and roll-out during 2022.

In overview concerning our Finance Division, since the formation of the Group we have significantly expanded our role and capacity in support of our Group and its subsidiaries growth, while also maintaining strong focus on our core products and services.

A key development in our role, is the adoption of an increasingly outward looking operation, as the Saudi capital market has achieved many successes in line with Vision 2030. We seek to be as transparent and share information of the highest quality, as per this report. Our Group remains a key contributor to the sustainable development of the Kingdom.

PERFORMANCE IN CONTEXT

Global markets experienced varying intensities of turbulence as a result of rising inflationary pressures and responses, compounded by economic instabilities during 2022. While the Tadawul All Share Index (TASI) gained during seven months in 2022 and registered a strong 16% gain in the first quarter of the year, these uncertainties of a global recession among other events resulted in the index declining during five months, ending 2022 with a YoY decline of 7.1%.

Impacted by this mixed performance of the capital market, the Saudi Tadawul Group registered a net income after Zakat of SAR 424.6 Mn, with a year-on-year decrease of 27.8%, mainly driven by the decrease in operating revenue by 8.1% YoY reaching SAR 1,071.4 Mn in FY 2022, predominantly due to the decrease in equity trading and related post trade revenues driven by the decrease in trading values which contracted by 23.0%, as almost 62% of our revenue is linked with market trading activity. In addition, the operating expenditures increased 16.6% YoY reaching SAR 644.3 Mn in the FY 2022, due to the increase in the manpower costs, the largest cost item, driven by the increase in headcount as per the Group's expansion plan.

Our efforts towards diversification of revenue base has started to show progress, as almost 38% of our revenue is now not linked with market trading activity and these products and services

SECURE PRINCIPLES IN GROUP LEADERSHIP: From Our Group Chief Executive Officer

have registered growth YoY despite market trading activity contraction.

We continue to introduce new and well-founded products that increasingly contribute towards stabilizing strong revenue streams, and enhancing Group growth.

Our Security Clearing subsidiary Muqassa introduced clearing services in April, as part of our ongoing efforts to accommodate the evolving needs of investors, we have also embarked on optimized automation of our operating activities, implementing a range of new software enhancements that will streamline and expand our financial management tools and capability.

During the Q4 2022, WAMID signed a sale and purchase agreement with National Two Ventures Sole Shareholder to acquire 51% shares in Direct Financial Network Company (DirectFN) in the value of SAR 133.9 Mn, as part of its growth strategy.

The activation of co-location services at the beginning of the year has been another significant innovation, further expanding and enhancing growth opportunities for the Exchange and our Group.

Our Finance Division is closely working together with subsidiaries and divisions in supporting corporate strategy implementation.

Finally, I would like to thank our Chairperson, Board of Directors and Group CEO for their support and guidance. I would also like to thank our shareholders for their valuable confidence in Saudi Tadawul Group.

FINANCIAL REVIEW/KEY RATIOS

Year ended 31 December	2022 SAR Mn	2021 SAR Mn
Trading revenues	666.5	810.5
Non-trading revenues	405.0	355.5
Operating revenues	1,071.4	1,166.1
Opex	644.3	552.5
EBITDA	490.3	670.6
EBITDA margin (%)	46	58
Net income after Zakat	424.6	587.7
Net income margin (%)	40	50
Earnings per share (SAR)	3.54	4.90

PROFIT AND LOSS SNAPSHOT

Year ended 31 December	2022 SAR Mn	2021 SAR Mn	YoY Change (%)
Operating revenues	1,071.4	1,166.1	-8.1
Operating expenses	581.1	495.5	17.3
EBITDA	490.3	670.6	-26.9
EBITDA margin (%)	46	58	
Depreciation and amortization	63.2	57.0	10.8
EBIT	427.1	613.6	-30.4
EBIT margin (%)	40	53	
Investment income and other income	75.1	43.6	72.1
Loss from associates	(9.9)	(3.3)	202.5
Zakat	67.7	66.2	2.2
Net profit after Zakat	424.6	587.7	-27.8
Net profit margin (%)	40	50	
Earnings per share (SAR)	3.54	4.90	

FINANCIAL POSITION SNAPSHOT

Year ended 31 December	2022 SAR Mn	2021 SAR Mn	YoY Change (%)
Cash and cash equivalents	2,118.8	86.2	2358.1
Investments	674.4	2,687.0	-74.9
Other assets	4,896.8	770.1	535.8
Total assets	7,690.0	3,543.3	117.0
Total liabilities	4,510.4	450.9	900.3
Total equity	3,179.7	3,092.4	2.8

Highlights of the Year



SAR 1,071.4 Mn
Operating Revenue
8.1% ↘ YoY

SAR 74.4 Mn
Investment Income
84.1% ↗ YoY

SAR 2.31
Dividend per Share (DPS)
23.0% ↘ YoY

SAR 490.3 Mn
EBITDA
26.9% ↘ YoY

SAR 440.8 Mn
Free Cash Flow
25.9% ↘ YoY

SAR 424.6 Mn
Net Profit after Zakat
27.8% ↘ YoY

51 New listings, the highest in the Middle East
Including Main Market, Nomu – Parallel Market, Sukuk and REITs

19 Main Market listings

27% Female workforce

32 Nomu-Parallel Market listings

269 Total listed entities
(including REITs)

251 Meetings conducted with the investment community

9th Largest stock exchange globally, by market capitalization

SAR 133.9 Mn
Invested to acquire 51% shares in DirectFN

OPERATIONAL HIGHLIGHTS

- 1st successful and remarkable Dual Listing between the Saudi Exchange and Abu Dhabi Securities Exchange
- Launched 2nd derivatives product; Single Stock Futures Contracts
- Completed the largest in the history enhancements Post-Trade Technology Program
- Established the Regional Voluntary Carbon Market in participation with the Public Investment Fund (PIF).
- Launched the Market Making Framework for Equity and Derivatives Markets

Business Model

OPERATING ENVIRONMENT

STAKEHOLDERS AND INTANGIBLES

- Socio-economic environment
- Financial environment
- Reputation of market
- Incentives for listing
- Relationships with market participants (Listed companies, Unlisted companies, and Members)
- Domain knowledge
- Investor confidence
- ESG consciousness
- Innovation

