

A Regional
Powerhouse
with **Global
Ambition**

Saudi
Tadawul
Group

Annual Report
2023





King Salman Bin Abdulaziz Al Saud

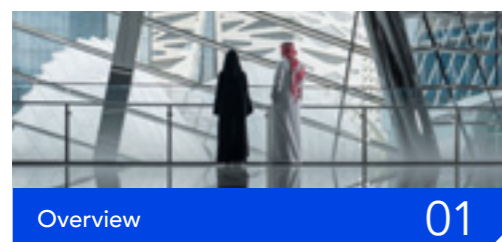
Custodian of the Two Holy Mosques



His Royal Highness
Mohammed Bin Salman Bin Abdulaziz Al Saud

Crown Prince, Prime Minister, Chairman of the Council of
Economic and Development Affairs

Table of Contents



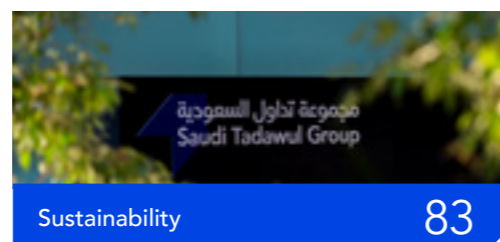
Overview 01



Strategic Review 19



Subsidiaries 51



Sustainability 83

Overview 01

- 03 A Regional Powerhouse with Global Ambition
- 05 About the Group
- 07 At a Glance
- 09 The Group Journey
- 11 Year in Review
- 15 Investment Case
- 17 Investor Relations and Shareholders' Information

Strategic Review 19

- 21 Statement from the Chairperson
- 23 Statement from the Group Chief Executive Officer
- 25 Business Model
- 27 Strategic Aspiration with Ambitious Vision
- 29 The Saudi's Ambitious Vision 2030
- 31 SCMF - Case Study
- 35 Financial Review
- 39 Enterprise Risk Management
- 45 Stakeholder Engagement

Subsidiaries 51

- 53 Saudi Exchange
- 69 Edaa
- 73 Muqassa
- 77 WAMID
- 81 Acquisition of DirectFN - Case Study

Sustainability 83

- 85 Sustainability Approach in Saudi Tadawul Group
- 86 Sustainability Framework
- 87 Material Topics
- 89 Sustainability Pillars
- 91 Focus on Employees

Corporate Governance 99

- 101 Governance at Saudi Tadawul Group
- 101 Implemented and non-implemented provisions of the Corporate Governance Regulations
- 102 Groups Organizational Structure
- 103 Shareholders' rights
- 104 Disclosure Policy
- 104 Distribution of Dividends Policy
- 105 Procedure to inform Board members about Shareholders' feedback on the Company and its performance
- 105 General Assembly Meetings
- 106 Shareholder records requests
- 106 Board of Directors
- 118 Executive Management
- 139 Board of Directors Declarations

Consolidated Financial Statements 139

- 143 Independent Auditor's Report
- 147 Consolidated Statement of Financial Position
- 148 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 149 Consolidated Statement of Changes in Equity
- 150 Consolidated Statement of Cash Flows
- 151 Notes to the Consolidated Financial Statements

In a year that saw Saudi Tadawul Group establish an ambitious new vision for the future, the Group delivered an outstanding financial and operational performance while making significant progress in executing its growth and diversification strategy, creating value for its stakeholders and moving with purpose towards its global ambitions.

Reporting period and boundary

This Annual Report is focused on the 12-month period from 1 January 2023 to 31 December 2023, which is consistent with the conventional annual reporting cycle. The Report covers the financial and operational aspects of the Saudi Tadawul Group, including its subsidiaries portfolios; The Saudi Exchange Company

(Saudi Exchange), the Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Muqassa) and Tadawul Advanced Solutions Company (WAMID). The Report has been issued in both Arabic and English, and in the event of any discrepancy the Arabic version shall prevail.

Annual Report Content Channels



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



The PDF version of the Annual Report, which may be downloaded from the website.



<https://annualreport.tadawulgroup.sa/Resources/AnnualReport2023/>

Overview

- 03 A Regional Powerhouse with Global Ambition
- 05 About the Group
- 07 At a Glance
- 09 The Group Journey
- 11 Year in Review
- 15 Investment Case
- 17 Investor Relations and Shareholders' Information

The Group solidified its regional leadership and unveiled an ambitious strategy to become a global financial hub, emphasizing its growth and diversification vision.

A Regional Powerhouse with Global Ambition

Saudi Tadawul Group has risen to prominence in the financial landscape, embodying the essence of a regional powerhouse with an unyielding global ambition.

During a year of strategic progress and noteworthy milestones, the Group unveiled its ambitious new strategic aspiration to leverage its full potential as a market leader and innovator, catalyzing Saudi Arabia's transformation into a pivotal global financial hub bridging East and West.

The Group solidified its leadership position this year through a range of strategic transformation, acquisitions, products and services launches, and partnerships, which is a testament to its relentless pursuit of growth and diversification journey. The acquisition by Tadawul Advanced Solutions Company (WAMID) of DirectFN marked a pivotal moment in the Group's growth trajectory, amplifying its strategic ambitions, technological prowess, and market reach. The Securities Depository Center (Edaa) launched a multi-faceted transformational journey to support the diversification of revenues through new products;

Securities Clearing Center Company (Muqassa) was recognized as the Best Clearinghouse in the Region by Arab Federation of Capital Markets (AFCM), and Saudi Exchange's introduction of new indices and Single Stock Options was a transformative step in market sophistication. The surge in overall listings, with 51 across all of the Saudi Exchange markets, culminated in an impressive market performance and showcased its resilience.

Complementing these significant steps in Saudi Tadawul Group's growth journey, the Group's performance in 2023 was nothing short of spectacular. The Saudi Exchange ranking 8th globally and 1st in the MENA region by market capitalization of SAR 11.31 trillion (USD 3.02 trillion), demonstrating the Group's robust strategy and growth to support the Saudi economy.

The Group prioritizes investing in data monetization, diversifying the range of securities offered, and enhancing communication of its growth strategy. The Group's trajectory in 2023 demonstrated its unwavering focus on reshaping the regional financial landscape and setting new benchmarks for global financial markets. Its journey is a clear message to the world: the Saudi Tadawul Group is a "Regional Powerhouse" transforming with "Global Ambition".



About the Group

Saudi Tadawul Group is committed to developing an advanced capital market as part of its mandate towards realizing the objectives of the Financial Sector Development Program (FSDP), one of the Saudi's ambitious Vision 2030's realization programs. The Group's transformation into a holding group represented a key milestone in this initiative.

The Saudi Tadawul Group was transformed in 2021, following the transformation of the Saudi Stock Exchange (Tadawul) into a holding group structure. It is the parent company with a portfolio of four fully owned subsidiaries including: the Saudi Exchange Company, (Saudi Exchange); the Securities Depository Center Company, (Edaa); the Securities Clearing Center Company, (Muqassa); and the Tadawul Advanced Solutions Company, (WAMID).

In May 2023, the Group announced the completion of its first inorganic growth by acquiring a 51% stake in Direct Financial Network Company (DirectFN) by WAMID, which reflects the Group's ambitious strategy to create an opportunity to build new capabilities, elevate innovation in the regional capital markets and diversify revenue.

The Group benefits from its vertically integrated and diversified business model between its subsidiaries, ensuring efficient operations and the independence of each subsidiary.

This facilitates the introduction of best-in-class services to all market participants, diversification of investment opportunities, and the continued development of the Saudi capital market.

Advancing the Saudi capital market's infrastructure is one of the Group's objectives, in line with global best practices, while solidifying Saudi Arabia's position as an emerging market leader, a technologically advanced and attractive sophisticated global investment destination, and the gateway to the MENA region.

The Group will remain one of the enabling forces for the Saudi economy and one of the main pillars for implementing the Financial Sector Development Program (FSDP) objectives to boost economic growth and diversify the economy.

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.

Values

Look ahead

We keep things moving, staying focused on the future and what it has to offer. We anticipate change and are one step ahead of others.

Challenge conventions

We are inquisitive, ask questions and challenge the status quo, never afraid to find new ways to create what's different and better.

Aim high

Raising the bar means improving and adapting as we go. We operate with integrity and commit to progress in every way. Always striving to advance our thinking and capabilities.

Make things happen

Our heads are in the sky, but our feet are on the ground. We build high levels of trust and follow through to get things done. We keep our promises.

Our Subsidiaries



At a Glance

The Saudi Tadawul Group solidified its regional leadership and ambitious global aspirations. Its commitment to diversity is evident through a strong presence of qualified foreign investors and a diverse workforce. The Group actively champions sustainability initiatives, showcasing its dedication to a responsible future.

2023 Full Year Operational Highlights

8th

Largest stock exchange globally and 1st in the MENA region, by market capitalization.

118.26
SAR million

Completion of DirectFN acquisition (51% stake) with SAR 118.26 million invested.

Edaa launches 2nd edition of the Association of Global Custodians' questionnaire to promote transparency.



Saudi Exchange onboarded 3 market makers for 8 different securities.

تداول السعودية
Saudi Exchange

Muqassa won the Best Clearing House in the MENA Region award by the Arab Federation of Capital Markets (AFCM).



WAMID launched the Liqaa platform.



2023 Full Year Financial Highlights

Operating revenue
SAR million

1,072.8

-1.6% YOY

EBITDA margin

38%

-19.5% YOY

Investment income
SAR million

127.0

127.0% YOY

Net profit after zakat
SAR million

390.1

-8.1% YOY

EBITDA
SAR million

403.1

-20.8% YOY

Free cash flow
SAR million

362.5

-14.2% YOY

Sustainability Highlights

25.6%

increase in average training hours per employee
(from 44.6 in 2022 to 56.0 in 2023)

91%

Saudization

30%

Female workforce

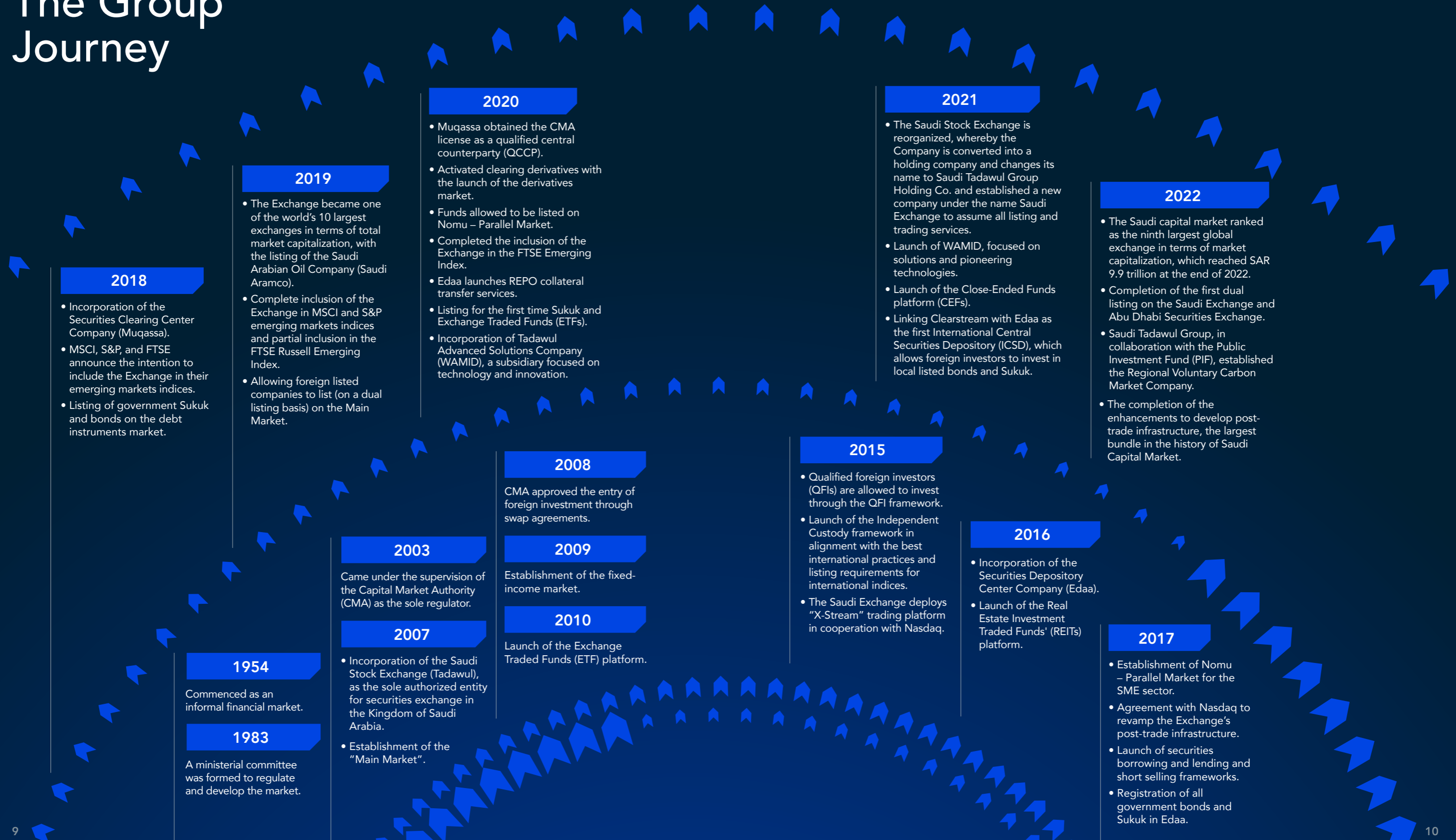
Introduced the HiPo Development Program and Future Leaders Program and elevated the Graduate Development Program

Donation of SAR 100,000 to the Children with Disability Association

Donation of SAR 200,000 to the King Salman Humanitarian Aid and Relief Centre

Formation of the Group's sustainability framework

The Group Journey



2018

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

2019

- The Exchange became one of the world's 10 largest exchanges in terms of total market capitalization, with the listing of the Saudi Arabian Oil Company (Saudi Aramco).
- Complete inclusion of the Exchange in MSCI and S&P emerging markets indices and partial inclusion in the FTSE Russell Emerging Index.
- Allowing foreign listed companies to list (on a dual listing basis) on the Main Market.

2020

- Muqassa obtained the CMA license as a qualified central counterparty (QCCP).
- Activated clearing derivatives with the launch of the derivatives market.
- Funds allowed to be listed on Nomu – Parallel Market.
- Completed the inclusion of the Exchange in the FTSE Emerging Index.
- Edaa launches REPO collateral transfer services.
- Listing for the first time Sukuk and Exchange Traded Funds (ETFs).
- Incorporation of Tadawul Advanced Solutions Company (WAMID), a subsidiary focused on technology and innovation.

2021

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

2022

- The Saudi capital market ranked as the ninth largest global exchange in terms of market capitalization, which reached SAR 9.9 trillion at the end of 2022.
- Completion of the first dual listing on the Saudi Exchange and Abu Dhabi Securities Exchange.
- Saudi Tadawul Group, in collaboration with the Public Investment Fund (PIF), established the Regional Voluntary Carbon Market Company.
- The completion of the enhancements to develop post-trade infrastructure, the largest bundle in the history of Saudi Capital Market.

2008

CMA approved the entry of foreign investment through swap agreements.

2009

Establishment of the fixed-income market.

2010

Launch of the Exchange Traded Funds (ETF) platform.

2015

- Qualified foreign investors (QFIs) are allowed to invest through the QFI framework.
- Launch of the Independent Custody framework in alignment with the best international practices and listing requirements for international indices.
- The Saudi Exchange deploys "X-Stream" trading platform in cooperation with Nasdaq.

2016

- Incorporation of the Securities Depository Center Company (Edaa).
- Launch of the Real Estate Investment Traded Funds' (REITs) platform.

2017

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

2003

Came under the supervision of the Capital Market Authority (CMA) as the sole regulator.

2007

- Incorporation of the Saudi Stock Exchange (Tadawul), as the sole authorized entity for securities exchange in the Kingdom of Saudi Arabia.

1954

Commenced as an informal financial market.

1983

A ministerial committee was formed to regulate and develop the market.

Year in Review

In line with its strategic ambitions and the overarching objectives of the Financial Sector Development Program outlined in the Saudi's ambitious Vision 2030, Saudi Tadawul Group continued to innovate, forge new partnerships, launch new offerings, and engage key Stakeholders in 2023, creating more value and fostering sustainable success.

January

Formation of a GCC Financial Markets Committee

Saudi Exchange announced that GCC Exchanges Formulated Financial Markets Committee consisting of Saudi Exchange, Bahrain Bourse, Boursa Kuwait, Qatar Stock Exchange, Muscat Stock Exchange, Abu Dhabi Securities Exchange and Dubai Financial Market that aim to support the development of regional capital markets by elevating their position on the global stage and utilizing technology to create an advanced capital market ecosystem in the Gulf Cooperation Council (GCC) region.

Launch of the second edition of the Investor Relations Best Practice Toolkit

Saudi Exchange launched the second edition of the Investor Relations Best Practice Toolkit. This toolkit provides information and practical advice tailored to the Saudi capital market, enabling investor relations professionals of companies listed on the Saudi Exchange to implement international IR best practices.

Launch of the new Saudi Exchange website

Saudi Exchange launched its new website, underscoring its commitment to enhancing user experience.

Winner of Procurement Excellence Standard Award

Saudi Tadawul Group received the Procurement Excellence Standard Award from the Chartered Institute of Procurement and Supply (CIPS). The Group stands as one of the six entities in Saudi Arabia to receive this prestigious accreditation.

February

Successful Saudi Capital Market Forum 2023

Saudi Tadawul Group organized the Saudi Capital Market Forum 2023, bringing together opinion leaders, issuers, investors, and government entities. The event aimed to delve into key industry challenges, the evolution of global capital markets, and spotlight the efforts of Saudi companies in aligning with global sustainability standards.

Fostering global collaboration

Saudi Tadawul Group inked Memoranda of Understanding (MoU) regionally and internationally with Hong Kong, Singapore, Egypt, and Qatar stock exchanges. The objective is to bolster collaboration across diverse areas, including dual listings, ESG, FinTech, diversity, and inclusion, aligning with the Group's vision of becoming an investment destination linking East and West.



Stimulating investment in specialized private sector funds

Saudi Exchange signed an MoU with SVC on the sidelines of the Saudi Capital Market Forum 2023 to stimulate investment in specialized private sector funds in early pre-IPO stages managed by financial institutions. The agreement supports startups and SMEs intending to list in the Kingdom by offering advisory services and training, enhancing their understanding of the dynamics of the Saudi capital market.

April

Creation of Liqaa, an engaging virtual meeting platform

Saudi Tadawul Group's innovation arm, WAMID, launched Liqaa, a new meeting management platform. Liqaa provides issuers, investors, entities, and Stakeholders a secure and integrated virtual meeting experience for AGMs, earning calls and other corporate meetings. The platform includes a suite of value-added services aimed at enhancing engagement with key Stakeholders.

Enhancing sustainable development in the Kingdom

Saudi Exchange signed an MoU with the Saudi Capital Market Authority (CMA) and the Ministry of Economic Planning. The collaboration aims to propel the Kingdom's sustainable development, advance environmental, social and governance (ESG) standards, and raise awareness among investors about ESG principles.

Elevating sustainability assessment, analysis, and reporting with Clarity AI

Saudi Tadawul Group signed an MoU with Clarity AI to bolster MENA companies' sustainability reporting. The collaboration aims to infuse innovation into the ESG infrastructure, introduce dynamic new platforms to provide investors and issuers with more granular access to data, and facilitate benchmarking in ESG practices.



Year in Review (continued)

May

Completion of DirectFN acquisition

WAMID successfully completed the acquisition of a 51% stake in DirectFN for SAR 118.26 million (USD 31.54 million). This strategic move will enable WAMID to expand its geographic reach, diversify non-trading revenue streams, and support its vision to elevate capital markets by offering differentiated services and products.

Enhancing accessibility through acceptance of non-cash collateral

Saudi Tadawul Group's subsidiary, the Securities Clearing Center Company (Muqassa), began accepting non-cash collateral in the cash market. This now includes Saudi Arabian Government Sukuk denominated in Saudi Riyals with five years or less remaining to maturity.

Recognition as the Best Clearinghouse in the Region

Muqassa has been recognized as the Best Clearinghouse in the Region for the year 2022 by Arab Federation of Capital Markets (AFCM). This award acknowledges Muqassa's commitment to providing clearing services aligned with international risk management practices, supporting the growth and development of capital markets in the region.



June

Successful implementation of Saudi Exchange market enhancements

Saudi Exchange successfully implemented a bundle of enhancements designed to further strengthen the Exchange's infrastructure. These enhancements, developed in line with international standards, aim to increase the efficiency of trading services on the Exchange.

July

Forging stronger ties with Turkey

Edaa signed an MoU with the Central Securities Depository of Turkey. This agreement aims to enhance operational, administrative, and technical procedures between the two markets and establish effective cooperation and knowledge exchange programs.

Enhancing liquidity and further strengthening the financial markets

Following the publication of Market Making Rules and Procedures in 2022, Saudi Exchange continued its efforts in this area in 2023 with the signing of eight Market Making Agreements with three key market makers: Riyadh Capital, Al Rajhi Capital, and SNB Capital.



August

Strengthening ties with the Amman Stock Exchange

Saudi Tadawul Group signed an MoU with Amman Stock Exchange during the Saudi Jordan Joint Committee meeting held in Riyadh. The agreement aims to bolster cooperation across several key fields, including ESG, cross listing, FinTech, investor relations, investor education, and knowledge exchange.

Silver Excellence Award from the Human Resources Development Fund

Saudi Tadawul Group received a Silver Excellence Award from the Human Resources Development Fund, recognizing the Group's contributions to support SMEs using the FORSAH platform.

September

Strengthening collaboration with the Shanghai Stock Exchange

The Saudi Exchange signed an MoU to explore opportunities in cross-listing, FinTech, ESG, data exchange, and research. Additionally, the agreement aims to facilitate knowledge sharing and promote diversity and inclusion in both markets.

Launching Tadawul Size Indices and IPO Index

Saudi Exchange introduced the new Tadawul Size Indices and IPO Index, marking a significant milestone in the development of the Saudi capital market. The Tadawul Size Indices provide investors with benchmarks to diversify their investment strategies and to capitalize on specific market opportunities. The Tadawul IPO Index also provides a benchmark for evaluating the performance of the IPOs of companies listed on the Main Market within the past five years, presenting a unique opportunity to invest in new and rapidly growing companies.

October

Outstanding efforts in nurturing SMEs growth

Saudi Exchange received an award for its outstanding efforts in nurturing the growth of SMEs. The award is part of the Tomoh program, which aims to support the development of fast-growing SMEs in the Kingdom.

November

Launching Single Stock Options

The Saudi Exchange launched Single Stock Option (SSO) contracts, enabling both local and international investors to effectively hedge and manage portfolio risks. This marked the third derivatives product introduced in the Exchange.

Elevating standards with two ISO certifications

Saudi Tadawul Group received two ISO certifications: ISO 9001:2015 for Quality Management System, and ISO 4001:2018 for Facilities Management System. These certifications underscore the Group's commitment to excellence and operational efficiency.

Enhancing mutual cooperation with Al Yamamah University

Saudi Tadawul Group signed an MoU with Al Yamamah University to deepen and broaden mutual cooperation across a variety of fields. This collaborative effort aims to provide academic and developmental opportunities, foster a work environment conducive to continuous education, and create training opportunities that meet the needs of both parties.

Launch of third edition of the Listing Guide

Saudi Exchange released the third edition of the Listing Guide, which serves as a roadmap to clearly outline the steps involved in the listing journey so that any firm – whether an emerging startup or an established entity looking to take its development to the next level – can gain access to the vast resources available on one of the world's largest exchanges.



December

Advancing Saudi Arabia's stock market sustainability standards

Saudi Exchange signed an MoU with e& enterprise to collaborate on sustainability initiatives and support listed companies in the Saudi capital market in disclosing their ESG practices. This partnership will advance the objective of aligning the Saudi capital market with international sustainability standards.

Diversifying and enhancing the Saudi capital market

Saudi Tadawul Group signed an MoU with Shenzhen Stock Exchange, in line with the Group's commitment to diversifying and enhancing the Saudi capital market. Both exchanges will explore cross-listing opportunities, develop indices, funds, REITs, and ETF products to promote greater investment in Saudi Arabia and China. The MoU will also facilitate knowledge sharing in listing family businesses, SMEs, and IR initiatives.

Investment Case

Saudi Tadawul Group stands as a pioneering paradigm of transformative financial capital markets, embodying a bold vision that is innovative yet deeply rooted in the rich cultural and economic heritage of Saudi Arabia. This unique investment proposition is spearheaded by an experienced Saudi leadership team and supported by a dedicated workforce, each of whom are committed to creating robust and sustainable value for its shareholders and key Stakeholders.

National champion integral to the Saudi's ambitious Vision 2030 delivery

- The Group plays a crucial role in realizing the objectives of the Saudi's ambitious Vision 2030 and developing an advanced capital market, which is foundational for the delivery of the Financial and Sector Development Program (FSDP).
- Through advanced technology and seamless infrastructure, the Group fosters the development of a diverse Saudi Capital Market that acts as a bridge between global investors and regional economies.
- The Privatization Program supports strong levels of trading activity on the Saudi Exchange by creating a robust listing pipeline and encouraging further foreign direct investment (FDI) into the Kingdom.
- The inclusion in international indices like MSCI, S&P, and FTSE Emerging Markets underscores the Exchange's growing international significance and attractiveness.
- The QFI ownership journey since 2018 not only reflects heightened international investor confidence, but also positions the Group as a key player in the global investment landscape.

Robust and rapidly modernizing core market

- A diversified capital markets group – offering a complete suite of services covering listing, trading, post-trade, and data and technology services – ranked 8th among the top 10 exchanges globally and 1st among GCC countries by market capitalization.
- Strong IPO pipeline through continuous enhancements to build a diversified and resilient capital market, as evidenced by the record number of listings and the sectors now represented across the Main Market and Nomu – Parallel Market.
- Continuous technological investments and development to create an advanced capital market, introducing new products and services and implementing best practices to drive market efficiencies.

Resilient superior financial performance and strategic progress

- New growth strategy oriented towards propelling the Kingdom's emergence as a global financial hub, accelerating the Group's transition from a position of regional leadership towards global significance.
- Successful delivery of the diversification strategic plan through expansion into financial derivatives with the launch of index futures, enhancement of debt markets trading infrastructure, and delivery of large-scale post-trade capabilities, strengthening the Group's position as an emerging integrated market with high liquidity and market capitalization opportunities.
- Proven track record of collaborating with numerous important regional and international partners.

Seasoned leadership team with a track record of delivery

- Experienced and visionary management team with strong capital markets expertise and proven record of delivery.
- Strong performance-driven culture of shared responsibility and accountability.
- Driving the transformation of the Group to achieve global leadership and deliver sustainable value creation for all Stakeholders.

Accelerating international growth and diversification

- Continuous focus to significantly expand the Group's footprint and diversify its revenue streams to further capture material shareholder value and create sustainable value for all Stakeholders.
- Steady development of the region's largest capital market through the Group's existing regionally focused franchises, fueled by economic transformation in the Kingdom and its associated market expansion.
- Pursuit of self-deterministic global development initiatives and mutually beneficial partnerships to deliver breakthrough growth and expansion on the international stage.
- Relentless efforts to lead the market's strategic development to make it more diverse, attractive, and sophisticated.

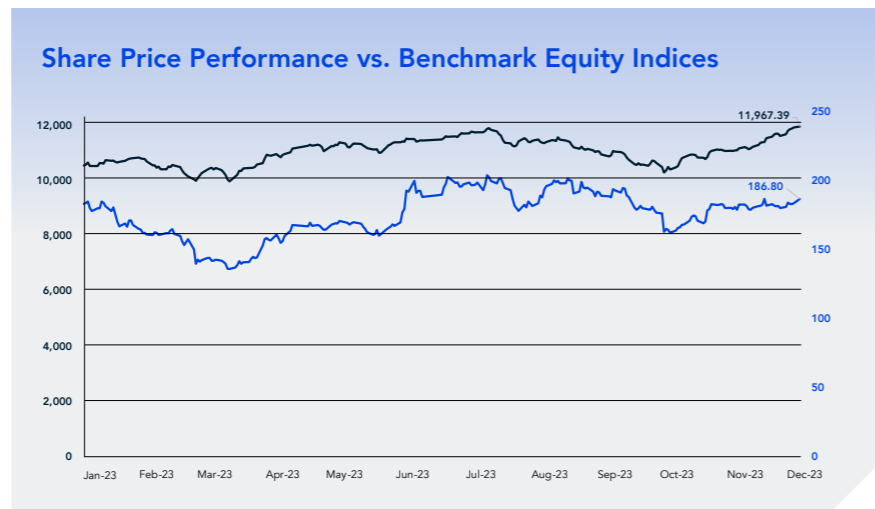
Investor Relations and Shareholders' Information

Investor Relations

Saudi Tadawul Group's Investor Relations is committed to a strategic approach aligned with best practices. This, in turn, contributes to creating sustainable value for all stakeholders, enhances confidence in the Group, and solidifies its regional and global position.

Since the Group's successful 2021 IPO, the department has continued to build capacity and capabilities to provide seamless and effective access to local, regional, and global investors, while ensuring they receive up-to-date, transparent, and accurate information concerning the Group's strategic, financial and operational progress.

To achieve its goals and support the Group's ambitions, the department continued its outreach activities with both prospective and current investors, as well as building access and visibility by hosting quarterly earnings calls and taking part in dozens of investor roadshows across the world. By ensuring clarity and transparency across all its communications and disclosures, in accordance with its governance protocols and the highest international standards, the department continued to fulfill its mandate and strengthen ties between the Group and its investors.



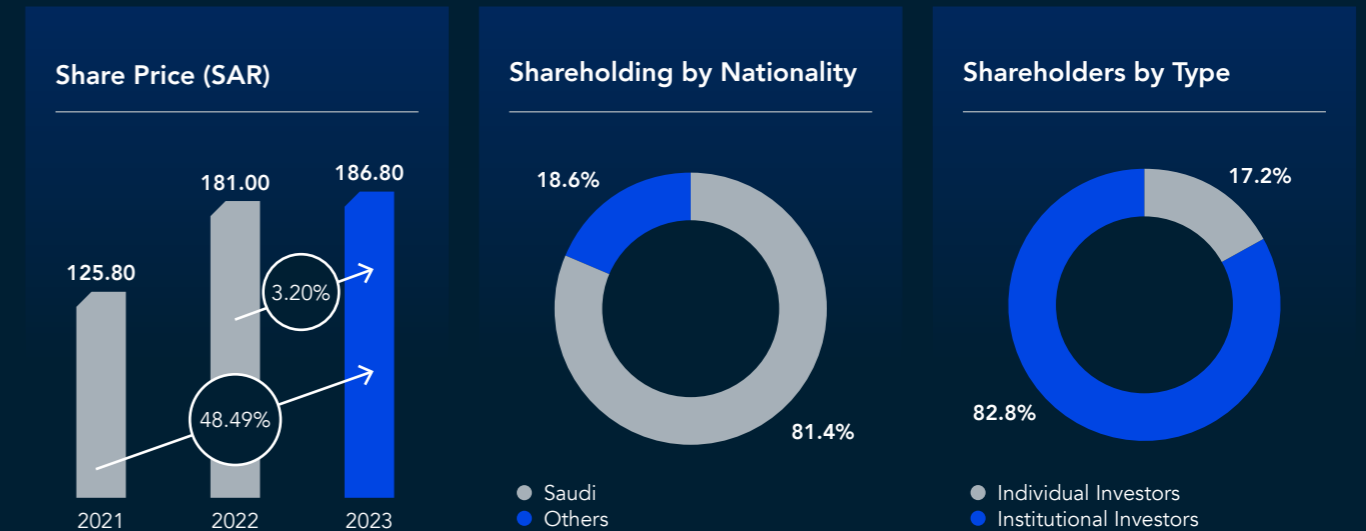
- Saudi Tadawul Group Holding Co. Share Price 186.80
- Tadawul All Share Index (TASI) 11,967.39

Market cap as at 31 December 2023: SAR **22.42** billion

Foreign ownership as at 31 December 2023: **8.95%**

Share Price at 31 December 2023: SAR **186.80**

Free float: **40.00%**



Major Shareholders

Ownership of 5% and more of the issued shares	Number of shares	Ownership (%)
Public Investment Fund (PIF)	72,000,000	60%
Public	48,000,000	40%
Total	120,000,000	100%

Investor Relations Calendar 2023-2024

- 2023**
- Q1 Interim Consolidated Financial Results Announcement: **16 April 2023**
- Q2 Interim Consolidated Financial Results Announcement: **23 July 2023**
- Q3 Interim Consolidated Financial Results Announcement: **22 October 2023**
- Annual Consolidated Financial Results Announcement: **10 March 2024**



Strategic Review

- 21 Statement from the Chairperson
- 23 Statement from the Group Chief Executive Officer
- 25 Business Model
- 27 Strategic Aspiration with Ambitious Vision
- 29 The Saudi's Ambitious Vision 2030
- 31 SCMF - Case Study
- 35 Financial Review
- 39 Enterprise Risk Management
- 45 Stakeholder Engagement

The Group strives to lead in global capital markets through a strategy focused on achieving sustainable growth, stakeholder focus, and achieving operational excellence. These objectives are achieved via strategic expansion, effective partnerships, product innovation, and promoting a culture of excellence throughout the Group's operations.

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



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.



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

“**We remained focused on prioritizing investing in data monetization, diversifying the range of securities offered, and enhancing communication of our ambitious growth strategy.**”



Business Model

Saudi Tadawul Group creates sustainable value for its Stakeholders through its robust and proven business model that leverages its unique strengths and proposition across its growing portfolio of subsidiaries, services, and solutions.



Listing

- Evaluating and processing applications for IPOs
- Allocating shares to investors following an IPO
- Updating data, information, and analytics
- Transferring cash and securities
- Updating depository
- Updating registry

Trading

- Buy and sell orders placed through members
- Match buy and sell orders
- Generate trades
- Work out obligations of both parties
- Minimize counterpart risk
- Netting of transactions

Strategic Aspiration with Ambitious Vision

The Saudi Tadawul Group’s strategy is designed to achieve the ambitious objective of positioning Saudi Arabia among the top global stock markets by driving sustainable growth, engagement and value creation. Through its seven strategic pillars, it aims to improve market liquidity, support SMEs, and position Saudi Arabia as a leading center and a pivotal platform for commodities trading and sustainability commitments.

The strategic pillars are underpinned by three key enablers, all directed towards achieving operational efficiency across the Group.

In line with its refreshed strategy, which was approved in the first quarter of 2023, the Group delivered a range of significant achievements that continued its strategic journey and reinforced its proven commitment to sustainable growth and value creation. The Group is continuing to deliver its strategy throughout the coming years and transitioning from regional focus to global leadership. These achievements not only validate its strategic direction, but also pave the way for continued success.

As the Group moves forward, its focus remains steadfast on executing its ambitious strategy, with the overarching goal of transitioning the Group from a regional player to a global leader. This journey is a testament to its unwavering dedication and determination to excel in an ever-evolving market landscape.

This transition necessitates a holistic approach, encompassing every facet of its operations. It involves expanding the Group’s market presence, forging strategic partnerships, enhancing its

product offerings, and cultivating a culture of innovation and excellence. Moreover, it requires the Group to leverage its strengths while remaining agile and responsive to emerging opportunities.

The Group’s journey towards global leadership is marked by collaboration and a relentless pursuit of excellence. It demands resilience in the face of challenges and a willingness to embrace change. Yet, it is also filled with promised opportunity; it holds the potential to redefine its industry and propel the Group to new heights of success.

As the Group embarks on this journey, it does so with confidence, knowing that it has the vision, talent, and determination to realize its aspirations. Together, it will continue to push boundaries, challenge the status quo, and chart a course towards a future where the Group stands as a beacon of innovation and leadership on the global stage.

Strategic Objectives

The Group’s transformation is an important step in the ongoing development of the Saudi capital market. Saudi Tadawul Group is crucial to driving the growth of the market and creating a resilient and robust environment for all Stakeholders. Some of our strategic objectives include:



Enhancing competitiveness and aligning with international best practice



Introducing best-in-class services for the benefit of all market participants



Developing the Saudi capital market, its infrastructure, and member offerings



Creating an agile environment that can respond to evolving global and local market trends



Diversifying investment opportunities across the Kingdom and beyond

Strategic Aspiration with Ambitious Vision (continued)

Aspiration

“ We have big aims to get Saudi Arabia among the top three largest stock markets on the planet, fostering the development of a diverse Saudi capital market, and a bridge between global investors and regional economies.

Strategic Goals

Growth and Diversification

Integrated and Connected

Capable and Agile

Strategic Pillars

1	2	3	4	5	6	7
Equity and capital formation <ul style="list-style-type: none"> Facilitate listings and issuer services to domestic and international issuers Enhance market liquidity Nurture SMEs by facilitating capital markets access 	Global debt hub <ul style="list-style-type: none"> The venue of choice for domestic issuers A global Sukuk/ Islamic finance center Attract international financial institution issuers 	Global commodities <ul style="list-style-type: none"> A global source of MENA commodities valuation Globally relevant venue for commodities trading Globally relevant venue in sustainability communication and carbon markets 	Derivatives and OTC <ul style="list-style-type: none"> MENA's leading listed derivatives market Capture domestic over-the-counter (OTC) derivatives flows MENA's service provider of choice for OTC clearing 	Global securities services <ul style="list-style-type: none"> Internationalize business Expand domestic post-trade offerings A global custodian of choice for geographically relevant investors 	Data and analytics offering <ul style="list-style-type: none"> MENA's data hub for local and global market participants Unlock the full potential of information, data and analytics 	Global unique IP <ul style="list-style-type: none"> MENA's leading and globally relevant index brand Develop and acquire unique IP to solidify leadership across MENA
2023 Achievements						
<ul style="list-style-type: none"> Saudi Exchange received an award for its outstanding efforts in nurturing the growth of SMEs as part of Tomoh program SAR 18.1 billion in total raised market capital, comprising SAR 12.8 billion raised through the IPOs and SAR 5.3 billion raised through tradable rights and REITs acquisitions 	<ul style="list-style-type: none"> Implemented a bundle of market enhancements in the debt market, such as mid-point and RFQ for negotiated deals and enhancing the availability of debt market data through the release of the first Debt Market Quarterly Report 		<ul style="list-style-type: none"> Saudi Exchange launched Single Stock Options (SSO) contracts, the third derivatives market product 	<ul style="list-style-type: none"> Edaa launched the 2nd edition of the Association of Global Custodians' questionnaire, reinforcing its commitment to promoting transparency and encouraging foreign investors to invest in the Saudi capital market 	<ul style="list-style-type: none"> WAMID completed the 51% stake acquisition in DirectFN, which will enable it to expand its geographic reach and diversify non-trading revenue streams 	

Strategic Enablers

Next generation technologies

- Enhance operational efficiency and customer experience through best-in-class technological connectivity and infrastructure
- Invest in emerging technologies and incubate select use cases to capture "white space" business opportunities

Customer-centric selling

- Widen client base to regional and global participants (e.g. members, investors, issuers, and service users)

M&A capabilities

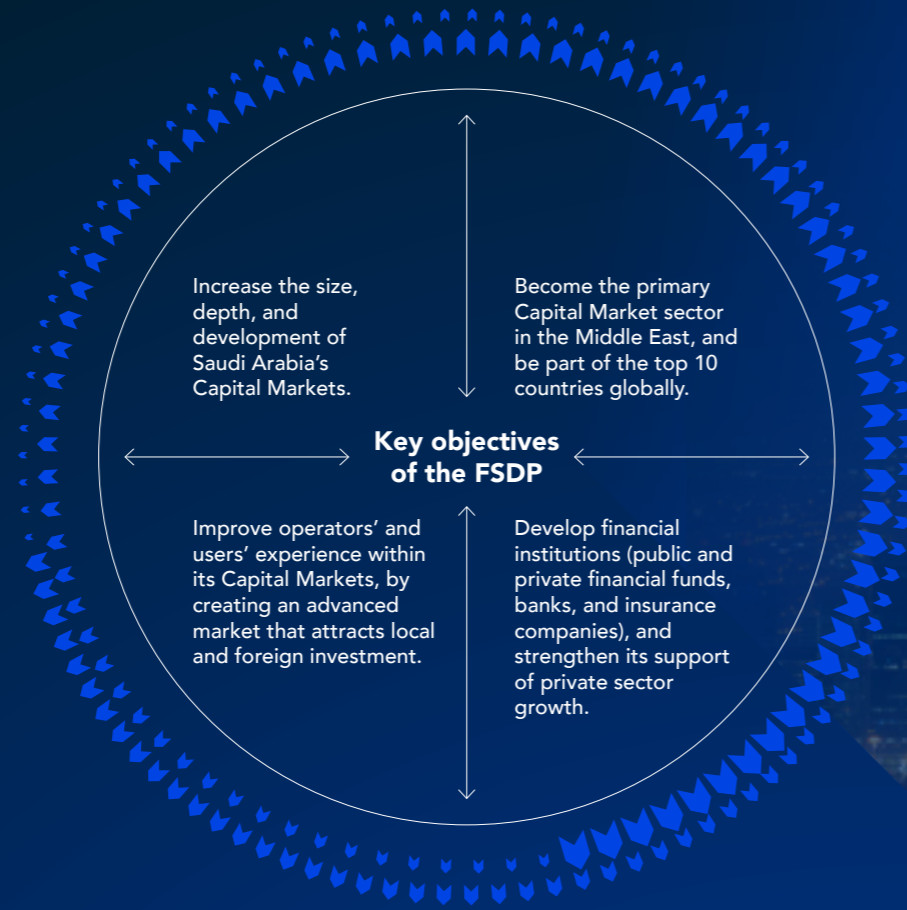
- Achieve high customer satisfaction with best-in-class services (e.g. commodities specialized team)
- Invest in or acquire relevant businesses to enable the delivery of strategy pillars 1 to 7
- Support the Group's publicly stated financial objectives on the revenue growth and EBITDA margin

The Saudi's Ambitious Vision 2030

Saudi's Vision 2030 is a strategic framework aimed at reducing Saudi Arabia's dependence on oil, further diversifying its economy through the privatization of state-owned assets, emphasizing the role of the Sovereign Wealth Fund and further developing public service sectors such as health, education, infrastructure, recreation and tourism.

To build the best possible future for the Kingdom of Saudi Arabia, the Saudi's ambitious Vision 2030 is built around three fundamental themes: a vibrant society, thriving economy and an ambitious nation.

