

Statement from the Chairperson

A Regional Powerhouse with Global Ambition

In 2023, Saudi Tadawul Group made significant progress towards its goal of becoming a driving force behind Saudi Arabia's development as a global financial hub. The Group expanded its reach by strengthening and diversifying its core regional market activities and serving as a central access point to capital flows, asserting its status as a key investment destination linking the East to the various global markets.

Saudi Tadawul Group plays a pivotal role in advancing the objectives of the Financial Sector Development Program (FSDP), which is instrumental in the development and enhancement of the capital market. This initiative is aligned with the overarching objectives of ambitious the Kingdom's ambitious Vision 2030, working towards a comprehensive transformation and growth of the financial sector to drive the nation's economic progress.

This year, our strategic and competitive value proposition gained momentum, supported by our scale, growth trajectory, and position at the heart of the Kingdom's large-scale economic diversification agenda. Despite the global headwinds for capital markets, Saudi Tadawul Group demonstrated growth and witnessed a large number of initial public offerings (IPO) from a regional and global perspective.

In the second year following our IPO, the Group has consistently added value to all Stakeholders. As a result, the Board of Directors recommended to distribute cash dividends of SAR 2.30 per share to shareholders for the fiscal year 2023, totaling SAR 276.0 million.

 **SAR 2.30** per share
2023 Declared Dividends

 **SAR 276.0** million
2023 Total Declared Dividends

Growth Strategy Aligned with Ambitions

Saudi Tadawul Group aims to create one of the world's most comprehensive and supportive financial ecosystems. Our primary objectives are to increase market liquidity, nurture the development of small and medium-sized enterprises (SMEs), and spearhead Saudi Arabia's evolution into a leading global financial hub. The Group's continues its presence in diversifying the revenue streams and maximizing the shareholders' value. Moreover, the Group commitment in implementing its strategy to position the Kingdom as a pivotal platform for commodities trading. Through these initiatives, we aim to transform the financial landscape and contribute meaningfully to sustainable development and global economic prosperity.

To achieve this ambitious goal, during the year the Board approved a comprehensive strategy that the Group will execute over the next five years. The strategy is designed to enhance the growth trajectory of our existing businesses, capitalizing on the economic transformation of Saudi Arabia and the inherent potential for market expansion. This approach is anchored by seven strategic growth pillars that will position the Group as a global frontrunner. Our aim is to achieve unprecedented growth and broaden the Group's geographical presence.

The strategic pillars include facilitating both equity and debt capital formation, and serving as a global financial hub for debt, commodities, derivatives, and global security services. The strategy also aims to unlock the potential of emerging technologies and foster the development and safeguarding of the Group's unique intellectual property.

Our strategic pillars are underpinned by three key growth enablers, which are integrated across our business operations. We are embracing cutting-

edge innovations to refine our operational effectiveness and elevate the client journey and providing top-tier services to attract a broader clientele, both regionally and internationally. Furthermore, the Group is actively pursuing strategic investments and acquisitions to diversify its products and offerings.

Strategic Progress in 2023

The attractiveness of the Saudi capital market continued to grow in 2023, reinforced by our expanding range of products and services, and a healthy pipeline of companies seeking to list.

We continued to strengthen the market sophisticated infrastructure for domestic and international investors. The acquisition of a 51% stake in "Direct Financial Network Company" marked a strategic step toward the improvement in the Group's technological and innovative capabilities, representing the Group's first completed acquisition which demonstrate its growth and diversification strategy.

Through its subsidiaries, the Group introduced important enhancements for members and prospective issuers. We launched four new indices on the Saudi Exchange, offering investors enhanced benchmarking opportunities. Furthermore, the Single Stock Options (SSO) was launched, in addition to welcoming several market makers, including the first for the equities and derivatives markets, further consolidating its position as the investment destination of choice within the region.

