

IMPORTANT NOTICE

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS LOCATED OUTSIDE OF THE UNITED STATES WHO ARE PROFESSIONAL, INSTITUTIONAL OR QUALIFIED INVESTORS ACCORDING TO APPLICABLE REGULATIONS.

IMPORTANT: You must read the following before continuing. If you receive this document by e-mail and you are not the intended recipient of this message, please do not distribute or copy the information contained in the e-mail, but instead, delete and destroy all copies of the e-mail including all attachments. The following applies to the offering circular (the "Offering Circular") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access. **If you do not agree to the terms contained in this notice, you should not open the Offering Circular and should delete any related e-mail.**

YOU ARE NOT AUTHORIZED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED DOCUMENT, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "US SECURITIES ACT"), OR THE LAWS OF OTHER JURISDICTIONS. NOTHING IN THIS ELECTRONIC TRANSMISSION OR THE ATTACHED DOCUMENT CONSTITUTES AN OFFER OF SECURITIES FOR SALE, OR A SOLICITATION OF AN OFFER TO PURCHASE SECURITIES, IN THE UNITED STATES OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT, OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR IS NOT A PROSPECTUS FOR THE PURPOSES OF REGULATION (EU) 2017/1129.

Confirmation of your Representation: In order to be eligible to view the following Offering Circular or make an investment decision with respect to the securities described herein, investors must be located outside of the United States (within the meaning of Regulation S under the US Securities Act) and an eligible investor with respect to whom such offer or invitation to subscribe or purchase is permitted according to the regulations applicable to them and permitted in the jurisdiction in which they are resident, registered or located. By accessing the following Offering Circular, you shall be deemed to have represented to us that (1) you and any customers you represent are located outside of the United States (within the meaning of Regulation S under the US Securities Act) and an eligible investor with respect to whom such offer or invitation to subscribe or purchase is permitted according to the regulations applicable to you and permitted in the jurisdiction in which you are resident, registered or located, and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and (2) you consent to the delivery of such Offering Circular and any amendments or supplements thereto by electronic transmission.

The following Offering Circular has been delivered to you on the basis that you are a person into whose possession the following Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver or disclose the contents of the following Offering Circular to any other person. If you have gained access to this electronic transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

The information in the following Offering Circular is subject to amendment and completion. Any investment decision should be made on the basis of the information contained in (a) the Offering Circular, as amended and supplemented, and the final terms and conditions of the offering of securities referred to in the Offering Circular that will be distributed to you, or (b) the final offering circular that will be distributed to you on or prior to the closing date.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Bookrunner (as defined below) or any affiliate of such Bookrunner is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Bookrunner or such affiliate on behalf of the issuer in such jurisdiction.

The following Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of SNB Capital Company, Citigroup Saudi Arabia or J.P. Morgan Saudi Arabia Company (or their affiliates), as bookrunners, (together, the "**Bookrunners**"), any person who controls any of the Bookrunners and any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Bookrunners.

Actions You May Not Take: If you receive this document by e-mail, you may not reply by e-mail to this communication, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You also may not forward the e-mail or its attachments to any other person.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Saudi Tadawul Group Holding Company

A Saudi closed joint stock company registered under Commercial Registration No. 1010241733 dated 02/12/1428H (corresponding to 11 December 2007G). The Company was established by Royal Decree No. M/15 dated 01/03/1428H. (corresponding to 20 March 2007G)

Offering of 36,000,000 ordinary shares representing 30% of the share capital of Saudi Tadawul Group Holding Company through an initial public offering, at an Offer Price of SAR (105) per share.

Offering Period: three days

starting from Tuesday 25/04/1443H (corresponding to 30/11/2021G) to 27/04/1443H (corresponding to 02/12/2021G)

This offering circular ("**Offering Circular**") relates to an offering of ordinary shares ("**Shares**") to institutional investors by certain shareholders of Saudi Tadawul Group Holding Company (the "**Company**") outside the United States, including in the Kingdom of Saudi Arabia ("**Saudi Arabia**"), through the Bookrunners, as defined below, in accordance with Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**US Securities Act**") (the "**Institutional Offering**"). The portion of the Institutional Offering outside the Kingdom of Saudi Arabia is being made solely on the basis of this Offering Circular. The existing shareholders of the Company are offering the Shares in Saudi Arabia to certain retail investors through a public offering (the "**Saudi Public Offering**"). The offer of Shares in the Kingdom of Saudi Arabia, including the Saudi Public Offering and the portion of the Institutional Offering in the Kingdom of Saudi Arabia, is being made solely on the basis of the Arabic language Saudi prospectus approved by the Capital Markets Authority of the Kingdom of Saudi Arabia (the "**CMA**"), an English translation of which (the "**Saudi Prospectus**") is attached hereto. The Institutional Offering and the Saudi Public Offering together form the global offering (the "**Global Offering**").