RESOURCES

- Tradeable securities
- Funding
- Information technology
- Market information and analytics
- Trading infrastructure
- Strategic plan
- Human resources
- Cross-Border linkages

KEY BUSINESS ACTIVITIES

- Listing
- Trading
- Clearing
- Technology Solutions
- Settlement
- Safekeeping

SAUDI TADAWUL GROUP

VISION AND MISSION

GOVERNANCE AND RISK MANAGEMENT

STRATEGY

مقاصة Muqassa | وامض WAMID

تداول السعودية Saudi Exchange

إيداع Edaa

LISTING

- Evaluating and processing applications for IPOs
- Allocating shares to investors following an IPO
- Updating data, information, and analytics

SETTLEMENT

- Transferring of cash and securities
- Updating depository
- Updating registry

TRADING

- Buy and sell orders placed through members
- Match buy and sell orders
- Generate trades

CLEARING

- Work out obligations of both parties
- Minimize counterparty risk
- Netting of transactions

RESULTS

- Growth of market
- Increased investor confidence
- Financial performance of the Group
- Development of new products and services
- Increased market efficiency
- Increase of cross-border links

IMPACT

- Contributing to be an integral national champion of the Kingdom's ambitious Vision 2030
- Undisputed centre for regional capital formation
- Superior financial performance with the massive growth opportunities ahead
- Strengthening the footprint of the Kingdom internationally

→ Growth in investor base including QFIs

→ Identifying demand for new products and services

Performance of the Exchange

Strategy

12

Our Group strategy is growth-oriented and has two horizons. The first is domestically and regionally focused, where we will continue to develop the region's largest capital market and foster the financial ecosystem as we deliver on our commitments to Vision 2030. The second is global, where we will pursue a program of self-deterministic expansion to become a global leader, positioned as a pivot between east and west.

One year into our successful IPO, we are moving steadily from a position of regional leadership towards global significance. Aligned with this vision was the achievement of a number of key strategic objectives during 2022 including the highly anticipated debut of our first concurrent IPO and dual listing. This strengthened our position as an emerging integrated market with high liquidity and market capitalization opportunities, encouraging foreign participation in line with Vision 2030. Additionally, number of new frameworks, systems and regulatory advancements were implemented across the Group, including the largest series of post trade infrastructure enhancements in the history of the Saudi capital market.

Crucial to our central strategic purpose is the alignment of the strategies pursued within our subsidiary companies with the overall intentions of the Group. Each subsidiary has a clear

understanding of how it contributes to the achievements of the whole, with every synergy of value applied to meet overarching Group objectives. The successful execution of our strategy and resulting internal efficiencies across the Group have been driven by stringent focus on purposeful KPIs, with a primary emphasis on revenue growth and net profitability. Our continued focus in the period ahead too, will be to significantly expand our footprint, diversify our revenue streams, and capture material shareholder value.

We continue to develop our existing regionally-focused franchises, fueled by economic transformation in the Kingdom and its associated market expansion. In parallel, we will pursue self-deterministic global development initiatives and mutually beneficial partnerships to deliver breakthrough growth and expansion on the international stage.

As we make strides on our growth ambitions, we have also moved sustainability to the center of our agenda, with specific intents, actions and capabilities aligned with the needs of the Kingdom and the region. This focus will doubtless be of increasing importance as we look to the future, and specifically to our role in Vision 2030 and beyond.

Internal Audit

13

Having transitioned from a joint stock company to a holding company, there have been changes in corporate governance requirements at Saudi Tadawul Group, best seen in terms of renewed structural alignments, reporting lines and strategic orientation. As a matter of unwavering professional principle, we continued to determinedly follow standards applicable to a listed entity while carrying out all necessary transformations.

In our renewed Group structure, four new Audit Committees were formed (one for each subsidiary), with Internal Audit (IA) mandated to cater to all Group audit needs. Each of the five Audit Committees convene a minimum of four times each year, with further meetings called when necessary. The Group and the subsidiaries formulate individual Annual Audit Plans (AAPs) to identify risks by assessing all new and existing processes, systems and functions, in compliance with new governance regulations that were introduced following the formation of our Group.

A total 29 audits were completed with many of the major systems, processes and functions of the Group and its subsidiaries successfully audited by the end of the fourth quarter of 2022. This included comprehensive technical audits of the Saudi Exchange trading platform X-Stream as well as its derivatives system. The audit of the Issuer's disclosure system IFSAH was also successfully completed, and a new audit area was created for investor relations at Group level. At subsidiary level, audits were successfully carried out on both Fixed Income and Structured Products of

the Saudi Exchange, the Venture Development function at WAMID, and the Sales and Client Relations function at Muqassa. In the fourth quarter of 2022, IA concluded the risk assessment and planning exercise for the 2023 Financial Year for the Group and its subsidiaries, with the draft plans discussed and approved by relevant Executive Management Committees and CEOs.



Regulatory Oversight and Authorization

Regulation and oversight is designed to address any irregularities of information between all counterparties to transactions, and ensures smooth functioning of trading and clearing across markets, fostering strong investor confidence.

14

During 2022, the Regulatory Oversight and Authorization Division conducted 22 member-inspections, while the Regulatory Policy and Oversight Committee (RPOC) approved 9 memberships, along with 44 new traders. A total of 17 regulations, rules, and procedures were comprehensively reviewed, with inspections of 2 subsidiaries carried out to ensure their compliance. The Capital Market Authority (CMA) introduced new regulations for dispute resolution in its capacity to exercise a degree of regulatory oversight on the Group. A few isolated incidents of regulatory violations required immediate intervention and follow up, while other violations were addressed without major incident.

Listing Rules were amended in December 2022 with the approval of the CMA in regard to transfers from the Main Market to the Nomu-Parallel Market, with the division raising recommendations for approvals of over 100 requests, out of which 19 were new listing applications to the Main Market, and 67 were applications to the Parallel Market. A total of 13 direct listing applications to the Nomu-Parallel Market were approved by the RPOC. Notably, over 10,000 Issuers' announcements were reviewed by the Division during 2022.

Three advanced systems for issuers' oversight, members' authorizations, and members' oversight were initiated by the Division in 2022, automating end-to-end procedures from application to approvals. These systems are scheduled to go live in 2023, greatly benefitting issuers and members while radically enhancing control and governance activities.