In line with our global ambitions, we continued to pursue opportunities to collaborate with international exchanges to foster knowledge sharing and dual listings. The Group formalized Memoranda of Understanding (MoU) with global stock exchanges in Singapore, Hong Kong, Shanghai, Shenzhen, Egypt, Qatar, and Amman. These agreements encompass a broad spectrum of collaborative areas including dual listings,

sustainability, FinTech, diversity, and inclusion. Additionally, our depository center EDAA, one of the Group's subsidiaries, signed an MoU with the Central Securities Depository of Turkey to facilitate technology and knowledge sharing.

Sustainability at Saudi Tadawul Group

In 2023, we made steady progress towards enhancing the Group's performance in sustainability. We remained steadfast in our commitment to aligning with international best practices and to generate a unique value proposition for our Stakeholders.

The Group continues to ensure its commitment in achieving the objectives of the sustainability strategy, which is aligned with the sustainability objectives of the Kingdom's ambitious Vision 2030, as well as global standards. Based on international best practices, it provides clear guidelines and objectives for the Group's positive impact on its people, partners, environment and society.

The Group continued to strengthen the domestic sustainability practices through an MoU that has been signed with the Saudi Capital Market Authority and the Ministry of Economic Planning to advance the Environmental, Social and Governance industry practices across the Kingdom and promote sustainability awareness among investors.

Looking Ahead

In 2024, Saudi Tadawul Group is poised to enhance its strategic focus and momentum to create sustainable value for all our Stakeholders. Aligned with a unified vision, the Group's dedicated leadership and team members are committed to advancing the strategic goals, optimizing efficiencies, establishing new partnerships, and capitalizing on growth opportunities in a rapidly evolving market landscape. Through these diverse initiatives, the Group aim to maximize shareholder value while reinforcing its

industry leadership, surpassing market expectations and driving sustainable achievements.

Finally, I would like to express my sincerest gratitude to 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, for their continuous inspiration and belief in the path to success, contributing to the realization of the Kingdom's ambitious Vision 2030's objectives.

I would also like to extend my appreciation to our Board of Directors for their efforts towards navigating a successful year, full of growth and opportunities. I also commend our executive management team and team members of the Group and its subsidiaries for their exceptional performance and innovative efforts, which have been instrumental in driving the Group's growth and value creation. Lastly, my appreciation goes to our shareholders, issuers, investors, brokers, custodians, and service providers. Their support and partnership are foundational to our current and future success.

Mrs. Sarah Al-Suhaimi
Chairperson

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Our strategy is designed to enhance the growth trajectory of our existing businesses, capitalizing on the economic transformation of Saudi Arabia and the inherent potential for market expansion.
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Statement from the Group Chief Executive Officer

Strategic Focus for Sustainable Success

In 2023, Saudi Tadawul Group executed its ambitious strategy and pursued sustainable growth, further positioning the Saudi Capital Market as a global financial hub. Our efforts translated into another outstanding year of operational and financial performance, successfully leveraging our world-class offerings to attract both local and international investors. We remained focused on prioritizing investing in data monetization, diversifying the range of securities offered, and enhancing communication of our ambitious growth strategy.

This year marked another significant increase in listing activity within our Main and Nomu – Parallel Market, underscoring the sustained momentum. The robust pipeline of companies poised for listing further demonstrates the unwavering enthusiasm and resilience of our financial ecosystem.

With a market capitalization of SAR 11.31 trillion (USD 3.02 trillion) as at year end, Saudi Exchange continues to be the leading exchange in the Middle East and North Africa. This year, we advanced our global rank to become the 8th largest stock market in the world and continued to pursue our ambition to remain among the top exchanges in the world.

Our efforts to diversify the capital market and increase its attractiveness to both institutional and retail investors showed encouraging signs, as we registered a total of 3,724 qualified foreign investors (QFI). We also announced agreements with multiple international exchanges. These agreements pave the way for international dual and cross-listings, magnifying our visibility and expanding our reach across borders, thereby supporting our position in the global financial landscape.