The Initial Public Offering of the Company's Shares (the "**Offering**") will consist of thirty-six million (36,000,000) ordinary shares with an Offer Price of SAR 105 each for a fully paid nominal value of ten (10) Saudi Riyals (the "**Offer Shares**"). The Offer Shares represent 30% of the share capital of the Company following subscription.

Investing in the Shares involves risks. See the sections entitled "Risk Factors" beginning on page W-19 of this Offering Circular and on page 8 of the attached Saudi Prospectus included in this Offering Circular for a discussion of certain factors to be considered in connection with an investment in the Shares.

OFFER PRICE: SAUDI RIYALS (SAR) 105 PER SHARE

The Offer Price in the Institutional Offering is the same as the Offer Price in the Saudi Public Offering and is payable in Saudi Riyals. Prior to the Global Offering described above, there has been no trading market for the Offer Shares. The Company has submitted an application to the CMA for the registration and offer of the Offer Shares in accordance with the OSCOs (as defined below) and an application to the Saudi Stock Exchange (the "**Exchange**" or "**Tadawul**") for the listing of the Shares on Tadawul, in accordance with the Listing Rules (as defined below). See the section entitled "**Offering Summary**" on page ix of the attached Saudi Prospectus (as defined below).

The Shares have not been, and will not be, registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in accordance with applicable securities laws of any state or other jurisdiction of the United States. The Shares may only be offered, sold or delivered outside the United States, in "offshore transactions" as defined in, and in reliance on, Regulation S under the US Securities Act. The Shares offered hereby are not transferable except in accordance with the restrictions described in "Selling and Transfer Restrictions" beginning on page W-41 of this Offering Circular and all applicable laws.

Trading of the Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the Saudi Exchange website (www.tadawul.com.sa). QFIs (as defined below) will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Securities (all as defined below). In addition, Non-GCC individuals living outside Saudi Arabia (being individuals living outside of the countries of the Cooperation Council for the Arab States of the Gulf (the "GCC")) and non-GCC institutions registered outside Saudi Arabia (hereinafter referred to as "Foreign Investors") will have the right to invest indirectly to acquire an economic benefit in the Shares by entering into Swap Agreements (each, as defined below) with Capital Market Institutions (as defined below) to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. It should be noted that the Capital Market Institutions will be the legal owners of the Shares subject to the Swap Agreements. For further information relating to the regime applicable to Qualified Foreign Investors and Foreign Investors, please see page W-4 of this Offering Circular.

Financial Advisors, Bookrunners, Joint Global Coordinators and Underwriters



Lead Manager



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ABOUT THIS OFFERING CIRCULAR

This Offering Circular is strictly confidential and is being furnished by the Saudi Tadawul Group Holding Company (the “**Company**”) in connection with an offering exempt from, or not subject to, the registration requirements of the US Securities Act, solely for the purpose of enabling a prospective investor to consider the purchase of any Shares. You should not reproduce or distribute this Offering Circular, in whole or in part, and you should not disclose any contents or use any information in this Offering Circular for any purpose other than considering an investment in the Shares. By accepting delivery of this Offering Circular, you agree to the foregoing. If you are in any doubt about the content of this Offering Circular, you should consult your stockbroker, bank manager, accountant or legal or financial advisor.