Risk and Security

The Saudi Tadawul Group has in place a systematic and integrated risk structure and methodology to ensure our preparedness to mitigate a broad range of existing and emerging risks with potential to impact our operations, systems and stakeholders.

15

The Risk and Security Division remained responsible for approving, developing and enhancing standards and requirements for information security and business continuity during 2022, reflecting changes in market conditions as well as the Group's evolving activities. The Division's Enterprise Risk Management (ERM) procedures and tools – reviewed and updated regularly – identify and address any emerging risks that might arise as result of the Group's structural transformation. Additionally, the Business Continuity Management

(BCM) function continuously monitors new Group responsibilities and functionality to identify and mitigate potential threats, to enhance our resiliency.

The Risk and Security Division is also tasked with identifying emerging and probable risks that could impact the many new, diverse business operations, products and services offered by the Group and its differing subsidiaries. The Division continually reviews cybersecurity controls and effectiveness, monitoring all cybersecurity-related

activities and events to ensure exact, effective handling of any cybersecurity threat.

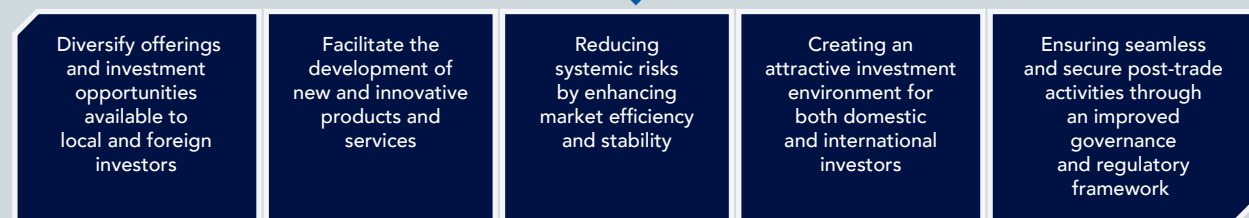
Through 2022 we have actively reviewed and updated all risk as well as cybersecurity policies and procedures, thereby formulating a more comprehensive risk appetite and strong risk culture for the Group and its subsidiaries. The Risk and Security Division also played a crucial role in effectively identifying, mitigating, and monitoring risks relevant to the Group's major projects and initiatives.

POST-TRADE INFRASTRUCTURE PROGRAM (PTTP) – CASE STUDY

THE LARGEST IN THE HISTORY OF THE SAUDI CAPITAL MARKET

In line with the objectives of the Kingdom's Vision 2030, in establishing a sophisticated, advanced, diverse and technologically integrated capital market that aims to enhance the Group's position as a leading regional company and an attractive investment destination, the Saudi Tadawul Group launched a package of infrastructure development improvements in 2022, the largest of its kind in the history of the Saudi capital market, and aims to increase investment opportunities, enhance access to a variety of financial instruments, and introduce new products. This package of improvements also facilitates the access of local and international investors to new financial instruments.

Benefits of PTTP enhancements



OUR POST-TRADE INFRASTRUCTURE IMPROVEMENTS:

تداول السعودية Saudi Exchange

- INTRODUCING SHORT SELLING ORDER FLAGGING MECHANISM FOR CASH MARKETS
- FLEXIBLE SETTLEMENT CYCLES FOR NEGOTIATED DEALS
- INTRODUCTION OF FLEXIBLE OVER-THE-COUNTER (OTC) BOARDS
- BUY-IN TRADES EXECUTED IN A SEPARATE ORDER BOOK SETTLING T+0

مقاصة Muqassa

- EXTENSION OF CLEARING SERVICES TO COVER ALL SECURITIES TRADED ON THE SAUDI EXCHANGE
- ENHANCED DEGREE OF CLEARING SERVICE OFFERING FOR CMIS AND BANKS
- EXTENDED POST-TRADE SERVICES
- ADOPTION OF A COMPREHENSIVE RISK MANAGEMENT FRAMEWORK

إيداع Edaa

- INTRODUCTION OF A NEW CENTRAL SECURITIES DEPOSITORY SYSTEM AND POST-TRADE SERVICES
- IMPLEMENTATION OF STRAIGHT-THROUGH PROCESSING (STP) AND ADOPTION OF ISO 15022 MESSAGING STANDARDS
- DAILY AND ADHOC RECONCILIATION AND REPORTING OF PARTICIPANTS

The Post Trade Technology Program (PTTP) was one of the most ambitious and successful initiatives carried out by the Saudi Tadawul Group in 2022, in terms of scale, resource commitment and impact. Such advanced infrastructure improvements that provide a highly streamlined trading experience to all market participants signals our determination to create an attractive investment environment conducive to the needs of domestic and international investors, aligned with our aspirations to be a key financial hub and the gateway to the MENA region.

Shared Resources

The essential specialization and the operational interdependence among Group subsidiaries is enhanced by divisions and functions playing key support roles and contributing to the Group as a whole.

HUMAN RESOURCES

Our people, the development of their talent, and the progression of their careers remained one of our utmost priorities during the year. Our valuable employees are the backbone of our past achievements, current progress, and future aspirations.

All Human Resources (HR) policies and practices have been reviewed and standardized across the Group and all

its subsidiaries to meet evolving Group needs, ensuring shared principles in talent hiring, staff management, fairness and Group-wide efficiency.

We focused on five carefully considered areas during the year:

- Sense of Group direction
- Talent and motivation
- Exemplary leadership
- Innovation and learning
- Attention to nurturing a professional environment

PROFESSIONAL DEVELOPMENT

Our training plan has been designed to develop employees across all levels of the Group and its subsidiaries – from Graduate Development to Leadership Retreats, with the overarching strategic objective of improving our Organizational Health Index (OHI). Trainings include structured programs for a range of skills from leadership, technical and soft skills as well as on-the-job learning opportunities, to adhoc user training programs based on training analysis and multi-assessments that contribute to identifying development areas. We doubled the number of training programs offered to our employees from 171 in 2021 to 346 in 2022, as a result increasing the total number of training days by 72.9%.