To ensure and drive the realization of the Saudi's ambitious Vision 2030 and its supporting themes, eleven Vision Realization programs have been set, one of which is the Financial Sector Development Program (FSDP). Launched in 2018, the FSDP aims at developing a diversified and effective financial sector to support the development of Saudi's national economy, diversify its revenue streams, and stimulate savings, finance, and investment through the improvement of financial institutions and their services, while transforming the Saudi Exchange into an advanced capital market.



Central to the realization of the Saudi's ambitious Vision 2030 and the FSDP's objectives is the pivotal role played by the Saudi Tadawul Group, through various strategic initiatives aimed at developing a technologically advanced and integrated capital market. The Group's transformation into a holding structure in 2021 marked a significant step towards achieving these objectives, emphasizing its commitment to advancing the Saudi capital market's infrastructure, enhancing its competitiveness, and aligning with international best practices.

Saudi Tadawul Group's vision aligns with the Saudi's ambitious Vision 2030's goals of economic diversification and growth. By fostering the development of a diverse capital market and acting as a bridge between global investors

and regional economies, the Group aims to position Saudi Arabia as an emerging market leader and an attractive global investment destination. The Group has outlined strategic objectives that include enhancing competitiveness, creating an agile environment responsive to global and local market trends, introducing best-in-class services for market participants, diversifying investment opportunities, and developing the market's infrastructure and member offerings.

The Group's initiatives also include enhancing the technological infrastructure of the Saudi Capital Market through its subsidiary WAMID, which focuses on emerging technologies to solve real-world challenges. This, alongside the development of Nomu – Parallel

Market for SMEs and the direct foreign investment in debt securities, illustrates the Group's comprehensive approach to market development.

Saudi Tadawul Group's IPO in December 2021 and its strategic positioning as a national champion underline its integral role in the delivery of the FSDP under the Saudi's ambitious Vision 2030. The Group's innovative history, leadership in the largest IPO, and growth in QFIs since January 2018 demonstrate its pivotal role in shaping the future of the Saudi capital market. Through these efforts, Saudi Tadawul Group supports the Kingdom's economic diversification and growth objectives while enhancing Saudi Arabia's standing in the global investment community.



SCMF Case Study

Building the Future of Capital Markets Today: Saudi Capital Market Forum 2023

Saudi Tadawul Group held in February 2023, the second edition of the Saudi Capital Market Forum (SCMF) brought together issuers, investors, private companies, government entities, and financial institutions to explore key issues facing the industry and the evolution of global capital markets, as well as showcase the efforts of Saudi companies in meeting global ESG standards.

A standout event in the regional financial calendar, SCMF 2023 aimed to:



Engaging Stakeholders and building brand

Building on the solid foundation of the inaugural SCMF in 2022, the 2023 edition of the forum was a massive success by any measure. More than doubling the number of attendees from the previous year, it exceeded its targets and 2022 benchmarks, establishing itself as a can't-miss event and one of the largest capital market conferences in the region.

By bringing together all key Stakeholders and partners, it provided a venue for a number of significant agreements to be signed and partnerships to be forged, including:

- MoU signed between Saudi Tadawul Group and Singapore, Qatar, and Egypt stock exchanges to collaborate across ESG, diversity, and inclusion, and explore collaboration across various financial instruments while identifying new opportunities in indices, derivatives trading, and FinTech advancements.
- MoU signed between Saudi Exchange and the Saudi Venture Capital Company to stimulate investment in specialized private sector funds in early pre-IPO stages managed by financial institutions.
- MoU signed between Saudi Tadawul Group and Clarity AI Information Technology to explore the potential to create a data management and investor platform for users in the region and beyond.
- MoU signed between Saudi Exchange, the Ministry of Economy and Planning, and the Capital Market Authority (CMA) to advance ESG standards in the Kingdom.

SCMF 2023 also provided Saudi Tadawul Group with a platform to interact and engage with its local and international Stakeholders. It enhanced the Stakeholder database and unlocked new opportunities to listen to Stakeholders' ambitions and requirements, positioning the Group to continue to innovate and create additional value moving forward.

Saudi Capital Market Forum 2023 at a Glance



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.



SAR 22.42 billion

Group's market cap as of 31 December 2023



2023 SAR 1.07 billion

2022 SAR 1.09 billion

Group's revenue

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.



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.



Mr. Shahrukh Qureshi
Group Chief Financial Officer



Financial Review (continued)

Profit and Loss and Key Ratios Snapshot

SAR million	2022	2023	YoY %
Year ended 31 December			
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	2022	2023	YoY %
Year ended 31 December			
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)



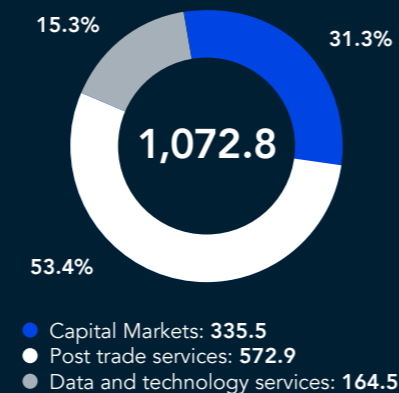
EBITDA (SAR million)

403.1

-20.8% (YoY)



Operating revenue segmental snapshot (SAR million)



Enterprise Risk Management

Saudi Tadawul Group’s comprehensive and robust approach to enterprise risk management (ERM) is designed to safeguard the Group, its assets, and the Stakeholders’ interests.

In line with the Group’s governance model, framework, and culture, it is the responsibility of every individual across the Group to cooperate in identifying any potential risks and setting proper plans to avoid and mitigate any risks that might limit the Group’s ability to execute its strategy to create sustainable value for its Stakeholders.

The Group operates within a complex environment that subjugates it to several types of risks, such as operational, technology, corporate, financial, business continuity, information security, and business environment risks. To mitigate such risks, the Group’s ERM department implements the ERM policy and

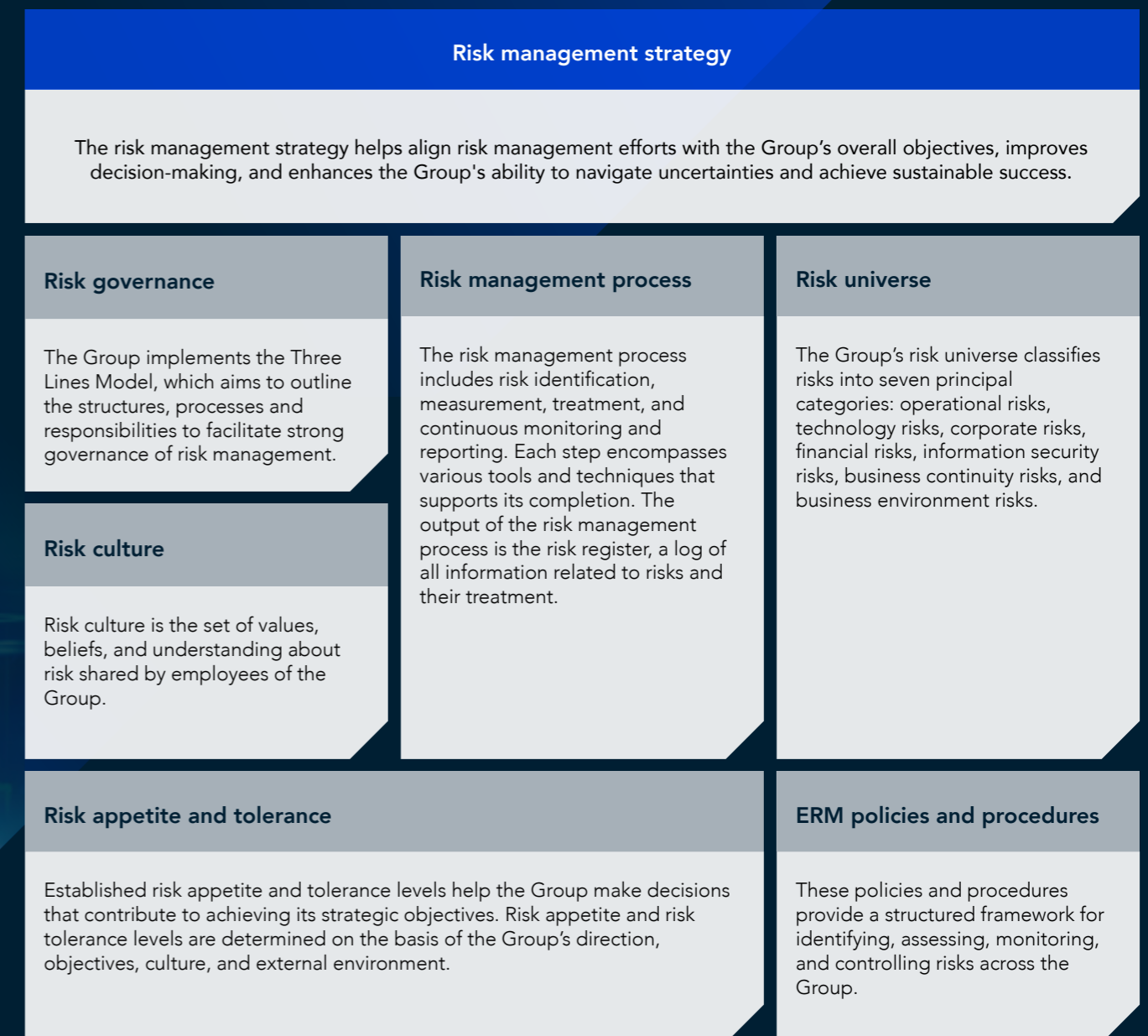
framework, which govern the process to which risk identification, assessment, treatment, monitoring, and reporting is carried out.

The ERM department supports the Group in conducting the risk and control self-assessment process to identify key risks and define appropriate treatment plans. Risk identification is carried out in accordance with the aforementioned type of risks. A process of periodic follow-up is in place to ensure treatment plans are implemented, and when necessary, enhanced.

Key risks are reported regularly to Executive Management and the Group’s Governance, Risk, and Compliance Board Committee, which oversees and monitors these risks in line with the Group’s risk appetite and tolerance levels. Risk assurance is carried out by the internal audit function which, as per the plan, conducts risk-based audits upon the Group’s operations and services. In addition, the ERM department carries out additional risk assessment processes, such as projects risk assessment, assessment of key risk indicators, assessment of incidents and loss events.

Enterprise Risk Management Governance and Framework

The Group’s ERM framework provides the appropriate methodology for implementing the risk management process, which includes identifying and measuring risks, as well as identifying risk treatment plans to reduce the likelihood and impact of risks for the Group.



Enterprise Risk Management (continued)

The Three Lines Model

Governed and overseen by the Group's Board of Directors, the Group applies the Three Lines Model.



Key: Delegation, direction, oversight Accountability, reporting Alignment, collaboration

ERM Department

The ERM department's main purpose is to manage activities required to identify, evaluate, and prioritize risks that could affect services, infrastructure, assets, and resilience of the Group and the execution of its strategy, by developing and maintaining a comprehensive, systematic, and proactive approach aligned with the objectives and long-term initiatives of the Group.

The ERM department is responsible for the following:

- Develops and maintains the ERM policy and framework, which outline the principles, procedures, and responsibilities for managing risks across the Group. This includes defining risk categories, and outlining the overall approach to risk management.
- Works with Senior Management and the Board of Directors to define the Group's risk appetite and tolerance

levels, which establish guidelines to ensure risks are managed within acceptable limits and aligned with the Group's strategic objectives.

- Conducts comprehensive risk assessments to identify and evaluate key risks across the Group. The department implements risk assessment methodologies, such as qualitative and quantitative analyses, to determine the potential impact and likelihood of risks. These assessments help prioritize risks and allocate resources effectively.

- Establishes and monitors key risk indicators (KRI), which are measurable metrics that provide early warning signs of potential risks. The department defines relevant KRIs for different risk categories and implement monitoring systems to track and report on the status of these indicators. Monitoring KRIs helps in identifying emerging risks and trigger appropriate risk responses.
- Collaborates with project managers and Stakeholders to conduct risk assessments for the Group's programs, projects, and initiatives. The department identifies and evaluates risks specific to each project, considering factors such as project scope, objectives, timelines, and resource allocation. The department provides guidance on risk mitigation strategies and ensures project risks are appropriately managed within the overall ERM framework of the Group.
- Fosters a risk-aware culture throughout the Group by developing and delivering training programs to enhance risk awareness and understanding among employees.

The department promotes the integration of risk considerations into decision-making processes and encourages open communication about risks across all levels of the Group.

- Prepares and presents regular risk reports to Senior Management and the Board of Directors. These reports provide an overview of the risk landscape, highlight key risks, and assess the effectiveness of risk mitigation strategies. Effective communication of risk-related information helps Stakeholders make informed decisions and take appropriate actions.

Risk Assessment and Mitigation

Risk Assessment Methodology

The key attributes of the risk assessment methodology are assessing impact, likelihood, and the risk scoring defined below.

Impact assessment is the process of assessing the probabilities and consequences of the risk events in case they may materialize. Assigning an impact rating to the risk will be based on the rating for the highest impact anticipated, whether it is financial,

reputational, strategic, customer-based, or legal.

Likelihood assessment is the probability that a risk may cause loss for Tadawul Group before considering the effectiveness of controls.

Risk score is calculated by multiplying the likelihood and impact ratings of each risk. Risk score addresses the inherent risk in case it is calculated without the consideration of the presence or the effectiveness of the related controls.

Risk Status categorizes risks into four ratings: from highest and most urgent risks, which may hinder the Group from achieving its goals; to lower and less urgent risks that have a minimal effect on the Group's efficiency.

After consideration of the presence and effectiveness of controls, the residual risk is determined using a similar methodology to that used for calculating the inherent score. The difference is that the likelihood score is reduced by the control effectiveness rating. When the impact of control effectiveness score is subtracted from the inherent risk, the remaining is the residual risk score.

Likelihood ↑	5. Almost Certain	M (5)	H (10)	H (15)	C (20)	C (25)
	4. Likely	L (4)	M (8)	H (12)	C (16)	C (20)
	3. Possible	L (3)	M (6)	M (9)	H (12)	H (15)
	2. Unlikely	L (2)	L (4)	M (6)	M (8)	H (10)
	1. Remote	L (1)	L (2)	L (3)	L (4)	M (5)
		1. Insignificant	2. Minor	3. Moderate	4. Major	5. Significant
		Impact →				
	Risk Status:	Critical risk	High risk	Medium risk	Low risk	

Enterprise Risk Management (continued)

Risk Mitigation

The ERM department remains proactive in mitigating risks by working collaboratively with all departments to identify and address key risks. The department's comprehensive ERM framework includes implementing robust internal controls, providing guidance to enhance operational efficiency and resilience, conducting periodic risk assessments, facilitating effective communication, and assisting in developing risk awareness throughout the Group.

The department monitors key risks and provides guidance on risk mitigation strategies while ensuring adherence to recognized standards and guidelines. The department collaborates with Stakeholders to minimize the risk of disruptions and maintain the integrity and credibility of the Group. Additionally, the ERM department monitors external factors such as economic, political, and environmental conditions to identify key risks that may impact the Group's performance and objectives and assists in developing contingency plans, engages with Stakeholders, and manages key risks.



Principal Risks

Risk	Description
Operational risks	Risks arising from poor efficiency or failure of internal and external processes, individuals, systems, or external events. These include issuer operations risks, member operations risks, market operations risks, human resources risks, and physical asset risks.
Technology risks	Technology failure that disrupt business operations. Technology risks include infrastructure failures, IT system failures, or telecommunications risks.
Corporate risks	Risks related with Group's strategic objectives, compliance and governance framework, projects, and communication.
Financial risks	Risks that may affect the Group's revenues or reduce the efficiency of operating expenses. Financial risks include liquidity risks, credit risks, investment risks, accounting and financial reporting risks, insurance risks, and fraud risks.
Information security risks	Risks arising from vulnerabilities and threats to information and system, which may affect the achievement of business objectives. Information security risks include internal threats, external threats, data privacy risks, and data integrity risks.
Business continuity risks	Risks that lead to a catastrophic disruption of the Group's operations, resulting in significant losses in the technology infrastructure and level of services provided. The ERM department oversees the requirements determined by business continuity management (BCM) for restoring the service and ensuring the Group's ability to maintain the services provided to ensure the integrity and credibility of the market and investors. The ERM department also supports the BCM to establish controls and plans to reduce the risk of disruption of the system or facilities to ensure the continuity of business commensurate with the requirements of raising the efficiency of the market.
Business environment risks	Risks arising from a number of external factors that form the business environment that affects the performance and objective of the Group, such as economic, political, and environmental conditions, which includes the risks of market members, legal risks, data vendor risks, and the risks of vendors and suppliers.

Enterprise Risk Management Highlights and Achievements

2023 was a year of significant ERM advances and achievements for Saudi Tadawul Group, including:

- Enhanced risk awareness across the Group by providing training programs that educate employees about the importance of risk management and their roles in identifying and mitigating risks. Fostered a risk-aware culture by promoting open communication, collaboration, and accountability for risk management.
- Established a risk appetite and tolerance framework that aligns with the Group's and subsidiaries' strategic objectives. This framework defines the acceptable level of risk the Group is willing to take and helps guide risk management decisions, ensuring risks are managed within predetermined boundaries.
- Conducted thorough risk assessments, utilizing appropriate methodologies and tools, and established appropriate risk treatment plans, implementing internal controls, and monitoring the effectiveness of risk mitigation measures.

- Established a structured risk reporting process, providing timely and accurate risk information to Management and the Board of Directors.
- Ensures alignment with applicable laws, regulations, and industry standards relevant to risk management. Proactively monitored regulatory changes and assessed their impact on the Group's risk profile.
- Implemented proactive monitoring systems and key risk indicators (KRI) to track changes in risk profiles and identify emerging risks.
- Regularly reviewed and evaluated the effectiveness of the ERM policy and framework by identifying areas for improvement and implementing lessons learned. Embraced a culture of continuous improvement by regularly reviewing and enhancing the ERM framework, methodologies, and processes. This includes soliciting feedback, conducting internal assessments, staying informed about evolving industry standards to ensure ongoing effectiveness and relevance and actively monitored the external environment for emerging risks that could impact the Group.
- Ensured that risk management is integrated into project management processes and new initiatives by conducting risk assessments and providing guidance on risk mitigation throughout the project lifecycle.

Cybersecurity

Saudi Tadawul Group's Cybersecurity department, which consists of cybersecurity governance and cybersecurity operations, is responsible for:

- Building, maintaining, and improving the cybersecurity policy and procedures.

- Handling cybersecurity compliance and risk.
- Operating and integrating relevant systems and processes with the Security Operations Center (SOC).
- Continually optimizing existing cybersecurity monitoring tools and processes to ensure protection of critical information assets.

The Department follows National Cybersecurity Authority (NCA) frameworks, such as:

- Essential cybersecurity controls (ECC).
- Critical systems cybersecurity controls (CSCC).
- Cloud cybersecurity controls (CCC).
- Telework cybersecurity controls (TCC).
- Organizations social media accounts cybersecurity controls (OSMACC).
- Data cybersecurity controls (DCC).

In 2023, it effectively monitored cybersecurity assessments, awareness, and the overall effectiveness of the Cybersecurity program. This contributed to ensuring no cybersecurity incidents, obtaining the ISO 27001 certification and ensuring the Group meets all relevant CMA requirements and improves the level of compliance with NCA's regulations.

Business Continuity

Saudi Tadawul Group's Business Continuity department, which follows ISO 22301:2019, is responsible for:

- Developing the appropriate business continuity policy, strategies, and framework.
- Developing, reviewing, and maintaining the Group and subsidiaries business impact analysis (BIA) and business continuity plans.

- Setting the minimum business continuity standards or guidelines for members or any authorized participants who utilize the Saudi Tadawul Group's trading platform or other core services.
- Assessing new initiatives or major changes or systems for business continuity aspects.
- Reviewing and maintaining business continuity risk assessments.
- Developing, reviewing, and maintaining Business Continuity program reports.
- Establishing, implementing, and maintaining an incident response plan to avoid any disruption to the organization's critical services.
- Preparing and managing appropriate testing and exercising plans annually.
- Preparing and maintaining the business continuity training and awareness program for various levels of employees across the Group and its subsidiaries.

In 2023, the Business Continuity department succeeded in evaluating the Group's resiliency by reviewing the Business Continuity program, which covers business continuity and disaster recovery plans, scenario testing, crisis management, and employee awareness, hence obtaining the ISO 22301:2019 certification. The department has supervised failover tests for all the Group's critical systems, including critical businesses, market members, and related third parties and service providers, to ensure the Group's capability and resilience against potential disruptions. Finally, the department also oversaw the Group's continuity by evaluating the resilience of its technical infrastructure and current strategies to optimize it in line with best practices and standards.

Stakeholder Engagement

Saudi Tadawul Group is firmly committed to transparent and mutually beneficial relationships with its Stakeholders, focusing on transparency, collaboration, and sustainable value creation. This approach has been pivotal in reinforcing the Group's position as a regional powerhouse with global reach, highlighting its role as a visionary leader in fostering a sustainable and inclusive capital market.

Through its proactive approach to supporting and engaging all its valued Stakeholders, the Group seeks to continuously create sustainable value for its Stakeholders by addressing their evolving needs. This has supported the Group in delivering exceptional performance over the years.



Shareholders

The Group engages with its Shareholders and analysts through a robust and diverse communication strategy, ensuring constant and transparent dialogue. This engagement takes place through various channels, including Shareholder conferences, meetings, communication platforms, and regular conference calls. In addition to these channels, the Investor Relations team has direct access through several communication channels, allowing Shareholders to reach out with their inquiries and concerns. In 2023, the Group demonstrated its commitment to active shareholder engagement by conducting two virtual General Assembly Meetings, where the Board of Directors and management directly addressed shareholder inquiries. The Group also actively participated in numerous international and local conferences, facilitating several one-on-one meetings with shareholders and analysts, thereby reinforcing its commitment to constructive and transparent communication.

The Group's approach to shareholder communication is underscored by its adherence to best practices and its efforts to provide equal and regular access to material information. In 2023, this was exemplified by the upgrade of its communication channels, including the development of an investor relations app and a revamp of the Investor Relations webpage. These enhancements were strategically implemented to increase the scope and

accessibility of information, reflecting the Group's dedication to transparency and Stakeholder engagement. Moreover, the Group has established a meticulous disclosure procedure to ensure complying with regulatory disclosure obligations. This commitment to transparency aligns with regulatory standards in addition to building trust and confidence among its shareholders and the wider investor community.

The Group's engagements with its shareholders are tailored to reflect the evolving nature of events and developments within the Group and the broader market. Discussions typically revolve around key topics such as financial and operational performance, strategic direction, sustainability initiatives, corporate governance, and the Group's contributions to regional economic development and the Saudi's ambitious Vision 2030 objectives. The insight and feedback gathered from these discussions are meticulously incorporated into the Group's official communications and reports, demonstrating a responsive and proactive approach to Shareholder concerns. By prioritizing regulatory compliance, enhancing information transparency, following best practices, and managing market expectations, the Group effectively creates substantial value for its shareholders, reinforcing its position as a trusted and forward-thinking leader in the financial market.



Employees

The Group engages with its employees through a multifaceted and dynamic approach, focusing on enhancing employee satisfaction and fostering a culture of innovation and adherence to best practices. A key initiative in this endeavor is the implementation of the Organizational Health Index (OHI) assessment across the Group. This assessment plays a crucial role in providing insight into workforce dynamics, enabling the Group to refine and improve its strategies for employee engagement and well-being. The results from the OHI are instrumental in shaping policies and practices that support a positive and productive work environment.

The Group's engagement with employees is ongoing and varies in frequency based on the nature of the activity, ranging from daily to monthly interactions. This comprehensive engagement strategy includes a blend of social events, training programs, surveys, and internal communications activities, extending across the Group and its subsidiaries. In terms of training and development, there has been a significant increase in the focus on employee learning, with average training hours per employee escalating from 44.6 in 2022 to 56.0 hours in 2023. This substantial investment in training is indicative of the Group's commitment to supporting its employees in their career development, enhancing their skills, and

fostering a culture of continuous learning and growth. The Group also prioritizes Saudization and diversity, with dedicated programs and initiatives to support and empower its Saudi national and female employees at every level of the organization.

To strengthen employee culture and engagement, the Group organized a range of events and activities throughout the year.

The outcomes of these engagement efforts are multifaceted. A comprehensive revision of the HR policy has led to an enriched benefits package for employees, including educational allowances, more flexible leave options, and improved travel benefits. Furthermore, the enhancement of the Graduate Development program ensures graduates experience an extensive and well-rounded training journey. A notable advancement is the introduction of dedicated women's leadership programs, affirming the Group's dedication to promoting gender equality and supporting the career progression of women into senior leadership roles. These initiatives collectively contribute to a workplace culture that values inclusivity, innovation, and the overall well-being of its employees, thereby creating significant value for this vital Stakeholder group within the Group.

Stakeholder Engagement (continued)

Community

The Group demonstrates a strong commitment to community engagement through a variety of impactful initiatives.

The Group's dedication to social responsibility is highlighted by its substantial donations, including an annual SAR 100,000 to the Children with Disability Association and SAR 200,000 to the King Salman Humanitarian Aid and Relief Centre. Additionally, the Saudi Exchange has conducted eight virtual workshops for the public on diverse investment topics such as Single Stock Options, Sukuks, and REITs, under the "Invest Wisely" initiative. This program provides regular, free educational workshops and seminars aimed at enhancing

investor awareness and knowledge across different levels of experience. It also includes learning materials and a trading simulation platform, offering a practical, real-life trading experience.

Moreover, the Group's community involvement extends to a Memorandum of Understanding with Al Yamama University, blood donation campaigns, and the "Step-by-step" initiative, underscoring its broad commitment to community support and development. Through these efforts, the Group enhances financial literacy and contributes to the welfare and development of the wider community.

Regulators

The Group's engagement with its regulator is deeply integrated into its operations through the diligent efforts of its Compliance Department. This department's core responsibility is to ensure all relevant departments within the Group rigorously adhere to a broad spectrum of applicable laws and regulations. These include but are not limited to: Labor Law, Competition Law, Anti-Money Laundering Law, the Law of Value Added Tax, Companies Law, Corporate Governance Regulations, and Rules on the Offer of Securities and Continuing Obligations. By doing so, the department plays a pivotal role in fostering effective supervision and control over the Group and its subsidiaries, thereby enhancing the regulatory environment, financial stability, and ensuring the integrity and transparency of the Group and its subsidiaries.

To maintain this high standard of compliance, the Compliance department regularly monitors these regulations across the relevant departments using a compliance grid. These tools ensure ongoing adherence to all applicable regulations.

Furthermore, the department conducts weekly code of conduct awareness sessions for new joiners and an annual session for existing employees, ensuring all Staff members are regularly updated on compliance matters. In addition, the department provides annual anti-money laundering (AML) training to all employees. These comprehensive training programs are crucial for maintaining a culture of compliance and ethical conduct within the Group, reflecting its commitment to upholding the highest standards of regulatory compliance.

Market Participants

The Group is keen to communicate continuously with market participants through a diverse and adaptive approach, utilizing calls, meetings, conferences, workshops, speaking opportunities, and webinars. The frequency and method of engagement vary based on the requirements of the market participant. Global business development often involves face-to-face interactions, especially at conferences, while established relationships frequently shift to virtual interactions; except in London where the Group has a physical presence. Interaction with members, both local and international, occurs on a daily or weekly basis. Engagement with market participants like Qualified Foreign Investors (QFI) ranges from quarterly to annually or revolves around specific news flow from Saudi.

Discussions with market participants cover a broad range of topics. These include general market introductions or updates, access to products and data offerings for high-frequency trading and algorithmic trading clients, resolving specific technical updates or issues, ESG practices, reporting and ratings, Saudi Exchange products and developments, Saudi Exchange membership, and market sounding for existing and new products and

services. With respect to resolving any issues, interaction is coordinated and carried out in tandem with WAMID, Muqassa, and Edaa.

The Group implements several key actions from these discussions. Regular dialogue with members, clients, QFIs and others informs better choices regarding product development and addressing regulatory issues. Formal market consultations form a crucial part of these conversations. Feedback is communicated to internal Group's functions and subsidiaries, ensuring a comprehensive understanding and response to market needs. Additionally, the Group initiates discussions with Saudi Exchange issuers on ESG practices, offering personalized advisory sessions and connecting them with experts through workshops. This collaboration extends to enhancing the ESG infrastructure and framework in Saudi Arabia. The Group also plays a pivotal role in raising awareness and guiding issuers through their ESG reporting journey and supports the overall enhancement of ESG practices in the Saudi Capital Market.

External Business Partners

The Group engages with its external business partners through both virtual and physical meetings. This approach ensures effective communication and collaboration, regardless of geographical boundaries. The Group initiates this engagement by inviting partners to an introductory meeting, which is conducted on a quarterly basis. This regular schedule facilitates ongoing dialogue and fosters a continuous relationship with its partners.

During these meetings, a variety of key issues are discussed. These include exploring areas for potential collaborations on various topics, exchanging knowledge, and conducting awareness workshops. These discussions are crucial for identifying mutual interests and opportunities for joint ventures or partnerships. One of the key actions resulting from these discussions is the signing of Memorandums of Understanding (MoU). These agreements outline the scope of cooperation and collaboration between the Group and its external business partners.

In terms of creating value for these Stakeholders, the Group takes several proactive steps. It facilitates meetings with the Group's departments, enabling partners to engage directly with relevant teams and access the necessary expertise. This can be particularly valuable for initiatives like cross-listing, where in-depth knowledge and coordinated efforts are essential. Additionally, the Group emphasizes knowledge sharing, which benefits its external partners while contributing to the Group's understanding of diverse market dynamics and Stakeholder needs. Through these engagements, the Group strengthens its business relationships and enriches the overall ecosystem in which it operates.

Stakeholder Engagement (continued)

Issuers

The Group maintains a dynamic and continuous engagement with its listed issuers, ensuring an open line of communication and collaboration. This engagement is multifaceted, encompassing one-on-one meetings, phone conversations, conferences, workshops, and email exchanges, thereby catering to the diverse needs and preferences of the issuers.

The key topics of discussion in these interactions revolve around critical aspects like disclosures, adherence to listing rules, understanding and complying with the restriction period (blackout period), and staying abreast of new incentives launched for issuers. Additionally, the Group focuses on informing and educating issuers about upcoming events and market enhancements, ensuring they are well informed and prepared for any market

changes. As part of the Group's interactions with the CMA, it regularly engages issuers through surveys and meetings covering a range of topics related to the development of the Saudi capital market, including changes in fees, processes, and products.

In response to these discussions, the Group is committed to reviewing the feedback received from issuers and implementing key actions. This includes conducting workshops designed to increase awareness and understanding of the Group products and services among issuers. These workshops and other educational initiatives are a testament to the Group's dedication to supporting its issuers, enhancing their experience, and ensuring their success within the Group's ecosystem.

Data Vendors and Index Providers

The Group engages with data vendors and index providers through a two pillars. Firstly, it involves managing existing relationships addressing a variety of requests, queries, and issues. This aspect of engagement encompasses over 270 clients, including issuers, fund managers, and members of the exchange. Secondly, the Group focuses on reaching out to potential clients to promote their offerings and gather feedback, which is crucial for enhancing existing solutions and introducing new ones that meet client demands.

Engagement with data vendors and index providers occurs on a daily basis. These interactions are critical for maintaining strong, responsive, and mutually beneficial relationships. Key topics of discussion include the specifications of available data and products, as well as the negotiation of license terms. Key account management and support activities are integral parts of these interactions, ensuring the clients' needs and

expectations are met efficiently. From these discussions, the Group has identified key actions for implementation. Foremost among these is the anticipation of customers' demands, enabling the Group to develop products and solutions that are relevant to current requirements and aligned with future client needs.

In creating value for this Stakeholder group, the Group focuses on providing products and solutions that add significant value to their clients. These offerings are designed to help clients access and trade in the Saudi markets effectively and efficiently. By understanding and responding to the specific needs of data vendors and index providers, the Group ensures its products and services are both relevant and beneficial, thereby reinforcing its position as a leading financial market entity committed to meeting the evolving demands of its diverse clientele.





Subsidiaries

- 53 Saudi Exchange
- 69 Edaa
- 73 Muqassa
- 77 WAMID
- 81 Acquisition of DirectFN - Case Study

Driving innovation and growth across key sectors, the Group solidifies its position as the investment destination of choice within the region.

تداول السعودية Saudi Exchange

Saudi Exchange Company "Saudi Exchange"



Scan the QR code to view the website

Saudi Exchange, as one of the top 10 capital markets globally, contributes to laying the foundations for the growth and development of the Saudi capital market, offering a world-class infrastructure that protects market participants and meets the expectations of various local and international stakeholders through its tailored services.

"Proudly standing as a global leader, Saudi Exchange has navigated challenges with resilience and innovation. We have solidified our position among the largest and most dynamic markets globally and have navigated complexities, introducing strategic initiatives like Single Stock Options and market making, contributing to the vibrancy of our capital market. The launch of new indices, products, and services, coupled with successful partnerships, underscores our commitment to excellence. Our focus remains on enhancing liquidity, diversifying offerings, and fostering a dynamic and inclusive financial ecosystem, in line with the Kingdom's ambitious economic vision."

Mr. Mohammed Al-Rumaih
CEO, Saudi Exchange



Ownership
100%
Owned by the Saudi Tadawul Group

Paid up share capital
SAR 600 million

Number of shares
60 million
(SAR 10 each)

Location
Kingdom of Saudi Arabia, Riyadh



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

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

Accelerating Growth and Innovation

During a memorable year of strategic progress, outstanding achievements and noteworthy milestones, Saudi Exchange solidified its position among the largest and most dynamic capital markets globally.

Despite the challenging and dynamic market in 2023, including rising interest rates, macro-economic and geopolitical challenges, Saudi Exchange demonstrated its strength and excellence and distinguished with innovative solutions and diverse services, effectiveness and efficiency of its employees and technologies. These collective efforts exhibited flexibility in its corporate culture and contributed to creating added value for all stakeholders.



Key activities and services

- Providing listing services.
- Providing order matching and trading services.
- Providing market information and indices services.

Maintaining strategic focus while supporting Stakeholders to adapt to evolving market realities, the Saudi Exchange delivered solid growth in volumes and market capitalization across its markets, while attracting new IPOs and listings, and launching new indices, products, and services, marking another highly successful year in contributing to the ambitions of the Group.

Strategy
The Saudi Exchange's strategic objectives focus on building:

- Trusted markets that consistently deliver for international and regional companies and investors, as well as Saudi Arabia's economy
- A dynamic business with pioneering product and service innovation, information, and analytics
- An agile, digitized, and collaborative culture driven by excellence

Saudi Exchange (continued)

Creating Value for Saudi Tadawul Group

Saudi Exchange remains at the heart of the “Create an advanced capital market” objective within the Financial Sector Development program (FSDP) of the Saudi’s ambitious Vision 2030.

The FSDP plays a crucial role in shaping Saudi Arabia’s financial sector and offering diverse investment opportunities into the Kingdom. The Saudi Exchange acts as a key facilitator, enabling foreign institutional investors to participate in the growth journey of Saudi capital market.

In 2023, the Saudi Exchange made significant progress in expanding and advancing its offering, introducing Single Stock Options and implementing a Market Making framework for equity and derivatives, contributing to fostering a vibrant capital market and cultivating a robust risk management culture.

Committed to ongoing improvements, the Saudi Exchange enhanced its trading infrastructure to make the Saudi Capital Market more efficient and attractive. These enhancements, such as changes to closing price calculations, introducing features like cancel-on-disconnect order flagging, and providing services tailored for high-frequency traders (HFT) and Market Makers, demonstrate the Saudi Exchange’s dedication to advanced trading services.

Additionally, the inclusion of a request for quotes (RFQ) service for negotiated deals, along with improvements to debt market fluctuation limits and order types, underscores the Saudi Exchange’s efforts to refine microstructural elements.

Moreover, the development of index benchmarks and detailed datasets, including real-time full order book information, supports the complex benchmarking and data requirements of foreign institutional investors, making investment in the Kingdom’s capital markets more attractive.

Collectively, these initiatives showcase Saudi Exchange’s multifaceted approach to enhancing market dynamics and promoting investment opportunities within the Kingdom.

Growing Volumes and Market Capitalization in 2023

Overcoming market challenges, TASI increased in 2023 by 14.21% compared to year-end 2022, driven by the energy industry, which impacted TASI by 278.62 points or 18.71%, banks with 233.99 points or 15.71%, and utilities with 211.40 points or 14.20%.

Traded value decreased by 21.95% during 2023 as a result of global economic implications, specifically high interest rates impacting capital market liquidity. Overall market capitalization increased by 14.07% and the number of trades showed positive growth, rising 6.91% for the year.

Saudi Exchange in 2023

51

New listings

72%

of total GCC market value

4

New indices launched

11,307.67
SAR billion

Market capitalization

Main Market and Nomu
- Parallel Market

+593%

in derivatives volume

+76%

in derivatives value

+30%

ESG reporting by issuers

In 2023, Saudi Exchange onboarded three Market Makers for eight different securities.



Saudi Exchange (continued)

CANADA
USD 2.91 trillion

US
USD 50.47 trillion

UK
USD 3.09 trillion

GERMANY
USD 2.41 trillion

FRANCE
USD 3.27 trillion

SWITZERLAND
USD 2.10 trillion

The Saudi Exchange maintained its ninth position among World Federation of Exchanges (WFE) members in terms of market value, and ranked 8th among countries' stock exchanges, contributing approximately 72% to the total market value of GCC countries.

CHINA
USD 9.54 trillion

JAPAN
USD 6.24 trillion

INDIA
USD 4.20 trillion

HONG KONG
USD 4.73 trillion

AUSTRALIA
USD 2.07 trillion

The Exchange sees strong expansion in market capitalization to GDP ratio across emerging markets.

Globally

HONG KONG: **1,226%**
 SAUDI ARABIA: **281%**
 SWITZERLAND: **229%**
 US: **187%**
 JAPAN: **147%**
 CANADA: **137%**
 AUSTRALIA: **125%**
 INDIA: **113%**
 FRANCE: **107%**
 UNITED KINGDOM: **93%**
 CHINA: **54%**
 GERMANY: **54%**

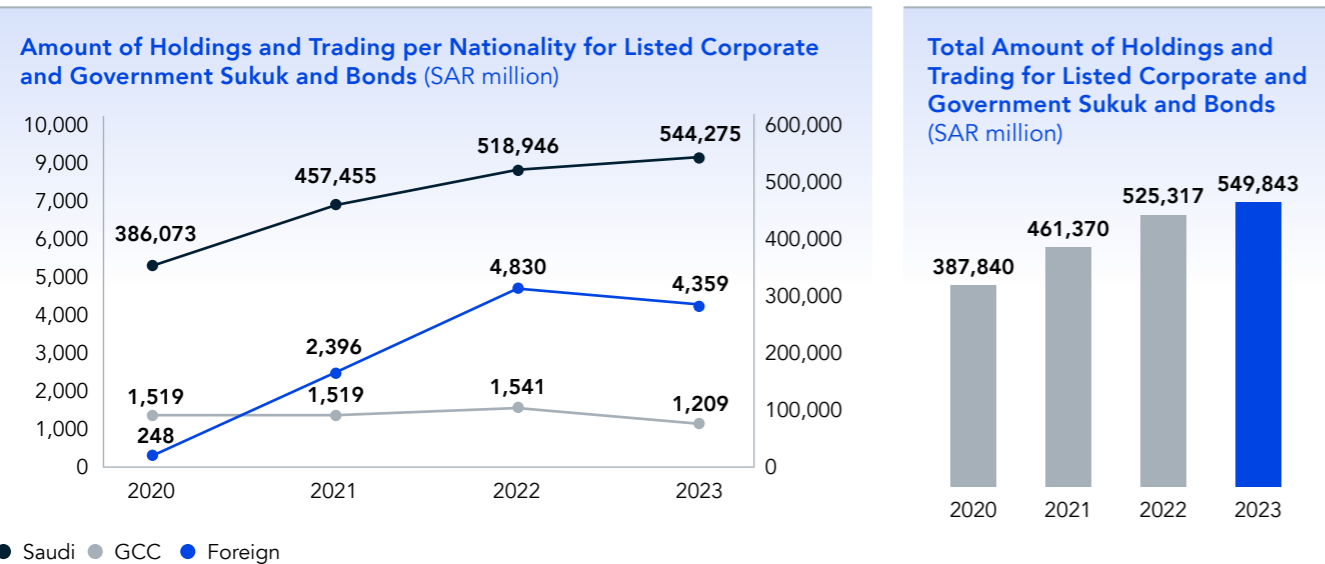
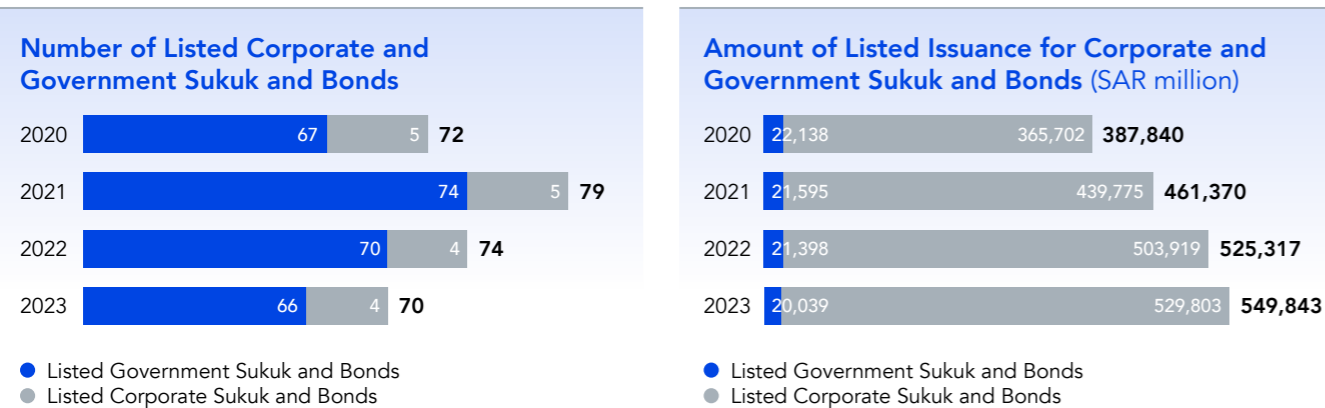
Middle East

SAUDI ARABIA: **281%**
 ABU DHABI: **146%**
 BAHRAIN: **122%**
 QATAR: **71%**
 KUWAIT: **81%**
 DUBAI: **31%**
 MUSCAT: **21%**

The Saudi capital market ranks 8th globally by Market Cap



Saudi Exchange (continued)



New Listings and Launches

In another landmark year for Saudi Exchange, there were a total of 51 new listings, including 9 listings in Main Market (including Funds: one listing in REITs and one listing in ETFs), 35 new listings in Nomu – Parallel Market, and 5 Corporate and Government Sukuk and Bonds listings. In addition to two companies that moved from Nomu to the main market.