The information contained in this Offering Circular, including the attached Saudi Prospectus (as defined below), has been provided by the Company and other sources identified herein. No representation or warranty, express or implied, is made by SNB Capital Company (“**SNB Capital**”) as the lead manager (the “**Lead Manager**”) or Citigroup Saudi Arabia (“**Citigroup Saudi Arabia**”) and J.P. Morgan Saudi Arabia Company (“**J.P. Morgan Saudi Arabia**”) as its financial advisors and joint global coordinators in connection with the Offering (collectively, the “**Financial Advisors**”, the “**Bookrunners**” and the “**Underwriters**”) as to the accuracy or completeness of the contents of this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Bookrunners. Neither the Bookrunners nor any of their respective affiliates, directors or employees accept any responsibility whatsoever for the contents of this Offering Circular or for any other statement made or purported to be made by them, or on their behalf, in connection with the Company, the Shares or the Global Offering. The Bookrunners and their respective affiliates, directors or employees accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such Offering Circular or any such statement. You may not construe the contents of this Offering Circular as investment, legal or tax advice. You should consult your own counsel, accountant and other advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares. In making any investment decision regarding the Shares, you must rely on your own examination of the Company and the terms of the Global Offering, including the merits and risks involved. By purchasing the Shares offered by this Offering Circular, you will be deemed to have acknowledged that you have reviewed this Offering Circular and that you have made certain acknowledgements, representations and agreements as set forth under the captions “Selling and Transfer Restrictions” and “Plan of Distribution — No Registration Under the US Securities Act” of this Offering Circular. You will be deemed to acknowledge that you have not relied on the Financial Advisors or any person affiliated with the Financial Advisors in connection with your investigation of the accuracy of the information contained in this Offering Circular or your investment decision.

SNB Capital (as Lead Manager and Global Coordinator), Citigroup Saudi Arabia (as Global Coordinator) and J.P. Morgan Saudi Arabia (as Global Coordinator) are acting for the Company and no one else in connection with the Institutional Offering. They will not regard any other person as their client in relation to the Institutional Offering and will not be responsible to any other person for providing the protections afforded to their client or for providing advice in relation to the Institutional Offering or any transaction or arrangement referred to in this Offering Circular.

The contents of the Company’s website or any other website do not form any part of this Offering Circular.

The Company reserve the right to withdraw this offering of the Shares at any time. The Company and the Financial Advisors also reserve the right to reject any offer to purchase the Shares in whole or in part for any reason and to allocate to any prospective investor less than the full amount of the Shares sought by such investor.

Unless otherwise stated, references to this Offering Circular includes the English translation of the Arabic language Saudi prospectus approved by the CMA for the registration and offer of Shares in the Kingdom of Saudi Arabia attached hereto (the “**Saudi Prospectus**”). The Offering Circular should be read together with the attached Saudi Prospectus and is qualified in its entirety by the more detailed information and financial information contained in the attached Saudi Prospectus. Terms used but not defined in this Offering Circular shall have the meanings given to them in the attached Saudi Prospectus. The CMA and Tadawul take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular contains information that is subject to completion and change. No offer of securities will be made and no investment decision should be made on the basis of this Offering Circular alone, but only on the basis of this Offering Circular as finalized and completed by the pricing statement containing the offer price and any other outstanding information (the “**Pricing Statement**”).

You should rely only on the information contained in this Offering Circular, including the attached Saudi Prospectus, and the Pricing Statement. The Company has not, and the Financial Advisors have not, authorized any other person to provide you with information that is different. No dealer, salesperson or other person has been authorized to give any information or make any representations not contained in, or different from what is contained in, this Offering Circular and, if given or made, you must not rely on such unauthorized information or representations as having been authorized by us or the Financial Advisors.

This Offering Circular does not constitute an offer to sell, an invitation to purchase or a solicitation of any offer to buy any securities other than the securities to which it relates or an offer to sell or a solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. The information contained in this Offering Circular is current only as of its date. The Company's business, financial condition, results of operations profitability and future prospects may have changed since that date. Neither the delivery of this Offering Circular nor any offering or sale made under this Offering Circular shall, under any circumstances, create any implication that there has been no change in the Company's affairs since the date of this Offering Circular or that the information contained in this Offering Circular is correct as of any time subsequent to the date of this Offering Circular.

The distribution of this Offering Circular and the offer and sale of the Shares in certain jurisdictions may be restricted by law. Persons who possess this Offering Circular are required to inform themselves about, and to observe, any such restrictions. For a further description of certain restrictions on the offer and sale of the Shares, see "Selling and Transfer Restrictions" and "Plan of Distribution— No Registration Under the US Securities Act" of this Offering Circular. Neither the Company nor the Financial Advisors are making any representation or warranty, express or implied, to any offeree or purchaser of the Shares regarding the legality of investments in the Shares by such offeree or purchaser under applicable laws or regulations. Each prospective purchaser of the Shares must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Shares or possesses or distributes this Offering Circular and must obtain any consents, approvals or permissions required for the purchase, offer or sale by it of the Shares under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Company nor the Financial Advisors shall have any responsibility therefor.