Group in numbers	2022	2021
Total number of employees	462	396
Number of female employees	123	102
Female employees (%)	27	26
Number of Saudi employees	423	360
Turnover ratio	18	18
Training days per participant	2.92	1.97
Saudization (%)	91.55	90.90

2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
346	171	1,196	1,009	2.92	1.97	3,437	1,988	372	347
Number of training programs		Total number of participants		Training days/participant		Training days		Number of trained staff	

Looking ahead to 2023, we have four top-line HR strategies ready for implementation:

- Employee accountability and motivation: Empowerment and personal ownership paired with motivation via rewards and recognition.
- Attention to the total work environment: Promoting a strong togetherness culture, as well as openness and trust, and breaking down siloed approaches.
- Performance coordination and control: Improving transparency regarding individual performance expectations and their assessment.
- External orientation: Treating external and internal audiences with the same rigor and commitment

Together, our current areas of work as well as our future-facing initiatives form essential steps in the realization and advancement of our Group HR strategy of building a strong, future-ready, and capable pool of human resources.

PROCUREMENT AND FACILITY MANAGEMENT

We aim to achieve optimum efficiency by closely evaluating, planning for, and obtaining resources required by the Group and our subsidiaries for continuous business functionality, reaching a balance between quality and cost that benefits both the Group and the suppliers we partner with.

In terms of procurement, the Department utilized the “FORSA” platform as per our agreement with the Saudi Human Resources Development Fund (HADAF) to reach over 8,000 Saudi SMEs, and direct close to SAR 2 Mn in procurement spend through the platform to support local suppliers and their business growth during 2022, contributing towards the Kingdom’s Vision 2030 objectives. The Department also obtained three key international standards during the reporting period; the Procurement Excellence Standard Award from CIPS (Charter Institute of Procurement and Supply) as well as two essential ISO certificates in Quality Management System (ISO 9001:2015) and Facilities Management System (ISO 41001:2018).

Facility Management and Administration introduced a centralized SharePoint solution to automate the tracking and management of facilities requests across services, maintenance, assets or equipment. The Department continued to play a key role in the New Tower Project during 2022, meeting targeted KPIs of the overall fit-out project plant.

Service-Level Agreements (SLAs) were streamlined, with feedback enabled on satisfaction measures to identify areas of improvement.

We also continue to support other subsidiaries and assist them in short-timing their major projects and initiatives, such as the new data center project in King Abdullah Financial District (KAFD) for the Exchange, and a number of key projects for WAMID.

MARKETING

As a centralized operation within the Saudi Tadawul Group, our role is to concisely communicate the principles and strategy of the Group and its subsidiaries, while creating awareness of their role in the development of the Saudi capital market among local, regional and international audiences.

Establishing the Group’s reputation as a listed company, leveraging synergies across its subsidiaries to accelerate growth objectives, and engaging with key stakeholders were top priorities for the Marketing Division this year. New Listings and Capital Markets Reports were launched for greater accessibility to investors. Comprehensive media coverage was provided for key market announcements and initiatives including the launch of Single Stock Futures as well as Cross-Listings. During the year, we also launched the Saudi Capital Market Forum, a one-day event that was widely covered media outlets in the region.

A key topic falling within the compass of the Marketing Division’s core function is communicating the importance of environmental, social and governance (ESG) disclosures among our stakeholders. The Group is committed to advancing the adoption of ESG principles across the Saudi capital market, and continued to promote our ESG Disclosure Guidelines for issuers during 2022 through a range of initiatives including issuer webinars. We are also active in communicating Group Corporate Social Responsibility (CSR)

actions and have a specific CSR program with several initiatives, the latest being focused on wellness.

The Corporate Communications Division managed, monitored and controlled over 60 projects and initiatives during the reporting period, closely aligned with the Group’s corporate strategy.

INFORMATION TECHNOLOGY

Technology and innovation are key areas through which we enable the fulfillment of shared goals across all subsidiaries and the Group. Our role is to provide formidable support to diverse and comprehensive operational achievement, while keeping pace with global technological advances.

The Division continued to be a key strategic partner and enabler for the success of the Group and its subsidiaries by managing a wide range of activities throughout the year:

- **Post-trade infrastructure upgrade** – The enhancements were introduced across Saudi Exchange, Muqassa, and Edaa, and was the biggest infrastructure enhancement project in the history of the Saudi capital market.
- **Switching primary operations to new data center** – To better utilize and benefit from a more advanced data center at the newly established site at King Abdullah Financial District (KAFD).

The IT Division contributed to the progress of the Group strategy during 2022, by providing the Group a range of services and solutions including system implementations and upgrades in line with external regulatory changes. Our web stack – previously designed for a single website – was upgraded accordingly to support five additional websites to provide greatly improved market-facing information and interactivity between subsidiaries and their key stakeholders. We also developed multiple web services to communicate with external government agencies.

- **100%**
Core System Availability

- **100%**
Non-core System Availability

Individually, the Exchange underwent several enhancements across indices, reports, invoices among other processes. Edaa upgraded reporting and invoicing capabilities, while Muqassa benefitted from the implementation of a Repo Engine and Dashboard to enhance servicing capabilities and performance. WAMID’s co-location service was supported by the IT Division. We completed the Roadmap Assessment for our Enterprise Resource Planning (ERP) System, while the automation project aims to enhance our automation level to 70% by the end of 2023.

IT EFFICIENCY, CYBERSECURITY AND RISK MANAGEMENT

During 2022, we successfully completed compliance reviews on regulations set forth by the National Cybersecurity Authority (NCA) of Saudi Arabia:

- Compliance with Essential Cybersecurity Controls (ECC)
- Compliance with Critical Systems Cybersecurity Controls (CSCC) – extension of ECC, implemented in the form of policies, procedures and controls

We successfully passed the annual surveillance audit on ISO 20000-1:2018 for IT Service Management Systems and ISO 9001:2015 for Quality Management Systems for the year 2022, ensuring our IT systems comply with cybersecurity regulations, and are free from any vulnerabilities. We also conducted our annual updates on Business Continuity Plans (BCPs), Business Impact Analysis (BIA) and Disaster Recovery Plans (DRPs) for critical systems for the year 2022.

In 2023, the IT Division will continue all ongoing improvements across our systems, including the data center and systems migration.

OUR DIGITAL SPACE

The continuous expansion of our digital footprint remains a crucial area of focus to the Group, driven by its importance towards sustainable operations. Digital technologies are deeply embedded into capital market activities, and will continue to transform and dictate the future of the trading business.