The biggest listings of the Main Market in 2023 were ADES Holding, with the market cap of SAR 15 billion, and SAL Logistics with a market cap of SAR 9 billion. While on the Nomu Market, ARMAH with the market cap

of SAR 0.92 billion, and BALADY with a market cap of SAR 0.60 billion.

A significant development in 2023 was the launch of four new indices by Saudi Exchange, including Large, Mid, Small Cap Indices, and the IPO Index. This strategic move positions the exchange as a key index provider in the region, catering to the needs of both local and foreign investors. By introducing size indices that reflect the market's composition, it aims to provide a balanced representation of the market and offer investors a diverse range of investment opportunities. Meanwhile, the IPO Index will enable investors to participate in the growth potential of

new and rapidly expanding companies listed on the Main Market.

Simultaneously, the Saudi Exchange introduced size indices that accurately show how the market is made up. These indices give investors a clear picture of the market, opening up more investment opportunities. The IPO Index, in particular, allows investors to get involved in the growth of new and quickly growing companies listed on the Main Market. These indices are also important benchmarks for investment products, giving both local and foreign investors access to and advantages from the lively and growing capital market.

Following the publication of Market Making Rules and Procedures for the first time in 2022, progress in this key area continued into 2023, with the signing of eight Market Making Agreements with three key Market Makers: Riyadh Capital, Al Rajhi Capital and SNB Capital.

Reflecting the Saudi Exchange's dedication to diverse and inclusive market practices, Single Stock Options contracts were introduced in late November. This top-of-the-line derivatives product shows a lot of potential for making the market more diverse.

All these developments highlight Saudi Exchange's promise to create a dynamic and diverse market.

Market Performance

Number of Listed Securities

Main Market
231

(Including 18 REITs)

Nomu – Parallel Market
79

(Including 1 REIT)

REITs
19

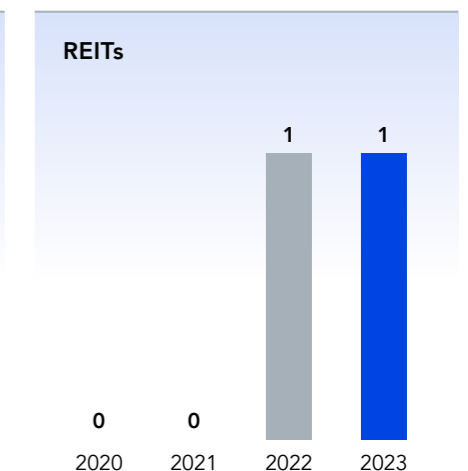
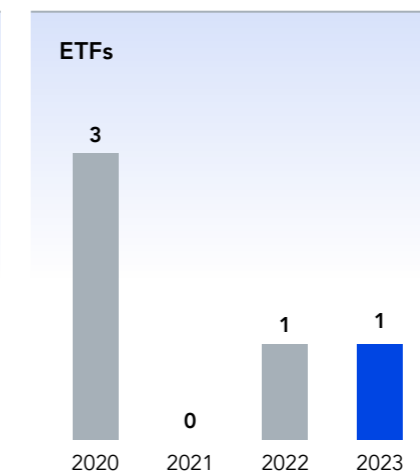
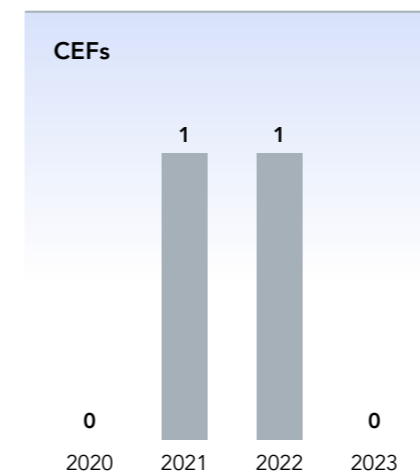
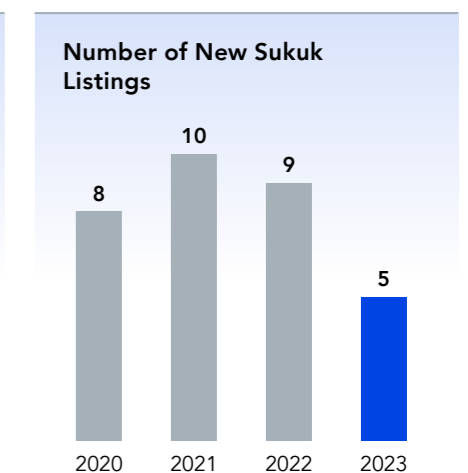
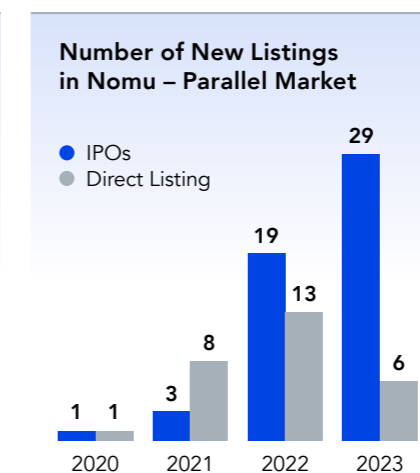
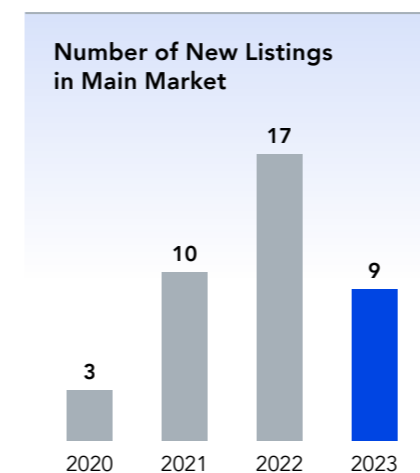
(18 in Main Market, 1 in Nomu Market)

CEFs
2

ETFs
8

Sukuk and Bonds
70

(4 Corporate Sukuk & 66 Government Sukuk)



Saudi Exchange (continued)

Capital Raised (SAR)

Year	2020	2021	2022	2023	Comments
Main Market	5,254,440,000	17,179,160,744	37,512,544,092	11,896,810,330	Including funds
Nomu – Parallel Market	180,000,000	1,893,469,550	1,289,992,376	1,094,356,424	
Tradable Rights	5,646,768,800	2,234,500,000	11,995,284,640	2,885,000,000	

Market Cap (SAR)

Year	2020	2021	2022	2023	Comments
Main Market	9,101,812,814,628	10,009,151,361,041	9,878,101,398,976	11,259,319,837,837	Including REITs
Nomu - Parallel Market	12,179,300,000	19,025,273,000	35,085,565,047	48,297,238,173	Including REITs
CEFs	-	409,930,345	850,324,747	1,220,698,437	
ETFs	1,608,258,900	1,597,731,800	1,503,387,900	644,772,260	
Sukuk/Bonds	387,840,399,020	461,370,215,860	525,316,925,120	549,843,238,000	Issuance size



Building Strength through New Partnerships

In 2023, Saudi Exchange signed four new agreements and partnerships with regional and international entities to support the Group’s strategic goals and ambitions.

Saudi Venture Company (SVC) – to stimulate investment in early pre-IPO stage specialist funds that are managed by financial institutions in the private sector.

Ministry of Economy and Planning and Capital Market Authority (CMA) – to drive the sustainable development and long-term success of the Kingdom’s capital market through collaboration across three main areas: the development of a Saudi ESG taxonomy; the development of a national ESG disclosure framework for listed companies, infrastructure companies and capital market institutions in Saudi Arabia; and promoting awareness of ESG among investors and companies in Saudi Arabia.

National Center for Environmental Compliance – to collaborate with the national center on different topics related to environmental topics. In addition to that, to conduct mutual workshops to raise awareness about environmental issues and how to mitigate these issues.

e& enterprise – to establish a cooperative relationship focused on developing and encouraging joint sustainability efforts and supporting listed companies in the Saudi Capital Market to disclose their ESG practices.

Cash Market

Saudi Exchange’s Cash Market witnessed a remarkable journey of growth and innovation, marked by strategic advancements and a keen focus on enhancing its market products and services.

At the heart of its success was a dedicated effort to the development and evaluation of its products and services, ensuring seamless alignment with the overarching strategy to drive engagement and revenue growth. This strategic approach was particularly evident in the development and enhancement of the cash markets products and services, highlighting a deep understanding of market needs and future trends.

One of the pivotal moments of the year was the on-boarding of Market Makers on the Equity and Derivatives Markets. This crucial step revolutionized the market dynamics, injecting much-needed liquidity and enhancing overall market efficiency. Concurrently, the Saudi Exchange introduced specialized services tailored for Market Makers and high-frequency trading (HFT) clients. Features like drop copy and cancel-on-disconnect flagging became game-changers, fostering a substantial increase in algorithmic trading and HFT activities on the Saudi Exchange.

Highlighting its approach to global outreach, the first Chinese member in the cash market was welcomed in 2023, emphasizing its collaborative approach to market participation.

2023 was also a year of significant microstructural market enhancements. The introduction of Market Orders in the Debt Market and the implementation of static fluctuation limits were like the first few notes of a symphony, leading to a more efficient and stable debt market. The introduction of a mid-point closing mechanism for Debt and ETFs added another layer of sophistication, ensuring a more accurate and fair closing price mechanism.

The Equity Markets were not left behind. The removal of the normal trade threshold on main market securities and the introduction of HFT services, such as Drop Copy and Cancel-On-Disconnect order types, were like crescendos, elevating the experience. Furthermore, the introduction of a request for quote functionality opened up new possibilities for negotiated deals, adding a new dimension to market transactions.

These enhancements during the year – be it in liquidity or market efficiency – were key stepping stones in its journey towards a more vibrant and robust market, setting the stage for further development of the Equity Market through microstructural enhancements and the evolution of the Debt Market through liquidity enhancement services in the years ahead.

Saudi Exchange (continued)

Launching Market Makers Case Study

Enhancing Liquidity in the Cash Market

In December 2022, Saudi Exchange announced the approval of Market Making Regulations and Procedures by the Capital Market Authority’s Board, marking the introduction of a Market Making framework for Equity markets. This strategic move was aligned with the Saudi Exchange’s efforts to enhance liquidity and improve price formation efficiency, embodying the ambitious goals of the Saudi’s ambitious Vision 2030. The challenge was to invigorate the Saudi Capital Market, aligning it with global best practices, and ensuring robust liquidity and efficient price formation in the market.

To tackle this challenge, Saudi Exchange implemented a comprehensive market making strategy. Market Makers, who are required to be exchange members, were incentivized through discounted trading commissions, provided they adhered to a set of obligations defined by the Saudi Exchange. The Saudi Exchange categorized all listed Equities in the Main Market and Nomu – Parallel Market into different liquidity groups, imposing varying obligations based on the security’s liquidity level.

Market Makers played a pivotal role in enhancing liquidity by continuously sending buy and sell quotes during trading sessions, thereby improving price formation and availability of liquidity. This framework opened opportunities for issuers to enhance their security’s liquidity and for both local and international Market Makers to provide much-needed liquidity. Market Makers operated either as principals or agents for their clients.

Onboarding Key Market Makers

The outcomes of this initiative were significant. In 2023, Saudi Exchange onboarded three Market Makers for eight different securities. A notable incentive was the 100% discount on

trading commissions offered to Market Makers participating in the pilot program, conditional upon fulfilling the Saudi Exchange’s obligations for six months post the signing of a Market Making Agreement.

This strategy effectively encouraged the development of the Market Making business in the Saudi Capital Market and enhanced the liquidity of securities with active Market Makers. The regulations and procedures provided a clear framework for issuers to appoint Market Makers for their securities, thus enhancing both price formation and liquidity for buyers and sellers.

Delivering Immediate and Lasting Value

The impact of this solution was clearly reflected in the trading values. Market Makers significantly contributed to the daily traded value of securities, elevating the average daily traded value for these securities. The average daily contribution of Market Makers to the traded value varied impressively, ranging between 7% to 27%, and in some instances, reaching as high as 46%. This initiative underlined the Saudi Exchange’s commitment to enhancing its Market Making framework and continuing to onboard

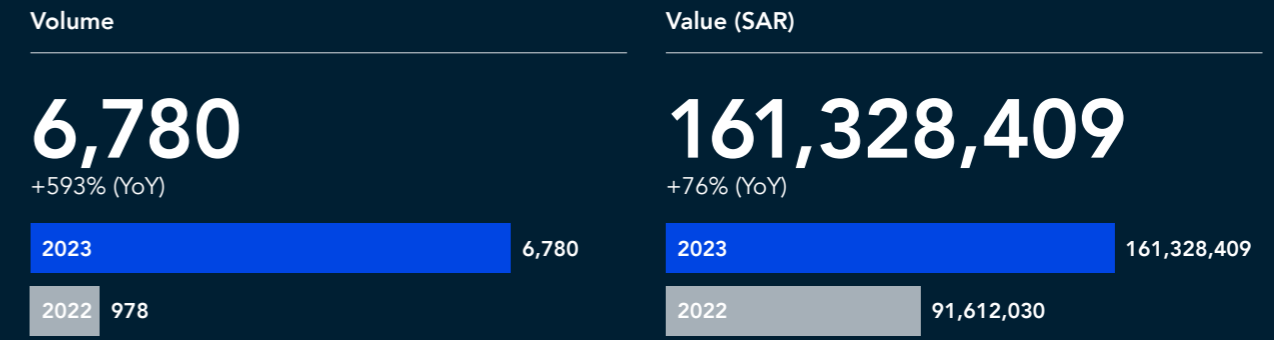
additional Market Makers across a wide range of listed securities, demonstrating the Saudi Exchange’s dedication to fostering a dynamic and efficient capital market in line with global standards.

Derivatives

In 2023, Saudi Exchange’s Derivatives offering continued to evolve and progress, playing a pivotal role in the market’s strategic development and aligning with the Saudi’s ambitious Vision 2030 and the FSDP. Derivatives, as diverse financial tools, not only diversified the market offerings, but also provided investors with crucial mechanisms for risk management, thereby enhancing the overall sophistication of the market.

A key highlight of the year was the launch of Single Stock Options (SSO) on four major listed stock, with 888 contracts traded in the year. This addition broadened the range of investment options available, attracting a wider array of investors and contributing to the strategic success of the Saudi Exchange. The introduction of the first Derivatives Market Maker for MT30 Index Futures was another landmark achievement, leading to the trading of 922 contracts. This

Significant increase in the traded volumes and values for the Derivatives market in 2023



significantly enhanced the liquidity and depth of the market, marking a crucial step towards maturing the Saudi financial landscape. Additionally, a notable 4,970 contracts were traded in Single Stock Futures (SSF). This strong interest indicates the growing attraction of these instruments to market participants.

The introduction of Derivatives has sparked considerable interest among qualified foreign investors (QFI), who have shown a growing curiosity in the Saudi market. The conservative but clear approach of these investors towards the new Derivatives offerings,

particularly the SSOs, indicates a burgeoning interest in the diverse investment opportunities within the Saudi financial market.

The impact of Derivatives on market development has been substantial. By enhancing product diversity and improving market depth, Derivatives have not only benefited the domestic market, but have also positioned Saudi Arabia as a competitive player in the global financial arena.

The Saudi Exchange plans to continue expanding its Derivatives offerings. This includes introducing new financial

derivative instruments, such as index options and new Futures products, as well as broadening the range for SSFs and SSOs with new underlying assets. Improvements to the features of existing products are also on the agenda. It is committed to aligning its market with global standards by enhancing technological and regulatory frameworks, which are essential for achieving greater success in the future.

As Saudi Exchange continues to grow and diversify its derivatives offerings, it solidifies its position as a top destination for investors, furthering the goals of the Saudi’s ambitious Vision 2030 and the FSDP.



Saudi Exchange (continued)

Launching Single Stock Options Case Study

Promoting Diverse and Inclusive Market Practices

The introduction of Single Stock Options (SSO) in 2023 was a strategic initiative by Saudi Exchange, aimed at aligning with international best practices and enhancing market dynamics. The challenge lay in offering American-style, physically settled contracts that allowed investors the flexibility to exercise their buy or sell options at any point during the contract's lifespan. Additionally, upon exercise, the underlying stocks would be physically delivered. This required significant expertise, time, and resources from both the Saudi Exchange and the clearing house, Muqassa, to ensure the successful integration of these features.

In response to this challenge, Saudi Exchange launched American-style SSOs, providing traders with new opportunities to diversify and hedge their portfolios. Recognizing the need for investor education in this area, the Saudi Exchange intensified its efforts to raise awareness. It conducted publicly accessible educational workshops, catering to individuals of varying experience levels. These workshops were critical in enhancing investor understanding of how to trade these options effectively and manage associated risks.

Empowering Investors

The launch of SSOs brought significant benefits. Traders gained new tools for portfolio diversification and risk management. The educational

initiatives undertaken by the Saudi Exchange resulted in a heightened demand among investors to understand and engage with this new product. The efforts to raise awareness and educate investors enhanced market participation and fostered a deeper understanding of the nuances of options trading.

Driving Increased Market Activity from Day One

The most impressive figure that demonstrates the success and impact of this initiative is the trading volume on the first day – a remarkable 687 traded options. This high level of activity underscored the market's readiness and enthusiasm for such a product. Furthermore, the Derivatives membership pipeline saw considerable

growth, with two additional members onboarded following the product launch. The growing interest among potential members, eager to offer these options to their clients, is a clear indicator of the positive reception and potential of SSOs in the market.

This substantial market activity and the increase in membership base reflect the positive impact of SSOs. They not only offer new opportunities to investors, but also contribute significantly to the overall dynamism and maturity of the Saudi Capital Market. Saudi Exchange's strategic vision in launching these options has thus marked a pivotal development in the region's financial landscape, paving the way for further innovation and growth.

Nomu – Parallel Market

Since the launch of Nomu – Parallel Market in 2017, Saudi Exchange has continued to evolve, improve and implement enhancements and new options for potential issuers. This includes the option for companies to transfer to the Main Market, as well as the introduction of Direct Listing, which contributed to the increase in number of listings on Nomu. It also eased the listing rules for Nomu, by giving the issuers the option to offer either 20% of the company's shares or shares worth SAR 30 million, whichever is less.

In addition, it eased the continuous disclosures to attract more companies to Nomu, by mandating the financial statements be published on a semi-annual basis, rather than quarterly. Other changes include reducing the normal trade threshold, which leads to better transparency, and expanding daily price fluctuation limits from $\pm 10\%$ to $\pm 30\%$. Moreover, it allowed funds (ETFs, REITs, & CEFs) to list on Nomu, giving investors a wide range of products to invest in. All of which has encouraged more companies to list on Nomu – Parallel Market, resulting in attracting more and more investors to invest in Nomu and deepening its investor base.

Attracting New Investors

During 2023, Saudi Exchange continued its commitment to expanding its brand and engaging qualified investors by proactively promoting its products and developments globally, attracting foreign investment into its markets and the Kingdom.

Applying a multi-faceted engagement approach centered on global relationship development, market participant diversification, and an enhanced focus on ESG practices, as at year end, the number of registered QFIs reached 3,724, an increase of 18% from 3,151 at the end of 2022.

A key strategy was the development of global relationships, particularly in the EMEA and Asian regions, with a notable expansion of activities in Hong Kong and China. This expansion was facilitated through various channels such as conferences, roadshows, and targeted marketing efforts. These initiatives not only amplified the visibility of the Saudi market on the international stage, but also opened doors for new investment opportunities, fostering continual growth in line with Saudi Arabia's economic aspirations.

Another significant development was the collaboration with WAMID to introduce new market participants, including high-frequency traders (HFT). This collaboration played a crucial role in enhancing market liquidity and further institutionalizing the market, making it more attractive to foreign investors who often seek markets with high liquidity and robust trading mechanisms.

The Saudi Exchange intensified its efforts to enhance ESG awareness and practices within the Saudi Capital Market. Recognizing the growing importance of ESG in global investment decisions, the Saudi Exchange worked alongside related entities to improve and promote ESG practices. This included the upgrade of the IFSAH system to support ESG report publication for issuers, a critical step in ensuring transparency and adherence to global ESG standards.

In addition to technological enhancements, the Saudi Exchange undertook a hands-on approach in guiding issuers through their ESG journey. This was accomplished through one-on-one ESG advisory sessions, with over 50 sessions conducted throughout the year. These sessions provided issuers with valuable insight and guidance on integrating ESG principles into their operations and reporting, aligning them with international best practices.

Investor Roadshows in 2023

- Citi Saudi Day, London
- HSBC Saudi Exchange Fixed Income Day, London
- Saudi Capital Market Forum, Riyadh
- GS Saudi Day, London
- HSBC MENAT forum, Dubai
- Citi Nordics Roadshow
- ASIFMA Webinar, virtual session
- Saudi Day Singapore
- Nomura Japan Roadshow
- HSBC China Conference, Shenzhen
- NY Roadshow
- GCC London Conference, London
- SE/MSCI ESG Ratings Workshop, Riyadh
- International Trader Forum, Barcelona
- EFG Saudi Conference, London
- Singapore Day, Singapore
- Maybank Malaysia Roadshow, Kuala Lumpur
- SE/JPM Saudi Arabia Investment Forum, New York
- JPM Roadshow, in New York
- Hong Kong Roadshow, Hong Kong
- AmCham ESG Conference, Riyadh
- Citi China Conference, in Shenzhen and Macau
- Acuiti Proprietary Trading Managers' meeting, in London
- HSBC and Saudi Exchange Asia Corporate Day, in Hong Kong



Saudi Exchange (continued)

Furthermore, the Saudi Exchange actively participated in and organized corporate access events. These events were instrumental in facilitating investor interactions and highlighting the various efforts and investment opportunities available both locally and globally through the Saudi Exchange. These interactions were crucial in building investor confidence and interest in the Saudi market.

To further bolster ESG awareness, the Saudi Exchange provided multiple webinars throughout the year, covering various sustainability topics. These webinars, featuring experts in the field, offered detailed information on ESG, helping issuers and investors alike understand and implement best practices in sustainability.

These strategic efforts in 2023 were marked by a robust approach to global engagement, market participant diversification, and a strong emphasis on ESG practices. Collectively, they contributed to successfully attracting qualified foreign investors and

increasing investment into the Kingdom, reinforcing the Saudi Exchange's position as a dynamic and forward-thinking financial hub.

Enhancing Experience for Investors and Issuers

The Saudi Exchange continued to innovate and refine its concerted efforts to improve the experience of both issuers and investors, serving them to the best of its capabilities. Among the initiatives launched in 2023, it introduced one-on-one ESG advisory services, with more than 45 sessions across several sectors as at year end.

Holding the Saudi Capital Market Forum 2023 brought together over 2,000 issuers, investors, and other market participants for two days of dialogue dedicated to advancing the Saudi Capital Market. In addition, a workshop was held to activate the investor relations (IR) roles in issuers in collaboration with the CMA.

The Saudi Exchange attracted and onboarded 44 new clients for its Market Information and Indices service. This resulted in an increase in the total client base to 275, representing growth of 15% during 2023.

Saudi Exchange website was significantly enhanced during 2023, reflecting its commitment to enhancing the user journey. The new website introduces a new restructured navigation focused on customer journey to enhance access to the website's sections with ease and efficiency. Users can now personalize their interface according to their interests and needs through customizable menus and tables that allow filtering and browsing data. New features include a new Market Calendar, an Indices Heatmap, improved interactions on data graphics, and the ability to export data into a different format, providing enhanced data and improved experience for users.

In line with its ongoing efforts to develop the Saudi Capital Market for local and international investors, the second edition of the Investor Relations Best Practice Toolkit was introduced, offering information and practical advice adapted to the Saudi market environment to enable IR professionals of companies listed on the Saudi Exchange to apply and adopt best international IR standards.

The Saudi Exchange also worked to attract new companies and family businesses during the year, focusing on enhancing education, guidance, and support. Central to its approach is educating family businesses about the multifaceted benefits of listing. Through workshops, seminars, and personalized consultations, they emphasize how listing can secure sustainable growth and a lasting legacy for future generations. Businesses are shown how listing connects them to a diverse network of investors and enforces a strong corporate governance framework, which is crucial for long-term success. Recognizing the broader economic impact, the Saudi Exchange also underscores that sustainable growth for family businesses is vital for both regional and global economies.

In addition to education, the Saudi Exchange released the third edition of its listing guide, providing an all-in-one roadmap for companies considering listing on the Saudi Exchange, and published an offering and listing advisors report. These resources were designed to demystify the listing process, outlining both the benefits and risks, and provide insight into the performance of market advisors, offering clarity and guidance for potential listed companies. Periodic reviews of related rules and regulations ensure a conducive environment for new listings. The assignment of dedicated relationship managers further supports family businesses, facilitating engagement through a

matchmaking process with financial advisors. Complementing these efforts, the Saudi Exchange launched financial and procedural incentives in collaboration with government entities, further encouraging and easing the process for family businesses considering listing. This multifaceted approach reflects the Saudi Exchange's commitment to expanding its market base and fostering economic growth.

Awards and Recognition

Saudi Exchange received an award for its outstanding efforts in nurturing the growth of small and medium enterprises (SMEs) at the CEO Forum hosted by Monsha'at. The award is part of the Tomoh program, which aims to support the development of fast-growing SMEs in the Kingdom.

Saudi Exchange in 2024

In 2024, Saudi Exchange will build on the success of this year to enhance its offering and expand its engagement with all Stakeholders. In cash markets, its focus will be on enhancing liquidity and efficiency. It plans to achieve this through continuous development of its product and service offerings, with a specific emphasis on catering to high-frequency traders, Market Makers, and implementing equity microstructural enhancements, while aiming to improve the functionality of hedging tools.

The Saudi Exchange's commitment extends to the development of the debt market, where it seeks to enhance secondary market activity and liquidity by introducing a market making framework for fixed income instruments. Furthermore, it is dedicated to enhancing the instructional investor experience by making negotiated deals more readily available.

An increase in the use of derivatives for trading and risk management is anticipated for 2024. The Saudi Exchange's strategic plans include

identifying and launching new derivative products, extending market making across all derivatives, and welcoming new members. It aims to attract offshore traders to contribute to a more vibrant local derivatives market through co-location.

Structural changes – particularly the upgrade of post-trade technology infrastructure with PTPP Phase 2.0 (PTPP2) – is expected to be completed in 2024. The upgrades offer several enhancements to the derivatives trading engine and will enable new products to be rolled out to the derivatives market in 2024. There is also recognition of the pivotal role of developing the securities borrowing and lending (SBL) market for success in the derivatives market.

The Saudi Exchange plans to expand its engagements with both local and international participants, and intends to launch new data solutions and indices that can be tracked to investment products, such as ETFs, futures and options. This would broaden the investor base and increase potential investment opportunities in the financial markets for both local and foreign investors, driving continued growth and diversification for the Saudi Exchange.



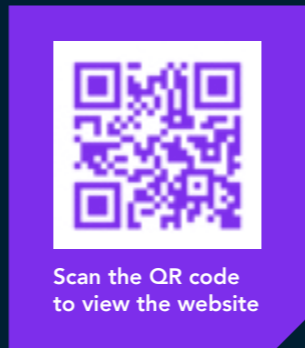


The Securities Depository Center Company "Edaa"

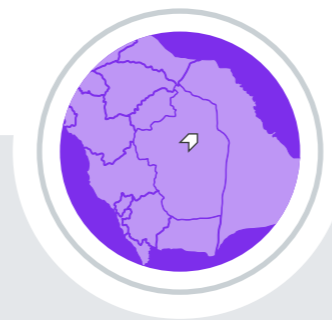
Edaa aims to achieve the strategic objectives of the financial market in terms of developing the infrastructure and implementing the resulting procedures to execute transactions in line with international standards. It also aims to enhance the efficiency of services related to securities deposit and ownership registration by developing a more streamlined environment that promotes excellence in all sectors related to the financial market.

"Edaa is rapidly evolving beyond its core role, driving the Saudi Capital Market's accessibility and growth. We are building a stronger financial infrastructure, diversifying revenue streams, and expanding geographically beyond exchange trading. Domestically, we are innovating in funds, bonds, and securities financing."

Ms. Hanan Al-Shehri
CEO, Edaa



Ownership	100%	Owned by the Saudi Tadawul Group
Paid up share capital	SAR 400 million	
Number of shares	40 million	(SAR 10 each)
Location	Kingdom of Saudi Arabia, Riyadh	



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

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

Strategic Transformation and Diversification

Edaa, the Securities Depository Center Company, is a driving force behind the Group's efforts to increase and ease access to the Saudi Capital Market and enhance opportunities for existing and potential investors and other market participants. Edaa is improving access to the Saudi market by introducing linkages with foreign depository centers and by investing in its infrastructure.

Fully aligned with the objectives of the Saudi's ambitious Vision 2030, its strategic objectives aim to build stronger domestic financial infrastructure and position the Saudi Capital Market as a catalyst of regional liquidity across multiple asset classes, while supporting the growth of the Saudi Exchange.

In 2023, as part of the overall Group strategy refresh, Edaa reviewed its medium- and long-term strategic objectives, widening both its domestic product offering and the geographies and asset classes it is going to target in the medium to long term.

In line with this strategic direction, it launched a multifaceted transformational journey to support the diversification of revenues through new products, to reduce dependency from exchange trading flows.

On the domestic front, projects are underway in the funds and bonds space, as well as ancillary services in the area of securities financing, including collateral management and securities borrowing and lending.

Key activities and services

Operating and maintaining the Depository and Settlement System (DSS).

Other value-added services such as management of issuers' general assemblies (AGM) including remote voting services (e-voting), reporting, notifications, and maintenance of critical core data.

Enhancing Client Engagement and Service

In 2023, Edaa continued to fulfill the needs of its customers and enhance its offerings. It launched its new employee compliance service for a wider range of clients, including listed companies and government funds. It also contributed to the successful introduction of Single Stock Options (SSO) by offering the physical settlement of the underlying stocks.

In line with its commitment to promoting transparency and encouraging foreign investors to invest in the Saudi Capital Market, Edaa launched the second edition of the Association of Global Custodians' (AGC) questionnaire. The questionnaire has information on Edaa's role as a securities depository center (SDC) and settlement system (DSS), and it answers to questions on settlement, registry, safekeeping, regulations, and audit.

Edaa (continued)

In addition, to enhance cooperation between the Saudi and Turkey markets, Edaa signed an MoU with the Central Securities Depository and Trade Repository of Turkey. This partnership will enhance cooperation and collaboration between the two markets, by facilitating knowledge exchange programs, establishing joint working groups, and accelerating the adoption of advanced technologies in both markets. Moreover, Edaa signed an MoU with Qatar Central Securities Depository (QCSD) with the aim of strengthening the relation between the two companies by exchanging experiences and information and working together to develop the central depository in the two countries.

The Association Global Custodians' questionnaire covers the following services:



Edaa in 2024

Edaa has major ambitions and objectives that will build on its solid foundation to create increasing value for the Group and its Stakeholders. In the year ahead, Edaa's transformation will accelerate while several major projects are in critical development and delivery phases, requiring a great deal of focus and expertise to deliver on time and on budget.

Key Operational Highlights

514,809

New account openings

368

Corporate action

6,690

Pledges

586,105

Securities transfer

50

New issuance

12,297

SAR billion

Assets under custody

The above-mentioned stats are for 2023 full year.

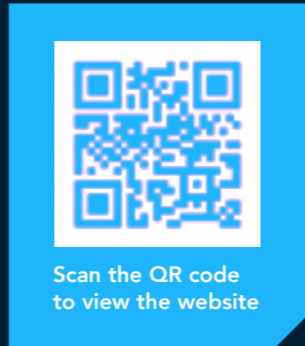
مقاصة Muqassa

The Securities Clearing Center Company "Muqassa"

Muqassa is one of the key pillars of Saudi Arabia's Financial Sector Development program (FSDP), where it 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 is propelling the Group's strategic progress and financial success. We have unlocked value by introducing new products like SSO and IRS clearing, expanding the debt market, and enhancing post-trade infrastructure. In line with the Saudi's ambitious Vision 2030 and FSDP goals, we maintain stability and deliver high-quality clearing services. Recognized as the Best Clearing House in MENA, we strive for regional financial hub status and expanding partnerships. Looking forward, we aim to continue accelerating growth, optimizing risk management, and solidifying our position as a global player in the MENA region."

Mr. Wael Al-Hazzani
CEO, Muqassa



Scan the QR code to view the website

Ownership

100%

Owned by the Saudi Tadawul Group

Paid up share capital

SAR 600 million

Number of shares

60 million

(SAR 10 each)

Location

Kingdom of Saudi Arabia, Riyadh



Vision

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

Mission

To provide reliable, efficient and innovative clearing services.

Accelerating Growth and Innovation

Muqassa, the Securities Clearing Center Company, played a pivotal role in advancing the strategic progress and financial success of the Group in 2023. Beyond the successful launch of clearing Single Stock Options (SSO), Muqassa initiated strategic initiatives to introduce new products and services, including clearing interest rate swaps (IRS) and over-the-counter derivatives (OTCD). These strategic moves contributed significantly to diversifying the Group's offerings, fostering financial growth and innovation.

Fully aligned with the Saudi's ambitious Vision 2030 and the goals of the Financial Sector Development program (FSDP), Muqassa continued to make tangible contributions to the realization of the Saudi vision and the Group's strategic objectives. Throughout the year, Muqassa demonstrated stability and consistency in its organizational, structural, and strategic frameworks, successfully maintaining its established service structure focused on delivering high-quality clearing services.

Progress and Performance

Muqassa welcomed three new members during 2023, with nine members joining different markets. The newly onboarded members include Riyadh Bank, Musharaka Capital, and Sahn Capital Financial Company, which also extended their participation to the Cash market. In Derivatives, Riyadh Bank, Albilad Bank, Albilad Capital, and Riyadh Capital became new members. Additionally, in the Repo market, Riyadh Bank, anb, and BSF joined as new members.

Key activities and services

Central counterparty clearing services for all cash markets securities traded on the Saudi Exchange (equities, Sukuk and bonds, ETFs, REITs).

Central counterparty clearing services for all cash markets securities traded on Derivatives market.

Repo clearing services.

Muqassa in 2023

39
Members

Settlement performance highlights

100%
Settlement ratio

99.91%
Average settlement ratio on intended settlement day (ISD)

0.72%
Fails Management ISD+1 to ISD+8

Muqassa (continued)

In line with Muqassa’s commitment to innovation and its continuous efforts to enhance the financial market’s infrastructure and offerings, it introduced SSO in line with the Saudi Exchange’s efforts to expand the Derivatives market, marking Muqassa’s third derivatives product besides futures contracts for the MT30 index and Single Stock Futures (SSF) contracts. SSO contracts are cleared and settled by Muqassa, in line with international best practices. This launch marked a notable expansion in Muqassa’s service offerings, unlocking value by catering to more diverse market demand, while strengthening the efficiency of the Saudi Capital Market.

Muqassa implemented a bundle of enhancements to its repurchase agreement (repo) clearing services. These steps were designed and implemented to improve its financial offerings, benefit Muqassa’s members and bolster the infrastructure of the Saudi Capital Market.

Promoting the development of the debt market, Muqassa enabled cash market members to provide non-cash collateral, in the form of SAR-denominated Saudi Government Sukuk

holdings. It also increased the composition limit for assets accepted as non-cash collateral in the cash market to up to 20% and extended maturity dates to up to 10 years.

Muqassa completed a third-party assessment to ensure alignment with the Principles for Financial Market Infrastructures, which are international standards set by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO).

Engagement and Recognition

During 2023, Muqassa also remained steadfast in maintaining its existing MoUs with GCC countries and Egypt, focusing on leveraging and activating these agreements to foster continued collaboration and mutual benefits.

Muqassa continued to enhance member experience and engagement by conducting multiple site visits with members and implementing a range of improvements as part of phase 2 of its Post Trade Technology Program (FTTP), ensuring comprehensive communication and awareness of enhancements among its members.

Muqassa was among 31 global central counterparty clearing (CCP) houses to participate in the international default simulation organized by the Global Association for Central Counterparties (CCP Global) to test the default management framework.

In recognition of its unique proposition and contributions to the regional financial sector, Muqassa was honored with the prestigious Best Clearing House in the MENA Region award by the Arab Federation of Capital Markets (AFCM).

It also successfully obtained ISO 9001:2015 certification, reflecting its enduring commitment to high quality and operational standards.

Muqassa in 2024

The year ahead will see a range of exciting initiatives and advances for Muqassa, creating additional value for the Group and its Stakeholders. One key focal point will be advancing the Post Trade Technology Program (FTTP) to optimize post-trade processes and enhance risk management efficiency, in terms of trading limits for the derivatives market. This includes pioneering an innovative service for local banks to domestically clear SAR-denominated interest rate swaps (IRS), enabling a multi-asset clearing engine, and aligning with global best practices.

Muqassa will actively pursue new agreements and partnerships, both regionally and globally, to enhance its collaborative footprint and strengthen its position in the international financial landscape.

These concerted efforts will see Muqassa accelerate its evolution from a national champion to a regional financial hub for clearing for the MENA region, gradually expanding its capabilities to clear non-domestic products across diverse asset classes primarily traded on the Group’s trading platforms.

New enhancements on repo clearing services include:



Segregated position account



Email notification



Update order entry screen



Price decimal change



Specifying New user roles



Making and checking



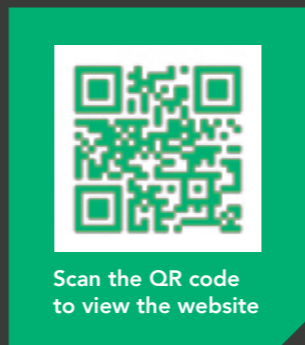


Tadawul Advanced Solutions Company (WAMID)

WAMID was established to support the Saudi financial market through innovation, in line with the Saudi's ambitious Vision 2030. It is a leading company in creating new products and services, developing the latest technologies to provide value-added solutions to market participants and businesses, and helping them deal with real-world challenges by optimizing the use of modern technology and data capabilities. WAMID is also committed to grow the Saudi financial market, increasing acquisition operations, and supporting initiatives to digitize products and services available in market.

"WAMID proudly stands at the forefront of innovation and strategic expansion. Our commitment to delivering dynamic solutions remains unwavering, evidenced by the successful acquisition of DirectFN, which opens doors to regional and global markets. The launch of our Liqaa platform signals a new era in virtual engagement, enhancing transparency, and accessibility. As we move forward, our focus on implementing strategic initiatives, leveraging DirectFN, and unlocking the potential of our data monetization program will drive continued growth, diversification, and value creation for WAMID and its Stakeholders."

Mr. Mohammed Al-Nory
CEO, WAMID



Scan the QR code to view the website

Ownership
100% Owned by the Saudi Tadawul Group

Paid up share capital
SAR 75million

Number of shares
30 million (SAR 10 each)

Location
Kingdom of Saudi Arabia, Riyadh



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

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

Enhanced Offerings and Engagement

WAMID, the Tadawul Advanced Solutions Company, delivered a year of outstanding progress and performance, growing its proposition through a key acquisition and an exciting new launch, while positioning WAMID for further strategic growth and diversification in the years ahead.

In 2023, WAMID continued to partner with all market participants and the wider business community to build dynamic solutions to address real-world challenges. The co-location service performed well, enabling clients to substantially reduce latency, as well as architecture complexity by utilizing high-density racks inside a Tier IV Data Center.

Its successful majority acquisition of DirectFN was completed during 2023, representing another key milestone in its journey to diversify sources of recurring revenue, following the earlier launch of co-location services. This acquisition provides WAMID with complementary capabilities and market access, regionally and globally, which will support WAMID in elevating innovation across the regional capital market, leveraging DirectFN's geographic reach across seven markets in the Middle East and parts of Asia. (For more information, please refer to page 82).

To improve market transparency and engagement by providing listed and non-listed companies, corporations, capital market institutions, and governmental entities with an innovative and secure online solution to conduct virtual meetings, WAMID launched its new Liqaa platform during the year. It offers a suite of services

Key activities and services

Enhance the experience for investors in the Saudi Capital Market.

Create the technology infrastructure required for new products and services.

Build partnerships to drive innovation in Saudi Arabia and the region.

before, during, and after meetings, including livestream, instant translation, live voting, and Q&A services for the Annual General Meetings (AGM), earning calls and initial public offering (IPO) meetings. It helps to facilitate a seamless meeting experience, whereby audiences can participate irrespective of their physical location, while providing organizations with meaningful opportunities to engage with Stakeholders on an intuitive platform. As at year-end 2023, the platform is in a soft launch with targeted clients, which will ramp up to full market engagement and expansion in the year ahead.

