

Saudi Tadawul Group announces its Q3 2022 financial results, achieving a net profit after zakat of SAR 367.4 million in 9M 2022

- Saudi Exchange launched its second derivatives product in Q3 2022, Single Stock Futures contracts.
- Muqassa and Edaa introduced amendments to the cash market clearing and depository center procedures.
- Saudi Tadawul Group's subsidiary (Wamid) has entered into a non-binding preliminary agreement with (DirectFN) to acquire 51% of its issued shares.

Riyadh, Saudi Arabia, October 30, 2022: Saudi Tadawul Group Holding Co. (the "Company" or the "Group"), a leading diversified capital markets group in the MENA region, announced its financial results for the period ended 30 September 2022 (9M 2022), highlighting its continued commitment to strengthening its global position through several new market updates, launches, and investments.

Financial Performance Highlights:

The Group achieved a net profit after zakat of SAR 89.1 million in Q3 2022, a 22.6% YoY decrease from SAR 115.2 million in Q3 2021, and a 35.3% decrease from SAR 137.7 million in Q2 2022. This was mainly driven by the following:

- **Operating Revenue** decreased 2.1% YoY reaching SAR 257.2 million in Q3 2022 compared to SAR 262.6 million in Q3 2021, predominantly due to the decrease in trading revenue driven by the decrease in trading values which contracted by 18.7%. Compared with the previous quarter, operating revenue decreased 13.7% from SAR 298.1 million, predominantly due to the decrease in trading revenue driven by the decrease in trading values which contracted by 26.6%.
- **Operating Expenditures** increased 25.0% YoY reaching SAR 165.5 million in Q3 2022 compared to SAR 132.3 million in Q3 2021, mainly due to the increase in the salaries and related benefits, driven by the increase in headcount as per the Group's plan. Compared with the previous quarter, operating expenditure increased 3.1% from SAR 160.6 million.
- **EBITDA** decreased 27.1% YoY reaching SAR 106.0 million in Q3 2022 compared to SAR 145.5 million in Q3 2021 due to the decrease in the Group's operating revenue against growth in the Group's operating expenditure. Compared to the previous quarter, EBITDA decreased 31.7% from SAR 155.3 million, due to the decrease in the Group's operating revenue against moderate growth in the Group's operating expenditures.
- **Free Cash Flow** decreased 22.3% YoY reaching SAR 373.1 million as of September 30th 2022 from SAR 480.0 million as of September 30th 2021, as a result of lower EBITDA resulting from the decrease in the Group's operating revenue against growth in the Group's operating expenditure.

Eng. Khalid Al-Hussan, Group Chief Executive Officer at Saudi Tadawul Group, commented: “Against a market backdrop of continued volatility, the Saudi Tadawul Group has continued to make progress in realizing its strategic goals. Both the products launched in the third quarter, particularly Single Stock Futures, as well as the ongoing development of our services and infrastructure, are further important steps in broadening the Group’s offering. Meanwhile appetite for Saudi IPOs remains robust and we are encouraged by the diversity of issuers and sectors coming to market, all of which helps the Group in developing the Saudi capital market as a global investment destination.”

Al-Hussan added: “In line with our commitment to diversifying our offerings, Wamid; the Saudi Tadawul Group’s innovative arm, has signed a non-binding agreement to acquire a 51% stake in DirectFN. This is a significant step towards delivering on the Group’s strategy, demonstrating the steady strategic intent of the Group to introducing innovative products and services for investors and issuers alike. The acquisition will play a crucial role in the development of the Saudi capital market, by allowing Wamid to provide a variety of services to clients looking to make data-driven decisions, while setting the scene for further expansion into regional markets.”

He concluded: “The Group will continue to deliver on its commitment to the development of the Saudi capital market, expanding into regional markets, opening new innovation horizons and growth opportunities in pursuit of financial discipline and diversification, and play an integral role in the advancement of the national economy. With that in mind, our focus will always be fixed towards delivering value in the immediate term to our issuers and investors, while supporting long-term growth and championing the diversification of the Saudi capital market.”

Business Performance Highlights:

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

- **Saudi Exchange** also grew its derivatives offering by launching its second derivatives product in July 2022, Single Stocks Futures contracts, with 10 underlying stocks selected from the largest and most liquid stocks.
- **Muqassa**, along with **Edaa**, introduced amendments to the cash market clearing and depository center procedures, which include changing the intended settlement date (ISD) for the failed transactions from two to eight business days, when Muqassa will initiate the cash substitution process. Muqassa also started clearing cash markets, in line with international standards. These changes enhance market stability, in line with our commitment to developing the Saudi capital market into an attractive investment destination for local and international investors.
- **Wamid** has recently entered into a non-binding preliminary agreement with DirectFN to acquire 51% of its issued shares, a financial markets technology provider based in the Middle East with a global client base ranging from Indonesia to Morocco. Following completion, it will provide Wamid with a powerful technology development and operational capabilities, within a culture of innovation and agility.