THE INSTITUTIONAL OFFERING IS BEING MADE ON THE BASIS OF THIS OFFERING CIRCULAR ONLY. ANY DECISION TO PURCHASE THE SHARES IN THE INSTITUTIONAL OFFERING MUST BE BASED ON THE INFORMATION CONTAINED HEREIN.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, RECIPIENTS OF THIS OFFERING CIRCULAR AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF ANY SUCH RECIPIENT MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF THE GLOBAL OFFERING AND ALL MATERIALS OF ANY KIND, INCLUDING OPINIONS OR OTHER TAX ANALYSES, THAT ARE PROVIDED TO THE RECIPIENTS RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE.

NOTICES

The Shares have not been, and will not be, registered under the US Securities Act, or with any securities regulatory authority of any state or other jurisdiction outside of Saudi Arabia, and may not be offered, sold, or delivered in the United States except pursuant to an effective registration statement or in accordance with an applicable exemption from the registration requirements of the US Securities Act and such other laws. Accordingly, the Shares are being offered and sold only outside the United States in offshore transactions pursuant to Regulation S and applicable laws.

The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the US Securities Act. The Offer Shares are not transferable except in accordance with the restrictions described in "Selling and Transfer Restrictions" in this Offering Circular with respect to that purchase.

NEITHER THE US SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES, NOR ANY OTHER UNITED STATES OR OTHER REGULATORY AUTHORITY, HAS APPROVED OR DISAPPROVED OF THE INSTITUTIONAL OFFER SHARES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

If you purchase the Shares in the Global Offering, you will be deemed to have made the representations and agreements described in "Selling and Transfer Restrictions" in this Offering Circular with respect to that purchase.

NOTICE TO EEA AND UK INVESTORS

This Offering Circular is only addressed to and directed at persons in member states of the European Economic Area (the "EEA") (each a "Relevant State") who are qualified investors ("Qualified Investors") within the meaning of Article 2(e) of Regulation (EU) 2017/1129, as amended (the "Prospectus Regulation"). In the United Kingdom, this Offering Circular is only addressed to and directed at persons who are "qualified investors" within the meaning of Article 2(e) of the "Prospectus Regulation" as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK Qualified Investors").

In addition, in the United Kingdom, this Offering Circular is only being distributed to and is only directed at, at persons who: (1) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); (2) are high net worth entities falling within Article 49(2)(a) to (2) (d) of the Order; and/or (3) persons to whom this Offering Circular may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Offer Shares will be engaged in only with, (1) in the United Kingdom, relevant persons; and (2) in any member state of the EEA other than the United Kingdom, Qualified Investors. This Offering Circular and its contents should not be acted upon or relied upon (1) in the United Kingdom, by persons who are not UK Qualified Investors and relevant persons; or (2) in any Relevant State, by persons who are not Qualified Investors.

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

THE QUALIFIED FOREIGN INVESTOR REGIME

The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the Board of the CMA pursuant to Resolution No. 1-42-2015 dated 4 May 2015 amended by Resolution of the Board of the CMA No. 3-65-2019 dated 17 June 2019 (the “**QFI Rules**”), permit certain qualified foreign investors (“**QFI(s)**”) to directly own and trade shares in Saudi listed companies. Under the QFI Rules foreign applicants need to apply to a Capital Market Institution licensed by the CMA, (“**Capital Market Institution**”) to become a QFI. The foreign applicant may qualify to become a QFI by satisfying the Capital Market Institution that it meets the qualification criteria and therefore it appears that the CMA has no say as to whether the QFI qualifies. Finally, the aforementioned foreign investment restrictions of QFIs also apply to foreign investors who indirectly acquire shares through swap arrangements.

An applicant for QFI status must be a non-GCC bank, brokerage or securities firm (including fund managers), insurance company, government or government related entity (i.e. central banks, investment funds - including sovereign funds and funds which take the form of pension and endowments funds - fully owned (directly or indirectly) by a government entity), investment fund or any other financial institution considered eligible by the CMA. The applicant must be licensed in a jurisdiction that applies regulatory and monitoring standards equivalent to those of the CMA or otherwise acceptable to the CMA. Subject to certain exemptions, the Rules also impose certain quantitative requirements, namely:

- The institution must have assets under management (“**AUM**”) of or equivalent to SAR 1.875 billion (around USD 500 million).
- AUM includes both assets held by the QFI applicant or its group as well as assets managed by the applicant/its group for the account of another person or persons.

In addition, the affiliates of, and funds managed by, a qualified QFI are automatically considered to be QFIs without going through a separate process.