WAMID in 2023

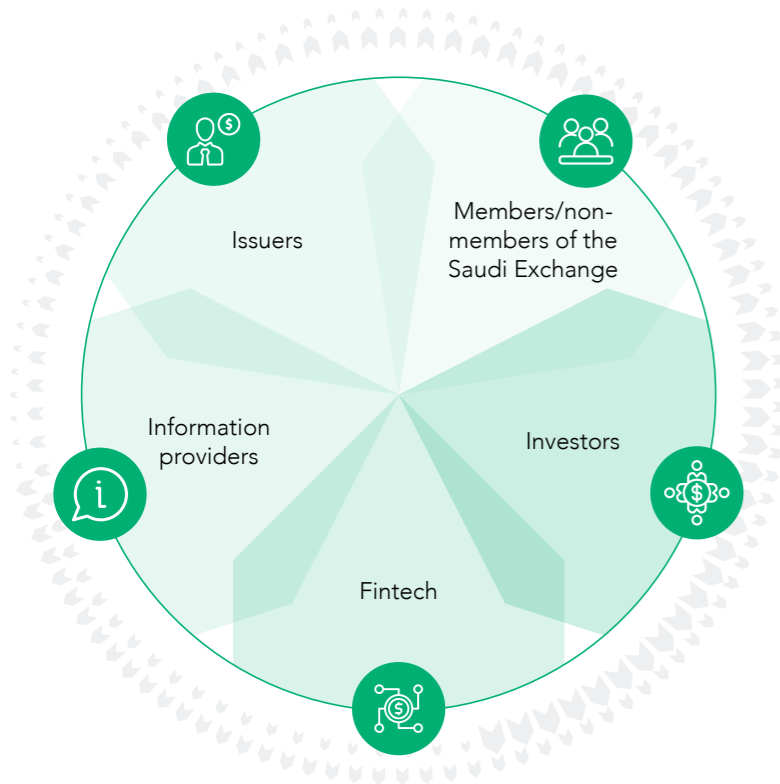
24

Clients

listed companies, exchange members, high-frequency traders, network providers, and non-market participants

WAMID (continued)

Target audience of WAMID services in the financial market:

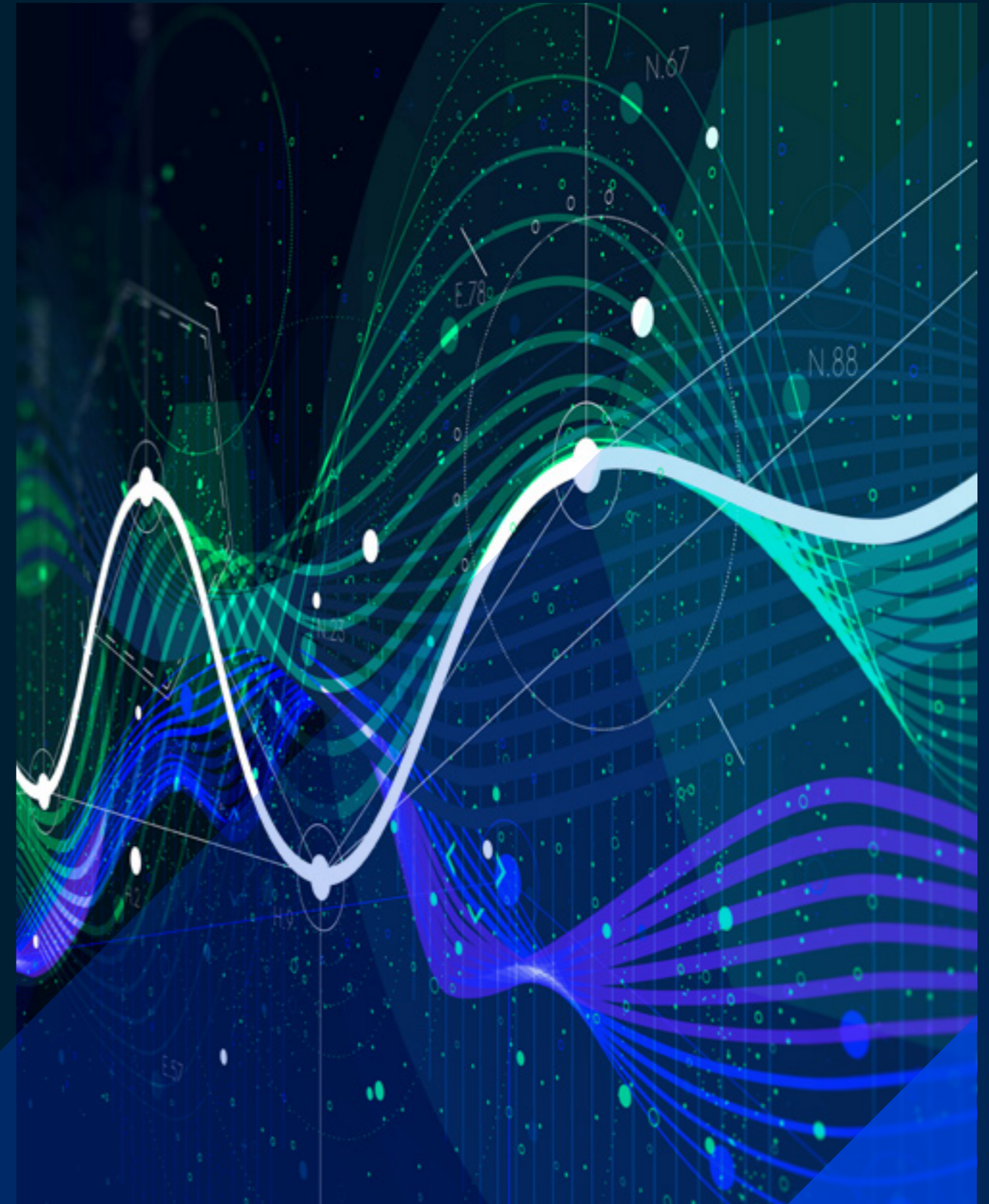
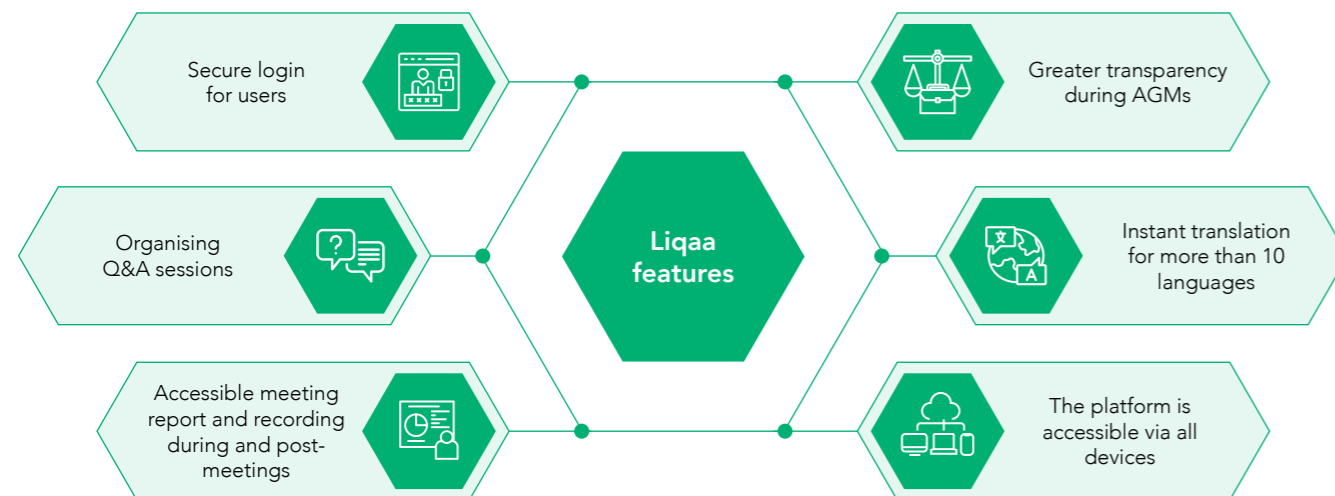


To unlock the value of its data, WAMID selected a partner for its data monetization program, culminating over a year of research and assessment to ensure a world-class solution in line with international best practices. This program seeks to attract all market participants, including those who are not presently trading in the Group, such as the high-frequency trading community. It will also revamp WAMID's data offering, with a wider group of data vendors becoming subscribers of its data for onwards distribution.

WAMID in 2024

In the year ahead, WAMID will implement its strategy initiatives to accelerate its growth and diversify its revenue streams, in alignment with the Group's strategy. In particular, it will seek to capitalize on the DirectFN acquisition to accelerate growth, while building momentum and scale with its new Liqaa platform and activating its data monetization program to create additional value for the Group moving forward.

Liqaa: A meeting management platform



Acquisition of *DirectFN* Case Study

DirectFN Acquisition: Accelerating Innovation and Impact

In line with WAMID's strategic vision of expanding its digital and technological footprint in the financial market, it identified an opportunity to build scale, capabilities, and capacity through inorganic growth in 2023.

WAMID's SAR 118.26 million (USD 31.54 million) majority acquisition of 51% of DirectFN, which was finalized in the first half of the year, was based on three key strategic drivers.

1 Market expansion and diversification

The acquisition opens up significant opportunities for market expansion for both companies. DirectFN's global presence provides a platform for WAMID to extend its services globally and diversify its revenue streams.

2 Enabling advancement of the Saudi Capital market

DirectFN's capabilities in emergent technologies – coupled with WAMID's leadership in capital market infrastructure – position the company at the forefront of innovation in financial services supporting long-term growth and profitability.

3 Operational synergistic benefits

DirectFN's skilled workforce, which includes a significant number of software developers, enhances WAMID's human capital. This infusion of talent will accelerate product development and innovation, making WAMID a more dynamic and competitive player in the market. In addition to talent, there are operational efficiencies that can be realized.



Capitalizing on Synergies to Create Value

Throughout this landmark transaction, WAMID's management took a proactive approach to ensuring its success, undertaking a range of initiatives and activities including:

1. The establishment of a synergy and value realization program.
2. The development of a detailed collaborative market entry strategy.

3. A joint R&D initiative plan to enhance the Saudi Capital Market.

4. The development of a talent integration and enhancement plan.

5. The establishment of a new governance, controls and risk management framework.

The post-acquisition focus was to establish a program to support future growth; this includes processes, governance, committees, and strategies. As at year-end 2023,

the value realization program is well underway and will start delivering tangible outcomes in 2024 and beyond.

This landmark transaction underscores WAMID's commitment to creating Shareholder and Stakeholder value, by ensuring the company's financial stability and positioning it as a leader in the evolving financial market landscape.

DirectFN at a Glance

DirectFN has a global footprint of over 530 professionals distributed across 13 countries. It serves over 100 clients in Saudi Arabia with a range of products that span both market data and investment applications.

- +100 Clients globally
- 5 Offices
- 2 Development centers
- 530 Multinational professionals



مجموعة تداول السعودية Saudi Tadawul Group

Sustainability

- 85 Sustainability Approach in Saudi Tadawul Group
- 86 Sustainability Framework
- 87 Material Topics
- 89 Sustainability Pillars
- 91 Focus on Employees

The Group recognizes its responsibility towards sustainability, believes it is a fundamental driver of long-term competitiveness. Sustainability is placed at the top of its priorities, with the Group dedicating a comprehensive framework aimed at elevating market practices, leading the transition towards sustainability, and unlock sustainable value for all stakeholders.

Sustainability Approach in Saudi Tadawul Group

The Group works to accelerate the achievement of its ambition to be among the leaders on the world stage, through following the best-in-class sustainability practices and targeted efforts to rapidly shift markets towards sustainability.

Sustainability for Both Competitiveness and Impact: Three Areas of Opportunity

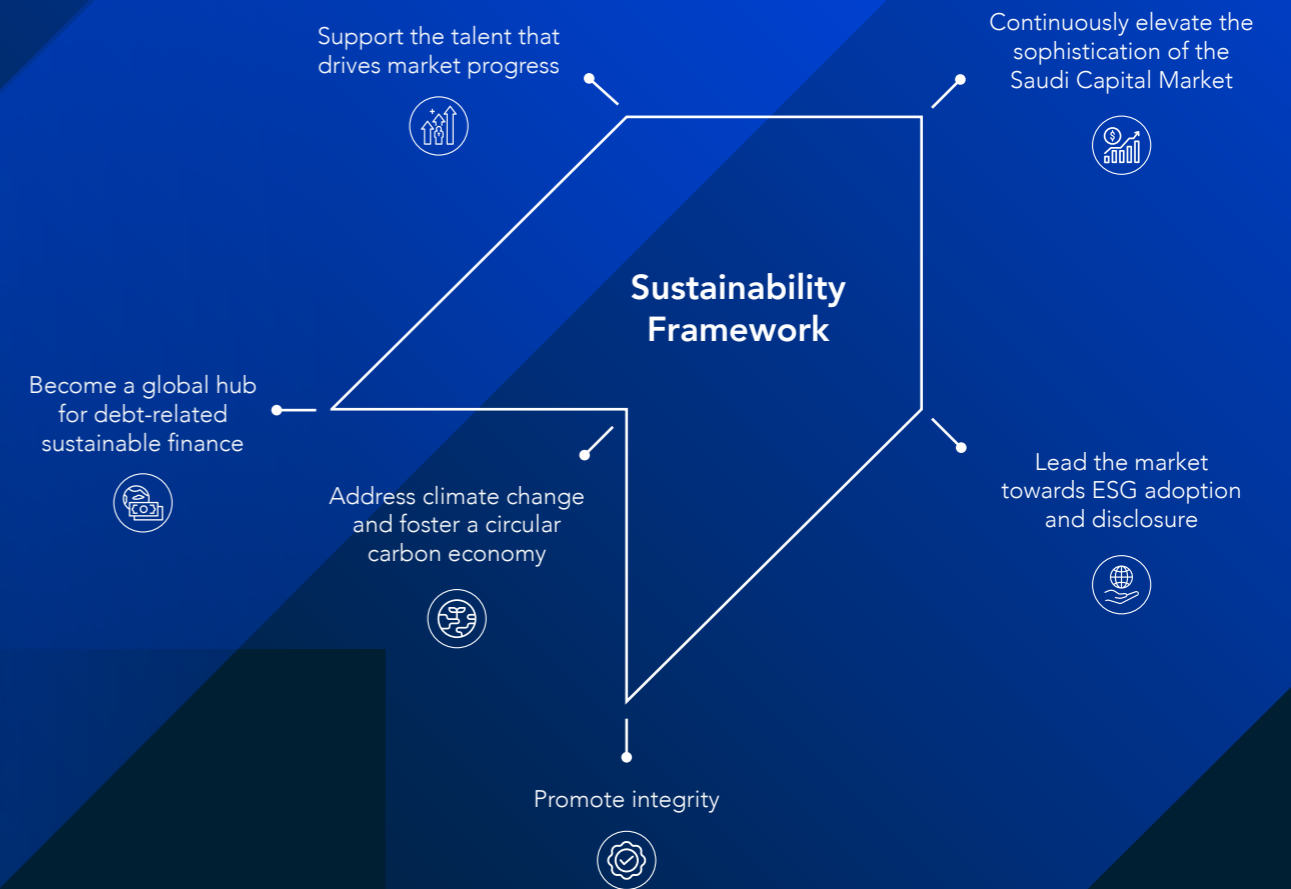
The Group firmly believes working towards sustainability is not only the right thing to do, but also creates business benefits and competitive advantage. These benefits, advantages, and enhanced impact can apply to the Group, to its market issuers and investors, all the Stakeholders, and to Saudi Arabia and beyond. The Group's sustainability approach is interwoven with its ambitious strategy. The Group aims to accelerate the achievement of its ambition to be among the world's top exchange groups through:

- Improving priority internal procedures in the field of sustainability practices in line with the highest international standards.
- Working with the issuers to adopt sustainability management and disclosures and continuously improve performance, and encouraging the market investors to incorporate sustainability into their investment decision-making.
- Accelerating the market shift towards sustainability through an expanding range of sustainability-related product offerings.



Sustainability Framework

The Group integrates the identified three opportunity areas across six key thematic areas of responsibility that capture its most significant Group-wide sustainability opportunities and impacts. Together, they form the Group's sustainability framework.



Material Topics

To inform its sustainability framework and strategy, and ultimately prioritize its actions over the next years, the Group undertook an extensive landscape review to identify the most important issues in Saudi Arabia and beyond. This assessment was informed by a wide range of consultations and review of the current landscape, including:

- Regional priorities such as the Saudi's ambitious Vision 2030, the Saudi Green Initiative, the net zero by 2060 target the Kingdom has set itself and PIF's 2050 net zero commitment, but more particularly, the Financial Sector Development Program.
- International sustainability-related frameworks and standards, such as the United Nations Sustainable Development Goals (UNSDG), the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD).
- Industry initiatives such as the World Federation of Exchanges (WFE) and the United Nations Sustainable Stock Exchanges initiative (SSE), of which the Group is a member.
- Direct views of the key Stakeholders, including, but not limited to, national and international issuers and potential investors, national and international investors and potential investors, employees, suppliers and business partners, and the public.
- ESG focus of the global exchange group peers and their ESG performance levels.
- The Group's ESG ratings to understand where its biggest gaps are and what it needs to focus on from an investor perspective.

Based on the above, the Group carried out a materiality assessment to prioritize the sustainability issues most significant to its business as well as its Stakeholders. As a result of the assessment, it identified 15 sustainability-related issues that are considered most relevant to the Group, as shown in the matrix. These are linked to the Group's sustainability framework and strategy, the latter of which is currently being developed. The Group will review and update its materiality matrix on a regular basis to keep it relevant and up to date with market developments and Stakeholder expectations.



- 1 Corporate governance
- 2 Market transparency, stability and performance
- 3 Data privacy and cybersecurity
- 4 Talent development, attraction, and retention
- 5 Ethical business operations
- 6 Promotion of ESG practices among listed companies
- 7 Sustainable products and services
- 8 Diversity, equity, and inclusion
- 9 Digitalization and innovation
- 10 Climate action
- 11 Risk management
- 12 Stakeholder engagement
- 13 Employee health and well-being
- 14 Environmental impact management
- 15 Financial literacy and local community development



Sustainability Pillars

Pillar 1

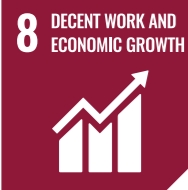


Continuously elevate the sophistication of the Saudi Capital Market

The Group's core contribution to the Saudi's ambitious Vision 2030 is the transformation of Saudi Arabia's Capital Markets in line with the government's Financial Sector Development Program (FSDP). It will continue to invest in and develop the infrastructure required for world-class market sophistication as outlined in the FSDP. The Group will also continue to work to achieve the growth ambitions relating to private sector participation in the markets, the growing participation of smaller and medium size companies in its parallel market Nomu, and further success at attracting foreign investment, among other objectives.

UNSDG Contribution

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



Pillar 2



Promote integrity

Integrity and trust in markets are fundamental. The Group will continue to govern its operations and processes with the utmost integrity, setting a high performance bar for the market. It will diligently fulfil its market regulatory oversight and authorization responsibilities, in support of the market's overall integrity. The Group will provide a high level of transparency in all matters of integrity.

UNSDG Contribution

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



Pillar 3



Become a global hub for debt-related sustainable finance

As Saudi Arabia aims to become a relevant debt capital hub, the Group recognizes that debt finance should increasingly incorporate sustainability – including climate – considerations. It therefore aims 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 Sukuk, sustainability-linked bonds and Sukuk, issuances, derivatives linked to sustainability performance, and others.

UNSDG Contribution

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



Pillar 4



Lead the market towards ESG adoption and disclosure

Given the Group's belief that strong ESG performance contributes to improved corporate performance, the Group will accelerate its efforts to encourage widespread adoption of sustainability management and ESG disclosures by Saudi listed companies. We expect such enhancements in transparency around key financial and non-financial metrics to increase the overall attractiveness and performance of the Saudi market. The Group is building on its existing efforts, which include providing voluntary ESG disclosure guidance to the market, one-on-one ESG advisory sessions with the issuers, and training seminars. It intends to lead by example with its own comprehensive ESG disclosures and performance. The Group will facilitate access to ESG market data for market participants, helping to provoke competitiveness on ESG issues and drive investments towards strong performers.

UNSDG Contribution

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



Pillar 5



Address climate change and foster a circular carbon economy

Achieving a net zero, circular carbon economy in line with the world's climate targets is a global priority. The Group intends to play a key role in creating the market infrastructure, and building the markets, for a net zero circular carbon economy. This includes, but is not limited to, becoming one of the world's most prominent carbon trading markets. For this latter objective, in 2022, the Group launched the Regional Voluntary Carbon Market Company as a joint venture with PIF (20% ownership for the Group).

UNSDG Contribution

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



Pillar 6



Support the talent that drives market progress

The transformation currently in progress in Saudi Arabia can be maintained and accelerated only through the caliber of the Group's national talent. The Group is already heavily investing in the training of its people. It has an ambitious program underway to further improve the gender balance. For the broader society, promoting knowledge of financial markets and financial literacy are essential to the healthy development of the markets and societies, and the Group will continue to invest in such programs. It intends to intensify ESG-focused trainings across different Stakeholder groups, at a scale that can meet the surging demand for ESG skills and knowledge needed to drive markets towards a more sustainable future.

UNSDG Contribution

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



Focus on Employees

Saudi Tadawul Group has embarked on an ambitious journey in Human Resources (HR) management, marked by a series of strategic initiatives and notable achievements that underline its commitment to fostering a unified culture and consistent HR practices across its subsidiaries.

2023 saw the achievement of important milestones in this journey, promoting a seamless integration of values, enhancing operational efficiency, and powering the overall progress and performance of the Group.

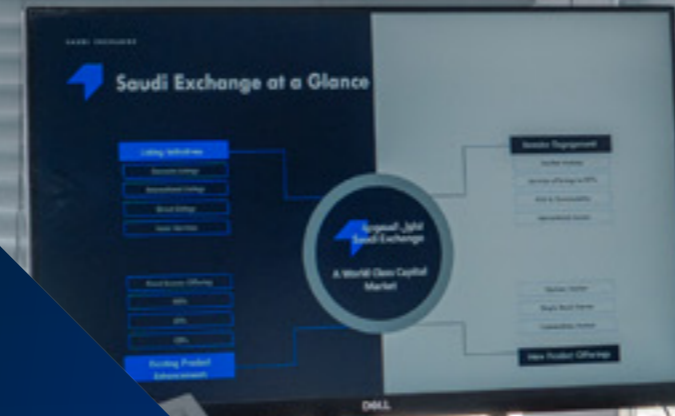
The year has been a turning point for Saudi Tadawul Group in fulfilling its HR ESG strategy objectives. A significant milestone was reached with the achievement of 30% female representation in the workforce. This accomplishment is a testament to the Group's dedication to creating a balanced and inclusive work environment where opportunities are equally accessible to either gender. The positive impact of this initiative extends beyond enhancing gender diversity – it has also contributed to improving overall employee metrics, signaling a healthy and progressive organizational culture.

Another strategic move that underscores the Group's commitment to its workforce was the implementation of the Organizational Health Index (OHI) assessment. This initiative has provided invaluable insight into the dynamics of the workforce, enabling the fine-tuning of strategies focused on employee engagement and well-being. The OHI assessment serves as a critical tool in understanding and addressing the needs and satisfaction levels of employees, ensuring Saudi Tadawul Group remains an employer of choice.

A cornerstone of Saudi Tadawul Group's Human Resources strategy is its focus on internal rotation and experience sharing among employees. This practice enhances professional development but also cultivates a collaborative atmosphere, encouraging knowledge transfer and broadening of skill sets across the organization. Such an environment is beneficial to innovation and collective problem-solving, reinforcing the Group's position as a leader in its field.

Furthermore, the Group showed an unwavering commitment to employee development, evidenced by the significant increase in average training hours per employee per year – from 44.6 hours in 2022 to 56.0 hours in 2023. This substantial growth in training and development investment reflects the Group's dedication to continuous learning and growth for its employees. Such initiatives enhance individual competencies while contributing to the overall knowledge of the organization, driving the Group towards achieving its strategic objectives and maintaining its competitive edge in the market.

Overall, Saudi Tadawul Group's Human Resources initiatives and achievements during the year demonstrated a comprehensive and dynamic approach to workforce management. By focusing on inclusion, development, and organizational health, it has established a robust foundation for sustained success and growth, positioning itself as a leading entity in its industry as well as a model for effective HR management.



Human Resources Strategic Focus

To achieve Saudi Tadawul Group's overarching vision and strategic ambitions, Human Resources' strategic focus during 2023 included:

Enhancing employee engagement: HR successfully provided a more balanced and supportive working environment for employees through delivering several social events and engagement activities. Additionally, it implemented regular feedback mechanisms to address the development areas towards enhancing the environment even more.

Expanding learning and development:

HR launched innovative learning programs based on the needs of the business, focusing on technical, soft, professional, and leadership skills across the Group and its subsidiaries. The learning opportunities have been extended to most employees starting from fresh graduates, professionals, and middle management up to executives and CEOs.

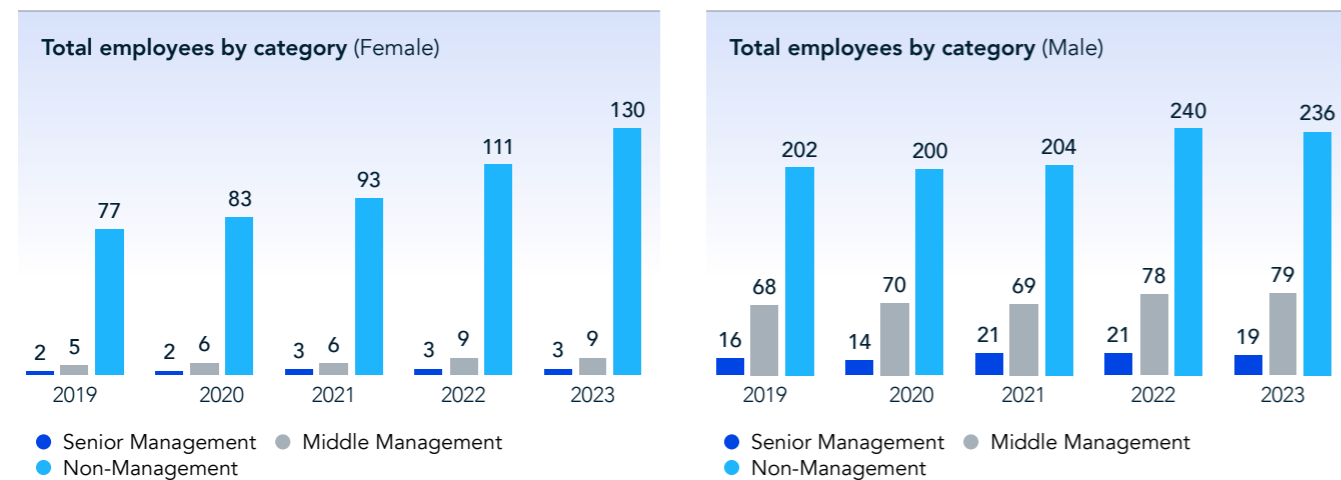
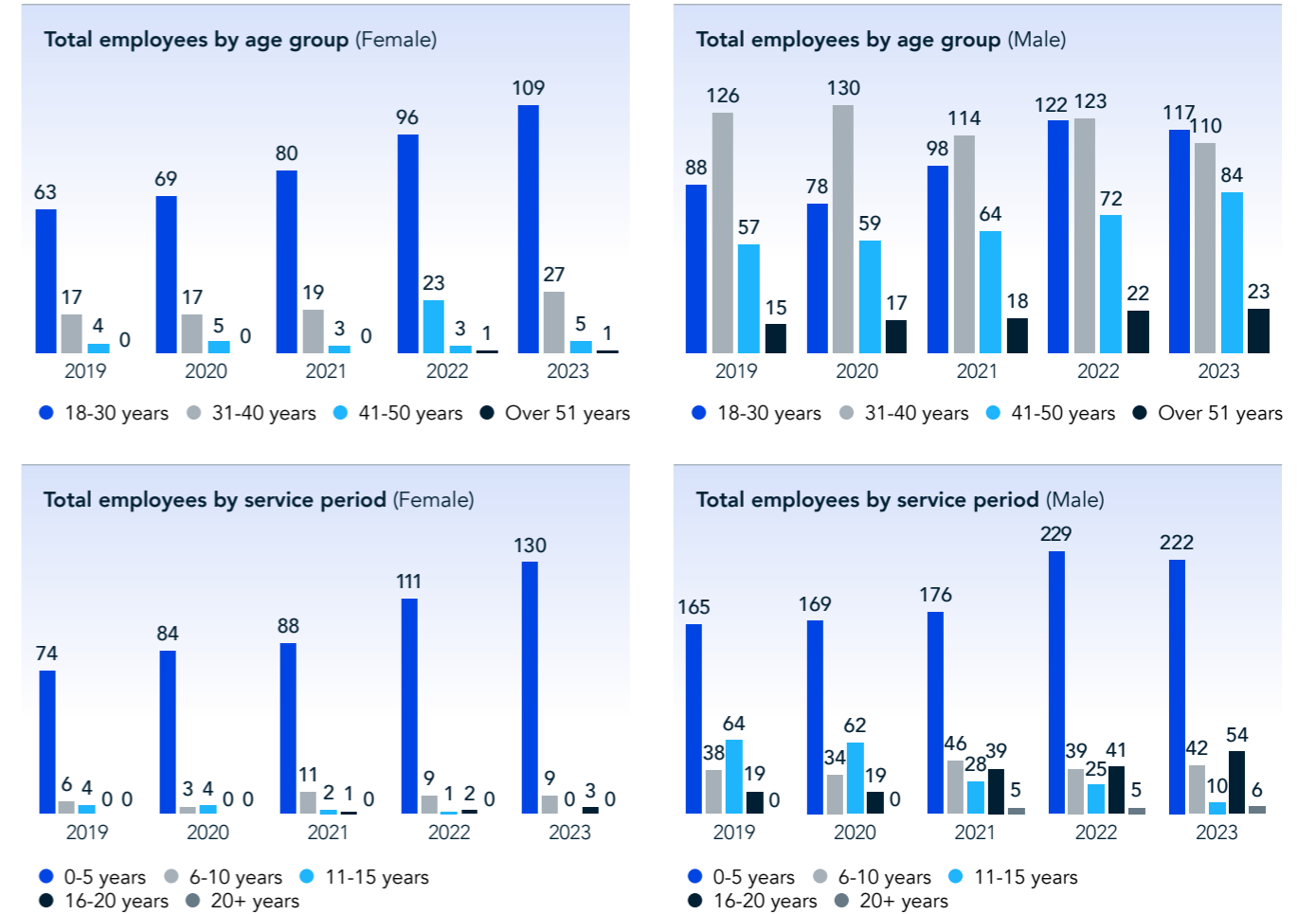
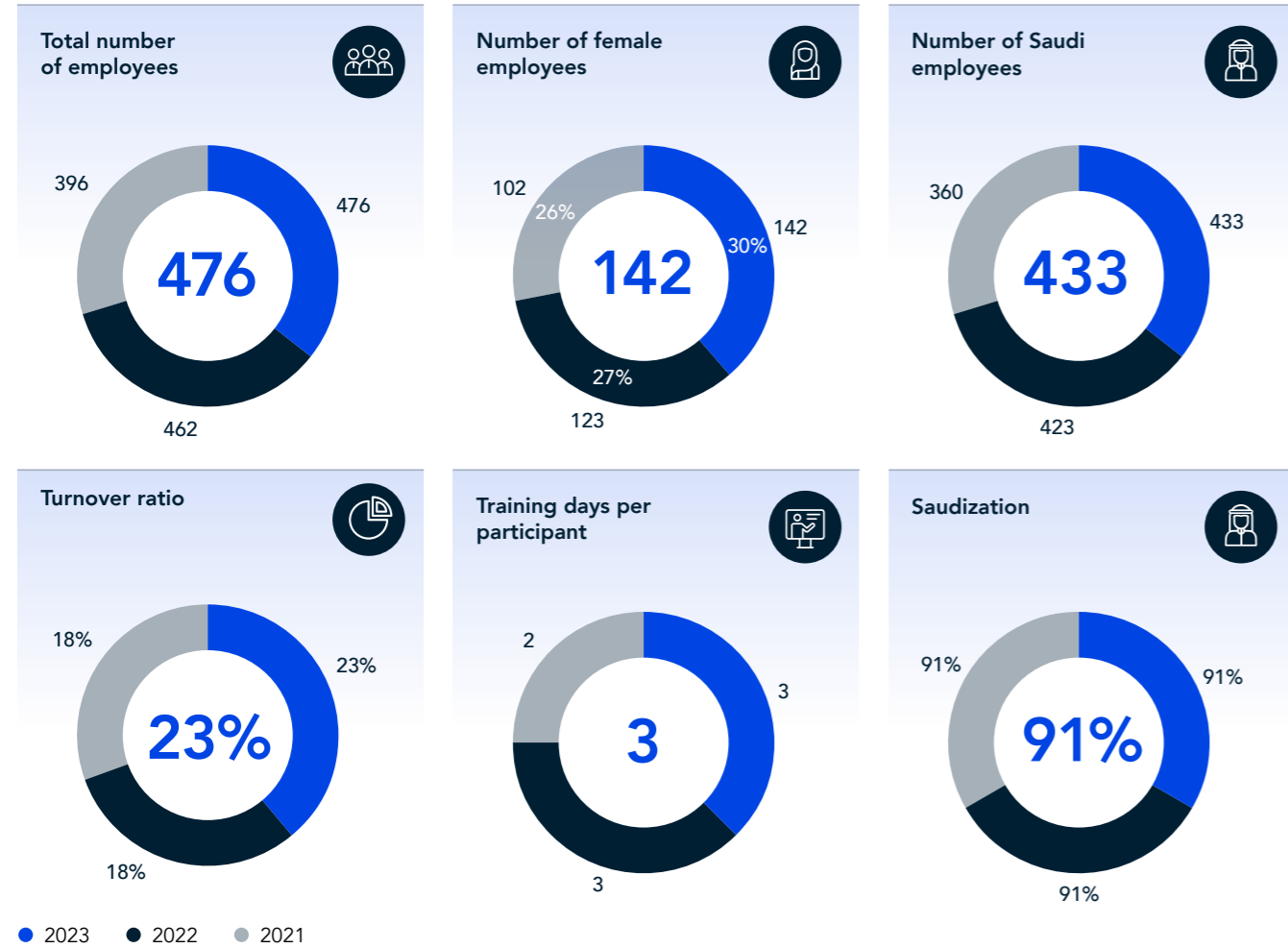
Culture development: HR introduced the Organizational Health Index (OHI) assessment across the Group and its subsidiaries. This initiative provided invaluable insight into workforce dynamics, enabling HR to refine its strategies for employee engagement and well-being.

Female empowerment:

HR is committed to fostering an equitable and inclusive work environment. By increasing gender balance and female representation at every level of the Group, it aims to enhance organizational culture and provide equal opportunities to both genders.

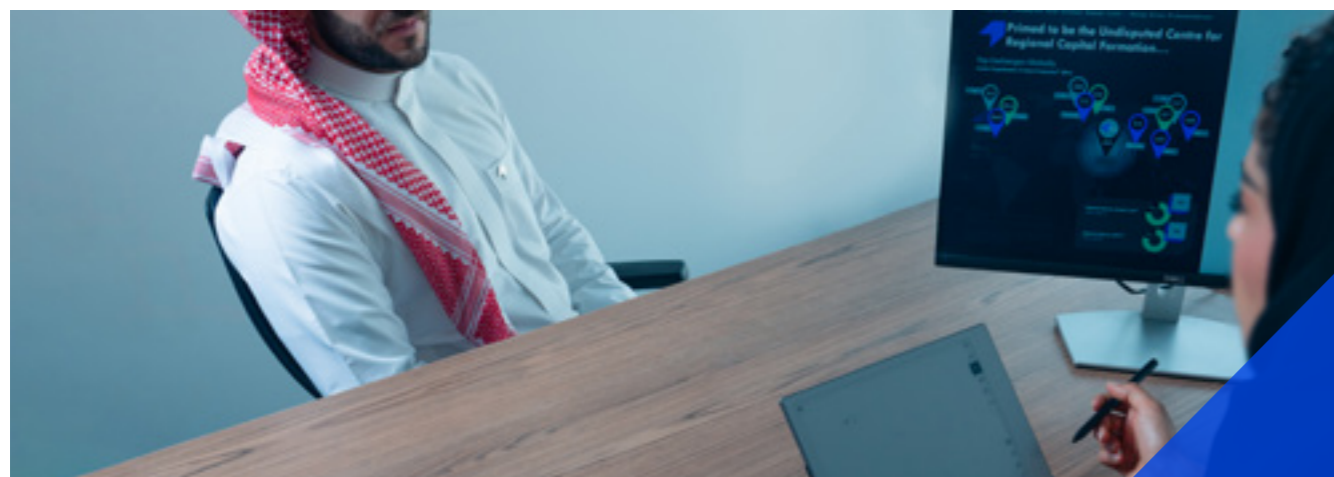
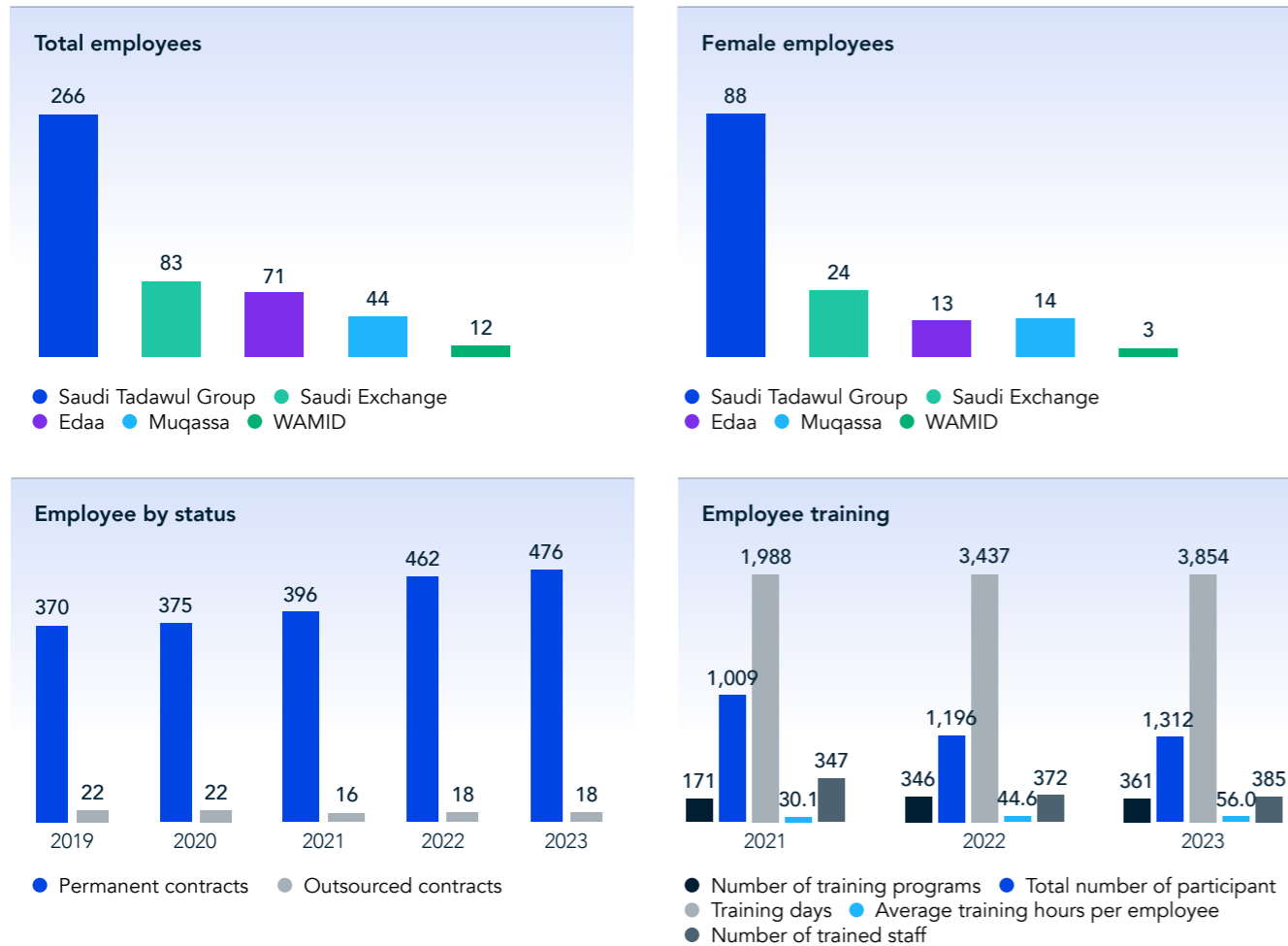
Focus on Employees (continued)

The Group in Numbers



Focus on Employees (continued)

Total Employee Composition of the Group Subsidiaries



Creating Strategic Value for Saudi Tadawul Group

In 2023, the Human Resources function at Saudi Tadawul Group played a pivotal role in supporting the strategic success of the Group. The focus was on key areas that not only aligned with, but also actively propelled, the organizational objectives. Below are some of the primary ways in which HR contributed to the Group.

Acquiring outstanding talent: Understanding that the cornerstone of the Group's success lies in its people, a major focus of the HR strategy was to attract and acquire the best talent available. The Group implemented advanced recruitment methodologies and leveraged strategic partnerships to access a diverse talent pool. Refined screening processes and enhanced employer branding initiatives ensured the attraction of skilled professionals who resonate with the Group's core values and vision. This approach has been crucial in building a dynamic team capable of driving the strategic goals of Saudi Tadawul Group.

Integrating strategy with development initiatives and training programs: A key aspect of the Group's approach was the seamless integration of the overall business strategy with development initiatives and training programs. The Group ensured all training and development activities were in line with its strategic objectives. This was evident in the customization of training programs, including leadership development and technical skill enhancement, to meet specific organizational goals. By doing so, HR ensured its workforce was strategically oriented, ready to contribute effectively to the Group's growth and innovation.

Enhancing engagement culture through social events

Recognizing the importance of a cohesive and engaged workforce, HR placed strong emphasis on enhancing engagement in its organizational culture. This was achieved through a variety of social events that fostered team spirit, collaboration, and a sense of belonging among employees. These events served as platforms for interaction, recognition, and celebration of diverse backgrounds and talents, contributing to a positive and inclusive workplace environment. By nurturing this sense of community, HR encouraged employee morale and loyalty, which is crucial for sustained organizational success.

Strategically aligning reward system with business objectives

In 2023, HR strategically aligned its reward system with the Group's overarching business objectives. This was achieved by developing and implementing a variety of tailored plans, designed to support both short-term and long-term organizational goals. This approach fostered a culture of performance and excellence while significantly contributing to the strategic success of Saudi Tadawul Group throughout the year.

Through strategic talent acquisition, alignment of development initiatives with business goals, and enhancing cultural engagement, the HR department has been crucial in supporting and advancing the strategic success of the Group in 2023. These efforts have strengthened the workforce capabilities and enriched the organizational culture, setting a solid foundation for continued growth and success.

Overcoming Challenges for Greater Impact

The unwavering support from Saudi Tadawul Group management was pivotal in navigating potential hurdles during 2023, cultivating a culture steeped in continuous enhancement and innovation within the Group's HR practices. This backing has been instrumental in the effective execution of a variety of initiatives, significantly contributing to the growth and development of both the employees and the organization as a whole.

One of the foremost challenges navigated by the Group is the alignment of its Talent Acquisition strategies with the evolving demands of today's workforce. The job market's rapid transformation, along with changing candidate expectations, necessitated a versatile and creative approach. Striking a balance between attracting premier talent and preserving the core organizational values and culture of the Group has been intricate but essential. This process involved incorporating novel screening methods and tailoring the Group's recruitment endeavors to meet the diverse and evolving skill requirements of the industry.

Equally challenging has been the Group's dedication to establishing and upholding the utmost standards in training and development. Aiming to set the pace in industry practices, the Group has embarked on a thorough revamp of its training modules. This overhaul ensures the programs are comprehensive and cutting-edge, addressing the ongoing learning and development needs of the workforce. The programs are tailored to suit various learning preferences and career trajectories, while ensuring they align with the strategic goals of the Group.