As a result of our digital reach scaling up both regionally and globally, the total number of visits to the Group websites increased by 26% in 2022 to surpass 21 million visits, with a 154% increase in international visitors. In addition, the highly anticipated launch of the Saudi Exchange application – now in its final stages of development – is also scheduled to launch in the coming year.

Our purpose in the digital space is not only to improve the Group reach and reputation, but to also enhance customer experience through highly responsive channels of engagement, a crucial element in the success of our Organization. Our contact centre operations continued to record high levels of engagement; there were 49,038 customer inquiries that were assisted through calls, emails, live chat, as well as social media – a communication channel that aim to invest in to ensure faster responsiveness to customer behavior and feedback.

LEGAL

As the Group and subsidiaries develop and expand their reach, products and services, and establish new and demanding strategic goals, our Legal Division simultaneously underpins a growing portfolio of structural, operational, compliance and regulatory activities, which need to be carefully managed.

The Saudi Tadawul Group’s centralized Legal Division comprises three departments; Legislation, Legal, and Compliance and Governance. A number of important developments and major initiatives were undertaken by the Legal Division during 2022:

- The Governance Framework Project – aims to enhance the Governance Framework of the Group and its subsidiaries for a clear understanding and oversight of each other’s objectives, policies, accountabilities, expectations, performance as well as reporting requirements, to transparently and concisely communicate all such aspects to relevant stakeholders.
- The establishment and drafting of charters for a number of committees including Compliance committees and IT committees for all Group subsidiaries regulated by the Capital Market Authority (CMA).
- Publication of 11 amended and/or developed rules and procedures related to the Post-Trade Technology Program (PTTP).

- Amendment of the Listing Rules to accommodate new enhancements of the transfer process from the Parallel Market to the Main Market,
- Introduction of the direct listing of offered Debt Instruments by way of private placement and minor enhancements on the capital increase-related provisions.
- Amendment of the Derivatives Exchange Trading and Membership Procedures as well as the Clearing Procedures
- Development of Market Making rules and procedures for the Market Making Framework
- Development of new templates, policies, agreements, MOUs and NDAs as a result of the introduction of derivatives





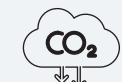

In terms of subsidiaries, the Legal Division played a key role in WAMID’s acquisition of a 51% shareholding in Direct Financial Network Company (DFN). The agreement between Edaa and Clearstream during 2022 allowing foreign investors into the Saudi Market required the development of the “Instructions for International Central Securities Depositories” and related agreements. Of particular note is the dual listing legalization, followed by the first dual listing on the Saudi Exchange. Here too, the Legal Division provided essential services such as updating of the Listing Rules, drafting and reviewing legal documents and agreements, and negotiating and consulting in the many matters involved in dual-listing.

OUR ESG Focus

We aim to accelerate the achievement of our ambition to be among the world’s top three exchange groups through:

- **ACHIEVING WORLD-CLASS ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PERFORMANCE**
- **WORKING WITH OUR ISSUERS TO ADOPT ESG MANAGEMENT**
- **ACCELERATING THE MARKET SHIFT TOWARDS SUSTAINABILITY THROUGH AN EXPANDING RANGE OF OUR ESG/SUSTAINABILITY-SERVICES AND PRODUCTS**

The following six themes represent areas where we can make the biggest contribution to sustainable development at Group level, and simultaneously maximize shareholder and stakeholder value:

 <p>Continuously elevate the sophistication of Saudi capital market</p> <p>Our core contribution to the Saudi Vision 2030 is the transformation of Saudi capital markets in line with the Financial Sector Development Program (FSDP). We will continue to invest in and develop the infrastructure required for world-class sophisticated market.</p>	 <p>Ensure integrity</p> <p>We will continue to govern the Group with achieving best practices through compliance and governance standards.</p>	 <p>Become a global hub for debt-related sustainable finance</p> <p>We aim to enhance and accelerate the Group’s debt capital market offering and global attractiveness by advocating and supporting sustainable finance issuances, such as green bonds and Sukuks, sustainability-linked bonds, transition finance issuances, and others.</p>
 <p>Lead the market towards ESG adoption and disclosure</p> <p>Given our belief that strong ESG performance contributes to improved corporate performance, we will accelerate our efforts to encourage widespread adoption of sustainability management and ESG disclosures by Saudi listed companies. This will increase the overall attractiveness and financial performance of the Saudi Capital Market.</p>	 <p>Address climate change and foster a circular carbon economy</p> <p>Achieving a Net Zero, circular carbon economy in line with the world’s climate targets is a global priority. For this latter objective, in 2022 we launched the Regional Voluntary Carbon Market Company as a joint venture with PIF (20% ownership by the Group).</p>	 <p>Support the talent that drives market progress</p> <p>The transformation is currently in progress can only be maintained and accelerated through the caliber of our national talent. As we are a global leader amongst exchanges in terms of the level of training investment in our people. We have an ambitious program underway to further improve our gender balance.</p>

CO-LOCATION – CASE STUDY

The Saudi Tadawul Group, through its advanced technology solutions company WAMID, introduced the co-location service to provide trading and non-trading customers an opportunity to co-locate their servers and equipment within our Tier IV Data Center, allowing them to have LAN connectivity access to our trading engine. This innovative, unique co-location service will support customers in implementing their data, trading and execution strategies efficiently and swiftly.

By utilizing WAMID's co-location services and renting space within our Tier IV Data Center, clients can have multiple benefits including:

- Provide advanced infrastructure that meets sophisticated trading participant's requirements
- Unlock high speed connectivity for users
- Ensure the lowest latency route possible

Stock exchanges, by nature of their function, need to be at the forefront of technology and automation. Provision of timely, accurate market information and resulting of swift response is crucial for all market participants; split-second latencies can lead to missed opportunities, especially in high-frequency trading (HFT) or market-making.

With our co-location services, round-trip network latency has reduced drastically.

CO-LOCATION SERVICES OVERVIEW

- **Racks Rental** – Full, standard 48U server racks with standard patch panels and power modules are rented to clients, with mechanical locks or card reader locks provided for each rack.
- **Power and Cooling** – Each rack has a baseline power of 5kW with all power connections backed by UPS and generators in the event of power grid failures. Power requirements above 5kW require additional rental space.
- **Connectivity** – Three main types of stable, dedicated connectivity are offered to the co-located clients; a reliable and secure connection to the trading services network (TSN) with 1G redundant ports for connectivity, additional links between racks, and cross connect (XCN) to provide physical cross connections to external telecom service providers.
- **Timing Services** – Ability to subscribe to the time synchronization service offering Network Time Protocol (NTP). Other support services such as equipment receiving and shipping would also be provided based on client requests.