Delivering on our Growth Strategy

We continued to build our premier position as an investment destination of

choice through the implementation of strategic market enhancements aimed at enriching the experience for both investors and market participants alike. In addition to launching Single Stock Option (SSO) contracts, as well as new size indices and Initial Public Offering (IPO) index on the Saudi Exchange, our clearing house, Muqassa, has announced its acceptance of non-cash collateral for cash markets, showcasing our commitment and demonstration to leading the market with innovative financial solutions. This strategic shift seamlessly aligns with our overarching growth strategy, where the integration of cutting-edge technology serves as a fundamental pillar across our Group. This year, our efforts culminated with the launch of Liqaa, an integrated online Stakeholder meeting platform for the Group's innovation subsidiary, WAMID. This platform not only digitizes, but also enhances meeting experiences for issuers, investors, Stakeholders, and capital market institutions, thereby contributing significantly to the Kingdom's innovative leadership in the finance sector.

Our acquisition of a 51% majority stake in "Direct Financial Network Company", a leading provider of FinTech and financial content solutions, marks a pivotal milestone in our strategic inorganic growth and diversification trajectory. With its extensive geographical reach and wide range of services, "Direct Financial Network Company" will provide new capabilities and market access for WAMID. The Group's first acquisition represents our inaugural step towards strategic growth and strengthening our offering, paving the way for a solid foundation for future diversification.

Fulfilling our Human Resources and Sustainability Commitments

This year, we made remarkable progress in advancing our human resources and sustainability strategy, with a focus on

promoting employee development. We implemented the Organizational Health Index assessment across all our entities to enhance employee satisfaction, which enabled us to enhance our strategies aimed at improving employee engagement.

We also increased the average training hours per employee by more than 25%, reflecting our commitment to professional development and continuous growth. We elevated our Graduate Development Program by partnering with world-class institutions such as Harvard Business School. Further, we signed Memoranda of Understanding with leading educational institutions such as Al Yamamah University to upgrade our continuous learning offerings.

During 2023, we achieved a key milestone by reaching a 30% representation of women in our workforce. This accomplishment demonstrates our dedication to creating a diverse and inclusive workplace, where all employees have equal opportunities. These efforts have improved our gender diversity, which has positively impacted our overall employee performance.

Sustainability remained a key priority for us in 2023. As a founding shareholder and participant alongside the Public Investment fund (PIF) in establishing the Regional Voluntary Carbon Market Company (RVCM), we were honored to be part of a pioneering initiative that empowers businesses and industries in the region to contribute to the global net zero goal. Through the RVCM's carbon credit auctions, the Group affirms its commitment to facilitating the trading of carbon credits, incentivizing companies to reduce their emissions, contributing to the growth of the Kingdom's green economy, and creating a prosperous future for all.

Award-winning Performance

Our world-class operations earned the Group multiple accolades this year.

We received the Silver Excellence Award from the Human Resources Development Fund for our efforts to support small and medium-sized enterprises (SMEs) in the Kingdom. In addition, the Group was one of only six entities in Saudi Arabia to receive the Procurement Excellence Standard Award from the Chartered Institute of Procurement and Supply (CIPS). Furthermore, the Group earned two ISO certifications – the ISO 9001:2015 for Quality Management System, and the ISO 4001:2018 for Facilities Management System – highlighting our dedication to maintaining excellence and enhancing operational efficiency in our business practices.

On the subsidiary level, the Saudi Exchange also received an award for fostering the growth of SMEs.

Muqassa was awarded Best Clearinghouse in the Region for 2022 by the Arab Federation of Capital Markets (AFCM) in recognition of its role in enhancing market efficiency, thereby enabling Saudi market expansion into new products and services.

Accelerating Achievements

Looking ahead, we will increase our efforts to position Saudi Arabia among the top global financial sector players. The forthcoming year will be full of important developments as we remain focused on delivering growth for the market, our members and our shareholders. Our agile operational environment will continue to support growth and innovation, enabling rapid responses to evolving global and regional market trends.