Focus on Employees (continued)

In both Talent Acquisition and Learning and Development, the Group's readiness to evolve and its commitment to maintaining high standards have posed challenges but also underscored its strengths. The Group has made significant strides in overcoming these obstacles. These endeavors are about more than simply fulfilling immediate requirements; they represent a long-term investment in the future resilience and prosperity of the Group.

New Initiatives and Achievements in 2023

In 2023, the Human Resources function rolled out a series of innovative enhancements and initiatives, demonstrating a profound commitment to fostering a workforce that is skilled, empowered, and aligned with the Group's vision.

The HR policy underwent a comprehensive revision, resulting in significantly enriched benefits for employees. This new policy includes educational allowances, more flexible leave options, and improved travel benefits, catering to the diverse needs of the Group's workforce. This development marks a significant step in enhancing the overall employee benefits package.

HR also elevated its Graduate Development Program, ensuring each graduate experiences an extensive and blended training journey. Crafted based on industry best practices and delivered in partnership with esteemed institutions like Coursera, and Harvard Business Publishing, this program is tailored to enhance various skills including performance, leadership, technical, and professional development.

A pivotal focus for HR in 2023 has been empowering female employees. Dedicated women's leadership programs were introduced in collaboration with globally recognized training institutes. This initiative is aimed at paving the way for more women to ascend to senior leadership roles, thereby promoting gender equality and diversity within the organization.

The year also witnessed the introduction of the HiPo Development Program, a strategic initiative for retaining and developing high-potential talents, this six-month intensive training journey, is in collaboration with top-tier training institutions. In addition, the Raising Star Program, developed with a dedicated

foundation in creative leadership, focusing on nurturing emerging talents, further solidifying the Group's commitment to talent development.

Additionally, HR launched the Future Leaders Program, marking a strategic move to invest in the leadership development for a group of employees with promising talents. This initiative underscores the Group's commitment to developing the next generation of leaders within the organization.

Educational advancement has also been a focus, Saudi Tadawul Group sponsors its employees to obtain professional certificates and Master's degrees, in addition to that, signing Memorandums of Understanding (MoU) with highly ranked universities to offer tuition discounts for the Group's employees and their families. This initiative motivates employees to pursue advanced degrees and aligns with HR's goal of encouraging continuous learning.

Furthermore, aligning with its goal to elevate professional standards, the Group increased its financial support for employees seeking professional certifications, integral to reinforcing expertise and skills across the Group.

The Group seeks to foster a culture of inclusivity and community spirit, marked by a diverse array of social engagements, which included the Annual Gathering 2023, Founding Day, Ramadan Gathering, Eid Al Fitr, Eid Al Adha, Mother's Day, Father's Day, World Health Day, Blood Donation Day, World Chocolate Day, Coffee Day, Fun Day, and Saudi National Day. Each of these events plays a significant role in strengthening the communal bond within the organization, emphasizing a workplace culture that values celebration, health awareness, and family.

Every one of these initiatives reflects the Group's dedication to creating an environment that supports and elevates the professional and personal growth of its team members. These enhancements are expected to significantly contribute to the collective success of the Group and the individual development of its employees.

Investing in Talent Development

Saudi Tadawul Group strategically invests in its talent, aligning employee development plans with its aspiration to be a major financial hub in the region. This approach empowers employees to embark on career paths that align with both their personal interests and the organization's goals. The Group's commitment to nurturing its employees' growth in line with its vision fosters a culture where excellence and success are mutual benefits shared by the workforce and the organization.

Training programs are meticulously designed to cater to all organizational levels, from fresh graduates to the senior executives. The aim is to promote a culture of continuous learning, innovation, collaboration, and engagement. The Group's structured training initiatives cover a range of areas including leadership, technical abilities, and interpersonal skills; they are complemented by practical on-the-job learning and specialized training

sessions. Through thorough training analysis and various assessments, HR ensures these programs are tightly aligned with the Group's strategy, enhancing essential competencies and versatile experiences.

For middle management, the focus is on individual leadership development and group retreats, while senior executives receive tailored executive education following a detailed assessment phase. The effectiveness of these programs is continually evaluated through post-training assessments to ensure their impact and alignment with organizational goals.

Additionally, the Group supports its employees in their pursuit of higher education, such as Master's degrees, and professional certifications. The Group's talent identification process is comprehensive, pinpointing high-potential employees based on performance and potential. This ongoing evaluation ensures their involvement in learning paths that align with both the Group's succession planning and their personal development goals, guaranteeing a robust talent pipeline aligned with the Group's strategic objectives.

Human Resources in 2024

As Saudi Tadawul Group looks towards 2024, its Human Resources function is gearing up for a transformative journey that aligns closely with the strategic vision of the Group. The upcoming year is about building on the solid foundations laid in the past while introducing innovative initiatives to further enhance employee capabilities and organizational efficiency.

A key focus for 2024 will be the development of a comprehensive Competency framework. This initiative is pivotal for HR, as it aims to enhance employee performance, development, and training throughout the organization. The framework will offer a structured methodology to identify and develop the essential skills and

behaviors that are in harmony with the Group's business goals and values. The goal is to foster an agile and responsive workforce, capable of meeting the dynamic challenges of the business environment.

In addition to the Competency framework, HR is also committed to developing and refining its HR procedures. This effort recognizes the importance of clarity and consistency in operations. The initiative is designed to make all HR processes transparent, easily understandable, and accessible, thereby improving efficiency, reducing ambiguity, and fostering a culture of transparency and trust. This refinement is expected to enhance employee experience while ensuring compliance and adherence to best practices across all HR functions.

Moreover, HR is set to deliver a range of diverse training programs in line with its commitment to continuous learning and development. These programs will be strategically designed to boost productivity and upskill employees, contributing directly to the success of the Group. The training initiatives will cover various domains, ensuring employees are up to date on the latest industry trends and equipped with the skills necessary to innovate and excel in the future.

Heading into 2024, the HR function aims to be a catalyst for growth and innovation within the organization. By focusing on these key objectives and initiatives, the Group is confident it will improve the capabilities of its workforce and make a significant contribution to the overall success and sustainability of the Group.



Corporate Governance

101 Governance at Saudi Tadawul Group	105 Procedure to inform Board members about Shareholders' feedback on the Company and its performance
101 Implemented and non-implemented provisions of the Corporate Governance Regulations	105 General Assembly Meetings
102 Groups Organizational Structure	106 Shareholder records requests
103 Shareholders' rights	106 Board of Directors
104 Disclosure Policy	118 Executive Management
104 Distribution of Dividends Policy	139 Board of Directors Declarations

The Group prioritizes effective governance as a core value, actively fostering its implementation across its subsidiaries and promoting a culture of transparency and integrity.

Governance at Saudi Tadawul Group

The Saudi Tadawul Group prioritizes good governance as a core value and practice. This drives it to actively support the implementation of best-in-class corporate governance practices across its subsidiaries while fostering a culture of transparency and integrity guided by the following:

- Companies Law.
- Capital Market Law.
- Corporate Governance Regulations.
- Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by CMA.
- Company bylaws.

Therefore, the Group updated the governance manual, which was endorsed by the Board of Directors on 29-04-1445H (corresponding to 13-11-2023G) and complying with the relevant regulations and rules.

outline the essential functions necessary for execution, promoting effective decision-making, increasing transparency, ensuring equity, and safeguarding the rights of Shareholders and all Stakeholders. The governance manual includes, but is not limited to, provisions on:

- Shareholders’ rights.
- Rights related to the General Assembly Meeting.
- The Board of Directors, its structure, duties, and capabilities.
- Executive Management, its roles and responsibilities.
- Regulations relating to the committees within the Group, including their membership and meetings.

Implemented and non-implemented provisions of the Corporate Governance Regulations

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

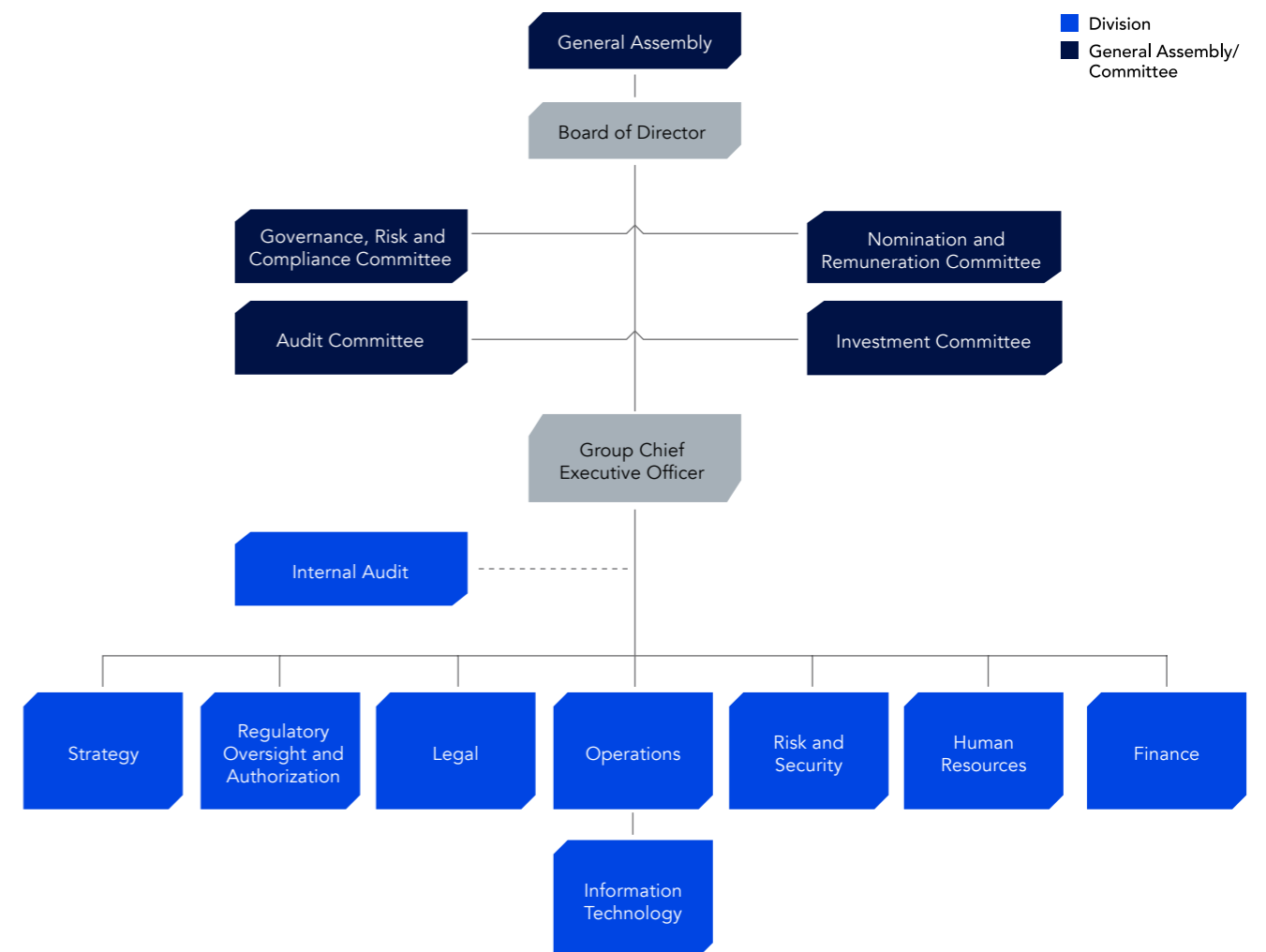
The internal governance of the Group is designed to

Article No.	Article provision	Reason
		This is a guiding article.
Article 51– Clause (C)	The Chairman of the Audit Committee shall be an Independent Director.	The formation of the Audit Committee, which includes more than two independent members of the Board of Directors, achieves the independence required by the Corporate Governance Regulations manner that ensures the performance of the Committee’s duties.
		This is a guiding article.
Article 67	The Company's Board shall, by resolution therefrom, form a committee to be named the Risk Management Committee. The Chairman and majority of its members shall be Non-Executive Directors. The members of that Committee shall possess an adequate level of knowledge in risk management and finance.	Referring to Article 47 clause (1) from the Corporate Governance Regulations, which stipulates that “the Board shall form specialized committees as follows; (1) as may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties”. Also, it is worth mentioning that the Board of Directors of Saudi Tadawul Group Holding Company has formed a committee named the Governance, Risk and Compliance Committee.
		This is a guiding article.
Article 92	If the Board forms a Corporate Governance Committee, it shall assign to it the competences stipulated in Article (91) of these Regulations. Such Committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	Referring to Article 47 clause (1) from the Corporate Governance Regulations, which stipulates that “the Board shall form specialized committees as follows; (1) as may be needed depending on the Company's circumstances in order to enable it to effectively perform its duties”. Also, it is worth mentioning that the Board of Directors of Saudi Tadawul Group Holding Company has formed a committee named the Governance, Risk and Compliance Committee.

Group’s Organizational Structure

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

The following chart sets out the organizational structure of the Group:



Shareholders' rights

Fair treatment of Shareholders

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

Rights related to shares

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

1. To obtain his/her portion of the net profits, which are to be distributed in cash or through the issuance of shares.
2. To obtain his/her share of the Holding Company's assets upon liquidation.
3. To attend the General or Special Shareholders' Assemblies, take part in their deliberations and vote on their decisions.
4. To dispose of his/her shares in accordance with the provisions of the Companies Law and the CML and their implementing regulations.
5. To enquire and request to view the books and documents of the Holding Company, including the data and information related to the activities of the Holding Company and its operational and investment strategy without prejudice to the interests of the Holding Company or breach of the Companies Law and the CML and their implementing regulations.
6. To monitor the performance of the Holding Company and the activities of the Board.
7. To hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders' Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the Bylaws of the Holding Company.
8. Preemptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Holding Company's Bylaws or when the Extraordinary General Assembly suspends the preemptive rights as per Article (129) of the Companies Law.
9. To request to view a copy of the Holding Company's Articles of Association and Bylaws unless the Holding Company publishes them on its website.

10. To record his/her shares in the Holding Company's Shareholders' register.
11. To nominate and elect the Board of Directors members.

Shareholder access to information

1. The Board shall make available to the Shareholder, complete, clear, accurate and no misleading information to enable him/her to properly exercise his/her rights. Such information shall be provided at the proper times and shall be updated regularly.
2. The method used to provide information to the Shareholders shall be clear and detailed and shall include a list of the Holding Company's information that the Shareholders may obtain. This information shall be made available to all Shareholders of the same type or class.
3. Most effective methods in communicating with Shareholders must be used and shall not discriminate among Shareholders in respect of providing information.

Communicating with Shareholders

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

Disclosure Policy

Disclosures

1. The Holding Company is obliged to disclose any substantial developments that fall within its activity and whose knowledge is not available to the general public and may affect its assets and liabilities, financial position or the general course of its business or subsidiaries, and may lead to a change in the price of its listed securities or significantly affect its ability to meet its debt obligations.
2. The Holding Company is obliged to disclose the Annual Report of the Board in accordance with the statutory requirements to which the Holding Company is subject.
3. The Holding Company is obliged to disclose the Report of the Audit Committee in accordance with statutory requirements to which the Holding Company is subject.
4. The Holding Company is obliged to disclose the Holding Company's financial information in accordance with relevant statutory requirements.
5. The Holding Company is committed to developing policies and procedures related to the disclosure of conflicts of interest to all other Stakeholders in the Holding Company.
6. The Holding Company is committed to maintaining and protecting the confidentiality of information, in addition to taking all necessary steps to prevent the leakage of any information and material developments before disclosing them.

Means of disclosure

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

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

The Holding Company must comply with any time limits or other disclosure means specified by the relevant regulators.

Clarity and validity of disclosures

1. The disclosure must only be clear, true, not misleading or incomplete, and for all Shareholders and Stakeholders alike without any distinction between one group and another.

2. The Holding Company is obliged not to ignore any statement to which it is bound by regulations.

Distribution of Dividends Policy

- A. After deduction of all overheads and other costs, the annual net profits of the Holding Company shall be distributed as follows:
 1. The Ordinary General Assembly may, based on a proposal by the Board, retain a percentage of the net profits to form an additional reserve to be allocated for a certain purpose(s).
 2. The Ordinary General Assembly may resolve to retain other reserves to the extent that serves the Holding Company's interest or ensures, as far as possible, consistent distribution of dividends to Shareholders. The Assembly may also deduct from the net profits amounts to attain social purposes for the Holding Company's employees.
 3. The Board may recommend distribution of a certain percentage of the remaining profits to Shareholders. The Holding Company may distribute interim dividends on a semi-annual or quarterly basis following satisfaction of liabilities of related bodies.
- B. The Board must include in its Annual Report submitted to the General Assembly the portion of dividends distributed to Shareholders during different periods of the financial years in addition to the portion of dividends proposed for distribution at the end of the financial year, and the aggregate dividend amounts.
- C. The Holding Company must, upon resolving to distribute interim dividends, disclose and announce such resolution immediately, and provide the CMA with a copy thereof immediately.

Entitlement to dividends

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

Dividends distribution

The following are the details of the dividends distributed for the year 2022 and declared proposal of dividends for 2023:

	2023 (Recommended)	2022
Distribution date	Will be determined following AGM Approval	21-05-2023
Dividend per share (SAR)	2.30	2.31
Total amount distributed (SAR million)	276.0	277.2

The procedure taken by the Board to inform its members, Non-Executive Directors in particular, of the Shareholders' suggestions and remarks on the Company and its performance

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

General Assembly Meetings

Name	Position	OGM	EGM
		20-10-1444 10-05-2023	29-05-1445 13-12-2023
Mrs. Sarah Al-Suhaimi	Chairperson of the Board	Attended	Attended
Mr. Yazeed Al-Humaid	Vice-Chairperson of the Board	Attended	Absent
Eng. Khalid Al-Hussan	Member	Attended	Attended
Ms. Rania Nashar	Member	Attended	Attended
Mr. Sabti Al-Sabti	Member	Attended	Absent
Mr. Mark Makepeace	Member	Attended	Attended
Mr. Xavier Rolet	Member	Absent	Absent
Mr. Hashem Al-Hekail	Member	Attended	Attended
Eng. Sultan Al-Deghaither	Member	Absent	Attended

Shareholder records requests

Number of Shareholders' Records Requests	Date of Request	Reason for Request
1.	02-01-2023	Periodic reports
2.	02-02-2023	Periodic reports
3.	02-03-2023	Periodic reports
4.	03-04-2023	Periodic reports
5.	07-05-2023	General Assembly Meeting
6.	09-05-2023	General Assembly Meeting
7.	04-06-2023	Periodic reports
8.	03-07-2023	Periodic reports
9.	02-08-2023	Periodic reports
10.	04-09-2023	Periodic reports
11.	02-10-2023	Periodic reports
12.	02-11-2023	Periodic reports
13.	12-12-2023	General Assembly Meeting

Board of Directors

Composition of the Board of Directors

The Board of Directors is composed of nine (9) members elected by the Ordinary General Assembly for a period of three (3) years, renewable for one or more terms. The Ordinary General Assembly in its meeting dated 28-12-2022 elected the Board members for the new term for a period of three (3) Gregorian years commencing on 02-01-2023G until 01-01-2026G.

Members of the Board of Directors

Member Name	Position	Membership Type	Nationality
Mrs. Sarah Al-Suhaimi	Chairperson of the Board	Independent	Saudi
Mr. Yazeed Al-Humaid	Vice-Chairperson of the Board	Non-Executive	Saudi
Eng. Khalid Al-Hussan	Member	Executive	Saudi
Ms. Rania Nashar	Member	Non-Executive	Saudi
Mr. Sabti Al-Sabti	Member	Non-Executive	Saudi
Mr. Mark Makepeace	Member	Non-Executive	British
Mr. Xavier Rolet	Member	Non-Executive	French
Mr. Hashem Al-Hekail	Member	Independent	Saudi
Eng. Sultan Al-Deghaither	Member	Independent	Saudi

Board of Directors' biographies



Mrs. Sarah Al-Suhaimi

Position: Chairperson of the Board
Nationality: Saudi
Appointment date: 2 January 2023
Membership type: Independent

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

Mrs. Al-Suhaimi is also the Chairperson of Lazard in Saudi Arabia, the Middle East, and North Africa, a Board member at the General Authority of Statistics, a Board member at the Saudi Telecom Company, the Saudi Arabian Airlines Public Agency, and the Cultural Development Fund. In addition, Mrs. Al-Suhaimi is a trustee of the International Financial Reporting Standards Foundation and Director of the Regional Voluntary Carbon Market Company.

Mrs. Al-Suhaimi served as the CEO of Saudi National Bank Capital (SNB Capital) from 2014 to 2021 and was a member of the Board of Directors. During her tenure, AUMs grew by over four times, NCBC's brokerage market share increased by more

than 10% and the bank executed multiple large investment banking mandates earning league table status in DCM and M&A.

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

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

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

Positions and Memberships

Current memberships and positions:

- Independent Director, Saudi Telecom Company (STC), a Saudi listed joint stock company.
- Investment Committee Member, Saudi Telecom Company (STC), a Saudi listed joint stock company.
- Independent Director, SAUDIA, a Saudi public institution.
- Audit Committee Member, SAUDIA, a Saudi public institution.
- Independent Director, Cultural Development Fund, a Saudi Governmental Fund.
- Director, Child Care Association, a Saudi private organization.
- Board of Trustees member, IFRS Foundation, a non-profit organization in the UK.
- Director, Nomination and Remuneration Committee Chairperson Regional Voluntary Carbon Market Company.
- Chairperson, Lazard Saudi Arabia, a Saudi closed joint stock company.

Previous memberships and positions:

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

Committee Memberships

- Chairperson of the Investment Committee.



Mr. Yazeed Al-Humaid

Position: Vice-Chairperson of the Board
Nationality: Saudi
Appointment date: 2 January 2023
Membership type: Non-Executive

Mr. Yazeed Al-Humaid is the Deputy Governor and the Head of MENA Investments at the Public Investment Fund (PIF), where his responsibilities include managing two key investment pools: Saudi Equity Holdings and Saudi Sector Development, with a significant number of key assets under management. His responsibilities also include attracting international strategic partners and other entities to Saudi Arabia – both for investing as well as to localize cutting edge technologies – thus enabling PIF to effectively execute its role as a driver of the Kingdom's economy.

Mr. Al-Humaid joined PIF in 2015 as an Advisor to His Excellency the Governor of PIF – to contribute to the restructuring of the organization as well as for crafting its strategy – post its reallocation to Council of Economic and Development Affairs (CEDA). In 2016, he was appointed as the Chief of Staff while retaining his advisory post. As Chief of Staff, he was responsible for a number of outstanding achievements and accomplishments that included contributing to the development of the PIF

updated strategy and business plan; managing PIF investment projects from inception to becoming established companies; developing a comprehensive governance model for PIF portfolio companies along with establishing the foundations and mechanisms for representations in the Boards of Directors of PIF portfolio companies, developing several international strategic partnerships, and enhancing PIF relations to become an enabler to other local entities.

Mr. Al-Humaid's contributions also extend beyond the organizational boundaries by virtue of his various memberships in permanent committees of PIF such as the Management Committee, the Portfolio Companies Nomination Committee, Management Investment Committee. It also extends to outside of the PIF in the public and private sectors such as the Chairman of the National Security Services Company, Vice-Chairman for the Saudi National Bank, the Saudi Tadawul Holding Group, Saudi Telecom Company (STC), and Saudi Egyptian Investment Company and memberships in Boards of Directors of several companies such as Saudi Arabian Airlines, Civil Aviation Holding, Richard Attias & Associates and Flyadeal, in addition to also being a member in several subcommittees of the aforementioned Boards of Directors.

In addition to his tenure at PIF, Mr. Al-Humaid's career spans more than 18 years of extensive and valuable experience in both financial and management fields; working in a leading international company PricewaterhouseCoopers as well as the House of National Consulting from 2004 to 2008; thereafter joining the Capital Market Authority (CMA) until 2015. During this period, he headed the Mergers and Acquisitions team and was exposed to leading international investment practices as he also got seconded to work at the Malaysian Securities Commission and the regulatory body of mergers and

acquisitions in the United Kingdom. He also served as Advisor to HE the Chairman of CMA, enabling him to develop a comprehensive understanding of CMA and its practices.

Mr. Al-Humaid holds a Bachelor's degree in Accounting from the King Saud University, along with being certified in Executive Management programs of several top tier international academic institutions such as the London Business School.

Positions and Memberships

Current memberships and positions:

- Deputy Governor and Head of MENA Investments, Public Investment Fund (PIF), a Saudi Government fund.
- Vice Chairman of the Saudi Egyptian Investments Company, a closed joint stock company in Egypt.
- Board Member and Member of the Executive Committee, Civil Aviation Holding Company (Matarat), a Saudi closed joint stock company.
- Board Member Richard Attias & Associates Company, a limited liability company in the UAE.
- Vice Chairman and Member of the Executive Committee and Audit Risk and Compliance Committee of Saudi Airlines (SAUDIA), a Saudi public institution.
- Board Member and Member of the Internal Audit Committee, Flyadeal Company, a Saudi closed joint stock company.
- Non-Executive Board member of the Red Sea Cruise Ships Company, a Saudi closed joint stock company.
- Vice Chairman of Desert Resorts Development Company, a Saudi closed joint stock company.
- Member of the Board of Directors and the Executive Committee of the Saudi Electronic Gaming Holding Company (Savvy), a Saudi closed joint stock company.

- Member of the Board of Directors and the Executive Committee of the Saudi Information Technology Company (SITE), a Saudi closed joint stock company.
- Member of the Board of Directors of Ceer National Automotive Company (Ceer), a Saudi closed joint stock company.
- Member of the Executive Committee of Industrial Company for Electronics "Alaat", a Saudi closed joint stock company.
- Vice-Chairman and Member of the Executive Committee of Saudi Telecom Company (STC), a Saudi listed joint stock company.
- Vice-Chairman and Member of the NRC Committee, Saudi National Bank (SNB), a Saudi listed joint stock company.
- Chairman and Chairman of the NRC Committee of National Security Services Company (SAFE), a Saudi closed joint stock company.

Previous memberships and positions:

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

Committee Memberships

- Member of the Investment Committee.



Eng. Khalid Al-Hussan

Position: Member

Nationality: Saudi

Appointment date: 2 January 2023

Membership type: Executive

Eng. Khalid Al-Hussan is a Board member and the Chief Executive Officer of Saudi Tadawul Group. He also serves as the Chairman of the Saudi Exchange, the Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Muqassa), Tadawul Advanced Solution Company (WAMID), an applied technology services business and the innovation arm of Saudi Tadawul Group. Additionally, Eng. Al-Hussan is a board member in the World Federation of Exchanges (WFE) and Tadawul Real Estate Company, and E-Finance for Digital and Financial Investments (S.A.E.).

Eng. Al-Hussan has more than 17 years of capital market and financial sector experience and possesses a wide range of expertise from business development and corporate planning to strategy and operations. Preceding his appointment as CEO of the Group, Eng. Al-Hussan was the CEO of the Saudi Stock Exchange (Tadawul) – now known as the Saudi Tadawul Group – for more than five years.

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

worked in the insurance sector, managing areas of business product development and strategy.

Eng. Al-Hussan is an engineer and holds an MBA from the University of Colorado, where he is also a certified entrepreneur.

Positions and Memberships

Current memberships and positions:

- Non-Executive Chairperson, Securities Clearing Center Company "Muqassa", a Saudi closed joint stock company.
- Regulatory Policy and Oversight Committee member, Securities Clearing Center Company "Muqassa", a closed joint stock company.
- Compliance Committee Chairperson, Securities Clearing Center Company "Muqassa", a Saudi closed joint stock company.
- Information Technology Committee Chairperson, Securities Clearing Center Company "Muqassa", a Saudi closed joint stock company.
- Non-Executive Chairperson, Saudi Exchange Company, a Saudi closed joint stock company.
- Regulatory Policy and Oversight Committee Member, Saudi Exchange Company, a Saudi closed joint stock company.
- Compliance Committee Chairperson, Saudi Exchange Company, a Saudi closed joint stock company.
- Information Technology Committee Chairperson, Saudi Exchange Company, a Saudi closed joint stock company.
- Non-Executive Chairperson, Securities Depository Center Company "Edaa", a Saudi closed joint stock company.
- Regulatory Policy and Oversight Committee member, Securities Depository Center Company "Edaa", a Saudi closed joint stock company.
- Compliance Committee Chairperson, Securities Depository Center Company "Edaa", a Saudi closed joint stock company.
- Information Technology Committee Chairperson, Securities Depository Center Company "Edaa", a Saudi closed joint stock company.
- Non-Executive Chairperson, Tadawul Advanced Solutions Company "WAMID", a Saudi closed joint stock company.
- Non-Executive Director, World Federation of Exchanges, a nonprofit global federation of capital markets in the UK.

- Non-Executive Director, Tadawul Real Estate Company, a Saudi limited liability company.
- Investment Committee member, E-finance for Digital & Financial Investments Company.
- Non-Executive Board member, E-finance for Digital & Financial Investments Company.
- Nomination and Remuneration Committee member, E-finance for Digital & Financial Investments Company.

Previous memberships and positions:

- Director, Arab Federation of Exchanges, a nonprofit Arab federation of capital markets in Lebanon.
- Audit Committee member, Tadawul Real Estate Company, a Saudi limited liability company.
- Regulatory Policy and Oversight Committee member, Saudi Tadawul Group (formerly known as Saudi Stock Exchange "Tadawul"), a Saudi listed joint stock company.
- Advisory Committee member, Capital Markets Authority (CMA), a Saudi Government entity.
- Acting Executive Director, Saudi Tadawul Group (formerly known as Saudi Stock Exchange "Tadawul"), a Saudi listed joint stock company.
- Chief of Markets, the Company Saudi Tadawul Group (formerly known as Saudi Stock Exchange "Tadawul"), a Saudi listed joint stock company.
- Chief of Assets and Deposit, the Company Saudi Tadawul Group (formerly known as Saudi Stock Exchange "Tadawul"), a Saudi listed joint stock company.
- Chief of Strategy, the Company Saudi Tadawul Group (formerly known as Saudi Stock Exchange "Tadawul"), a Saudi listed joint stock company.
- General Manager of Strategy, Company for Cooperative Insurance (Tawuniya), a Saudi listed joint stock company.
- Member of the National Investment Coordination and Attraction Committee – General Authority for investment.
- Chairperson, Arab Federation of Exchanges, a nonprofit Arab federation of capital markets in Lebanon.

Committee Memberships

- Member of the Investment Committee.
- Member of the Governance, Risk and Compliance Committee.



Ms. Rania Nashar

Position: Member
Nationality: Saudi
Appointment date: 2 January 2023
Membership type: Non-Executive

Ms. Rania Nashar joined the Public Investment Fund (PIF) as a Senior Advisor to the Governor in February 2021, where she advises His Excellency Yasir Al-Rumayyan, Governor of PIF, in areas of business and governance, drawing on more than 20 years of professional experience in the banking industry. In addition, she is the Head of Compliance and Governance at the Public Investment Fund and the Chairperson of the Regional Voluntary Carbon Market Company.

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

Ms. Nashar also holds various other leadership and advisory positions. During her time at SFG, she served as Vice Chair of the Samba Capital Board and as a Board member of Samba Bank Limited in Pakistan, Samba Global Markets Limited. She also served as a Board member at Institute of International Finance (IIF) in USA. In March 2019, the Board of the Capital Market Authority of Saudi Arabia (CMA) appointed Ms. Nashar as Vice Chair of the CMA Advisory Committee. Ms. Nashar also serves as Board member of

STC, the Saudi Stock Exchange, the National Center for Performance Measurement, Saudi Space Commission and Saudi Polo Federation. Also, she chairs the Audit Committee at FIL.

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

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

Positions and Memberships

Current memberships and positions:

- Non-Executive Director, Saudi Telecom Company (STC) a Saudi listed joint stock company.
- Director, the National Center for Performance Measurement (Aadaa), a Saudi Government entity.
- Director, Saudi Space Commission, a Saudi Government entity.
- Director, Saudi Polo Federation, a Saudi sport federation.
- Risk Committee Chairperson, Saudi Telecom Company (STC), a Saudi listed joint stock company.
- Remuneration and Nomination Committee member, Saudi Telecom Company (STC), a Saudi listed joint stock company.
- Audit Committee Chairperson, National Center for Performance Measurement (Aadaa), a Saudi Government entity.

- Head of Compliance and Governance, Public Investment Fund (PIF), a Saudi Government fund.
- Audit Committee Chairperson, Future Investment Initiative Institute, a Saudi nonprofit civil institution.
- Executive Committee member, Saudi Space Commission, a Saudi Government entity.
- Remuneration and Nomination Committee member, Saudi Space Commission, a Saudi Government entity.
- Audit Committee member, Saudi Space Commission, a Saudi Government entity.
- Governor Advisor, Public Investment Fund (PIF), a Saudi Government fund.
- Chairperson, Regional Voluntary Carbon Market Company.

Previous memberships and positions:

- Non-Executive Vice-Chairperson, Samba Capital and Investment Management Company, a closed joint stock company.
- CEO, Samba Financial Group (currently known as Saudi National Bank), a Saudi listed joint stock company.
- Audit Committee member, Samba Bank Limited, a listed joint stock company in Pakistan.
- Remuneration and Nomination Committee member, Samba Bank Limited, a Saudi listed joint stock company in Pakistan.
- Chief of Audit and Executive Review, Samba Financial Group (currently known as Saudi National Bank), a Saudi listed joint stock company.
- Chief of Compliance, Samba Financial Group (currently known as Saudi National Bank), a Saudi listed joint stock company.
- Director, Samba Global Markets Limited, a limited liability company in Cayman Island.
- Non-Executive Director, Samba Bank Limited, a listed joint stock company in Pakistan.

Committee Memberships

- Chairperson of the Governance, Risk and Compliance Committee.



Mr. Sabti Al-Sabti

Position: Member
Nationality: Saudi
Appointment date: 2 January 2023
Membership type: Non-Executive

Mr. Sabti Al-Sabti is the previous CEO of Riyadh Capital from 2018-2023, an investment bank that works in all areas and activities of financial markets. Mr. Al-Sabti is also a Board member in Zakat, Tax and Customs Authority, Board member in Fund of Funds Company "Jada", Board member in Saudi Venture Capital Company SVC, and Board member in General Authority of Awqaf.

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

Mr. Al-Sabti obtained a Bachelor's degree in Accounting from King Saud University, and a Master's degree in Business Administration from Colorado Technical University, and also obtained a Certified Public Accountant's Certificate from the Saudi Organization for Certified Public Accountants (SOCPA) and American Institute of Certified Public Accountants Certificate (CPA).

Positions and Memberships

Current memberships and positions:

- Independent Board member, Zakat Tax and Customs Authority, a Saudi Government entity.
- Board member, Fund of Funds Company "JADA".
- Board member, Saudi Venture Capital Company SVC.

Previous memberships and positions:

- Head of the Listed Companies and Investment Products Deputy at the Capital Market Authority (CMA), a Saudi Government authority.
- CEO, Riyadh Capital, a Saudi closed joint stock company.

Committee Memberships

- Member of the Investment Committee.



Mr. Mark Makepeace

Position: Member
Nationality: British
Appointment date: 2 January 2023
Membership type: Non-Executive

Mr. Mark Makepeace is the CEO of Wilshire Indexes and Co-Chairman of Wilshire Advisors and, as a result, a director in a number of Wilshire subsidiaries. He is also a Board member in the Singapore Stock Exchange and Tadawul Advanced Solutions Company (WAMID). Previously he was the Founder of FTSE Russell and its CEO until January 2019 and the Executive Director of Information Services at the London Stock Exchanges Group (LSEG). He has been a UNICEF Vice President in the UK since 2011.

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

He also led the equities regulation in the United Kingdom and participated in establishing the first international stock market across borders in Europe. He was the founder and CEO of FTSE Russell since 1995 until 2019 and Executive Director of Information Services at the London Stock Exchange Group from 2012 to 2019.

He has experience of more than 20 years in developing successful joint ventures, and has succeeded in establishing alliances with stock exchanges, academics, and leading industrial groups all over the world. He has founded successful businesses in Asia, Europe, the Middle East, Africa, and the Americas, and was also the first Chairman and founding member of the Index Industry Association.

Positions and Memberships

Current memberships and positions:

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

Previous memberships and positions:

- Executive Information Services Director, London Stock Exchange Group, a British security company in the UK.
- CEO, FTSE Russell, a limited liability company in the UK.

Committee Memberships

- Member of the Nominations and Remunerations Committee.



Mr. Xavier Rolet

Position: Member
Nationality: French
Appointment date: 2 January 2023
Membership type: Non-Executive

Mr. Xavier Rolet is currently Chairman of the Board of Shore Capital Markets, a Board member of Tadawul Advanced Solutions Company (WAMID), Senior Advisor to Towerbrook Capital Partners LLP, Board member of Columbia Business School, of the Yale University Center for Business and the Environment, and a Harvard University Advanced Leadership Fellow.

He is also a Director and Board member of various private US and EU Agricultural and Conservation organizations and an External Director for Portfolio Companies at the Public Investment Fund (PIF).

He was previously Chairman of the Board of World Quantum Growth Acquisition Corporation, Board member of Seplat Energy Plc, Chairman of Phosagro PJSC, CEO of CQS (UK) LLP, and CEO of the London Stock Exchange Group (LSEG) from 2009 until 2017, during which time its market capitalization increased from USD 1.2 billion to USD 24 billion. Prior to that, he worked for Lehman Brothers in New York as co-head of Global Equities and Derivatives trading, head of European and Asian Equities in London and CEO of Banque Lehman Brothers in Paris. Prior to Lehman Brothers, he was global head of European Equities at Credit Suisse First Boston and a Vice-President and Executive Director at Goldman, Sachs & Co. in New York and London.

After graduating from Kedge Business School with an MSc in Management studies in 1981, Mr. Rolet served as a Second Lieutenant and Instructor at the French Air Force Academy. He received a Master's degree in Business Administration from Columbia Business School in 1984 and a postgraduate degree from the Paris-based Institute of Advanced Studies in National Defense (IHEDN) in 2008. Mr. Rolet was appointed a Knight Commander of the British Empire (Hon) in 2015, a Knight of the Order of the French Legion of Honor, an Officer of the Royal Sharifian Order of Al-Alawi in 2016, and a recipient of the Order of Friendship of the Russian Federation in 2017. He featured in the 2017 Harvard Business Review list of the Best 100 CEOs in the world.

Positions and Memberships

Current memberships and positions:

- Chairperson and CEO, World Quantum Growth Acquisition Corp, NYSE-listed special purpose acquisition company in the USA.
- Independent Non-Executive Director, Golden Falcon Acquisition Corp, NYSE-listed special purpose acquisition company in the USA.
- Non-Executive Director, Tadawul Advanced Solutions Company, a Saudi closed joint stock company.
- Independent Non-Executive Director, Seplat Petroleum Development Company, a joint stock company listed in London and Nigeria.
- Corporate Portfolio External Director, Public Investment Fund (PIF), a Saudi Government entity.
- Nomination and Remuneration Committee Chairperson, Seplat Petroleum Development Company, a joint stock company listed in London and Nigeria.
- Expert advisor, Shanghai Institute of Finance for the Real Economy, a Government institute.
- Managing Partner, Grayling Centennial LLC, a limited liability company in the USA.
- Chairperson, Shore Financial Markets, a limited liability company.
- Member, Centennial Valley Association, a nonprofit organization in the USA.
- Director, SAS La Verriere Company, a simple joint stock company (outside the Kingdom).
- Board of Advisors member, Ranchlands in the USA.

- Director, Columbia Business School, a business college in the USA.
- Partner, SCI La Verriere, a real estate investment company, a partnership (outside the Kingdom).
- Partner, SCEA Domaine de la Verriere, a partnership (outside the Kingdom).
- Chairperson of Board of Directors for the Phosagro PJSC.
- Board member of Centennial Valley Association.
- Independent Board member of KM Dastur Ltd.

Previous memberships and positions:

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

Committee Memberships

- Member of the Governance, Risk and Compliance Committee.



Mr. Hashem Al-Hekail

Position: Member
Nationality: Saudi
Appointment date: 2 January 2023
Membership type: Independent

Mr. Hashem Al-Hekail is now the Chairperson of the Boa Technology Company Board of Directors, a Board member of Saudi Housing Security Company, and a Board member and Chairperson of Audit Committee at Derayah Financial.

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

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

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

Positions and Memberships

Current memberships and positions:

- Independent Director, Derayah Financial, a Saudi closed joint stock company.
- Audit Committee Chairperson, Derayah Financial, a Saudi closed joint stock company.
- Chairperson, BWA Information Technology Company, a Saudi closed joint stock company.
- Director, Hyper Pay Inc, a closed joint stock company in the British Virgin Island.
- Board member, Saudi Housing Security Company "Damanat" a Saudi closed joint stock company.

Previous memberships and positions:

- Independent Director, Bayan Payments Limited, a Saudi limited liability company.
- Co-Director, Derayah Financial, a Saudi closed joint stock company.
- Deputy Governor, Saudi Central Bank, the Central Bank of the Kingdom of Saudi Arabia.

Committee Memberships

- Member of the Audit Committee.



Eng. Sultan Al-Deghaither

Position: Member
Nationality: Saudi
Appointment date: 2 January 2023
Membership type: Independent

Eng. Sultan Al-Deghaither serves as the Chief Executive Officer of the Mobile Telecommunications Company Saudi Arabia (Zain KSA), Vice-Chairman and Managing Director of Tamam Financing Company (Tamam), and the Chairman of the Board of Directors of PLAYHERA MENA e-sports company.

Eng. Al-Deghaither possesses a track record of 19 years of achievements and expertise in executive, operational, and technical management. Eng. Al-Deghaither has led several trailblazing projects that positioned Zain KSA as a leading telecom and digital services company and the partner of choice in the Kingdom.

Eng. Al-Deghaither has championed the company's financial and operational transformation, increased the market value and extinguished more than SAR 2 billion of accumulated losses, and distributed cash dividends for the first time in the company's history in 2022 after Zain KSA achieved record revenues and profits, which positioned Zain KSA among the 50 top-ranking brands in the Kingdom. Eng. Al-Deghaither was deeply involved in developing and advancing the company's networks within the Kingdom. In 2019, he led the rollout of the fourth-largest 5G network in the world and the largest 5G network in the Middle East, Europe, and Africa.

He has also articulated a strategic vision for Zain KSA's business sector, promoting large-scale investment in innovative technologies and digital solutions and services, ranging from cloud computing to future 5G applications, such as Internet of Things (IoT), artificial intelligence (AI), blockchain, and drones.

Eng. Al-Deghaither has managed Zain KSA's transformational process from a telecom company to an integrated digital ecosystem that served as a key pillar for the emergence and growth of a variety of new technology sectors in the Kingdom. In 2022, he led the strategic partnership between Zain KSA and PLAYHERA MENA.