The launch of our hosting and co-location services, and the advancement of the Saudi capital market infrastructure to a more sophisticated level of maturity has been an instant success. Whether it is algorithmic trading, high frequency strategies or low latency connectivity, all are resultant of advancements in technology that has made the Saudi capital market become notably more liquid and high performing in the recent years. WAMID will continue in its ambition to innovate and advance

the Saudi Exchange, and help market players and market makers address real-world challenges and to unlock the power of data and technology in the Saudi capital market.

Subsidiary Review

Crucial to our strategic purpose is the alignment of our subsidiaries with the overall intentions of the Group. Each subsidiary has a clear understanding of how it contributes to measurable achievements by the whole, and the year in review saw us employ every synergy of value to that direction.

تداول السعودية Saudi Exchange

Saudi Exchange Company "Saudi Exchange"
www.saudiexchange.sa



OWNERSHIP

100% owned by the Saudi Tadawul Group



PAID UP SHARE CAPITAL
SAR 600 Mn



NUMBER OF SHARES

60 Million shares of SAR 10 each



LOCATION

Kingdom of Saudi Arabia, Riyadh

As the only entity licensed to act as Saudi Arabia's securities exchange, we have a significant role to play in the fulfillment of the Kingdom's Vision 2030, as we evolve into a technologically advanced, diverse and integrated capital market.

"At Saudi Exchange, we are committed to providing an outstanding market experience that exceeds the expectations of investors and issuers. Our exceptional performance in IPOs this year, with 51 listings across all platforms, is a testament to the appeal of the Saudi Capital Market. We take pride in our strong IPO pipeline and will maintain our focus on innovation and development to position Saudi Exchange as the preferred destination for investment."

Mohammed Al-Rumaih
CEO, Saudi Exchange



The Exchange comprises two platforms; the Main Market – with the Tadawul All Share Index (TASI) as its primary index, and Nomu – a parallel equity market with lighter listing requirements than the Main Market, with the Parallel Market Capped Index (NomuC) as its headline index. The debt market includes bonds and Sukuk for corporate and sovereign issuances with several indices such as the Tadawul Sukuk and Bonds Index, while the Funds include several listed ETFs, CEFs and REITs. The Derivatives Market was launched with Index Futures in 2020 as a key initiative of the Financial Sector Development Plan (FSDP) under the Kingdom's Vision 2030. In Q3 2022, Single Stock Futures (SSFs) were launched. The Exchange is included in the MSCI Emerging Markets Index, the FTSE Russel Emerging Markets Index, and the S&P Dow Jones Emerging Markets Index.

CASH MARKETS

Our driving mission is to create and capture value where we identify it, a purpose we strongly aligned with throughout 2022 with a number of market developments.

● **Enhancements made to the post-trade infrastructure**
The largest in the history of the market

● **Introduction of dual listing**
The first concurrent IPO and dual listing in Saudi Exchange

● **Derivatives market development**
Single Stock Futures were launched in Q3 on 10 underlying companies

● **Launch of market-making framework for equity and derivative markets**
To deepen order book liquidity

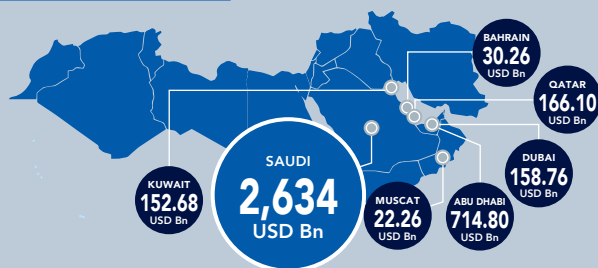
● **Listing of the largest Tier I Sukuk Issuance and the first of its kind**
Providing new investment opportunities, especially for retail investors

● **Listing of the first tradable fund in Nomu – Parallel Market**
Increasing diversification and deepening the Saudi capital market

As the only entity licensed to act as Saudi Arabia's securities exchange, we have a significant role to play in the fulfillment of the Kingdom's Vision 2030. It is a role in which we adhere to, and exhibit, the highest professional principles, as we strive to develop the Saudi capital market into a technologically advanced, diverse and integrated capital market.

The Exchange ranks 9th among the world's stock exchanges in terms of market capitalization*

The Exchange accounts for 67.90% of the total market capitalization of Middle East stock exchanges



All statistics above are as of December 2022. Source: Bloomberg

*Market capitalization represents the combined capitalization of the listed companies in the respective exchanges.

The Exchange has the highest market capitalization to GDP ratio among leading emerging markets

Two more partnerships were formalized with regional exchanges during 2022 to enable dual listings;

- Muscat Stock Exchange (MSX)
- Boursa Kuwait to enable dual listings

Apart from the strong bonds that have been established with GCC exchanges, we also continue to build partnerships with international exchanges such as:

- AIX – Astana International Exchange
- EGX – The Egyptian Exchange
- HKEX – The Stock Exchange of Hong Kong Limited
- NYSE – The New York Stock Exchange
- SGX – The Singapore Exchange

LISTED AND REGISTERED SECURITIES

Market	Number of listed securities	Note
Main Market	206	Excluding REITs
Nomu Market	45	Excluding 1 REIT
REITs	18	17 listed in Main Market and 1 listed in Nomu
CEFs	2	
ETFs	7	
Sukuk and Bonds	74	4 Corporate and 70 Government

The growth in IPOs and new listing numbers in the Main Market, Nomu (with direct listing), in traded funds and in debt instruments, is a strong demonstration of our strategic achievement.