Market Performance Highlights:

- Solid stock prices performance on Main Market and Nomu- Parallel Market drives a 7.8% YoY increase in total equity market capitalization to SAR 10.9 billion as of September 30th, 2022, from SAR 10.1 billion as of September 30, 2021.
- Main Market and Nomu-Parallel Market witnessed 30 newly companies listed in 9 months 2022, 10 on the main market and 20 on the Nomu – parallel market with a total offered value of SAR 16.7 billion.
- Total number of listed companies on the Main Market increased to 217 as of September 30, 2022, from 205 as of September 30, 2021, demonstrating the continued attractiveness of the Saudi Exchange.
- The Average Daily Traded Value (ADTV) activities on Main Market and Nomu- Parallel Market reached SAR 6.1 in Q3 2022, driving a 18.8% YoY decrease from SAR 7.5 in Q3 2021.

Segment Information:

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

- **Capital Markets Segment:**

The Capital Markets segment's revenue, which includes trading services and listing fees, decreased 11.5% YoY, reaching SAR 91.4 million in Q3 2022.

Trading services revenue decreased 18.1% YoY reaching SAR 67.1 million in Q3 2022 compared to SAR 81.9 million in Q3 2021, driven by the decrease in the trading values which contracted by 18.7%.

Listing fees revenue increased 13.9% YoY reaching SAR 24.3 million in Q3 2022 compared to SAR 21.3 million in Q3 2021, mainly due to an increase in the number and size of listings.

- **Data & Technology Services Segment:**

Data and Technology services revenue increased 18.7% YoY reaching SAR 27.6 million in Q3 2022 compared to SAR 23.2 million in Q3 2021 driven by market information and Wamid's co-location service, which was activated in Q1 2022.

- **Post-Trade Segment:**

Post-trade revenue increased 1.5% YoY reaching SAR 138.1 million in Q3 2022 compared to SAR 136.1 million in Q3 2021, mainly driven by the new fees structure of post trade services (Clearing, Settlement and Safekeeping) mitigated by the decrease of trading values which contracted by 18.7%.

Q3 2022 Earnings Release

October 30, 2022

Financial Review / Key Ratios

SAR million,	Q3 2022	Q3 2021	Y-o-Y Change	Q2 2022	Q-o-Q Change
Trading revenues	146.5	162.1	9.6% ▼	197.6	25.8% ▼
Non-trading revenues	110.7	100.6	10.0% ▲	100.5	10.1% ▲
Operating revenues	257.2	262.6	2.1% ▼	298.1	13.7% ▼
Opex	165.5	132.3	25.0% ▲	160.6	3.1% ▲
EBITDA	106.0	145.5	27.1% ▼	155.3	31.7% ▼
EBITDA margin	41%	55%		52%	
Net income after Zakat	89.1	115.2	22.6% ▼	137.7	35.3% ▼
Net income margin	35%	44%		46%	
EPS	0.74	0.96	22.6% ▼	1.15	35.3% ▼

P&L Snapshot

SAR million,	Q3 2022	Q3 2021	Y-o-Y Change	Q2 2022	Q-o-Q Change
Operating revenues	257.2	262.6	2.1% ▼	298.1	13.7% ▼
Operating expenses	151.1	117.1	29.1% ▲	142.9	5.8% ▲
EBITDA	106.0	145.5	27.1% ▼	155.3	31.7% ▼
EBITDA margin	41%	55%		52%	
Depreciation & amortization	14.3	15.2	6.0% ▼	17.7	19.2% ▼
EBIT	91.7	130.3	29.6% ▼	137.6	33.3% ▼
EBIT margin	36%	50%		46%	
Investment income & other income	12.6	12.5	1.0% ▲	17.1	26.4% ▼
Loss from associates	0.7	(0.8)	189.5% ▲	(0.8)	187.8% ▲
Zakat	15.9	26.8	40.6% ▼	16.2	1.9% ▼
Net profit after Zakat	89.1	115.2	22.6% ▼	137.7	35.3% ▼
Net profit margin	35%	44%		46%	
EPS (SAR)	0.74	0.96		1.15	

Financial Position Snapshot

SAR million,	Q3 2022	Q3 2021	Y-o-Y Change	Q2 2022	Q-o-Q Change
Cash & cash equivalents	2,099.1	107.4	1854.9% ▲	158.9	1220.7% ▲
Investments	670.8	2,543.0	73.6% ▼	2,563.7	73.8% ▼
Other assets	5,279.4	823.5	541.1% ▲	4,814.0	9.7% ▲
Total assets	8,049.3	3,473.9	131.7% ▲	7,536.7	6.8% ▲
Total liabilities	4,949.4	482.0	926.8% ▲	4,525.9	9.4% ▲
Total equity	3,099.9	2,991.9	3.6% ▲	3,010.7	3.0% ▲

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About Saudi Tadawul Group

Saudi Tadawul Group Holding Co., a leading diversified capital markets group in the MENA region, is a holding company with a portfolio of four wholly owned integrated subsidiaries: the Saudi Exchange, one of the largest stock exchanges in the world by market capitalization, the Securities Depository Center Company (Edaa), the Securities Clearing Center Company (Muqassa) and Tadawul Advanced Solutions Company (WAMID), an innovative technology solutions company. In addition, the Group owns a 33.12% stake in Tadawul Real Estate Company (TREC), a company operating in the field of real estate management and development. The Company was established as a Saudi closed joint stock company with a share capital of SAR 1,200,000,000 divided into 120,000,000 shares, all of equal value, with a nominal value of SAR 10 per share.

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

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