With his extensive experience, Eng. Al-Deghaither was able to advance the FinTech sector in the Kingdom and launched Tamam Financing Company as the first consumer micro-financing entity in the Kingdom and the Middle East. He supervised its expansion and operational plan, reaping record profits in a short term.

Eng. Al-Deghaither's leadership approach is characterized by the application of the values of inclusion and diversity at Zain KSA. Under his leadership, the company has witnessed Saudi women empowerment at the leadership level, enhancing their presence in the telecommunications sector and achieving gender equality. Through his leadership, Zain KSA has become a champion of sustainability and a pioneer in utilizing green technology across its networks and operations, where in 2023, Zain KSA culminated its efforts by signing a framework agreement with the Shareek program to launch several hyper scale data centers across the Kingdom with the presence of HRH Crown Prince and Prime Minister Mohammed bin Salman. Zain KSA also launched the first zero-emission 5G network worldwide at the Six Senses Southern Dunes resort at The Red Sea.

Eng. Al-Deghaither has been ranked among the 10 best CEOs in the telecommunications sector out of more than 700 CEOs of companies listed in the GCC. He holds a Bachelor's degree in Telecommunications and Electrical Engineering from King Saud University and an Advanced Management Program Degree from IESE.

Positions and Memberships

Current memberships and positions:

- CEO, Zain KSA.
- Board member, member of Executive Committee, Al Nassr Club Company.
- Board member, Golden Lattice Investment Company.
- Chairman, Entertainment Content Trading Company (PLAYHERA MENA).
- Board member, Head of the Financial and Administrative Committee, Telecom Forum.
- Vice-Chairman, Board member, Youth Empowerment.
- Vice-Chairman, Managing Director, Tamam Finance.

Committee Memberships

- Chairperson of the Nominations and Remunerations Committee.
- Member of the Audit Committee.

Responsibilities and Powers of the Board of Directors

Subject to the powers reserved for the General Assembly, the Board shall have the widest authority in managing the affairs of the Company in order to achieve its objectives, and the Board shall be responsible for achieving the strategic and operational objectives of the Company. In particular, the Board shall assume its powers as per the relevant laws and regulations and may delegate some or all of these powers as it sees fit.

Evaluating the performance of the Board, its Committees, and the Executive Management

The Extraordinary General Assembly, in its meeting dated 13-12-2023, has approved the Nomination and

Remuneration Committee Charter (NRC), which reflects that the NRC shall assist the Board in assessing the performance of the Board, its Committees, and Executive Management in terms of strengths and weaknesses and in sitting and implementing plans to define and enhance the competencies of Board members by recommending the necessary procedures. The NRC has appointed a consultant to undertake the Board assessment, in which it submitted the report to the Board reflecting the main assessment items and the improvement plan. The Board is currently preparing for the implementation of the relevant plan.

Board of Directors' meetings and attendance

Number of meetings: Seven meetings.

Member Name	Position	02-01-2023	29-01-2023	20-02-2023	04-05-2023	19-07-2023	13-11-2023	19-12-2023
Mrs. Sarah Al-Suhaimi	Chairperson of the Board	✓	✓	✓	✓	✓	✓	✓
Mr. Yazeed Al-Humaid	Vice-Chairperson of the Board	✓	✓	✓	✓	✓	X	✓
Eng. Khalid Al-Hussan	Member	✓	✓	✓	✓	✓	✓	✓
Ms. Rania Nashar	Member	✓	✓	✓	✓	✓	✓	✓
Mr. Sabti Al-Sabti	Member	✓	✓	✓	✓	✓	✓	✓
Mr. Mark Makepeace	Member	✓	✓	✓	✓	✓	✓	✓
Mr. Xavier Rolet *	Member	X	X	X	✓	✓	✓	✓
Mr. Hashem Al-Hekail	Member	✓	✓	✓	✓	✓	✓	✓
Eng. Sultan Al-Deghaither	Member	✓	✓	✓	✓	✓	✓	✓

* The member's absence by a legitimate excuse accepted by the Board.

Ownership of Board members

Member Name	Type of ownership	Shares ownership		
		Opening balance	Closing balance	Percentage change
Mrs. Sarah Al-Suhaimi	Shares	25,000	0	(100%)
Mr. Yazeed Al-Humaid	Shares	0	2,356	100%
Eng. Khalid Al-Hussan	-	-	-	-
Ms. Rania Nashar	-	-	-	-
Mr. Sabti Al-Sabti	-	-	-	-
Mr. Mark Makepeace	-	-	-	-
Mr. Xavier Rolet	-	-	-	-
Mr. Hashem Al-Hekail	-	-	-	-
Eng. Sultan Al-Deghaither	-	-	-	-

It is worth noting that there is no ownership of the Board member's relatives in the Group shares.

Executive Management

Group's Executive Management biographies



Eng. Khalid Al-Hussan

Group Chief Executive Officer

Eng. Al-Hussan is a Board member and the Chief Executive Officer of Saudi Tadawul Group. He also serves as the Chairman of the Saudi Exchange, the Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Muqassa), and the Tadawul Advanced Solutions Company (WAMID), an applied technology services business and the innovation arm of Saudi Tadawul Group. Additionally, Eng. Al-Hussan is a Board member in the World Federation of Exchanges (WFE) and Tadawul Real Estate Company, and E-Finance for Digital and Financial Investments (S.A.E).

Eng. Al-Hussan has more than 17 years of capital market and financial sector experience and possesses a wide range of expertise from business development and corporate planning to strategy and operations. Preceding his appointment as CEO of the Group, Eng. Al-Hussan was the CEO of the Saudi Stock Exchange (Tadawul) – now known as the Saudi Tadawul Group – for more than five

years.

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

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

Eng. Al-Hussan is an engineer and holds an MBA from the University of Colorado, where he is also a certified entrepreneur.



Mr. Abdullah Al-Esheikh
Group Chief Legal Officer

Mr. Abdullah Al-Esheikh joined in September 2018, and in March 2019, he was appointed as Chief Legal Officer. He has accumulated experience in the field of legislation, especially those related to the capital market and listed companies.

Mr. Abdullah holds an LLM in Corporate Finance Law from the University of Westminster, London, UK. He also holds a Bachelor's degree in Law from King Saud University, in addition to several training courses from reputable institutions.



Eng. Alhasan Ashram
Group Chief Operations Officer

Eng. Alhasan Ashram joined the Group in May 2021, he was appointed as Group Chief Operations Officer. Eng. Alhasan has extensive experience in information technology, cybersecurity and risk management. He assumed various technical, managerial and leadership positions in the high-tech industry, commercial banking and capital markets.

Eng. Alhasan holds a Bachelor's degree in Computer Engineering from KFUPM, and a Master's degree in Engineering Management and Leadership from Santa Clara University, California, USA. He also has many professional certifications from multiple reputable institutions in IT, security, risk management, and leadership.



Mr. Khalid Al-Gheriri
Group Chief Regulatory Oversight and Authorization Officer

Mr. Khalid Al-Gheriri joined the Saudi Stock Exchange team in 2006, where he held several administrative and leading positions, until he was appointed as Chief of Regulatory Oversight and Authorization. He has extensive experience in the financial sector, where he has successfully led several roles and responsibilities. Over the last years, he has successfully led various roles and projects within the Members Relations department and Sales.

Mr. Khalid holds a Bachelor's degree in Computer Information Science from Minnesota State University, USA, in addition to several professional certifications from various respectable institutions.



Ms. Maha Al-Besher
Group Chief Human Resource Officer

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

Ms. Maha holds a Master's degree in HR from the Catholic University of America, USA.



Mr. Shahrukh Qureshi
Group Chief Financial Officer

Mr. Qureshi joined in March 2018 as Chief Financial and Support Services Officers and in 2021, he was appointed as Chief Financial Officer. Mr. Qureshi has over 23 years of experience in strategic financial planning and management, accounting, investment management, company startups, mergers and acquisitions, and assets liabilities management.

Mr. Qureshi holds a Master's degree in Commerce from Pakistan. He is a fellow member of the Institute of Chartered Accountants of Pakistan and Institute of Public Finance Accountants.



Eng. Raed Al-Buluwi
Group Chief Internal Audit Officer

Eng. Raed Al-Buluwi is the Group Chief Internal Audit Officer for the Saudi Tadawul Group and manages a comprehensive program of internal auditing within Saudi Tadawul Group and its subsidiaries.

He has over 19 years of experience and a track record of success in managing a wide spectrum of internal audit services with an aim of providing robust assurance to the Audit Committee and Board of Directors to assist in fulfilling their governance duties.

Eng. Raed holds a Bachelor's degree in Computer Engineering from KFUPM and he received various professional certificates in audit as well as in other professions. He is a member of the Information Systems Audit and Control Association (ISACA) as well as the Institute of Internal Auditors (IIA).



Mr. Yazeed Al-Eidi
Group Chief Risk and Security Officer

Mr. Yazeed Al-Eidi is the Group Chief Risk and Security Officer in the Saudi Tadawul Group, where he has successfully assumed various management roles in the fields of information technology, cybersecurity, risk management and business continuity.

Mr. Yazeed holds a Bachelor's degree in Computer Science from King Saud University and Executive Master of Business Administration from Al Yamamah University, in addition to several professional and leadership certifications from various respectable institutions.



Mr. Lee Hodgkinson
Group Chief Strategy Officer

Mr. Lee Hodgkinson joined the Group in August, 2022, as Group Chief Strategy Officer. He has more than 33 years of capital markets experience and possesses a wide range of expertise from business development and corporate planning to strategy, mergers and acquisitions, and operations. In addition, Mr Hodgkinson has extensive experience of working in Europe, America, China, Russia,

and India across listed companies, consortia, joint ventures, and nonprofit entities.

Mr. Hodgkinson studied at the London School of Economics and Political Science and Harvard Business School.

Ownership of Executive Management

It is worth noting that there is no ownership of the Executive Management and their relatives in the Group shares.

Board of Directors Committees

The Company has four Committees in place: the Audit Committee; the Nomination and Remuneration Committee; the Governance, Risk and Compliance Committee; and the Investment Committee. A charter for each committee has been adopted, which sets out its role and responsibilities, powers and delegations, and how to conduct meetings for the purposes of exercising the duties of each Committee and enabling each Committee to properly perform its tasks.

Audit Committee

The Audit Committee has been formed by a resolution of the Ordinary General Assembly dated 28 December 2022 effective from the date of the OGM until 1 January 2026.

Committee composition

In accordance with the Audit Committee's Charter:

- The Committee shall consist of three to five members from among the Shareholders or from others, provided that it does not include any of the Executive Board members, and one of them should have experience in financial and accounting affairs, in accordance with the process determined at the Nomination and Remuneration Committee. The appointment of the Committee shall be by a resolution of the Board.
- The Chairperson of the Board shall not be a member of the Committee.
- The members of the Committee must have at least one independent member.
- It is not permissible for a person who works or has been working for the past two years in the executive or financial management of the Holding Company, or with the Holding Company's auditor, to be a member of the Committee.
- A member of the Audit Committee shall not be a member of the Audit Committees of more than five listed joint stock companies at the same time.

- The Committee shall resolve any case of conflict of interest that may face its members regarding any of the matters brought before the Committee in a manner that achieves justice and efficiency and is in conformity with any other related policies or charters approved by the Holding Company.
- The term of membership in the Committee shall be similar to the term of the Board and it may be renewed only once.

The Audit Committee meetings shall take place according to an annual schedule approved by the Committee, provided that at least four (4) meetings are held during the Company's financial year.

Committee duties and responsibilities

The Audit Committee is responsible for monitoring the Company's business and verifying its reports, financial statements and internal control systems. The responsibilities of the Audit Committee are summarized as follows.

Financial statements:

- Examining the initial, quarterly and annually financial statements of the Holding Company and reports presented by the Auditor and recommending thereabouts to the Board.
- Giving a technical opinion, upon request of the Board, about whether the Board's report and financial statements of the Holding Company are fair, balanced, and understandable and includes the information that would enable the Shareholders and investors to evaluate the financial position, performance, business model, and strategy of the Holding Company.
- Examining the accounting policies followed by the Holding Company, give an opinion and make a recommendation thereon to the Board.

Internal audit:

- Study the internal control system and the financial system, disclosure and information technology systems of the Holding Company, ensure it is sufficient to run the Holding Company's business, and submit a recommendation to the Board thereon.

- Overseeing and supervising the performance and activities of the internal auditor and the Holding Company's Internal Audit division to verify the availability of the necessary resources and their effectiveness in performing the tasks assigned to them. If the Holding Company does not have an internal auditor, the Committee must submit its recommendation to the Board regarding the need for this appointment.

Ensuring compliance:

- Reviewing the findings of the reports of monitoring authorities, and ensuring the Holding Company has taken the necessary measures.
- Ensuring compliance of the Holding Company and its employees with relevant laws and regulations and recommending the appropriate measures in case of non-compliance.

Results of annual internal audit procedure

Committee governance:

- Updated Audit Committee Charter and ensured confirmation of independence.
- Declared potential conflicts.

Compliance reports:

- Reviewed all Code of Conduct violation cases presented to AC.

Financial statements:

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

Internal audit governance:

- Reviewed internal audit strategy.
- Ensured that internal audit governance documents are updated and relevant.
- Reviewed and approved Internal Audit divisional KPIs and performance assessment.
- Reviewed and approved Internal Audit's proposition of aligning Internal Audit's risk rating criteria with the rating criteria approved by the Group Risk and Compliance Committee, is being followed by the Group Enterprise Risk Management function.

Internal Audit operations:

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

Internal Audit division regularly issued audit progress reports to the Audit Committee during the year covering the audit plan progress, audit activities/outcome and overall update/view on internal controls effectiveness and related subjects.

Internal Audit continued its significant progress, verifying and closing audit findings along with strengthening the follow-up/closure process.

Audit Committee opinion

- The internal control system has an important role to play in the success of any organization. Saudi Tadawul Group Holding Company is committed to ensuring an effective internal control system to achieve regulatory objectives, asset protection, accurate internal and external reporting, risk reduction and adherence to regulatory requirements.

- The Audit Committee oversees the internal audit work, which periodically reviews the adequacy and effectiveness of the internal control system, to provide a continuous assessment of the internal control system and its effectiveness. The Committee also reviews the External Auditor's reports and management letter, which might include any weakness in internal controls noted by the External Auditor as part of his internal controls assessment.
- Based on the above, the Audit Committee believes the internal control system within Saudi Tadawul Group Holding Company is appropriately designed and effectively serves organizational objectives, operational efficiency, financial reporting reliability, and regulatory compliance without any material deficiency or material weakness.

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

Audit Committee members

Mr. Omar Al-Hoshan
Chairperson, Non-Board member

Mr. Omar Al-Hoshan is a Certified Public Accountant, and is the founder and Managing Partner of AlHoshan Russell Bedford CPA & Consultants in Saudi Arabia. Mr. Omar has contributed to many of the top 100 companies in Saudi Arabia and GCC countries in the areas of accounting, auditing financial planning, business performance measurement, business restructuring, corporate governance, regulatory compliance, risk assessment, HR, financial and business solutions and technology.

Mr. Al-Hoshan is instrumental in the business improvement initiatives in the Kingdom of Saudi Arabia and served on numerous boards and committees, including Tadawul, Alawwal Invest, AbuNayyan Holding, Cruise Saudi Arabia, MEDGULF, SAMBA Financial Group, Saudi Investment Recycling Company (SIRC), ABR AlKhaleej Marketing. In addition, Mr. Al-Hoshan is a regular contributor to the World Bank's annual project "Doing Business". With strong cross-functional expertise in finance, organization performance, aviation, and technology, Mr. Al-Hoshan has a keen interest in improving performance in all aspects of

an organization. As such, Mr. Al-Hoshan has been invited to speak at various local and international functions.

Mr. Hashem Al-Hekail
Member, Independent
Kindly refer to the Board of Directors' biographies.

Eng. Sultan Al-Deghaither
Member, Independent
Kindly refer to the Board of Directors' biographies.

Mr. Abdulhameed Al-Muhaidib
Member, Non-Board member
Mr. Abdulhameed Al-Muhaidib serves as the Chief Financial Officer at ACWA Power. With more than 14 years' experience in ACWA Power, Mr. Al-Muhaidib is a skilled leader, having held several positions in both project execution and corporate finance.

During the initial years of his career within the Group, Mr. Al-Muhaidib worked in Corporate Finance and served several roles on project boards and in committees, including NOMAC. Mr. Al-Muhaidib was then primarily involved in managing projects under execution in the UAE, including Noor Energy, which is the world's largest CSP project. Before joining the Company, he worked at HSBC Middle East – Saudi Arabia in Global Investment Banking and Advisory.

Mr. Al-Muhaidib served as Board member, Audit Committee member and Risk Committee member in many organizations including HSBC Saudi Arabia, Saudi Arabian British Bank (SABB), Tadawul Group, Savola Group and several ACWA Power subsidiaries. Mr. Al-Muhaidib holds a BBA Finance Major from University of Miami as well as an MBA from Pepperdine University Graziadio School of Business and Management. He was also selected and completed KSA Leadership 2030 program sponsored by HRH Mohammed bin Salman Foundation (MISK).

Ms. Latifah Al-Sabhan
Member, Non-Board member
Ms. Latifa Al-Sabhan began her career in banking in 1998, after she joined the Saudi British Bank as Manager and head of asset and liability reporting. Ms. Al-Sabhan has also served as Manager of the Compliance division and Assistant General Manager of SAMBA Financial Group from 1999 to 2007. She then moved to serve as Chief Financial Officer at ANB Invest and Arab National Bank, respectively.

Ms. Al-Sabhan has served as Chief Financial Officer and Head of the Finance and Planning division at the Arab National Bank. She also served as a member of several management committees, including the Audit Committee of ANB Capital, having more than 20 years of experience.

Ms. Al-Sabhan holds a Bachelor's degree in Business Administration and Accounting from the University of Kansas in 1989, and a CPA Certificate from Illinois.

Audit Committee meetings:

The Audit Committee held four (4) meetings. The following table illustrates the names and attendance of the Committee members.

Member Name	Position	20-02-2023	13-04-2023	20-07-2023	18-10-2023
Mr. Omar Al-Hoshan	Chairperson	✓	✓	✓	✓
Mr. Hashem Al-Hekail	Vice-Chairperson	✓	✓	✓	✓
Eng. Sultan Al-Deghaither	Member	✓	✓	✓	✓
Mr. Abdulhameed Al-Muhaidib	Member	✓	✓	✓	✓
Ms. Latifah Al-Sabhan	Member	✓	✓	✓	✓

Governance, Risk and Compliance Committee

The Governance, Risk and Compliance Committee was formed pursuant to the Board of Directors' resolution dated 02-01-2023.

Committee composition

In accordance with the Governance, Risk and Compliance Committee's Charter, the Committee shall be composed of three to five members, appointed by a Board of Directors' resolution, and the Chairperson and the majority of its members are Non-Executive members of the Board. The Chairperson of the Board shall not be the Chairperson of the Committee.

Meetings of the Committee shall meet periodically at least every six months. The chairperson of the Committee may convene a meeting at any time or at the request of two or more members of the Committee.

Committee duties and responsibilities

The responsibilities of the Governance, Risk and Compliance Committee include governance, risk and security compliance, but are not limited to the following:

- Making recommendations to the Board on approving policies and rules related to governance that are required by related laws and regulations.
- Establishing governance rules for the Holding Company in accordance with the provisions of the Companies Law and Corporate Governance Regulations issued by the Capital Market Authority.
- Keeping Board members abreast of developments in corporate governance and best practices. Making recommendations to the Board about the adoption of necessary policies for risk management and security in the Holding Company, including but not limited to, Risk Management Policy, Risk Appetite Policy, Business Continuity Policy, Anti-fraud Policy, and Cybersecurity Policy.
- Reviewing and assessing the Holding Company's risk and security policies and risk appetite, and reviewing and approving the Holding Company's key risk indicators (KRI) which are regularly submitted by the Risk and Security division.
- Making recommendations to the Board on approving policies related to compliance.

- Following up on the implementation of current policies to verify the Holding Company's compliance with the applicable laws, regulations and resolutions based on the reports submitted by the Governance and Compliance department.
- Assessing the measures and policies adopted to prevent and monitor compliance violations, ensuring they are adequate for the Holding Company, following up on corrective actions and submitting necessary recommendations to the Board.

Governance, Risk and Compliance Committee members

Ms. Rania Nashar

Chairperson, Non-Executive

Kindly refer to the Board of Directors' biographies.

Mr. Xavier Rolet

Member, Non-Executive

Kindly refer to the Board of Directors' biographies.

Eng. Khalid Al-Hussan

Member, Executive

Kindly refer to the Board of Directors' biographies.

Dr. Yahya Al-Jabr

Member, Non-Board member

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

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

Ms. Maha Al-Sudairi

Member, Non-Board member

Ms. Maha Al-Sudairi, Chief Governance and Risk Officer of KAFD DMC, is a seasoned professional with proven leadership and technical experience in corporate governance, compliance risk and risk management spanning 14 years across mid-large size international market leading banks within Saudi Arabia.

Most recently, Ms. Al-Sudairi was the Chief Risk Officer and Chief Compliance Officer at the Saudi British Bank. Ms. Al-Sudairi serves as a Board member in NUPCO, Deutsche Securities Saudi Arabia and stcPay.

Ms. Al-Sudairi holds an MSc in International Finance from Kingston University, UK and a Bachelor of Arts in English Translation from King Saud University in Saudi Arabia.

Governance, Risk and Compliance Committee meetings

The Governance, Risk and Compliance Committee held four (4) meetings. The following table illustrates the names and attendance of the Committee members.

Member Name	Position	27-02-2023	16-05-2023	05-09-2023	27-11-2023
Ms. Rania Nashar	Chairperson	✓	✓	✓	✓
Mr. Xavier Rolet	Member	✓	✓	✓	✓
Eng. Khalid Al-Hussan	Member	✓	-	✓	✓
Dr. Yahya Al-Jabr	Member	✓	✓	✓	✓
Ms. Maha Al-Sudairi	Member	✓	✓	✓	✓

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was reformed pursuant to the Board of Directors' resolution dated 02-01-2023.

Committee composition

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

Committee duties and responsibilities

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

- Examining the organizational structure of the Holding Company and its subsidiaries, and making the necessary recommendations to the Board.
- Annually ensuring there is not any conflict of interest between the Chairperson, Board members and other critical administrative positions; whether the member is also a member of the Board of Directors of another company; as well as the independence of independent members of the Board and Committees.
- Assist the Board in assessing the performance of the Board, its Committees and Executive Management in terms of strengths and weaknesses, and in setting and implementing plans to define and enhance the competencies of Board members by recommending the necessary procedures.
- Nominating the Board members of the subsidiaries to the Holding Company's Board for approval and to obtain the CMA approval prior to nominating them to the General Assembly in accordance with the relevant laws and regulations.
- Nominating the GCEO of the Holding Company, and recommending the Board of Directors in accordance with the relevant regulations and regulations.
- Identify the remuneration of Board and Committee members and Executive Management, in accordance with the policy and relevant regulations, and make the necessary recommendations to the Board and the General Assembly where applicable.

Nomination and Remuneration Committee members

Eng. Sultan Al-Deghather

Chairperson, Independent

Kindly refer to the Board of Directors' biographies.

Mr. Mark Makepeace

Member, Non-Executive

Kindly refer to the Board of Directors' biographies.

Mr. Bandar bin Mogrin

Member, Non-Board member

Mr. Bandar bin Mogrin has 16 years of experience in shared services, participated in many conferences in the Middle East, such as the Opportunities in the Age of Globalization conference. During 2018 and 2019, he established several initiatives, the most important of which is the Leadership Visions Initiative for Human Capital. Mr. Bin Mogren is Chief of Operations, Joint Services at the Public Investment Fund, representative of the Public Investment Fund and its subsidiaries, and current member of the Nominations Committee since 2016.

Member of the Board of Directors and Chairperson of the Nominations and Remunerations Committee at King Abdullah Financial District for the Management and Development of King Abdullah Financial District (KAFD), 2016-present.

Member of the Nominations and Remuneration Committee of the Saudi Tadawul Group, 2017-present.

Member of the Board of Directors and the Nominations and Remunerations Committee of Gulf International Bank, Bahrain and Saudi Arabia, 2018-present

Chairman of the Board of Directors and the Nomination and Remuneration Committee of Jasara Company, 2019-present.

Member of the Nominations and Remunerations Committee of the National Center for Privatization (NCP) 2019-present.

Member of the Nominations and Remunerations Committee at Qiddiya Company, 2020-present.
Member of the Nominations and Remunerations

Committee at the Decision Support Center at the Royal Court (DSC), 2020-present.

Member of the Nominations and Remunerations Committee at NEOM Company, 2021-present.

Nomination and Remuneration Committee member at Riyadh Air, 2023-present.

Nomination and Remuneration Committee member at Newcastle United Football Club (NUFC), 2022-present.

Nomination and Remuneration Committee member at ROSHN, 2023-present.

Nomination and Remuneration Committee member at Savvy Games Group, 2021-present.

Chairperson of the Board of Directors of the Sports Investment Company, 2022-present.

Member of the Nominations, Remuneration, and Governance Committee (NRGC) of the Saudi Military Industries Company, 2021-present.

Mr. Bin Mogren was also the Head of Human Resources at Jadwa Investment and the General Manager, Human Resources and Support Services department of National Commercial Bank Capital, in addition to his membership of the Nominations and Remunerations Committee at the Downtown Development Company in Riyadh.

Mr. Bin Mogren obtained a Bachelor's degree in a Double Major in Human Resources and Business Administration, Eastern Washington University, 2000.

Nomination and Remuneration Committee meetings:

The Nomination and Remuneration Committee held six (6) meetings. The following table illustrates the names and attendance of the Committee members.

Member Name	Position	02-02-2023	29-05-2023	07-06-2023	01-10-2023	08-11-2023	05-12-2023
Eng. Sultan Al-Deghaither	Chairperson	✓	✓	✓	✓	✓	✓
Mr. Mark Makepeace	Member	✓	✓	✓	✓	✓	✓
Mr. Bandar bin Mogrin	Member	✓	✓	✓	✓	✓	✓

Investment Committee

The Investment Committee was reformed pursuant to the Board of Directors' resolution dated 02-01-2023.

Committee composition

In accordance with the Investment Committee's Charter, the Committee shall be composed of three to five members by a resolution of the board, including Board members with experience in mergers and acquisitions. The Committee shall include an independent member, who specializes in mergers and acquisitions in addition to the CEO. The term of membership in the Committee shall be the same as the term of the Board.

Committee duties and responsibilities

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

- Provide recommendations to the Board of the Holding Company to approve the necessary policies for the department.
- Recommend to the Holding Company Board to approve the Investment Policy and the authority matrix.
- Review and approve the investment strategy and decide on relevant matters.
- Overseeing the Holding Company's investments in line with the approved investment policy.
- Recommend to the Board strategic investments (including mergers and acquisitions, and joint ventures) that were not mentioned in the approved Investment Policy.
- The approval of the nomination process of the external advisors for the strategic investments and to approve their appointment and fees in accordance with the management recommendation.
- Appoint and dispose external investment managers for the Holding Company, follow up on their performance, approve their fees and terminate their duties.

Investment Committee members

Mrs. Sarah Al-Suhaimi Chairperson, Independent

Kindly refer to the Board of Directors' biographies.

Mr. Yazeed Al-Humaid Member, Non-Executive

Kindly refer to the Board of Directors' biographies.

Mr. Sabti Al-Sabti Member, Non-Executive

Kindly refer to the Board of Directors' biographies.

Eng. Khalid Al-Hussan Member, Executive

Kindly refer to the Board of Directors' biographies.

Mr. Fahad Al-Jomaih Member, Non-Board member

Mr. Fahad Al-Jomaih is a Director at MENDA Direct Investments in the Public Investment Fund, Mr. Aljomaih has several other positions, serving as a Board member on D360 and as a Board member on Yanbu Cement Company as well as an Investment Committee member on Saudi Tadawul Group, Board member at Pergola Holding, International Refreshment 29/Company and at Aljomaih Equipment Company.

Mr. Aljomaih has held several other positions serving as a Director and Head of Investments at Abdul Latif Jameel Investments, Investment Committee member at Abdul Latif Jameel Land, as well as Vice President at Saudi Fransi Capital.

Mr. Aljomaih holds a Bachelor of Science in Business Administration from Northeastern University, and a Master of Science in International Securities, Investments, and Banking from University of Reading and Master's in Business Administration (MBA) from the University of Portsmouth.

Investment Committee meetings:

The Investment Committee held four (4) meetings. The following table illustrates the names and attendance of the Committee members.

Member Name	Position	19-03-2023	30-04-2023	05-10-2023	12-12-2023
Mrs. Sarah Al-Suhaimi	Chairperson	✓	✓	✓	✓
Mr. Yazeed Al-Humaid	Member	✓	✓	✓	✓
Mr. Sabti Al-Sabti	Member	✓	-	✓	✓
Eng. Khalid Al-Hussan	Member	✓	✓	✓	✓
Mr. Fahad Al-Jomaih	Member	✓	✓	✓	✓

Remuneration Policy for the Board of Directors and Committee members and Executive Management

In accordance with the Remuneration Policy for the Board of Directors and Committee members and Executive Management, which was approved in the Extraordinary General Assembly dated 13-12-2023:

- Each Board member is entitled to an annual compensation of SAR 400 thousand.
- The Chairperson of the Board is entitled to an annual compensation with an amount of SAR 800 thousand.
- Each Chairperson of the Board Committees is entitled to an annual compensation of SAR 250 thousand.
- Each Board member is entitled to an annual compensation of SAR 200 thousand for their membership in one or more committee.
- A member of the Board of Directors may obtain an additional remuneration for any executive, technical, administrative or advisory work that the Holding Company independently entrusts to him, provided that the member obtains the necessary approval to carry out such work.

Remunerations mechanism

The Remuneration Policy for the Board of Directors and Committee members and Executive Management shall follow performance-related standards, disclosure and verification of their implementation, taking into account the following:

- Being consistent with the Company's strategy and objectives.
- Being consistent with the magnitude, nature, and level of risks faced by the Company.
- Acquiring and maintaining the Board members and Executive Management, and encouraging them to achieve the success of the Holding Company, its Shareholders and its long-term development.
- Determine remuneration based on job level, duties and responsibilities, educational qualifications, practical experience, skills, and level of performance.

Details of remuneration

Allowances for members to attend Board meetings for the year 2023

(SAR)	Fixed Remunerations						Variable Remunerations									
	Specific amount	Allowance for attending Board meetings	Total allowance for attending Committee meetings	In-kind benefits	Remunerations for technical, managerial, and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Total Fixed Remunerations	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares	Total Variable Remunerations	End-of-service award	Aggregate amount	Expenses allowance
First: Independent Directors																
Mrs. Sarah Al-Suhaimi	800,000	-	-	-	-	-	800,000	-	-	-	-	-	-	-	-	-
Mr. Hashem Al-Hekail	400,000	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-
Eng. Sultan Al-Deghaither	400,000	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-
Total	1,600,000						1,600,000									
Second: Non-Executive Directors																
Mr. Yazeed Al-Humaid	400,000	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-
Ms. Rania Nashar	400,000	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-
Mr. Sabti Al-Sabti	400,000	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-
Mr. Mark Makepeace	400,000	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-
Mr. Xavier Rolet	400,000	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-
Total	2,000,000						2,000,000									
Third: Executive Directors																
Eng. Khalid Al-Hussan	400,000	-	-	-	-	-	400,000	-	-	-	-	-	-	-	-	-
Total	400,000						400,000									

Remuneration of Committee members for their membership in the Board's Committees in (SAR):

Member Name	Fixed Remuneration	Meetings Attendance Allowance	Total
Audit Committee			
Mr. Omar Al-Hoshan	250,000	-	250,000
Mr. Hashem Al-Hekail	200,000	-	200,000
Eng. Sultan Al-Deghaither	200,000	-	200,000
Mr. Abdulhameed Al-Muhaidib	200,000	-	200,000
Ms. Latifah Al-Sabhan	200,000	-	200,000
Total	1,050,000		1,050,000
Nomination and Remuneration Committee			
Eng. Sultan Al-Deghaither	250,000	-	250,000
Mr. Mark Makepeace	200,000	-	200,000
Mr. Bandar bin Mogrin	200,000	-	200,000
Total	650,000		650,000
Governance, Risk and Compliance Committee			
Ms. Rania Nashar	250,000	-	250,000
Mr. Xavier Rolet	200,000	-	200,000
Eng. Khalid Al-Hussan	200,000	-	200,000
Dr. Yahya Al-Jabr	200,000	-	200,000
Ms. Maha Al-Sudairi	200,000	-	200,000
Total	1,050,000		1,050,000
Investment Committee			
Mrs. Sarah Al-Suhaimi	250,000	-	250,000
Mr. Yazeed Al-Humaid	200,000	-	200,000
Mr. Sabti Al-Sabti	200,000	-	200,000
Eng. Khalid Al-Hussan	200,000	-	200,000
Mr. Fahad Al-Jomaih	200,000	-	200,000
Total	1,050,000		1,050,000
Aggregate amount	3,800,000		3,800,000

Paid remunerations to the top five Senior Executives 2023 (including CEO and CFO) in (SAR):

		Amount (SAR)
Fixed remunerations	Salaries	7,448,725
	Allowances	3,004,319
	In-kind benefits	548,898
Total		11,001,942
Variable remunerations	Periodic remunerations	-
	Profits	-
	Short-term incentive plans	9,196,000
	Long-term incentive plans	-
	Granted shares	-
Total		9,196,000
End of service		-
Total remunerations for Board executives		400,000
Aggregate amount		20,597,942

Risk management

The Group has exposure to the following risks from its activities and use of financial instruments:

- Market risk.
- Credit risk.
- Operational risk management.
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies, and processes for measuring and managing these risks. Furthermore, quantitative disclosures are included throughout these consolidated financial statements.

Enterprise Risk Management Framework

The Board of Directors (Board) has the overall responsibility for the establishment and oversight of the Group's Enterprise Risk Management (ERM) Framework. The Board is responsible for approving the Group's ERM policy. Furthermore, the Board Governance, Risk and Compliance Committee is responsible for overseeing the effective implementation of the ERM policy.

The Group's ERM policy is established to identify and analyze risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The ERM Policy and Framework are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a constructive risk culture in which all employees proactively engage and understand their roles and obligations.

The main components of the Group's ERM Framework are risk governance, risk appetite and tolerance, risk management process, risk universe, risk culture, risk management tools, and relevant policies and procedures. The framework governs the processes required to identify, evaluate, and prioritize the key risks that could impact the Group and the execution of its strategy.

To ensure an integrated and consistent approach across the risk management process of the Group, risk appetite and tolerance limits are defined as per the risk universe, which classifies risks into structured categories for effective risk management. This risk classification directly influences the particular configuration of the risk appetite and other ERM Framework elements such as the ERM Policy and procedures.

Risk management structure

A cohesive organisational structure is established within the Group in order to identify, assess, monitor, and control risks.

Board of Directors

The objective of risk governance is the centralised oversight of the Board of Directors, providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior Management

Senior Management is responsible for the day-to-day operations in respect of achieving the strategic goals within the Group's pre-defined risk appetite. All business functions link their risk assessment methodology in line with the risk universe and core statements. In addition, all the policies and procedures of the business functions should be aligned with all the tolerance levels stated in the Risk Appetite Statement.

The risks faced by the Group and the way these risks are mitigated by Management are summarised below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Group limits market risk by maintaining a diversified portfolio and by monitoring the developments in financial markets. Market risk reflects price risk, currency risk, and commission rate risk.

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's accounts receivables from customers, cash at banks, time deposits, and investment in debt securities.

Operational risk management

The Group's objective is to manage operational risk arising from failure of internal and external processes, individuals, systems, or external events. These include issuer operations risks, member operations risks, market operations risks, human resources risks, and physical asset risks. To balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness, and to avoid control procedures that restrict initiative and creativity.

In order to manage the Group's clearing services activities risks, the Group – through one of its subsidiaries (Muqassa) – has an integrated and comprehensive risk management system and ensures its risk management framework identifies, measures, monitors, and manages the risks that it bears from clearing member,s as well as other key institutions. The Group has a low risk appetite for financial, liquidity, operational, market, and credit concentration risk. This appetite helps drive the setting of conservative values when deciding on key measures such as the default fund cover or investment duration. These risk management policies, procedures, systems, and controls have been developed to adhere to the CMA's Securities Central Counterparties Regulation, as well as to align with both CPMI-IOSCO's Principles for Financial Market Infrastructures (PFMI) and international best practices.

Liquidity risk

Liquidity risk is the risk the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Statutory payments, penalties and sanctions

Regulatory Body	Description	Amount (SAR)
Capital Market Authority	Annual flat fees	130,000,000
General Authority of Zakat, Tax, and Customs	Statutory payment of Zakat	64,138,768
General Authority of Zakat, Tax, and Customs	Statutory payment of withholding tax and VAT	103,445,742
General Organization for Social Insurance	Statutory payment on the employees	25,014,785

Punishments and penalties

Saudi Tadawul Group did not incur any punishment or penalties during the year of 2023 from any oversight, regulatory, or judicial bodies.

Loans

Details of loans as at 31 December 2023 are as follows. It should be noted that the loans are related to the subsidiary "Direct Financial Network Company (DFN)" (SAR millions):

Creditor name	Amount of the principal debts	Loan term	Amounts paid by the Company in repayments of loans during the period 07-05-2023 to 31-12-2023	Outstanding amount
Gulf Finance Corporation	7.5	36 Months	0.6	-
Saudi Orix Leasing Company	5.0	32 Months	1.3	-
Ajil Financial Services Company	5.0	30 Months	1.7	0.7
Tamweel Aloula Company	15.0	30 Months	4.0	7.0
Tamweel Aloula Company	3.9	30 Months	1.0	2.8
Arab National Bank	3.8	6 Months	0.7	-
Arab National Bank	1.0	on Demand	0.0	1.0
Total	41.2		9.3	11.5

Financial performance for 2023

Preparation of the financial statements

In addition, there are no differences from the accounting standards issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). There are no material notes from the Auditor's on the Company's financial statements for the fiscal 2023.

Profit or loss statement in (SAR)

	2019	2020	2021	2022	2023
Operating revenue	564,747,899	1,079,639,193	1,166,093,741	1,090,195,935	1,072,780,190
Operating costs	(322,805,587)	(336,748,634)	(331,786,738)	(387,725,914)	(465,938,351)
Gross profit	241,942,312	742,890,559	834,307,003	702,470,021	606,841,839
General and administrative expenses	(196,960,609)	(177,719,748)	(221,535,351)	(256,317,557)	(278,906,922)
(Allowance) / reversal of allowance for expected credit losses	(148,493)	(19,735,859)	814,878	(268,425)	390,305
Operating profit	44,833,210	545,434,952	613,586,530	445,884,039	328,325,222
Investment income	94,343,939	38,793,042	40,582,673	55,957,975	127,034,102
Share of results of associates and reversal of impairment	(1,610,095)	(2,101,685)	(3,279,208)	(9,918,562)	(17,157,777)
Finance costs	(3,174,036)	(2,525,112)	(2,695,456)	(2,371,987)	(4,246,034)
Other income	18,900,768	4,478,947	5,732,352	2,737,273	3,041,049
Non-operating profit	108,460,576	38,645,192	40,340,361	46,404,699	108,671,340
Profit for the year before Zakat	153,293,786	584,080,144	653,926,891	492,288,738	436,996,562
Zakat	-	(83,561,274)	(66,223,360)	(67,690,412)	(55,499,811)
Profit for the year after Zakat	153,293,786	500,518,870	587,703,531	424,598,326	381,496,751
Profit for the year is attributable to:					
Ordinary shareholders of the parent company	153,293,786	500,518,870	587,703,531	424,598,326	390,060,733
Non-controlling interest	-	-	-	-	(8,563,982)
	153,293,786	500,518,870	587,703,531	424,598,326	381,496,751

Financial position statement in (SAR)

	2019	2020	2021	2022	2023
Assets					
Current assets					
Cash and cash equivalents	268,487,867	96,798,376	86,197,458	2,118,826,096	2,050,614,074
Clearing participant financial assets	-	32,177,558	18,013,567	4,060,678,204	3,526,916,817
Accounts receivables, net	41,179,879	57,364,818	60,547,611	64,348,393	94,707,793
Advances, prepayments and other assets	102,841,000	102,271,835	108,059,619	116,105,444	136,641,059
Investments	2,660,288,572	3,103,518,964	2,631,732,808	618,569,219	269,253,058
Total current assets	3,072,797,318	3,392,131,551	2,904,551,063	6,978,527,356	6,078,132,801
Non-current assets					
Investments in associates	40,996,978	378,895,293	375,616,085	400,697,523	383,539,746
Property and equipment, net	13,693,404	21,381,712	56,056,384	110,404,115	217,792,547
Intangible assets and goodwill	176,516,175	179,552,282	144,727,277	139,298,385	348,988,802
Investments	231,554,876	101,267,886	55,272,377	55,809,077	391,088,818
Right of use assets	11,271,347	19,856,726	7,120,394	5,310,445	217,360,938
Total non-current assets	474,032,780	700,953,899	638,792,517	711,519,545	1,558,770,851
Total assets	3,546,830,098	4,093,085,450	3,543,343,580	7,690,046,901	7,636,903,652

Financial position statement in (SAR)

	2019	2020	2021	2022	2023
Liabilities and shareholder's equity					
Current liabilities					
Clearing participant financial liabilities	-	22,177,557	18,013,349	4,050,236,628	3,508,060,041
Lease liabilities	4,263,087	9,128,643	982,913	-	51,306,125
Current portion of long-term borrowings	-	-	-	-	10,342,741
Accounts payables	105,383,866	5,977,047	6,785,710	12,467,820	49,793,406
Balance due to Capital Market Authority (CMA)	22,330,201	32,758,785	22,280,843	19,375,330	55,137,969
Accrued expenses and other current liabilities	75,018,332	205,953,907	236,085,074	264,771,975	300,062,492
Deferred revenue	3,134,967	3,223,464	3,214,902	16,722,361	30,378,316
Zakat provision	-	83,561,274	66,663,698	67,221,868	64,221,598
Total current liabilities	210,130,453	362,780,677	354,026,489	4,430,795,982	4,069,302,688
Non-current liabilities					
Employees' end-of-service benefits	77,294,401	91,024,046	96,876,185	79,561,092	98,708,089
Lease liabilities	-	4,658,348	-	-	150,950,630
Non-controlling interest put option	-	-	-	-	175,363,779
Long-term borrowings	-	-	-	-	1,145,301
Deferred revenue	-	-	-	-	12,397,613
Total non-current liabilities	77,294,401	95,682,394	96,876,185	79,561,092	438,565,412
Total liabilities	287,424,854	458,463,071	450,902,674	4,510,357,074	4,507,868,100
Shareholder's equity					
Share capital	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000	1,200,000,000
Statutory reserve	326,911,746	376,963,633	360,000,000	360,000,000	-
General reserve	1,114,180,214	1,114,180,214	-	-	-
Other reserve	-	-	-	-	(161,328,401)
Retained earnings	618,313,284	943,478,532	1,532,440,906	1,619,689,827	2,090,363,953
Total shareholder's equity	3,259,405,244	3,634,622,379	3,092,440,906	3,179,689,827	3,129,035,552
Total liabilities and shareholder's equity	3,546,830,098	4,093,085,450	3,543,343,580	7,690,046,901	7,636,903,652

Board of Directors Declarations

The Board confirms the following:

- Proper books of account have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There is not the slightest doubt about the Company's ability to continue its activity.
- The Audit Committee did not recommend appointing an internal auditor for the Company during the last fiscal year, and there were no recommendations by the Audit Committee that conflict with Board resolution or any recommendations that the Board disregards relating to the appointment, dismissal, assessment, or determination of the remuneration of an external auditor or the appointment of an internal auditor. Also, the Board of Directors did not recommend replacing the external auditor before the end of its term.
- There are no differences from the accounting standards issued by the Saudi Organization for Chartered and Professional Accountants.
- There are no substantive comments from the chartered accountant on the Company's financial statements for the fiscal year 2023.
- There was no arrangement or agreement whereby a Board member or a Senior Executive waived any salary or compensation.
- As at the end of 2023, there was no punishment, penalty, precautionary procedure, or preventive measure imposed on the Company by the Capital Market Authority or any other supervisory, regulatory, or judiciary authority.
- Where applicable, the Board members are informed through the Chairperson, of the Shareholders' suggestions and remarks on the Company and its performance.
- No debt instruments were issued for each affiliate company.
- According to Article 85 of Rules on the Offer of Securities and Continuing Obligations, the Company has not been informed of any interest in voting rights shares owned by any person (other than Board members and Senior Executives and their relatives).
- There are no interest, contractual securities or rights issues for the Board of Directors' members, Senior Executives, and their relatives in the shares or debt instruments of affiliates.
- No convertible debt instruments, contractual securities, preemptive or similar rights were issued or granted by the Company during the fiscal year.
- No conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights were issued or granted by the Company.
- There was no redemption, purchase, or cancellation by the Company of any redeemable debt instruments.
- No Shareholder of the Company has waived any rights to dividends.
- No investments or reserves were made or set up for the benefit of the employees of the Company.
- No Board member has any competing business with the Company or any of the activities practiced by the Company.
- There are no Treasury shares retained by the Company.
- There is no substantial deviation in the remuneration awarded according to the Remuneration Policy.
- There are no businesses or contracts to which the Company is a party, or in which a member of the Board of Directors or Senior Executive has an interest.