GROWTH IN CAPITAL RAISED THROUGH IPOs AND RIGHTS ISSUES FOR MAIN MARKET

Year	Capital Raised (SAR)			Comments
	2020	2021	2022	
Main Market	5,254,440,000	17,179,160,744	37,512,544,092	Including REITs
Nomu – Parallel Market	180,000,000	1,893,469,550	1,289,992,376	
Tradable Rights	5,646,768,800	2,180,379,110	11,752,284,640	

MARKET INFORMATION

In 2022, we pursued and implemented numerous infrastructural developments to ensure the smooth transition of Market data, with 45 out of 238 clients signed in 2022 to the new data center in King Abdullah Financial District (KAJD), expanding the Market Information client base on local and global levels. On the data side, a number of initiatives including the Market Data Full Orderbook is expected to be delivered next year, while more tools will be made available for market participants to access historical data. In terms of indices, Market Size and IPO indices

are currently under development and expected to be launched in 2023.

CLIENT RELATION DEVELOPMENT

With a high-value IPO pipeline, we anticipate increased activity and interactions with the international investment community in 2023. Saudi Exchange conducted 30 workshops and visited 752 companies during 2022, to increase their understanding of, and responsiveness to, listing on the Exchange. We participated in 11 events, 10 workshops and 1 webinar in 2022,

amplifying our outreach efforts. The launch of our ESG Disclosure Guidelines saw growing interest from issuers, resulting in the number of companies reporting their ESG performance almost tripling since 2021. The opening of the London Office was a major contributor towards building strong client relations. We also commenced roadshows to promote new IPOs, Debt and Derivatives markets. The result of this suite of activities has increased QFIs by 19% to reach 3,151 in 2022.

DERIVATIVES MARKET

In 2022, approximately 1,000 contracts collectively valued at approximately SAR 100 Mn traded in our derivatives market across all index futures and SSF contracts. The activity was predominately led by local and regional institutions. By working alongside our brokerage community, we will focus our efforts on educating investors and increasing awareness, particularly on the benefits of utilizing these products in their portfolio strategies. As we look ahead in the field of derivatives to 2023 and beyond, we plan the introduction of new products and services, such as Single Stock Options with physical delivery, as well as Market Making for both Single Stock Futures and Options.

FAST FORWARD

For the coming year, we are working to provide services for high-frequency traders and algorithmic traders such as drop-copy and cancel-on-disconnect, request-for-quote functionality for negotiated deals, market making frameworks for debt and ETF markets, and enhancements in their closing price calculations. We have detailed and indicated numerous areas of business expansion and operational enhancement, which we hope to implement successfully as we continue our growth momentum.



The Securities Depository Center Company
www.edaa.com.sa

OWNERSHIP
100% owned by the Saudi Tadawul Group

PAID UP SHARE CAPITAL
SAR 400 Mn

NUMBER OF SHARES
40 Million shares of SAR 10 each

LOCATION
Kingdom of Saudi Arabia, Riyadh

As Saudi Arabia evolves into an international investment destination of choice, Edaa's role as the Group's securities depository center company remains integral in increasing access to the Saudi capital market, and enhancing opportunities for market participants.

As the linkages with Clearstream and Euroclear build on the growing international realization of the value of access to the Saudi debt markets, we are committed to capitalizing on this tide of interest by continuing to invest in our infrastructure and systems. Moreover, we will reach out directly to foreign investors to better understand their needs, and to further improve their market experience.

IN TABULATED KEY OPERATIONAL HIGHLIGHTS

503+ thousands New Account Openings	102 Corporate Actions
6,000+ pledges	1.83+ million Securities Transfers
96 New Issuances	10,881 Assets Under Custody (SAR Billion)

"Edaa offers advanced post-trade services by establishing robust connections with international depository centers and bridging the gap between local issuers and international investors. Our goal is to support the development of the Saudi Capital Market and solidify its position among global capital markets as an advanced investment destination that attracts international investors. We take pride in our accomplishments, including the recent upgrade of our overall risk rating from A to A+ by Thomas Murray. This achievement is testament to our unwavering commitment to providing a globally competitive environment that enables international investors to capitalize on the opportunities presented by the Saudi market."



Raed Ibrahim Al-Humaid
CEO, Edaa

Edaa facilitates a range of securities including equity, debt, Sukuk and bonds, ETFs, REITs, and mutual funds, and provides other management services including management of issuer's general meetings, e-voting, reporting and notifications. We continued to improve access to the Saudi market by introducing linkages with foreign depository centers, playing a pivotal role in our first dual IPO with the establishment of our first investor link, enabling the crucial daily realignment function between the two markets.

A number of substantial market enhancements were carried out during 2022, including a new central securities depository system as part of the post-trade infrastructure enhancement project, to align our depository with international financial markets infrastructures, and enhance the market experience for participants.

With multiple high-impact enhancements, Edaa's Overall Risk Rating was upgraded from "A" to "A+" with a Stable Outlook from global risk intelligence company Thomas Murray.



The Securities Clearing Center Company
www.muqassa.sa



OWNERSHIP

100% owned by the Saudi Tadawul Group



PAID UP SHARE CAPITAL

SAR 600 Mn



NUMBER OF SHARES

60 Million shares of SAR 10 each



LOCATION

Kingdom of Saudi Arabia, Riyadh

Muqassa plays a significant role in developing market infrastructure to enhance market efficiency and is essential for the development of new products and services in the Saudi capital market.

“Muqassa plays a crucial role in the development of market infrastructure to enhance market efficiency and facilitate the creation of new products and services in the Saudi capital markets. Our aim is to position Muqassa as a regional clearing house that supports the attractiveness of our markets and expands access to investors in line with global best practices for risk management, and capital markets more broadly.”

Wael Abdullah Al-Hazzani
CEO, Muqassa



During the year 2022, Muqassa achieved a major milestone by activating Target Operating Model on Cash Market, an achievement resting on formidable professional and technical demands in terms of infrastructure assessment and development, solutions design and market readiness testing, together with accommodation to extensive regulatory changes.

Since April 2022, Muqassa introduced its clearing services to cover Exchange traded products on both cash and derivatives markets as well as REPO as an OTC product. Muqassa clears exchange traded transactions on open offer basis, where Muqassa places itself between the counter parties at the time of matching.

The Derivatives market operations are now fully operated by Muqassa, and our role now is to work closely with Saudi Exchange and stakeholders to seek and create enhancements.

In terms of investor costs, we are determined to have the value of new services outweigh cost issues. We dedicate our efforts to serve and support members in terms dealing with margins, trading limits, collaterals and other challenges as they emerge in members’ operations.