The Group will further diversify its business model, working to complete our array of capital market-related products and services while ensuring integration across our relevant business lines. We will continue to assess opportunistic acquisitions that will enable us to fulfill our ambitious growth strategy.

Following the recent growth and success of the Saudi capital market, we will look to enhance Saudi Arabia's debt capital market as a key contributor to the overall success of our capital market. We will also enhance the regional commodities market, further raising the Kingdom's status in the global financial sector.

I would like to express my sincere gratitude and appreciation to all the Stakeholders who have contributed to our success in the past year. I would like to thank our Board of Directors for their leadership towards realizing our ambitious vision and their strategic oversight in a challenging and dynamic environment, and to our employees for their continued dedication and professionalism.

I would also like to thank our market members and issuers for their trust and partnership, our shareholders for their support and confidence, and our broader capital market ecosystem for their collaboration and innovation. I look forward to continuing our journey of growth and transformation in the year ahead.

Eng. Khalid Al-Hussan

Group Chief Executive Officer, Member of the Board of Directors

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Financial Review

In 2023, Saudi Tadawul Group continued its ambitious strategic growth, pursued sustainable growth, and diversified revenues, demonstrating financial resilience and adaptability in a dynamic economic landscape. Efforts to expand our product offerings, enhance market liquidity, and pursue strategic partnerships and acquisitions underscore our commitment to sustainable growth and market leadership.

At the end of 2023, Saudi Tadawul Group's market capitalization was SAR 22.42 billion (USD 5.98 billion). Our unique investment proposition reflects our dominant position in the region and its potential for growth. We have consistently demonstrated our resilience, adaptability, and strategic vision, positioning the Group as a key player in regional and global financial markets.

This year, we worked to further enhance the Group's market performance and increase liquidity in the market. Our dedication to improving liquidity and trading activity is a central aspect of our strategy to create a more dynamic and accessible market for investors, ensuring a robust and resilient trading environment.

Market volatility and trading values presented a significant challenge impacting financial performance in 2023. To address this, we actively diversified our revenue streams in line with our new five-year strategy. Our efforts aimed to reduce our reliance on trading fees and create a more stable and resilient financial base capable of withstanding market fluctuations.

Non-trading revenue accounted for 49.9% of total revenues in 2023, reflecting our strategy to tap into new and complementary revenue opportunities. We continued to launch new products

and services, such as Single Stock Options (SSO), demonstrating our commitment to innovation and meeting the diverse needs of our clients. The acquisition of "Direct Financial Network Company", created a pathway for the Group to capitalize on new revenue opportunities in FinTech and financial content across multiple geographies.

Demonstrating Financial Resilience

Saudi Tadawul Group's revenue reached SAR 1,072.8 million (USD 286.1 million) in 2023, compared to SAR 1,090.2 million (USD 290.7 million) the previous year, representing a 1.6% decline. EBITDA also decreased by 20.8% from SAR 509.1 million (USD 135.8 million) to SAR 403.1 million (USD 107.5 million). The EBITDA margin reached 37.6% compared to 46.7% the previous year. The associated increase in operating expenses reached 15.5% from SAR 644.3 million (USD 171.8 million) to SAR 744.5 million (USD 198.5 million).

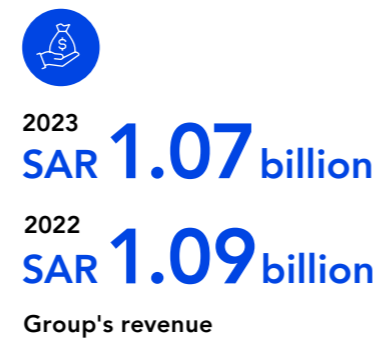
Revenues remained diversified across the Group's portfolio. The Post-Trade segment represented 53.4% of Group revenue, while Capital Markets represented 31.3%, and Data and Technology Services represented 15.3%. While Post-Trade and Capital Markets respectively experienced 1.8% and 17.5% declines in revenue, Data and Technology Services achieved an impressive 64.2% growth.