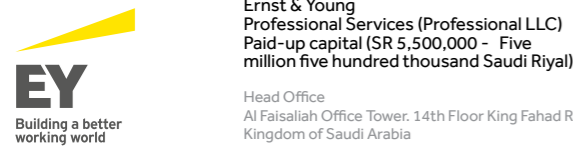
Consolidated Financial Statements

143	Independent Auditor's Report
147	Consolidated Statement of Financial Position
148	Consolidated Statement of Profit or Loss and Other Comprehensive Income
149	Consolidated Statement of Changes in Equity
150	Consolidated Statement of Cash Flows
151	Notes to the Consolidated Financial Statements

The Group's impressive growth in Data and Technology Services highlights strategic foresight and positions the Group for continued success in a dynamic landscape.

Independent Auditor's Report

TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY



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Opinion

We have audited the consolidated financial statements of Saudi Tadawul Group Holding Company, (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International

Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with this Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report (continued)

TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY



Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Revenue is key element of consolidated financial statements due to its materiality and is a key metric for the user of the Group's consolidated financial statements. Due to its scale and significance to the consolidated financial statements revenue recognition is determined as key audit matter.</p> <p>The Group has recognised revenue of SR 1,073 million for the year ended 31 December 2023 (2022: SR 1,090 million).</p> <p>The Group's revenue comprises of trading services, listing services, technology and information services, membership services and post-trade services. The recognition of certain revenue streams is automated while others revenue streams is through manual processing, therefore, controls around revenue recognition process are critical for correct recognition of revenue.</p> <p>Refer to note 3.16 for the accounting policy related to revenue recognition and note 24 for the related disclosure.</p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none"> • Obtained our understanding of the revenue recognition process including the recording of the different revenue streams; • Tested design and implementation of relevant key controls around the revenue recognition process including the recognition of revenue streams; • Involved our IT specialists to test the operating effectiveness of general IT controls and IT application controls around the revenue recognition of trading services, technology and information services and major post-trade services (clearing, settlement and trading related custody services); • Performed recalculation of revenue recorded from trading services, listing fees (annual) and part of post-trade services (in relation to trading activity); • For a sample of transactions, we performed test of details to verify that the revenue recorded from listing fees, technology and information services and other post-trade services exists and is accurate through vouching to sales invoices; • Evaluated the accounting policies around the recognition of revenue under each revenue stream to determine if the recognition meets the point in time or over the period revenue recognition criteria; and • Assessed the appropriateness of the presentation and disclosures in the consolidated financial statements with respect to revenue and the relevant accounting policies.

Other information included in The Group's 2023 Annual Report

Other information consists of the information included in the Group's 2023 annual report, other than the consolidated financial statements and our auditor's report thereon. The Board of Directors is responsible for the other information in its annual report. The Group's 2023 annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Group's 2023 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditor's Report (continued)

TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY



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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Independent Auditor's Report (continued)

TO THE SHAREHOLDERS OF SAUDI TADAWUL GROUP HOLDING COMPANY



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

for Ernst & Young Professional Services

Waleed G. Tawfiq
Certified Public Accountant
License No. (437)

Riyadh: 1 Ramadhan 1445H
 (11 March 2024)

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Consolidated Statement of Financial Position

As at 31 December 2023

(Saudi Arabian Riyals)

	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property and equipment	4	217,792,547	110,404,115
Intangible assets and goodwill	5	348,988,802	139,298,385
Investments in associates	6	383,539,746	400,697,523
Right-of-use assets	7	217,360,938	5,310,445
Investments	8	391,088,818	55,809,077
Total non-current assets		1,558,770,851	711,519,545
Current assets			
Investments	8	269,253,058	618,569,219
Accounts receivable	9	94,707,793	64,348,393
Advances, prepayments and other assets	10	136,641,059	116,105,444
Clearing participant financial assets	11	3,526,916,817	4,060,678,204
Cash and cash equivalents	12	2,050,614,074	2,118,826,096
Total current assets		6,078,132,801	6,978,527,356
Total assets		7,636,903,652	7,690,046,901
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,200,000,000	1,200,000,000
Statutory reserve	13	-	360,000,000
Other reserve	16	(161,328,401)	-
Retained earnings		2,090,363,953	1,619,689,827
Total equity		3,129,035,552	3,179,689,827
Non-current liabilities			
Lease liabilities	14	150,950,630	-
Employees' end-of-service benefits	15	98,708,089	79,561,092
Non-controlling interest put option	16	175,363,779	-
Long-term borrowings	17	1,145,301	-
Deferred revenue	21	12,397,613	-
Total non-current liabilities		438,565,412	79,561,092
Current liabilities			
Lease liabilities	14	51,306,125	-
Current portion of long-term borrowings	17	10,342,741	-
Clearing participant financial liabilities	18	3,508,060,041	4,050,236,628
Accounts payable	19	49,793,406	12,467,820
Balance due to Capital Market Authority (CMA)	20	55,137,969	19,375,330
Deferred revenue	21	30,378,316	16,722,361
Accrued expenses and other current liabilities	22	300,062,492	264,771,975
Zakat provision	23	64,221,598	67,221,868
Total current liabilities		4,069,302,688	4,430,795,982
Total liabilities		4,507,868,100	4,510,357,074
Total equity and liabilities		7,636,903,652	7,690,046,901

The accompanying notes from (1) through (40) form an integral part of these consolidated financial statements.



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

(Saudi Arabian Riyals)

	Notes	For the year ended 31 December	
		2023	2022
Operating revenue	24	1,072,780,190	1,090,195,935
Operating costs	25	(465,938,351)	(387,725,914)
Gross profit		606,841,839	702,470,021
General and administrative expenses	26	(278,906,922)	(256,317,557)
Reversal / (allowance) for expected credit losses	27	390,305	(268,425)
Operating profit		328,325,222	445,884,039
Investment income	28	127,034,102	55,957,975
Share of results of associates and reversal of impairment	6	(17,157,777)	(9,918,562)
Finance costs	29	(4,246,034)	(2,371,987)
Other income, net		3,041,049	2,737,273
Non-operating profit		108,671,340	46,404,699
Profit before zakat for the year		436,996,562	492,288,738
Zakat expense	23	(55,499,811)	(67,690,412)
Profit for the year		381,496,751	424,598,326
Profit for the year is attributable to:			
Ordinary shareholders of the parent company		390,060,733	424,598,326
Non-controlling interest		(8,563,982)	-
		381,496,751	424,598,326
Other comprehensive (loss) / income			
Other comprehensive (loss) / income that will not be reclassified subsequently to the statement of profit or loss:			
Actuarial remeasurement of employees' end-of-service benefits	15	(1,803,861)	22,650,595
Other comprehensive (loss) / income for the year		(1,803,861)	22,650,595
Total comprehensive income for the year		379,692,890	447,248,921
Total comprehensive income for the year is attributable to:			
Ordinary shareholders of the parent company		387,874,126	447,248,921
Non-controlling interest		(8,181,236)	-
		379,692,890	447,248,921
Basic and diluted earnings per share attributable to ordinary shareholders of the parent company	30	3.25	3.54

The accompanying notes from (1) through (40) form an integral part of these consolidated financial statements.



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

(Saudi Arabian Riyals)

	Equity attributable to the ordinary shareholders of the parent company					Non-controlling interest	Total equity
	Share capital	Statutory reserve	Other reserve	Retained earnings	Sub-total		
Balance as at 1 January 2023	1,200,000,000	360,000,000	-	1,619,689,827	3,179,689,827	-	3,179,689,827
Acquisition of subsidiary (Note 38)	-	-	-	-	-	22,216,614	22,216,614
Net profit for the year	-	-	-	390,060,733	390,060,733	(8,563,982)	381,496,751
Other comprehensive (loss) / income for the year	-	-	-	(2,186,607)	(2,186,607)	382,746	(1,803,861)
Dividends (Note 37)	-	-	-	(277,200,000)	(277,200,000)	-	(277,200,000)
Non-controlling interest put option (Note 16)	-	-	(161,328,401)	-	(161,328,401)	(14,035,378)	(175,363,779)
Transfer of statutory reserve (Note 13)	-	(360,000,000)	-	360,000,000	-	-	-
Balance as at 31 December 2023	1,200,000,000	-	(161,328,401)	2,090,363,953	3,129,035,552	-	3,129,035,552
Balance as at 1 January 2022	1,200,000,000	360,000,000	-	1,532,440,906	3,092,440,906	-	3,092,440,906
Net profit for the year	-	-	-	424,598,326	424,598,326	-	424,598,326
Other comprehensive income for the year	-	-	-	22,650,595	22,650,595	-	22,650,595
Dividends (Note 37)	-	-	-	(360,000,000)	(360,000,000)	-	(360,000,000)
Balance as at 31 December 2022	1,200,000,000	360,000,000	-	1,619,689,827	3,179,689,827	-	3,179,689,827

The accompanying notes from (1) through (40) form an integral part of these consolidated financial statements.



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows

As at 31 December 2023

(Saudi Arabian Riyals)

	Notes	For the year ended 31 December	
		2023	2022
Cash flows from operating activities			
Profit before zakat for the year		436,996,562	492,288,738
Adjustments to reconcile profit before zakat for the year to net cash generated from operating activities:			
Depreciation and amortization	25,26	74,793,037	63,179,908
(Reversal) / allowance for expected credit losses	27	(390,305)	268,425
Provision for employees' end-of-service benefits	15	14,164,932	12,305,828
Realised gain on sale of investments, net	28	(4,518,981)	(17,707,501)
Unrealised gain on investments, net	28	(4,632,741)	(8,722,423)
Dividend income	28	(810,036)	(5,513,917)
Commission income	24,28	(186,940,507)	(42,780,411)
Share of results of associates and reversal of impairment	6	17,157,777	9,918,562
Finance costs		170,930	130,602
Changes in operating assets and liabilities:			
Accounts receivable		(10,970,986)	(4,115,863)
Advances prepayments and other assets		(4,693,942)	(8,045,825)
Accounts payable		14,032,540	5,682,110
Balance due to Capital Market Authority (CMA)		35,762,639	(2,905,513)
Deferred revenue		(890,391)	13,507,459
Accrued expenses and other current liabilities		26,077,548	28,686,901
Commission income received from SAMA bills and deposits		69,868,163	18,766,277
Clearing participant financial assets		533,761,387	(4,042,664,637)
Clearing participant financial liabilities		(542,176,587)	4,032,223,279
Net cash generated from operations		466,761,041	544,501,999
Employees' end-of-service benefits paid	15	(4,867,289)	(6,970,326)
Zakat paid	23	(67,139,038)	(67,132,242)
Net cash flows from operating activities		394,754,714	470,399,431
Cash flows from investing activities			
Purchase of investments		(559,598,439)	(901,297,885)
Proceeds from disposal of investments		583,381,005	2,943,673,156
Commission income received on investment at amortised cost		12,083,010	3,142,172
Dividend income received		193,153	1,446,909
Commission received on time deposits		105,010,344	21,674,617
Purchase of intangible assets and property and equipment		(141,070,815)	(99,094,375)
Investment in associate		-	(35,000,000)
Purchase consideration for acquisition of subsidiary net of cash acquired	38	(107,638,674)	-
Net cash flows (used in) / from investing activities		(107,640,416)	1,934,544,594
Cash flows from financing activities			
Finance cost paid on lease liabilities and borrowings	14	(33,832)	(130,602)
Principal repayment of lease liabilities	14	(68,800,797)	(12,184,785)
Repayment of borrowings		(9,291,691)	-
Dividends paid	37	(277,200,000)	(360,000,000)
Net cash flows used in financing activities		(355,326,320)	(372,315,387)
Net (decrease) / increase in cash and cash equivalents		(68,212,022)	2,032,628,638
Cash and cash equivalents at beginning of the year		2,118,826,096	86,197,458
Cash and cash equivalents at end of the year	12	2,050,614,074	2,118,826,096
Non-cash transactions:			
Additions of right-of-use assets and lease liabilities		260,457,743	11,201,873
Remeasurement of employees' end-of-service benefits		1,803,859	1,803,859
Purchase consideration for acquisition of subsidiary net of cash acquired		4,337,000	-
Depreciation of right of use assets capitalized		35,842,464	-
Finance cost on lease liabilities capitalized		9,320,191	-

The accompanying notes from (1) through (40) form an integral part of these consolidated financial statements.



Chairperson



Group Chief Executive Officer



Group Chief Financial Officer

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

1. GENERAL

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

The Company was wholly owned by the Government of the Kingdom of Saudi Arabia (the "Government") as ultimate controlling party through the Public Investment Fund ("PIF"). On 8 December, 2021, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange. In connection with the IPO, the Government through PIF sold 30% of their stake representing 36 million ordinary shares. On 13 November 2022, PIF sold an additional 10% of their stake representing 12 million ordinary shares. Accordingly, PIF now holds 60% (31 December 2022: 60%) of the share capital. As at 31 December 2023, the authorized, issued and fully paid-up share capital of the Company is SAR 1,200 million (31 December 2022: SAR 1,200 million) divided into 120 million shares (31 December 2022: 120 million shares) of SAR 10 each.

The Company's main activities are managing and supporting subsidiaries or participating in the management of other companies in which it owns shares, investing its

funds in shares and other securities, owning real estate and other properties in connection with its businesses, granting loans, guarantees and financing to its subsidiaries, and owning and leasing industrial property rights to its subsidiaries or other companies.

On 7 May 2023, 51% shareholding in Direct Financial Network Company (DFN) was acquired by the Group through one of its subsidiary (Wamid) refer note 1.1, 38 for details.

The Group's main activities through dedicated subsidiaries and associates (given in note 1.1 and 1.2) is to provide a listing service, create and manage the mechanisms of trading of securities, providing depository and registration services for securities ownership, clearing of securities trades, dissemination of securities information, develop financial technology and engage in any related other activity to achieve the objectives as defined in the Capital Market Law.

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

The Company's registered office address is as follows:

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

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

1.1 Details of the Company's subsidiaries:

Name of subsidiaries	Country of incorporation and legal status	Commercial registration dated	Business activity	Effective ownership		Paid up share capital
				December 2023	December 2022	
Securities Depository Center Company ("Edaa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	27/11/1437 H (corresponding to 30 August 2016 G)	Depository and registration of securities	100%	100%	400,000,000
Securities Clearing Center Company ("Muqassa")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	02/06/1439 H (corresponding to 18 February 2018 G)	Clearing services of securities	100%	100%	600,000,000
Saudi Exchange Company ("Exchange")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	17/08/1442 H (corresponding to 31 March 2021 G)	Listing and trading of securities, market information dissemination	100%	100%	600,000,000
Tadawul Advance Solution Company ("Wamid")	Kingdom of Saudi Arabia, Closed Saudi Joint Stock Company	11/02/1442 H (corresponding to 28 September 2020 G)	Financial technology solutions, innovative capital market solutions for stakeholders	100%	100%	75,000,000
Direct Financial Network Company (DFN) (Refer Note 3.11 and 38)	Kingdom of Saudi Arabia, Saudi Limited Liability Company	16/09/1426 H (corresponding to 19 October 2005)	Develops financial technology and financial content for stakeholders	51%	-	500,000

DFN has following subsidiaries that are involved in developing financial technology and financial content for stakeholders:

Name of subsidiaries	Country of incorporation	DFN's effective ownership
Direct Financial Network ME Dubai Multi Commodities Center	United Arab Emirates	100%
Direct Financial Network – Sri Lanka	Sri Lanka	99%
Direct Financial Network – Pakistan	Pakistan	99%

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

1.2 Details of the Company's associates:

Name of associates	Country of incorporation and legal status	Commercial registration dated	Business activities	Ownership, direct and effective		Paid up share capital
				December 2023	December 2022	
Tadawul Real Estate Company ("TREC")	Kingdom of Saudi Arabia, Limited Liability Company	22/02/1433 H (corresponding to 17 January 2012 G)	Buying, selling, renting, managing and operating real estate facilities	33.12%	33.12%	1,280,000,000
Regional Voluntary Carbon Market Company ("RVCMC")	Kingdom of Saudi Arabia, Limited Liability Company	28/03/1444 H (corresponding to 24 October 2022 G)	Active market and Auction for Carbon Credits	20%	20%	175,000,000

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and in compliance with the provisions of the Companies' Law in the Kingdom of Saudi Arabia and the By-laws of the Company.

2.2 Basis of measurement

These consolidated financial statements have been prepared on historical cost basis, except for financial assets measured at fair value through profit or loss which are measured at fair value and employees' end-of-service benefits which are measured at the present value of future obligations using projected unit credit method.

2.3 Functional and presentation currency

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

2.4 Basis of consolidation

These consolidated financial statements comprise the financial statements of Saudi Tadawul Group Holding

Company and its subsidiaries (collectively referred to as "the Group"). Control is achieved when the Group is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recognised at fair value.

2.5 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is classified as current when:

- expected to be realised or Intended to be sold or consumed in the normal operating;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

2.6 New standards and amendments issued

Standards and amendments adopted as of 1 January 2023

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, and the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The International Accounting Standard Board (IASB) has issued following accounting standards, amendments, which were effective from periods on or after January 1, 2023. The management has assessed that the amendments have no significant impact on the Group's consolidated financial statements.

IFRS 17, 'Insurance contracts' This standard replaces IFRS 4, which permits a wide variety of practices in accounting for insurance contracts.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction - requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Amendment to IAS 12 - International tax reform - pillar two model rules - These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

Standards and amendments issued and not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Effective for annual financial periods beginning on or after	Standard, amendment or interpretation	Summary of requirements
1 January 2024	Amendments to IAS 1, 'Presentation of financial statements', on classification of liabilities	These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period and non-current liabilities with covenants.
1 January 2024	Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback	The amendments require seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
1 January 2024	Amendments to IAS 7 and IFRS 7 - Supplier finance arrangement	Disclosures enhancement for supplier finance arrangements on the entity's liabilities.
1 January 2024	IFRS S1 and S2 - General requirements for disclosure of sustainability-related financial information	This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
1 January 2025	Amendments to IAS 21 - Lack of exchangeability	The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.
Effective date deferred indefinitely	Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sale or contribution of Assets between an Investor and its Associate or Joint Ventures

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

2.7 Critical accounting estimates and judgments

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

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

Information about material assumptions and estimation uncertainties are included in:

- Impairment of investment in associates: As referred to in note 3.3 of these consolidated financial statements, the Group estimates the recoverable amount of its investment for the assessment of impairment. To compute the recoverable amount of investment in associates, the Group applies its judgement in determining the recoverable amount. Based on the evaluation, the Group has concluded that there are no impairment indicators as at year end.
- Valuation of the employees' end-of-service benefits: The costs of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, employee turnover and mortality rates. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in note 15.
- Allowance for expected credit losses: Allowance of expected credit losses are probability-weighted estimate of credit losses. Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. The assessment of the correlation between historical observed default

rates, forecast economic conditions and ECLs is a significant estimate. (Note 3.6)

- Useful life of intangible assets: The Group's management determines the estimated useful lives of its intangible assets for calculating amortisation. This estimate is determined after considering the expected future cash generation from the software. The Group management reviews the residual values and useful lives annually and future amortisation charges would be adjusted where management believes the useful lives differ from previous estimates.
- Impairment of intangible assets: The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's or cash generating unit's (CGU) recoverable amount. An asset's or CGU's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset or CGU, unless the asset or CGU does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessment of the time value of money and the risks specific to the assets or CGU. The management does not believe there is any impairment in the value of intangible assets at year-end
- Capitalisation of software development costs: The Group capitalizes cost for software development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a software development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding element of directly attributable costs, expected future cash generation of the project and the expected period of benefits
- Revenue recognition on time or over period of time refer note 3.16

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

- The Company's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue the business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast a significant doubt about the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

3. MATERIAL ACCOUNTING POLICIES

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

3.1 Property and equipment

Property and equipment except land are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land is measured at its cost. The cost include expenditure directly attributable to the acquisition of the asset including the cost of purchase and any other costs directly attributable to bringing the assets to a working condition for their intended use. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The cost of replacing part of an item of operating fixed assets is recognized in the carrying amount of the item if it is probable the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of operating fixed assets are recognized in the profit or loss as incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognized.

Depreciation

Depreciation is calculated over depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment except for the land and capital work-in-progress. Depreciation of an asset begins when it is available for use. The estimated useful lives for current and comparative periods of different items of property and equipment are as follows:

	Estimated useful lives (years)
Building	10-30
Furniture and fixtures	5-10
Computers	3-5
Office equipment	2-6
Vehicles	4-5

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

3.2 Intangible assets and goodwill

Purchased intangible assets are initially recognised at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. These assets are amortised on a straight-line basis over their useful economic lives of 4 to 20 years.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

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

Internally generated intangibles are composed of expenditure incurred on internal product development which is capitalised if the costs can be reliably measured; the product or process is technically and commercially feasible; future economic benefits are probable; and the Group has sufficient resources to complete the development and to use or sell the asset. The assets are initially recorded at cost, which includes labour and, directly attributable costs. These intangible assets when under work-in-progress are stated at cost and not amortised until they are ready for their intended use. Once available for the intended use, they are then amortised over their useful economic lives of 7 to 20 years.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed. If the reassessment still results in excess, the gain is recognised in the consolidated statement of profit or loss and other comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses, if applicable. For the purpose of impairment testing, goodwill acquired in a business combination is, from acquisition date, allocated to each of the Group's cash generating units (CGU) that are expected to have benefit from the combination, irrespective

of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and portion of CGU retained.

3.3 Impairment of non-financial assets

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

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

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

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

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

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

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

3.4 Investments in investment in associates

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

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

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has a corresponding obligation.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is any objective evidence that the investment in the associate is impaired. If there is such

evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the profit and loss.

Unrealised gains arising from transactions associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.5 Right-of-use assets and lease liabilities

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of identified asset for a period of time in exchange for consideration.

As a lessee:

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred at and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items relating to office equipment.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3.6 Financial instruments

i. Recognition and initial measurement:

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

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

ii. Classification and subsequent measurement of financial assets:

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

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

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

Financial assets at amortized cost

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

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

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

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

Financial assets at FVOCI

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

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

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

Financial assets at FVTPL

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

Investments in units of mutual funds are carried at FVTPL.

Financial assets – Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related

liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

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

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

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may

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

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

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

iii. Classification and measurement of financial liabilities

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

iv. Derecognition

Financial assets

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

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

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

Financial liabilities

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

v. Offsetting

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

vi. Impairment of financial assets

IFRS 9 uses the 'expected credit loss' (ECL) model to assess the impairment of financial assets. The impairment model applies to financial assets measured at amortised cost, debt instruments measured at FVOCI and contract assets.

The expected credit loss shall be measured and provided either at an amount equal to (a) 12 month expected losses; or (b) lifetime expected losses. If the credit risk of the financial instrument has not increased significantly since inception, then an amount equal to 12 month expected loss is provided. In other cases, lifetime credit losses shall be provided.

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost; and
- contract assets

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

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

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

For trade receivables with a significant financing component, Group has a choice to adopt simplified or general approach to measure ECLs. Accordingly, the Group has adopted simplified approach to measure ECL on trade receivables with significant financing component, whereby an assessment of increase in credit risk need not be performed at each reporting date

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

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

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

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

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Loss rates are calculated using "roll rate" method based on the probability of a trade debt progressive through successive stages of delinquency to calculate the weighted average loss rate. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Credit losses for

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

financial assets other than trade receivables which are current in nature are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.)

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

Presentation of allowance for ECL in statement of financial position

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

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

Write-off

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

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

3.7 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using assumptions that market

participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, management of the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less and that are subject to an insignificant risk of changes in value, if any, which are available to the Group without any restrictions.

3.9 Employees' end-of-service benefits

Employees' end-of-service benefits are payable to all employees employed under the terms and conditions of the labor laws applicable to the Group.

The Group's net obligation in respect of employees' end-of-service benefits is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods. That benefit is discounted to determine its present value.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income, in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods

The Group recognises the following changes in the defined benefits obligation under 'operating cost' and 'general and administrative expenses' in the profit and loss account:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense.

The calculation of defined benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

3.10 Non-controlling interest put option

Written put options on non-controlling interest where the Group does not have an unconditional right to avoid the delivery of cash, are recognised as financial liabilities at the present value of the exercise price. Under this method, based on the terms of the agreement and Group's assessment on case to case basis, non-controlling interest is recognised however while the put option remains unexercised, at the end of each reporting period, the Group:

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

- determines the amount that would have been recognised for the non-controlling interest, including an update to reflect allocations of profit or loss
- de-recognises the non-controlling interest as if it was acquired at that date
- the difference between the fair value of the non-current liability resulting from the put option and the non-controlling interests is recognized in other reserve in equity

3.11 Business combination

Business combinations are accounted for applying the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred which is measured at fair value on the acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed in the condensed consolidated interim statement of profit or loss and other comprehensive income when incurred.

When the Group acquires a business, it assesses the financial assets acquired and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

3.12 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The borrowings are classified as a current liability when the remaining maturity is less than twelve months.

Borrowing costs directly attributable to the acquisition, development of qualifying assets, which are assets that necessarily take a substantial period of time, that is more than one year, to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. No borrowing costs are capitalised during idle periods. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in separate Statement of Income in the period in which they are incurred.

3.13 Zakat

The Group is subject to Zakat in accordance with the Zakat regulation issued by the General Authority for Zakat and Tax ("ZATCA") in the Kingdom of Saudi Arabia. Zakat is recognized in the consolidated statement of profit or loss. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations. DFN in which the Group's shareholding is 51% submits its individual Zakat return and income tax returns. Provision for Zakat and income tax for DFN is recognised in the consolidated statement of profit or loss and other comprehensive income.

Additional zakat calculated by ZATCA, if any, related to prior years is recognized in the year in which final declaration is issued.

3.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

3.15 Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability. All are assessed at reporting date and

disclosed in the Group's consolidated financial statements under contingent liabilities.

3.16 Revenue recognition

The main source of the Group's revenue is through fees for services provided. Revenue is measured based on the consideration specified in a contract with a customer.

The Group recognises revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or deliver a service to the customer.
Step 3: Determine the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or deliver services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the total consideration to which the Group is entitled in exchange for satisfying each performance obligation.
Step 5: Recognise revenue	The Group recognises revenue (or as) it satisfies a performance obligation by transferring a promised good or deliver a service to the customer under a contract.

The revenue recognition policies for revenue streams under each operating segment are set out below:

A. Capital Markets

Revenues in the Capital Markets segment are generated from Primary and Secondary market services.

A.1 Primary market initial listing and the ongoing listing services represent a performance obligation from initial listing and additional issuances at over period of time. The Group recognizes the revenue at the time of admission and additional issuance. All initial listing fees are billed to the listed company at the time of admission and become payable when invoiced.

A.2 Primary market annual listing fees, secondary markets membership and subscription fees are collected semi-annually and are recorded as contract liabilities (deferred revenue) and subsequently recognized in profit or loss on a straight line basis over the period of twelve months to which the fee relates, as it reflects the extent of the Group's progress

towards completion of the performance obligation under the contract.

A.3 Secondary market trading and associated capital market services are recognised as revenue on a per transaction basis at the point the service is provided.

A.4 Derivative market trading and associated capital market services are recognised as revenue on a per transaction basis at the point the service is provided.

B. Post Trade

Revenues in the post trade segment are generated from clearing, settlement, custody and other post trade services.

B.1 Clearing, settlement and custody services generate fees from trades or contracts cleared and settled and custody services which are recognised as revenue at a point in time when the Group meets its obligations to complete the transaction or service. In cases where the Group's performance obligations related to custody services are

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

completed over time, revenue is recognised on a straight-line basis, representing the continuous delivery of services over the period. In cases where there is a fixed annual fee for a service, the revenue is recognised overtime and billed on annual basis.

B.2 Other post trade services include revenue from registry services which is collected annually at the start of the year and is recorded as contract liabilities (deferred revenue) and is subsequently recognized in profit or loss on a straight line basis over the period to which the fee relates, as it reflects the extent of the Group's progress towards completion of the performance obligation under the contract.

C. Data and technology services

The Data and technology services segment generates revenues from the provision of information and data products including, benchmarks and customized indices, real-time market data, reference data and analytics services.

C.1 Data subscription and index license fees are recognised over the license or usage period as the Group meets its obligation to deliver data consistently throughout the license period. Services are billed on a monthly or annual basis.

C.2 Co-location services offer trading participants the opportunity to co-locate their services and rent server space within the Company's data center to ensure the lowest latency route possible to Saudi Tadawul Group's trading services and products. This revenue is recognised over time, consistent with the pattern of the service provision and how the performance obligation is satisfied throughout the contract period.

C.3 Software licensing and support services include licenses to financial services applications and regulatory market data. Revenue from licensing and support services that grant the right to access intellectual property are recognised over time, consistent with the pattern of the service provision and how the performance obligation is satisfied throughout the license period.

Deferred revenue is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group provide the services to customers and are recognised as revenue when the Group completes its performance obligation under the contract. Accrued revenue asset is initially recognised for revenue earned from services provided, however, invoice is not issued and once the invoice issued contract assets is reclassified to trade receivables.

D. Other fees

These fees are generated from the provision of events and media services, and are typically recognised as revenue at the point the service is rendered and becomes payable when invoiced.

E. Dividend and commission income

Dividend income recognized when the right to receive is established. Commission income recognized in profit or loss on an effective yield basis.

3.17 Expenses

General and administrative expenses are those arising from the Group's efforts underlying the marketing, consultancy, administrative and maintenance functions. Costs that relate directly to operations are classified as operating cost. Allocations of common expenses between operating costs and general and administrative expenses, when required, are made on a consistent basis.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

3.18 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of FVOCI instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that

have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of income and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in the consolidated statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings are recognized in consolidated statement of comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated statement of income, as part of the gain or loss on sale.

Fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

4. PROPERTY AND EQUIPMENT

	Notes	Land	Buildings	Furniture and fixtures	Computers	Office equipment	Vehicles	Capital work-in-progress	Total
Cost:									
Balance as at 1 January 2022		2,310,985	618,248	21,943,747	159,688,681	19,746,852	2,133,722	19,261,783	225,704,018
Additions		-	-	61,650	21,031,232	505,410	86,381	32,923,709	54,608,382
Disposals		-	-	-	(16,808)	-	(29,500)	-	(46,308)
Balance as at 31 December 2022		2,310,985	618,248	22,005,397	180,703,105	20,252,262	2,190,603	52,185,492	280,266,092
Additions		-	238,342	128,620	9,892,756	743,911	354,500	110,281,588	121,639,717
Acquisition of a subsidiary	38	1,824,189	3,989,658	802,692	11,180,584	899,185	188,909	-	18,885,217
Balance as at 31 December 2023		4,135,174	4,846,248	22,936,709	201,776,445	21,895,358	2,734,012	162,467,080	420,791,026
Accumulated depreciation:									
Balance as at 1 January 2022		-	130,518	17,807,309	116,172,151	18,294,331	1,752,579	-	154,156,888
Charge for the year	4.1	-	20,609	771,169	14,169,350	602,485	180,335	-	15,743,948
Disposals		-	-	-	(9,359)	-	(29,500)	-	(38,859)
Balance as at 31 December 2022		-	151,127	18,578,478	130,332,142	18,896,816	1,903,414	-	169,861,977
Acquisition of a subsidiary	38	-	2,827,436	616,558	10,223,326	86,085	168,621	-	13,922,026
Charge for the year	4.1	-	133,427	784,769	17,084,637	1,030,522	181,121	-	19,214,476
Balance as at 31 December 2023		-	3,111,990	19,979,805	157,640,105	20,013,423	2,253,156	-	202,998,479
Net book value:									
As at 31 December 2023		4,135,174	1,734,258	2,956,904	44,136,340	1,881,935	480,856	162,467,080	217,792,547
As at 31 December 2022		2,310,985	467,121	3,426,919	50,370,963	1,355,446	287,189	52,185,492	110,404,115

4.1 Depreciation expenses is allocated as follows:

	Notes	For the year ended 31 December	
		2023	2022
Operating costs	25	16,314,589	13,348,394
General and administrative expenses	26	2,899,887	2,395,554
Total		19,214,476	15,743,948

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

5. INTANGIBLE ASSETS AND GOODWILL

	Notes	Software	Capital work-in-progress	Goodwill	Total
Cost:					
Balance as at 1 January 2022		343,762,707	67,050,511	-	410,813,218
Additions		44,485,993	-	-	44,485,993
Transfer to Software		38,782,593	(38,782,593)	-	-
Balance as at 31 December 2022		427,031,293	28,267,918	-	455,299,211
Additions		42,785,459	21,707,003	-	64,492,462
Acquisition of a subsidiary	38	137,933,717	8,454,236	95,134,585	241,522,538
Transfer to Software		8,043,085	(8,043,085)	-	-
Balance as at 31 December 2023		615,793,554	50,386,072	95,134,585	761,314,211
Accumulated amortization:					
Balance as at 1 January 2022		281,576,687	-	-	281,576,687
Charge for the year	5.1	34,424,139	-	-	34,424,139
Balance as at 31 December 2022		316,000,826	-	-	316,000,826
Acquisition of a subsidiary	38	54,508,929	-	-	54,508,929
Charge for the year	5.1	41,815,654	-	-	41,815,654
Balance as at 31 December 2023		412,325,409	-	-	412,325,409
Net book value as at 31 December 2023		203,468,145	50,386,072	95,134,585	348,988,802
Net book value as at 31 December 2022		111,030,467	28,267,918	-	139,298,385

5.1 Amortization expense allocation is as follows:

	Notes	For the year ended 31 December	
		2023	2022
Operating costs	25	37,693,607	28,247,238
General and administrative expenses	26	4,122,047	6,176,901
Total		41,815,654	34,424,139

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

6. INVESTMENTS IN ASSOCIATES

	Notes	31 December 2023	31 December 2022
Investment in Tadawul Real Estate Company ("TREC")	6.1	359,701,941	365,697,523
Investment in Regional Voluntary Carbon Company ("RVCMC")	6.2	23,837,805	35,000,000
Total		383,539,746	400,697,523

6.1 Investment in TREC

This represents the Group's share of investment in TREC, a company incorporated in the Kingdom of Saudi Arabia. As at 31 December 2023, the Group owns 33.12% (31 December 2022: 33.12%) of the share capital of TREC. The main activities of this associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group will be headquartered.

During the year ended 31 December 2023, the Group assessed whether there is any indication that an impairment loss recognised in prior years may no longer exist or may

have decreased. Considering the completion of TREC's building "Tadawul Tower" and committed occupancy, the Group carried out an impairment test and estimated the recoverable amount to be more than the carrying amount and reversed impairment amounting to SAR 20.89 million (31 December 2022: Nil).

The Group has recognized its share of loss for the year ended 31 December 2023, based on available draft of TREC financial statements at the time of issuance of STG consolidated financial statement.

The movement in carrying value of investment is as follows:

	Note	31 December 2023	31 December 2022
Balance as at 1 January		365,697,523	375,616,085
Share of results of associates and reversal of impairment			
- Reversal of impairment		20,889,120	-
- Share of results	32.1	(26,884,702)	(9,918,562)
		(5,995,582)	(9,918,562)
Balance at end of the year		359,701,941	365,697,523

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The following table summarizes the financial information of the associate as included in the management accounts:

	31 December 2023	31 December 2022
Summarized statement of financial position		
Total current assets	156,604,707	32,825,683
Total non-current assets	2,323,513,241	2,282,712,671
Total current liabilities	1,362,830,420	85,461,524
Total non-current liabilities	3,725,343	1,062,846,629
Net assets (100%)	1,113,562,185	1,167,230,201

	For the year ended 31 December	
	2023	2022
Summarized statement of profit or loss and other comprehensive income		
Total revenue	121,861,195	-
Net loss and total comprehensive loss for the year	(58,266,984)	(29,983,133)

6.2 Investment in RVCMC

This represents the Group's share of investment in RVCMC, a company incorporated in the Kingdom of Saudi Arabia on 25 October 2022. RVCMC offers guidance and resourcing to support businesses and industries in the region as they play their part in the global transition to net zero, ensuring that carbon credit purchases go above and beyond meaningful emission reductions in value chains. The RVCMC's capital amounts to SAR 500 million (paid up capital of SAR 175 million), where PIF holds 80% stake and the Company holds 20% stake. RVCMC is headquartered in Riyadh, Kingdom of Saudi Arabia.

The Group has recognized its share of loss for the year ended 31 December 2023, based on based on available draft of RVCM financial statements at the time of issuance of STG consolidated financial statement.

The movement in carrying value of investment is as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	35,000,000	-
Investments made during the year	-	35,000,000
Share of results	(11,162,195)	-
Balance at end of the year	23,837,805	35,000,000

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The following table summarizes the financial information of the associate as included in the management accounts:

	31 December 2023
Total assets (current)	144,279,727
Total liabilities (current)	25,853,074
Net assets (100%)	118,426,653

	For the period 31 December 2023
Summarized statement of profit or loss and other comprehensive income	
Total revenue	52,931,798
Net loss and total comprehensive loss for the year	(55,810,977)

7. RIGHT-OF-USE ASSETS

	Notes	31 December 2023	31 December 2022
Balance as at 1 January		5,310,445	7,120,394
Acquisition of a subsidiary	38	1,198,121	-
Additions		260,457,743	11,201,872
Depreciation charge for the year	7.1	(49,605,371)	(13,011,821)
Balance at the end of year		217,360,938	5,310,445

7.1 Depreciation expenses is allocated as follows:

	Notes	For the year ended 31 December	
		2023	2022
Operating costs	25	5,587,724	5,199,315
General and administrative expenses	26	8,175,183	7,812,506
Cost directly attributable to capital work-in-progress under property and equipment	7.2,32.1	35,842,464	-
Total		49,605,371	13,011,821

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

7.2 On 1 March 2023, the Group signed a lease agreement for its new head quarter with TREC (an associate company). Initial lease term is for five years and is renewable subject to terms and conditions of the agreement. The Group has been provided grace period and it is being utilized to perform fit-out works at the office premises to bring it to condition for its intended use. Consequently, the depreciation and finance cost are considered by the Group as cost directly attributable in bringing the office premises in condition necessary to be capable of operating in the manner as intended by Group's management. These cost hence are capitalized and currently recorded as capital work-in-progress under property and equipment.

8. INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	31 December 2023	31 December 2022
Non-current			
Investments at amortized cost	8.1	391,088,818	55,809,077
		391,088,818	55,809,077
Current			
Investments at FVTPL	8.2	269,253,058	618,569,219
		269,253,058	618,569,219

8.1 Investments at amortized cost:

This represents investment in Sukuks issued by counterparties in the Kingdom of Saudi Arabia having sound credit ratings. The Sukuks carry an average commission rate of 4.96% per annum as of 31 December 2023 (2022: 4.3%).