We are highly fortunate in the scale and strength of our own in-house expertise, and emphasize day-to-day learning and upskilling via shared information and experience among our teams.



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



OWNERSHIP

100% owned by the Saudi Tadawul Group



PAID UP SHARE CAPITAL

SAR 75 Mn



NUMBER OF SHARES

30 Million shares of SAR 10 each



LOCATION

Kingdom of Saudi Arabia, Riyadh

WAMID is a leading-edge product development company that has been established as the Group’s innovation hub. Our role is central to current and future Group achievement.

“As the innovation arm of Saudi Tadawul Group, WAMID empowers clients to unlock the full potential of data and technology, providing value-add solutions to tackle business challenges. Our acquisition of DirectFN positions us to introduce game-changing products and sophisticated data services to the Saudi capital market. We are confident that DirectFN’s agility, technology, and global reach will accelerate our long-term strategy and deliver unparalleled value to all market participants.”

Mohammed Al-Nory
CEO, WAMID



Our strategic pillars rest on three fundamental and practical concepts. First, the elevation of the Saudi Capital Market. Second, differentiated products and services. Third, to build WAMID’s capabilities as a fully-fledged innovator and incubator for the Group through talent acquisition, platforms and operating businesses.

Among the major developments during 2022 is our co-location expansion. The service launched by WAMID offers trading participants (members and non-members) co-location via rack rental and connectivity within the Group’s Data Centre, thereby ensuring the lowest latency route possible to the Group’s trading services and products.

In 2022, WAMID signed a Sale and Purchase Agreement to take a 51% stake in Financial Network Company LLC (DirectFN), increasing the reach of our capabilities, our talent and our commercial focus in regional markets. The benefits of this agreement include capabilities enhancement, acceleration of our business plan execution, supporting local market participants’ requirements, agility in new activities, revenue diversity and recurrence, as well as expanded geographical diversity and reach.

WAMID successfully completed the data monetization strategy during 2022, and set forth a major milestone for the project to be achieved in 2023.

Subsidiary Review

Throughout the year, a number of proposed initiatives were assessed via our incubation model prior to implementation. These initiatives included:

- **Private Market** – To offer a marketplace for a private company's ownership transfer.
- **KYC (Know Your Customer)** – To provide a platform that will help to assess and validate identity and risk appetite.
- **Prepaid Card** – To enable to receive listed companies' dividends on electronic card via VISA/ Mastercard.

Other notable initiatives that were identified and initiated during 2022 includes APIs to automate the exchange of information data with market participants. A pilot project was launched in 2022 to collect and capture customer feedback and requirements

to further enhance the service. The implementation of a Shareholder's Platform was also initiated in order to automate the entire life cycle of the AGM and other meetings for the listed and unlisted companies.

As the innovation arm of Saudi Tadawul Group, our role is to create and seize future value by developing the Saudi Capital Market through Innovation, disruptive Ideas, and bold new digitalization initiatives. As such, WAMID will also be looking to take equity positions as a venture builder, to create, accelerate and scale new businesses with the world's leading corporations and entrepreneurs.

DUAL LISTING – CASE STUDY

The Saudi Tadawul Group achieved a major milestone in 2022 when Americana Restaurants International PLC (Americana Restaurants) dual listed on both the Saudi Exchange and Abu Dhabi Exchange (ADX), signifying the growing maturity of the Saudi capital market.



- Dual Listing of a non-Saudi company on the Saudi Exchange with a market cap of over SAR 22 Bn (USD 6 Bn).
- Concurrent IPO across two GCC capital markets – the Saudi Exchange and ADX, with Americana Restaurants raising SAR 6.8 Bn (USD 1.8 Bn) from retail and institutional investors on both marks.
- A total of 820 million shares were traded across 97,000 trades for a total value traded of SAR 2.3 Bn across both Saudi Exchange and ADX providing significant liquidity across both markets.

With a value of USD 2.7 Tn as at end December 2022, Saudi Arabia's capital market is one of the strongest and fastest-growing investment destinations in the world, rapidly developing in terms of size, reach, liquidity and diversity, buoyed by the fastest growing economy in the world.

Over the last few years, the Saudi Exchange has implemented a range of initiatives to enhance the infrastructure of the Saudi capital market, further diversifying and broadening the opportunities available for market participants. A key initiative among these was the realization of dual listings, this critical milestone aims to open the Saudi market for non-Saudi issuers to access the largest exchange in the MENA region and help them achieve their strategic objectives.

THE INFRASTRUCTURE EVOLUTION

While the Saudi Exchange opened up to non-Saudi companies as far back as 2012, there has been no codified regulations nor infrastructure in place for foreign companies to cross list with an offering, which needed to be effectively addressed in order to ensure the success of our first ever dual listing.

The dual listing follows the introduction of several enhancements by the Saudi Tadawul Group over the years to ease access for regional and international investors to the Saudi capital market. With recent upgrades specifically to the post-trade infrastructure, the Securities Depository Center (Edaa) enables the smooth transfer of shares between the Saudi Depository Centre (Edaa) and Abu Dhabi Securities Exchange (ADX).

DUAL LISTING – CASE STUDY

THE RESULT

The listing was on 12 December 2022 and the opening bell at the Saudi Exchange was rung by Mr. Raid Abdullah Ismail, Board Member of Americana Restaurants accompanied by Mr. Mohammed Al Rumaih, CEO of Saudi Exchange. Americana Restaurants offered a 30% stake in the Company during this unique offering, and raised SAR 6.8 Bn (USD 1.8 Bn). The offering was high in demand from both institutional and retail investors, the volume of orders generated was SAR 394 Bn (USD 105 Bn), making the issue 58 times oversubscribed.

Through the success of this flagship dual listing, we made significant progress in establishing Saudi Arabia as an advanced integrated capital market with a growing product offering, while expanding our regional, and global footprint through continued collaboration with international markets, to regulate and optimize our dual-listing processes.

In alignment with Vision 2030's Financial Sector Development Program, Saudi Exchange is committed to working alongside related authorities to improve procedures and simplify requirements for companies looking to list on the Saudi Exchange. This builds on the Exchange's vision to elevate its position locally, regionally, and internationally, as a lucrative destination for investors and issuers.



مجموعة تداول السعودية
Saudi Tadawul Group

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



@Tadawul_group



9200 13130



tadawulgroup.sa