Net profit after zakat reached SAR 390.1 million (USD 104.0 million), compared to SAR 424.6 million (USD 113.2 million) the previous year, a reduction of 8.1%. The net profit margin reached 36.4% in 2023 compared to 38.9% in 2022. Gross profit declined from SAR 702.5 million (USD 187.3 million) to SAR 606.8 million (USD 161.8 million), representing a 13.6% change. Earnings per share was SAR 3.25.

Total assets stood at SAR 7,636.9 million (USD 2,036.5 million) at the end of 2023 compared to SAR 7,690.0 million (USD 2,050.7 million), a 0.7% reduction. Total liabilities reduced by 0.1% from SAR 4,510.4 million (USD 1,202.8 million) to SAR 4,507.9 million (USD 1,202.1 million). Total equity reached SAR 3,129.0 million (USD 834.4 million) compared to SAR 3,179.7 million (USD 847.9 million) the previous year, a 1.6% decline.

Focused on Diversification and Sustainable Growth

In 2024, Saudi Tadawul Group will pursue its ambition to act as a global financial hub, aligned with the Saudi's ambitious Vision 2030 objectives. To achieve this, we will further diversify our revenue sources beyond the conventional trading fees, developing new financial products, services, and sectors.



We will also forge and reinforce strategic partnerships with international financial institutions and exchanges, broadening our global presence and influence.

We are committed to staying ahead of the evolving regulatory landscape, to ensure compliance and market integrity. We will enhance our focus on sustainability factors, which are increasingly important to investors.

As we end the year, I would like to acknowledge the hard work and dedication of our executive team, with excellence and professionalism. Finally, I would like to show my appreciation to all our shareholders, issuers, investors, brokers, custodians, and service providers for their trust and confidence in our Group.

Mr. Shahrukh Qureshi
Group Chief Financial Officer

“Our dedication to improving liquidity and trading activity is a central aspect of our strategy to create a more dynamic and accessible market for investors, ensuring a robust and resilient trading environment.”



Financial Review (continued)

Profit and Loss and Key Ratios Snapshot

SAR million Year ended 31 December	2022	2023	YoY %
Trading revenues	666.5	538.0	-19.3%
Non-trading revenues	423.7	534.8	26.2%
Operating revenues	1,090.2	1,072.8	-1.6%
Operating expenses (excluding depreciation and amortization)	581.1	669.7	15.2%
EBITDA	509.1	403.1	-20.8%
EBITDA margin (%)	47	38	-19.5%
Depreciation and amortization	63.2	74.8	18.4%
EBIT	445.9	328.3	-26.4%
EBIT margin (%)	41	31	-25.2%
Investment income and other income	56.3	125.8	123.4%
Share of results of associates and reversal of impairment	(9.9)	(17.2)	73.0%
Zakat	67.7	55.5	-18.0%
Net profit after zakat*	424.6	390.1	-8.1%
Net profit margin (%)	39	36	-6.6%
Earnings per share (SAR)	3.54	3.25	-8.1%

* Attributable to the Ordinary shareholders of the parent company

Financial Position Snapshot

SAR million Year ended 31 December	2022	2023	YoY %
Cash and cash equivalents	2,118.8	2,050.6	-3.2%
Investments	674.4	660.3	-2.1%
Other assets	4,896.8	4,925.9	0.6%
Total assets	7,690.0	7,636.9	-0.7%
Total liabilities	4,510.4	4,507.9	-0.1%
Total equity	3,179.7	3,129.0	-1.6%

Operating revenues (SAR million)

1,072.8

-1.6% (YoY)



EBITDA (SAR million)

403.1

-20.8% (YoY)



Operating revenue segmental snapshot (SAR million)