The details of these investments are as follow:

	31 December 2023	31 December 2022
Bank Albilad (Credit rating A3)	55,946,231	55,809,283
Saudi Government Sukuk (2022-03-15 - Credit rating A1)	61,985,793	-
Saudi Government Sukuk (2020-02-15 - Credit rating A1)	54,472,428	-
Saudi Government Sukuk (2018-07-07 - Credit rating A1)	218,686,018	-
Impairment loss on investments at amortized cost (Note 8.1.1)	(1,652)	(206)
Total	391,088,818	55,809,077

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

8.1.1 The movement of the expected credit losses on investments held at amortized cost is summarized as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	206	46,862
Charge / (reversal) for the year (Note 27)	1,446	(46,656)
Balance at the end of the year	1,652	206

Below is the break-up of investment at amortized cost:

31 December 2023			
Description	Maturity date	Face value	Classification
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset
Saudi Government SAR Sukuk (2022-03-15)	17 March 2037	68,400,000	Non-current asset
Saudi Government SAR Sukuk (2020-02-15)	24 February 2035	61,561,000	Non-current asset
Saudi Government SAR Sukuk (2018-07-07)	25 July 2025	219,110,000	Non-current asset

31 December 2022			
Description	Maturity date	Face value	Classification
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset

8.2 Investments at fair value through profit or loss ("FVTPL")

This represents investments in units of mutual funds registered in the Kingdom of Saudi Arabia. The cost and fair value of investments held at FVTPL are as follows:

	31 December 2023		31 December 2022	
	Cost	Fair value	Cost	Fair value
Money market funds	250,223,976	269,253,058	594,704,109	610,812,003
Real estate funds	15,000,000	-	20,250,000	7,757,216
Total	265,223,976	269,253,058	614,954,109	618,569,219

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

9. ACCOUNTS RECEIVABLE

	Notes	31 December 2023	31 December 2022
Tarade receivables			
- Related parties	32.2	21,227,004	17,031,206
- Others		115,847,152	73,427,987
Less: allowance for expected credit losses	9.1	(42,366,363)	(26,110,800)
Total		94,707,793	64,348,393

Receivable balances are non-commission bearing and have payment terms ranging from immediate to thirty days.

9.1 The movement in the allowance for expected credit losses is summarized as follows:

	Notes	31 December 2023	31 December 2022
Balance as at 1 January		26,110,800	25,795,719
Acquisition of a subsidiary		16,647,314	-
(Reversal) / charge for the year	27	(391,751)	315,081
Balance at end of the year	34.3	42,366,363	26,110,800

10. ADVANCES, PREPAYMENTS AND OTHER ASSETS

	Notes	31 December 2023	31 December 2022
Advance against purchase of property	10.1	77,500,000	77,500,000
Prepaid insurance expenses		12,892,297	10,997,526
Advances to vendor		10,995,199	8,064,317
Receivable from ZATCA	23	8,638,957	-
Accrued operational revenue		7,395,257	6,589,018
Advance to employees		7,011,127	5,020,765
Security deposit		4,493,760	-
Other receivables	10.2,32	7,714,462	7,933,818
Total		136,641,059	116,105,444

10.1 This represents an advance paid to Saudi Central Bank (SAMA) as partial payment for purchasing part of a property in King Abdullah Financial District, Riyadh, kingdom of Saudi Arabia.

10.2 Other receivable balances are non-commission bearing and have payment terms ranging from immediate to ninety days.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

11. CLEARING PARTICIPANT FINANCIAL ASSETS

Financial assets at amortised cost:	Notes	31 December 2023	31 December 2022
Deposits with SAMA	11.1	1,029,134,232	3,061,369,467
Investment in SAMA Bills	11.2	2,497,782,585	999,308,737
		3,526,916,817	4,060,678,204

11.1 Deposits with SAMA:

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default funds for the equity and derivatives markets. Commission is earned on such deposits at the prevailing market rates offered by SAMA and clearing members' share of the commission earned is added to their collateral accounts. These funds are not available for use in the operations of the Group.

	31 December 2023	31 December 2022
Deposits with SAMA - relating to Equities markets	962,334,250	3,030,450,725
Deposits with SAMA - relating to Derivatives markets	66,799,982	30,918,742
	1,029,134,232	3,061,369,467

11.2 Investment in SAMA Bills:

	Note	31 December 2023	31 December 2022
Investment in SAMA Bills	11.2.1	2,497,782,585	999,308,737

11.2.1 These represent investment in SAMA Bills from deposits received from clearing participants in the form of initial margin, variation margin and default funds for the equity and derivatives markets. Commission is earned on such Bills at the prevailing market rates offered by SAMA and clearing members' share of the commission earned is added to their collateral accounts. These funds are not available for use in the operations of the Group.

As of each reporting date, all deposits with SAMA and SAMA Bills are assessed to have low credit risk as these are placed/ issued by Government sovereign financial institutions and there has been no history of default with any of the Group's deposit and investments in bills. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

12. CASH AND CASH EQUIVALENTS

	Notes	31 December 2023	31 December 2022
Cash at banks		71,489,884	49,821,541
Deposit with SAMA	12.1	16,500,000	16,500,000
Time deposits with original maturities equal to or less than three month from the date of acquisition	12.2	1,962,624,190	2,052,504,555
		2,050,614,074	2,118,826,096

12.1 Commission is earned on deposit with SAMA at the prevailing market rates offered by SAMA with original maturity of less than three months. These funds are restricted and are not available for general operational use of the Group.

12.2 These time deposits are placed with financial institutions in the Kingdom of Saudi Arabia with original maturities of less than three months. Commission is also earned on these time deposits as per the prevailing market rates. These time deposits are sharia compliant.

13. STATUTORY RESERVE

During the year, the General Assembly in its extra ordinary meeting (EGM) on 29 Jumada al-Awwal 1445H (corresponding to 13 December 2023) approved the amendment of the Company's By-Laws to transfer the statutory reserve of SAR 360 million to retained earnings and legal formalities for updating By-Laws are completed subsequently to year end.

14. LEASE LIABILITIES

This represents amount of lease liabilities for the rented offices of the Group. Set out below are carrying amount of lease liabilities and the movements during the year:

	Notes	31 December 2023	31 December 2022
Balance as at 1 January		-	982,913
Acquisition of a subsidiary	38	1,279,618	-
Additions		260,457,743	11,201,873
Finance cost	14.1	9,354,023	130,602
Payment		(68,834,629)	(12,315,388)
Balance at the end of year		202,256,755	-
Non-current		150,950,630	-
Current		51,306,125	-
Total		202,256,755	-

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

14.1 Finance cost is allocated as follows:

	Notes	For the year ended 31 December	
		2023	2022
Finance cost directly capitalized in capital work-in-progress under property and equipment	7.2,32.1	9,320,191	-
Finance cost expense	29	33,832	130,602
Total		9,354,023	130,602

15. EMPLOYEES' END-OF-SERVICE BENEFITS

The movement in employees' end-of-service benefits is as follows:

	Notes	31 December 2023	31 December 2022
Balance as at 1 January		79,561,092	96,876,185
Current service cost		10,089,828	10,064,443
Finance cost	29	4,075,104	2,241,385
Amount recognised in profit or loss		14,164,932	12,305,828
Acquisition of a subsidiary	38	8,045,493	-
Re-measurement (gain) / loss recognized in other comprehensive income		1,803,861	(22,650,595)
Benefits paid during the year		(4,867,289)	(6,970,326)
Balance at end of the year		98,708,089	79,561,092

15.1 Re-measurement loss / (gain) recognized in other comprehensive income for the year is as follows:

	31 December 2023	31 December 2022
Effect of changes in financial assumptions	403,018	(24,500,236)
Effect of changes in demographic assumptions	-	7,817,710
Effect of experience adjustments	1,400,843	(5,968,069)
Re-measurement loss / (gain) recognized in other comprehensive income	1,803,861	(22,650,595)

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

15.2 Principal actuarial assumptions

	31 December 2023	31 December 2022
Discount rate	5.05%	5.20%
Future growth in salary	5.00%	5.00%
Turnover	17%	16%
Mortality rate	AM80-100%	WHO SA19 - 75%
Demographic assumptions		
Retirement age	60 years	60 years

Discount rate

The discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or, in countries where there is no deep market in such bonds, government bonds) of a currency and term consistent with the currency and estimated term of the post-employment benefit obligations.

Since there is no deep market in Kingdom of Saudi Arabia for government bonds and/or corporate bonds, we have used the yield on US High Quality Market Corporate bonds and US Risk Free Rate and applied a risk premium to arrive at the discount rate.

Salary increases

With regards to the past trend, it is assumed that the salaries would increase at a rate of 5.00% per annum compound in the long range.

Turnover

The Management assumed the "Heavy" age-wise withdrawal rates. It was assumed that out of the employees that will cease to be employed in a year, other than by normal retirement or death, 90% will be on account of resignation and 10% on account of termination by the Group.

15.3 Maturity profile of the defined benefit liability

	31 December 2023	31 December 2022
Weighted average duration (years)	5.13	5.5
Distribution of benefit payments:		
Years	Amounts	
1	10,318,158	9,047,175
2	5,354,293	5,505,656
3	6,381,762	4,206,431
4	5,249,529	5,209,599
5	9,229,142	3,976,442
6-10	122,036,074	107,481,325

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

15.4 Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, the amount of defined benefit obligations would have been:

	31 December 2023		31 December 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	88,117,030	104,872,667	72,966,365	87,168,812
Future salary growth (1% movement)	105,242,617	87,668,663	87,504,645	72,563,970
Turnover (10% movement)	90,031,901	91,274,588	79,103,151	80,056,320
Mortality rate (10% movement)	90,626,420	90,631,726	79,562,576	79,559,602

15.5 Risks associated with defined benefits plan

Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

16. NON-CONTROLLING INTEREST PUT OPTION

The Group, through its subsidiary Wamid, acquired 51% of issued share capital of the DFN carrying full voting rights on 7 May 2023 (refer Note 38 for further details). The shareholders' agreement and put option agreement grants non-controlling interest equity holders in DFN an irrevocable and unconditional right to exercise their put options in respect of the non-controlling interest held in DFN (49% of issued share capital) for cash consideration of SAR 220.5 million by issuing a put notice within 60 days from the put option exercise period. Put option exercise period is earlier of:

- the issuance of the audited financial statements of DFN for the year ending 31 December 2026; or
- 30 June 2027

The Group recognized put option over non-controlling interests and recorded non-current put option financial liability discounted at present value amounting to SAR 175 million against the reduction in non-controlling interest of SAR 14 million and other reserve of SAR 161 million for the exercise price. At each reporting date, the difference between the fair value of the non-current liability resulting from the put option and the non-controlling interests is recognized in other reserve.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The movement in the financial liability during the year is as follows:

	31 December 2023	31 December 2022
Put option issued on 7 May 2023	167,805,446	-
Change in non-controlling interest put option liability	7,558,333	-
Balance at the end of the year	175,363,779	-

17. BORROWINGS

The Group through its subsidiary (DFN) has loan facilities ranging from 1–10 years of SAR 36,431,991 (2022: Nil). These facilities are secured against a mix of promissory notes, corporate guarantees from the related parties and related parties' real estate properties. The balances, commission rate and repayment terms are as follows:

	Maturity	31 December 2023	31 December 2022
NON – CURRENT			
Islamic financing	2025	1,145,301	-
CURRENT PORTION			
Overdraft facility	On demand	959,339	-
Islamic financing	Current portion	9,383,402	-
		10,342,741	-

Long-term financing carries commission rates ranges from 6.59% to 9.35% per annum and overdraft carries commission rate of SIBOR +5.5% (2022: nil).

18. CLEARING PARTICIPANT FINANCIAL LIABILITIES

	Notes	31 December 2023	31 December 2022
Financial liabilities at amortised cost:			
Collateral from clearing members	18.1	3,501,398,133	4,045,931,658
Members' contribution to clearing house funds	18.2	6,661,908	4,304,970
		3,508,060,041	4,050,236,628

18.1 The deposits from clearing participants represents amounts received from clearing participants as collateral in lieu of initial margin, variation margin and default funds for the equity and derivatives markets. These deposits are subject to commission, a portion of which is shared and included in the clearing participant financial assets.

18.2 This represents a prefunded default arrangement that is composed of assets contributed by clearing members that may be used by the Group in certain circumstances to cover the losses or liquidity pressure resulting from participant defaults.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

19. ACCOUNTS PAYABLE

	Note	31 December 2023	31 December 2022
Trade payables:			
- Others		24,612,326	12,419,942
- Related parties	32.2	25,181,080	47,878
Total		49,793,406	12,467,820

Payables are non-commission bearing and are settled on terms ranging from immediate to sixty days.

20. BALANCE DUE TO CAPITAL MARKET AUTHORITY (CMA)

The Group acts as a collection agent on behalf of CMA where their trading commission share is collected and transferred to them on an agreed mechanism. Such portion is not recognized as Group's revenue. Also includes unpaid CMA fees balance.

21. DEFERRED REVENUE

	Note	31 December 2023	31 December 2022
Balance at beginning of the year		16,722,361	3,214,902
Acquisition of a subsidiary	38	26,943,959	-
Invoiced during the year		261,409,593	209,652,633
Recognised as revenue during the year		(262,299,984)	(196,145,174)
Balance at end of the year		42,775,929	16,722,361
Non-current		12,397,613	-
Current		30,378,316	16,722,361
Total		42,775,929	16,722,361

Deferred revenue includes balances pertaining to related parties amounting to SAR 4,641,968 (2022: SAR 6,218,757) (Note 31.2).

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

22. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	Notes	31 December 2023	31 December 2022
Accrued employee expenses		105,023,642	115,362,304
Payable for General Organization for Social Insurance		2,249,012	2,079,494
Value added tax (VAT), net		5,827,225	457,531
Board of Directors remuneration payable	32	12,435,456	9,337,500
Accrued supplier expenses:			
- Related party	32	9,734,539	11,836,063
- Others		164,792,618	125,699,083
Total		300,062,492	264,771,975

Other payables and statutory dues are non-commission bearing and are settled on terms ranging from immediate to sixty days.

23. ZAKAT PROVISION

Zakat is charged at the higher of net adjusted income or Zakat base as required by the ZATCA. The key elements of zakat base primarily includes equity components, net income and liabilities reduced by non-current assets as adjusted for zakat purpose.

The movements in zakat provision are as follows:

	31 December 2023	31 December 2022
Balance as at 1 January	67,221,868	66,663,698
Provision for Zakat for the year		
- Current year	55,582,640	67,221,868
- Prior year (over) / under provision	(82,829)	468,544
Zakat expense for the year	55,499,811	67,690,412
- Recoverable from ZATCA (Note 10)	8,638,957	-
	64,138,768	67,690,412
Zakat paid during the year	(67,139,038)	(67,132,242)
Balance at end of the year	64,221,598	67,221,868

The Group has already filed and paid its consolidated Zakat return for the Company and its wholly-owned subsidiaries with ZATCA for years 2020 till 2022. The Group is subject to Zakat in accordance with the Zakat regulations issued by ZATCA based on Royal Decree 35657 issued on 29/6/1442 effective from 1 January 2020. The Company has not received any assessments till date.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

24. OPERATING REVENUE

	For the year ended 31 December	
	2023	2022
Revenue recognized over-time		
Post trade services	159,266,711	150,878,440
Data and technology services	164,441,670	100,185,561
Listing services	86,860,531	81,431,485
Membership fees	4,153,520	4,061,813
Derivatives services	1,584,955	1,340,310
Commission income on SAMA Bills, net	61,006,849	13,123,801
Commission income on SAMA deposits, net	8,861,314	5,642,476
	486,175,550	356,663,886
Revenue recognized at point-in-time		
Post trade services	341,098,726	411,118,916
Trading services	243,294,025	310,593,521
Data and technology services	26,250	-
Listing services	2,080,000	11,737,696
Derivatives services	47,139	35,116
Membership fees	58,500	46,800
	586,604,640	733,532,049
Revenue from contracts with customers	1,072,780,190	1,090,195,935

The Group acts as a collection agent on behalf of CMA where their trading commission share is collected and transferred to them on an agreed mechanism. Such portion is not recognized as Group's revenue.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

25. OPERATING COSTS

	Notes	For the year ended 31 December	
		2023	2022
Salaries and related benefits		192,521,043	152,498,856
CMA fees	25.1	122,000,000	122,000,000
Technology and network		76,474,466	52,266,516
Depreciation and amortization	4,5,7	59,595,920	46,794,947
Consultancy		7,337,827	6,175,826
Accommodation and utilities		4,938,455	4,251,774
Others		3,070,640	3,737,995
Total		465,938,351	387,725,914

25.1 This represents fees payable to the CMA in accordance with the details of the Market Institutions Deputy letter no. (17/268/6) dated 18 January 2017 which includes notification of CMA Board resolution, in addition to CMA Board resolution no. (3-2-2019) dated 7 January 2019.

26. GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	For the year ended 31 December	
		2023	2022
Salaries and related benefits		178,749,163	154,104,067
Marketing and public relations		23,138,351	22,827,937
Technology and network		19,411,629	14,865,628
Consultancy		17,820,455	27,961,212
Depreciation and amortization	4,5,7	15,197,117	16,384,961
Board of Directors' remuneration		12,603,499	9,512,309
Accommodation and utilities		7,705,406	7,095,481
Others		4,281,302	3,565,962
Total		278,906,922	256,317,557

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

27. REVERSAL / (ALLOWANCE) FOR EXPECTED CREDIT LOSSES

	Notes	For the year ended 31 December	
		2023	2022
(Allowance) / reversal on investments at amortised cost	8	(1,446)	46,656
Reversal / (allowance) on accounts receivable	9	391,751	(315,081)
Total		390,305	(268,425)

28. INVESTMENT INCOME

		For the year ended 31 December	
		2023	2022
Commission income on time deposits		105,010,344	21,674,617
Commission income on investments at amortised cost		12,062,000	2,339,517
Realised gain on sale investments, net		4,518,981	17,707,501
Unrealised gain on investments, net		4,632,741	8,722,423
Dividend income		810,036	5,513,917
Total		127,034,102	55,957,975

29. FINANCE COSTS

	Notes	For the year ended 31 December	
		2023	2022
Finance cost on employees' end-of-service benefits liabilities	15	4,075,104	2,241,385
Finance cost on lease liabilities	14	33,832	130,602
Finance cost on borrowings		137,098	-
Total		4,246,034	2,371,987

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

30. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing profit attributable to the ordinary shareholders of the parent company by the weighted average outstanding number of shares for the year ended 31 December 2023, totaling 120 million shares (31 December 2022: 120 million shares).

	For the year ended 31 December	
	2023	2022
Net profit for the year	390,060,733	424,598,326
Weighted average outstanding number of shares	120,000,000	120,000,000
Earnings per share	3.25	3.54

31. CONTINGENCIES AND COMMITMENTS

Commitments

31.1 Commitments represent the value not yet executed supply contracts of assets and services to the Group as follows:

	31 December 2023	31 December 2022
Capital expenditure commitments	154,745,819	25,368,036
Operating expenditure commitments	58,460,211	37,654,733
	213,206,030	63,022,769

During the year end 31 December 2022, the Company had entered into a short-term revolving financing facility of SAR 28 million to as part of business continuity and contingency liquidity planning which has expired during the year.

Contingencies

	31 December 2023	31 December 2022
31.2 Letters of guarantee	1,270,710	1,147,940

31.3 The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Group's financial position or on the results of its operations as reflected in these consolidated financial statements.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

32. TRANSACTIONS WITH RELATED PARTIES

During the ordinary course of business, the Company enters into transaction with its related parties. These related parties include:

- A. Ultimate controlling party – PIF as explained in Note 1;
- B. Other related parties that include entities which have either common directors with the Company's Board of Directors (BOD) and / or owned by Parent and / or have common directors with the BOD of Parent;
- C. Associate companies, refer Note 1.2 for details; and
- D. Key Management that includes the Company's BOD and key executives

32.1 Following are the total amount of transactions that have been entered into during the year with the related parties:

	Notes	For the year ended 31 December	
		2023	2022
PIF			
Operating revenue from services rendered		5,185,177	1,687,500
Other related parties			
Operating revenue from services rendered		295,883,446	295,642,580
Commission income		39,119,395	1,383,952
Purchase of services (internet , utilities and others)		10,495,424	14,746,203
Disposals of investments at FVTPL		(13,801,775)	(336,047,091)
Associates			
TREC – Share of results	6.1	(26,884,702)	(9,918,562)
Depreciation on right-of-use assets	7.1	35,842,464	-
Lease payment	14	(54,599,184)	-
Finance cost on lease liabilities	14	9,320,191	-
Investment in RVCMC	6.2	-	35,000,000
RVCMC – Share of results	6.2	(11,162,195)	-
Key management personnel compensation			
Salaries and other short-term benefits		28,054,978	23,845,710
Post-employment benefits		1,963,043	2,124,919
Board of Directors' remuneration		12,603,499	9,512,309

Operating revenue from services rendered by the Group to the related parties included services of post trade, trading, listing, data and technology services, derivative and membership. The Company also paid dividends during the year to the shareholders of the Company.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

32.2 Following are the outstanding balances arising from related party transactions:

	Notes	31 December 2023	31 December 2022
PIF			
Accounts receivable	9	6,420,079	-
Deferred revenue	21	4,140,000	3,802,500
Other related parties			
Investments held at FVTPL	8.2	-	13,720,906
Accounts receivables	9	10,657,860	13,558,085
Less: ECL allowance	9.1	(1,185,540)	(780,298)
Other receivables	9	3,754,663	2,935,050
Accounts receivable, net		13,226,983	15,712,837
Other receivables		5,440,626	-
Accrued expenses and other liabilities	19,21,22	39,557,587	14,300,197
Cash and cash equivalents	12	430,468,282	804,234,649
Clearing participant financial liabilities	18	352,400,544	866,246,957
Associates			
Accounts receivable - Tadawul Real Estate Company	9	394,402	538,071
Key management personnel			
Board of Directors remuneration payable	22	12,435,456	9,337,500

Outstanding balances at year end arise in normal course of business. These balances are unsecured, commission free and are recoverable / payable on terms ranging from immediate to thirty days.

33. SEGMENT INFORMATION

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

Capital markets

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

secondary market services.

Post-trade

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

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Data and technology services

The activities of this segment are to grow the business of Data and Technology Services which includes offering high-quality real-time trading data, reference data, market indices, financial information to the financial community, financial technology solutions, research & development in the field of engineering & technology and innovative capital market solutions for stakeholders. In addition, this segment also develops financial technology and financial content for stakeholders to utilize as data and technology services.

Corporate

Corporate manages future corporate development and controls all treasury related functions. This also includes managing strategy for business development including mergers and acquisitions, legal, finance, zakat and taxation, operations, information technology, human resources and customer relations management.

33.1 Financial information relating to operating segments:

31 December 2023	Capital markets	Data and technology services	Post-trade	Corporate	Total
Segment revenue	335,452,000	164,467,920	572,860,270	-	1,072,780,190
Segment costs excluding depreciation and amortization	(188,400,632)	(112,347,976)	(322,515,819)	(46,397,504)	(669,661,931)
Depreciation and amortization	(18,278,821)	(10,540,806)	(40,671,499)	(5,301,911)	(74,793,037)
Investment income	-	-	-	127,034,102	127,034,102
Share of results of associates and reversal of impairment	-	-	-	(17,157,777)	(17,157,777)
Finance costs	-	-	-	(4,246,034)	(4,246,034)
Other income, net	-	-	-	3,041,049	3,041,049
Profit before Zakat	128,772,547	41,579,138	209,672,952	56,971,925	436,996,562
Zakat expense	-	-	-	(55,499,811)	(55,499,811)
Profit after Zakat	128,772,547	41,579,138	209,672,952	1,472,114	381,496,751
Net profit for the year is attributable to:					
Ordinary shareholders of the parent company	128,772,547	50,143,120	209,672,952	1,472,114	390,060,733
Non-controlling interest	-	(8,563,982)	-	-	(8,563,982)
	128,772,547	41,579,138	209,672,952	1,472,114	381,496,751

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

31 December 2022	Capital markets	Data and technology services	Post- trade	Corporate	Total
Segment revenue	406,543,274	100,185,561	583,467,100	-	1,090,195,935
Segment cost excluding depreciation and amortization	(174,241,511)	(47,357,651)	(332,654,070)	(26,878,756)	(581,131,988)
Depreciation and amortization	(19,245,048)	(3,298,307)	(33,329,886)	(7,306,667)	(63,179,908)
Investment income	-	-	-	55,957,975	55,957,975
Share of results of associates	-	-	-	(9,918,562)	(9,918,562)
Finance costs	-	-	-	(2,371,987)	(2,371,987)
Other income, net	-	-	-	2,737,273	2,737,273
Segment profit before Zakat	213,056,715	49,529,603	217,483,144	12,219,276	492,288,738
Zakat expense	-	-	-	(67,690,412)	(67,690,412)
Segment profit after Zakat	213,056,715	49,529,603	217,483,144	(55,471,136)	424,598,326
Net profit for the year is attributable to:					
Ordinary shareholders of the parent company	213,056,715	49,529,603	217,483,144	(55,471,136)	424,598,326
Non-controlling interest	-	-	-	-	-
	213,056,715	49,529,603	217,483,144	(55,471,136)	424,598,326

33.2 Operating revenue by operating segments

31 December 2023	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	243,294,025	-	-	243,294,025
Data & technology Services	-	26,250	-	26,250
Post trade services	-	-	341,098,726	341,098,726
Listing services	2,080,000	-	-	2,080,000
Derivatives market	14,823	-	32,316	47,139
Membership fees	58,500	-	-	58,500
Revenue recognised over-time				
Data and technology services	-	164,441,670	-	164,441,670
Post trade services	-	-	159,266,711	159,266,711
Listing services	86,860,531	-	-	86,860,531
Derivatives market	1,189,889	-	395,066	1,584,955
Membership fees	1,954,232	-	2,199,288	4,153,520
Commission income on SAMA Bills, net	-	-	61,006,849	61,006,849
Commission income on SAMA deposits, net	-	-	8,861,314	8,861,314
Consolidated revenue	335,452,000	164,467,920	572,860,270	1,072,780,190

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

31 December 2022	Capital markets	Data and technology services	Post- trade	Total
Revenue recognised at a point-in-time				
Trading services	310,593,521	-	-	310,593,521
Post trade services	-	-	411,118,916	411,118,916
Listing services	11,737,696	-	-	11,737,696
Derivatives markets	10,372	-	24,744	35,116
Membership fees	46,800	-	-	46,800
Revenue recognised over-time				
Data and technology services	-	100,185,561	-	100,185,561
Post trade services	-	-	150,878,440	150,878,440
Listing services	81,431,485	-	-	81,431,485
Derivatives markets	1,038,409	-	301,901	1,340,310
Membership fees	1,684,991	-	2,376,822	4,061,813
Commission income on SAMA Bills, net	-	-	13,123,801	13,123,801
Commission income on SAMA deposits, net	-	-	5,642,476	5,642,476
Consolidated revenue	406,543,274	100,185,561	583,467,100	1,090,195,935

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has exposure to the following risks from its activities and use of financial instruments:

- Market risk;
- Credit risk;
- Operational risk management; and
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing these risks. Furthermore, quantitative disclosures are included throughout these consolidated financial statements.

Enterprise Risk Management Framework

The Board of Directors (Board) has the overall responsibility for the establishment and oversight of the Group's Enterprise Risk Management (ERM) Framework. The Board is responsible for approving the Group's ERM policy. Furthermore, the Board Governance, Risk and Compliance Committee is responsible for overseeing the effective implementation of the ERM policy.

The Group's ERM policy is established to identify and analyze risks faced by the Group, to set appropriate risk limits & controls, and to monitor risks & adherence to limits. The ERM Policy and Framework are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a constructive risk culture in which all employees proactively engage and understand their roles and obligations.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The main components of the Group's ERM Framework are risk governance, risk appetite & tolerance, risk management process, Risk Universe, risk culture, risk management tools and relevant policies and procedures. The framework governs the processes required to identify, evaluate and prioritize the key risks that could impact the Group and the execution of its strategy.

To ensure an integrated and consistent approach across the risk management process of the Group, risk appetite & tolerance limits are defined as per the Risk Universe, which classifies risks into structured categories for effective risk management. This risk classification directly influences the particular configuration of the risk appetite and other ERM Framework elements such as the ERM Policy and procedures.

Risk management structure

A cohesive organisational structure is established within the Group in order to identify, assess, monitor and control risks.

Board of Directors

The objective of risk governance is the centralised oversight of the Board of Directors providing direction and the necessary approvals of strategies and policies in order to achieve defined corporate goals.

Senior management

Senior management is responsible for the day to day operations in respect of achieving the strategic goals within the Group's pre-defined risk appetite. All business functions link their risk assessment methodology in line with the Risk Universe and core statements. In addition, all the policies and procedures of the business functions should be aligned with all the tolerance levels stated in Risk Appetite Statement.

The risks faced by the Group and the way these risks are mitigated by management are summarised below:

34.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate, because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Group limits market risk by maintaining a diversified portfolio and by monitoring the developments in financial markets. Market risk reflects price risk, currency risk and commission rate risk.

Price risk

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices (other than risk arising from commission rate and foreign currency). The Group believes price risk does not arise for the Group based on the investment portfolio held.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group is not exposed to currency risk and it did not undertake significant transactions in currencies other than Saudi Arabian Riyals or USD.

Commission rate risk

Commission risk is the exposure to multiple risks related to the impact of changes in commission rates in the market on the Group's financial position and cash flows. The Group monitors the fluctuations in commission rates and believes that the impact of the risk is on certain financial instruments held by the Group.

A 1% change in the commission rates, with all other variables held constant, would impact the consolidated statement of profit or loss and other comprehensive income as set out below:

	For the year ended 31 December	
	2023	2022
Effect on profit for the year (+/-)	44,453,950	44,389,657

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

34.2 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's accounts receivables from customers, cash at banks, time deposits and investment in debt securities.

The below schedule shows the maximum limit for exposure to credit risk of the consolidated statement of financial position elements:

	31 December 2023	31 December 2022
Cash and cash equivalents	2,050,614,074	2,118,826,096
Investments at amortized cost	391,088,818	55,809,077
Accounts receivable	94,707,793	64,348,393
Other receivables	20,847,179	7,933,818
Accrued operational revenue	7,395,257	6,589,018
Advance to employees	7,011,127	5,020,765
Total	2,571,664,248	2,258,527,167

Cash and cash equivalents

The Group keeps its surplus funds with banks having sound credit ratings. Currently the surplus funds are kept with banks that have ratings as follows:

Current accounts

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SAB	-	-	A1	P-1	A-	F2
SNB	A-	A-2	A1u	P-1u	A-	F2
BSF	A-	A-2	A1	P-1	-	-
SAIB	BBB	A-2	A2	P-1	A-	F2
Emirates NBD	-	-	A2	P-1	-	-
Mashreq Bank	A	A-1	Baa1	P-2	-	-

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Time deposit

Bank name	STANDARD & POOR		Moody's		Fitch	
	Long term	Short term	Long term	Short term	Long term	Short term
SAB	-	-	A1	P-1	A-	F2
Alinma Bank	-	-	A2	P-1	A-	F2
ANB	A-	A-2	A1	P-1	-	-
AlRajhi Bank	A-	A-2	A1	P-1	A-	F2

Investments at amortized cost

This represents investments in sukuks issued by counter parties operating in the Kingdom of Saudi Arabia having sound credit ratings as disclosed in note 8.

Accounts receivable

Accounts receivable are shown net of the allowance for expected credit losses. The Group applies the IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

34.3 Concentration of credit risk

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2023.

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	1.95	52,204,949	1,020,069
30-60 days	1.36	8,153,821	111,005
61-90 days	18.54	7,153,055	1,326,013
91-120 days	23.44	713,110	167,175
121-180 days	33.12	3,658,377	1,211,667
181-360 days	54.07	8,737,200	4,723,908
More than 360 days past due	59.88	56,453,644	33,806,526
		137,074,156	42,366,363

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2022:

	Weighted average loss rate %	Gross carrying amount	Loss allowance
0-30 days (not past due)	5.32	38,500,808	2,047,362
30-60 days	16.61	1,571,384	260,961
61-90 days	17.43	773,297	134,770
91-120 days	15.75	238,742	37,593
121-180 days	30.26	507,197	153,457
181-360 days	25.21	1,573,163	396,595
More than 360 days past due	48.80	47,294,602	23,080,062
		90,459,193	26,110,800

34.4 Operational Risk Management

The Group's objective is to manage operational risk arising from failure of internal and external processes, individuals, systems, or external events. These include issuer operations risks, member operations risks, market operations risks, human resources risks and physical asset risks. To balance the avoidance of financial losses and damage to the Group's reputation with overall cost-effectiveness and to avoid control procedures that restrict initiative and creativity.

In order to manage the Group's Clearing services activities risks, the Group through one of its subsidiaries (Muqassa) has an integrated and comprehensive risk management system and ensures that its risk management framework identifies, measures, monitors and manages the risks that it bears from Clearing Members as well as other key institutions. Group has as a low risk appetite for financial, liquidity, operational, market and credit concentration risk. This appetite helps drive the setting of conservative values when deciding on key measures such as the Default Fund Cover or Investment

Duration. These risk management policies, procedures, systems and controls have been developed to adhere to the CMA's Securities Central Counterparties Regulation as well as align to both CPMI-IOSCO's Principles for Financial Market Infrastructures (PFMIs) and international best practices.

34.5 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The below schedule shows an analysis of financial assets and liabilities based on the contractual maturities:

	31 December 2023				31 December 2022			
	Carrying amount	Less than 12 months	More than 12 months	Total	Carrying amount	Less than 12 months	More than 12 months	Total
Financial assets at fair value:								
Investments	391,088,818	391,088,818	-	391,088,818	618,569,219	618,569,219	-	618,569,219
Financial assets at amortised cost:								
Investments	269,253,058	-	269,253,058	269,253,058	55,809,077	-	55,809,077	55,809,077
Cash and cash equivalents	2,050,614,074	2,050,614,074	-	2,050,614,074	2,118,826,096	2,118,826,096	-	2,118,826,096
Clearing participant financial assets	3,526,916,817	3,526,916,817	-	3,526,916,817	4,060,678,204	4,060,678,204	-	4,060,678,204
Account receivables	94,707,793	94,707,793	-	94,707,793	64,348,393	64,348,393	-	64,348,393
Accrued operational revenue	7,395,257	7,395,257	-	7,395,257	6,589,018	6,589,018	-	6,589,018
Advance to employees	7,011,127	7,011,127	-	7,011,127	5,020,765	5,020,765	-	5,020,765
Other receivables	20,847,179	20,847,179	-	20,847,179	7,933,818	7,933,818	-	7,933,818
Total financial assets	6,367,834,123	6,098,581,065	269,253,058	6,367,834,123	6,937,774,590	6,881,965,513	55,809,077	6,937,774,590
Financial liabilities at amortised cost								
Borrowings	11,488,042	10,771,522	1,174,355	11,945,877	-	-	-	-
Non-controlling interest put options	175,363,779	-	220,500,000	220,500,000	-	-	-	-
Clearing participant financial liabilities	3,508,060,041	3,508,060,041	-	3,508,060,041	4,050,236,628	4,050,236,628	-	4,050,236,628
Lease liabilities	202,256,755	56,594,257	175,227,111	231,821,368	-	-	-	-
Accounts payable	49,793,406	49,793,406	-	49,793,406	12,467,820	12,467,820	-	12,467,820
Balance due to Capital Market Authority	55,137,969	55,137,969	-	55,137,969	19,375,330	19,375,330	-	19,375,330
Accrued expenses and other current liabilities	300,062,492	300,062,492	-	300,062,492	264,771,975	264,771,975	-	264,771,975
Total financial liabilities	4,302,162,484	3,980,419,687	396,901,466	4,377,321,153	4,346,851,753	4,346,851,753	-	4,346,851,753
Net financial assets	2,065,671,639	2,118,161,378	(127,648,408)	1,990,512,970	2,590,922,837	2,535,113,760	55,809,077	2,590,922,837

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

34.6 Changes in liabilities arising from financing activities

	1 January	Acquisition	Cash flows	Finance cost	New leases	31 December
2023						
Lease liabilities	-	-	(68,834,629)	9,354,023	261,737,361	202,256,755
Borrowings	-	20,743,923	(9,291,691)	35,810	-	11,488,042
	-	20,743,923	(78,126,320)	9,389,833	261,737,361	213,744,797
2022						
Lease liabilities	982,913	-	(12,184,785)	-	11,201,872	-
	982,913	-	(12,184,785)	-	11,201,872	-

34.7 Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. Equity comprises capital and other reserve and retained earnings, and is measured at SAR 3,129,035,552 as at 31 December 2023 (31 December 2022: SAR 3,179,689,827).

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent

actual and regularly occurring market transactions on an arm's length basis.

When measuring the fair value, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The fair value of all other / remaining financial assets and financial liabilities not mentioned below approximates to their carrying values.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

Investments at FVTPL classified as level 2 include units of mutual funds, the fair value of which is determined based on the latest reported net assets value (NAV) as at the date of consolidated statement of financial position.

	31 December 2023				Total fair value
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	269,253,058	-	269,253,058	-	269,253,058
- Real estate funds	-	-	-	-	-
Non-controlling interest put option	175,363,779	-	175,363,779	-	175,363,779

	31 December 2022				Total fair value
	Carrying Value	Fair value			
		Level 1	Level 2	Level 3	
Investments – at FVTPL					
- Money market funds	610,812,003	-	610,812,003	-	610,812,003
- Real estate funds	7,757,216	-	7,757,216	-	7,757,216

There were no transfers between level 1 and level 2 fair value measurements, and no transfers into or out of level 3 fair value measurements as of 31 December 2023 (31 December 2022: Nil).

36. SUBSEQUENT EVENTS

36.1 On 6 Rajab 1445H (corresponding to 18 January 2024), the Group has entered into a binding sale and purchase agreement with DME Holdings Limited and its existing shareholders (including Eagle Commodities Limited, New York Mercantile Exchange, Inc and Tatweer Dubai LLC.) to acquire a 32.6% shareholding in DME Holdings Limited. The Group will invest SAR 107 million (\$28.5 million) by acquiring 32.6% stake in DME Holding Limited representing a combination of new and existing shares. The agreement is subject to a number of pre-closing terms and conditions, including but not limited to obtaining the relevant regulatory approvals outside the Kingdom of Saudi Arabia as well as other conditions of regulatory and commercial nature.

36.2 On 20 Rajab 1445H corresponding to 1 February 2024, Group has obtained Islamic Sharia-compliant banking facilities from Al Rajhi Bank amounting to SAR 500 million with the purpose of financing the group's mergers and acquisitions. This agreement is aligned with the group's strategy, objectives, and ambitious aim of revenue growth and diversification.

36.3 Other than the above mentioned events, there are no other events subsequent to the year which requires disclosure in these consolidated financial statements. There is no event subsequent to the year which required any adjustment in the consolidated financial statements.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

37. DIVIDENDS

The Board of Directors of the Company in their meeting on 25 February 2023 recommended the General Assembly which approved the distribution of dividends on 10 May 2023 to the shareholders for the fiscal year ended 31 December 2022 with a total amount of SAR 277.2 million, equivalent to SAR 2.31 per share representing 23.1% of the share par value, provided that the dividend eligibility shall be to the Shareholders who own the Company's shares and registered in the Company's register at the Securities Depository Center Company (Edaa) by the end of the second trading day following the date of the Company's General Assembly (the "Eligibility Date"), and the date of the dividend distribution shall be within fifteen days from the Eligibility Date. These dividends were distributed accordingly during the year ended 31 December 2023.

The Board of Directors of the Company in their meeting on 5 March 2022 recommended the General Assembly which approved the distribution of dividends on 12 May 2022 to the shareholders for the fiscal year ended 31 December 2021 with a total amount of SAR 360 million, equivalent to SAR 3 per share representing 30% of the share par value, provided that the dividend eligibility shall be to the Shareholders who own the Company's shares and registered in the Company's register at the Securities Depository Center Company (Edaa) by the end of the second trading day following the date of the Company's General Assembly (the "Eligibility Date"), and the date of the dividend distribution shall be within fifteen days from the Eligibility Date and were distributed accordingly.

On 9 March 2024, the Board of Directors of the Company recommended dividends to the shareholders for the fiscal year ended 31 December 2023 with a total amount of SAR 276,000,000, equivalent to SAR 2.30 per share representing 23% of the share par value subject to the approval of the shareholders in the General Assembly of the Company.

38. BUSINESS COMBINATION

On 17 Shawwal 1444H corresponding to 7 May 2023, the Group acquired 51% of the issued capital of DFN from its shareholders. The acquisition has been accounted for using the acquisition method with the Group being the acquirer and DFN being the acquiree.

The Group is in the process of undertaking a comprehensive purchase price allocation exercise which is expected to be completed within twelve months from the acquisition date. A provisional purchase price allocation has been included in these consolidated financial statements. Subsequent adjustments during the measurement period will occur as the Group completes its estimation of fair values of assets acquired and liabilities assumed. The accounting for the fair value of the acquired DFN financial assets and liabilities is provisional due to the inherent complexity and judgement associated with identifying intangible assets, and determining the fair value of identified intangible assets and on-balance sheet items. The goodwill is primarily attributable to the expected synergies and other benefits from combining the assets and activities of DFN with those of the Group.

During the year ended 31 December 2023, the Group has expensed the acquisition related cost amounting to SAR 444,794 in the general and administrative expenses. Some of the acquisition related cost was incurred and recorded in previous year.

The transaction was funded by internal resources of the Group which will be then be covered by a Sharia compliant bank facility which is in process. Certain conditions relating to the restructuring of the DFN have been moved to post-completion obligations in accordance with the agreement.

From the date of acquisition, DFN has contributed SAR 34 million of operating revenue and SAR 17.7 million loss for the Group. If the acquisition had taken place at the beginning of the year, the DFN's revenue would have been SAR 59.7 million of revenue and the loss after zakat for the year would have been SAR 17.4 million.

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Notes	Fair value as at 7 May 2023
Assets		
Non-current assets		
Property and equipment	4	4,963,191
Intangible assets	5	83,424,788
Capital work-in-progress	5	8,454,236
Right of use asset	7	1,198,121
Total non-current asset		98,040,336
Current assets		
Cash and cash equivalents		6,282,326
Accounts receivable		18,996,663
Other assets		7,202,715
Total current asset		32,481,704
Total assets		130,522,040
Liabilities		
Non-current liabilities		
Employees' end-of-service benefits	15	8,045,493
Long-term borrowings		5,980,002
Deferred revenue	21	12,397,613
Lease liability	14	163,250
Total non-current liabilities		26,586,358
Current liabilities		
Lease liability	14	1,116,368
Current portion of long-term borrowings		14,763,921
Deferred revenue	21	14,546,346
Accounts payable and accrued expenses		28,169,017
Total current liabilities		58,595,652
Total liabilities		85,182,010
Total identifiable net assets		45,340,030
Non-controlling interest's share of identifiable net assets (49%)		22,216,614
Group's share of identifiable net assets (51%)		23,123,415
Provisional goodwill arising on acquisition	5	95,134,585
Purchase consideration		118,258,000
Analysis of cash flows on acquisition:		
Purchase consideration transferred for acquisition of subsidiary		113,921,000
Cash and bank balances of DFN as at 7 May 2023		(6,282,326)
Purchase consideration for acquisition of subsidiary net of cash acquired		107,638,674

SAUDI TADAWUL GROUP HOLDING COMPANY (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

(Saudi Arabian Riyals)

39. RECLASSIFICATIONS

Certain comparative figures have been reclassified to conform to the current year presentation.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 28 Sha'ban 1445H corresponding to 9 March 2024.



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