An applicant for QFI status is required to submit an application to a Capital Market Institution who is responsible for carrying out an assessment of the application to ensure that the relevant eligibility criteria are met. Once an application is approved, the Capital Market Institution and the QFI must enter into a QFI assessment agreement, which should at least include the requirements set out in the QFI Rules. The QFI must also open an account with the Saudi Depository Centre.

Certain limits are imposed on investment by QFIs, in particular:

- A QFI cannot own 10% or more of the shares of any Saudi listed company.
- Foreign investors in aggregate cannot own more than 49% of the issued shares of a Saudi listed company. This includes both directly held shares and shares held under a swap arrangement. In addition, some companies may issue separate restrictions that impose lower ownership percentages.

The QFI must notify the Capital Market Institution (or the CMA directly in certain scenarios) within 30 days if it becomes aware that it no longer meets, or will no longer meet, the qualification criteria set out in the QFI Rules, and the Capital Market Institution must report to the CMA in writing immediately upon finding out that the QFI no longer meets the qualification criteria or has breached any of its obligations under the QFI Rules.

If the CMA finds that the QFI has breached the QFI Rules or any laws and regulations applicable in Saudi Arabia, or upon the occurrence of certain events as set out in the QFI Rules, the CMA may take any action as it deems appropriate including obliging the person concerned to take the necessary steps to avert the violation, or to take such necessary corrective steps to address the result of the violation.

Other Foreign Investors

Non-GCC institutions registered outside the Kingdom who choose not to qualify as QFIs (“**Foreign Investors**”) will have the right to invest indirectly to acquire an economic benefit in the Shares by entering into Swap Agreements (including through P-Notes) with Capital Market Institutions to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. It should be noted that the Capital Market Institutions will be the legal owners of the Shares subject to the Swap Agreements.

GCC Institutions are permitted to subscribe directly for Shares.

AUSTRALIA

This Offering Circular does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) ("**Corporations Act**") and does not purport to include the information required of a disclosure document under the Corporations Act. This Offering Circular has not been, and will not be, lodged with the Australian Securities and Investments Commission (whether as a disclosure document under the Corporations Act or otherwise). Any offer in Australia of the Offer Shares under this Offering Circular or otherwise may only be made to persons who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), to "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Corporations Act so that it is lawful to offer the Offer Shares in Australia without disclosure to investors under Part 6D.2 of the Corporations Act.

Any offer for on-sale of the Offer Shares that is received in Australia within 12 months after their issue by the Company is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Corporations Act or otherwise. Any persons acquiring Shares should observe such Australian on-sale restrictions.

The Company is not licensed in Australia to provide financial product advice in relation to the Shares. Any advice contained in this document is general advice only. This Offering Circular has been prepared without taking account of any investor's objectives, financial situation or needs, and before making an investment decision on the basis of this document, investors should consider the appropriateness of the information in this document, having regard to their own objectives, financial situation and needs. No cooling off period applies to an acquisition of the Offer Shares.

CANADA

The Offer Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principals that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**"), the Bookrunners are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

HONG KONG

WARNING: The contents of this document have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer of the Offer Shares. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Shares are not being and may not be offered or sold in Hong Kong and each Financial Advisor has represented and agreed that it has not offered or sold and will not offer or sell any Shares in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "**Securities and Futures Ordinance**") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Shares may be issued or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. This document is confidential to the person to whom it is addressed and no person to whom a copy of this document is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this document to any other person.

JAPAN

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the FIEA) and each Bookrunner has represented and agreed that it will not offer or sell any Offer Share, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

SINGAPORE

This Offering Circular has not been and will not be registered as an Offering Circular with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. as specified in Section 276(7) of the SFA; or
5. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

SOUTH AFRICA

The Global Offering of the Shares is not an offer to the public, and this Offering Circular is not a registered prospectus, under the Companies Act, 2008. Accordingly, the Shares are not offered and the Global Offering is not made in South Africa or to a person with an address in South Africa, unless such person falls within one or more of the exemptions set out in Section 96 of the Companies Act, 2008. These exemptions include:

- offers made only to the following persons, namely (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, 2004; (iii) persons regulated by the Reserve Bank of South Africa; (iv) authorized financial services providers as defined in the Financial Advisory and Intermediary Services Act, 2002; (v) financial institutions as defined in the Financial Services Board Act, 1990; (vi) wholly owned subsidiaries of the persons contemplated in (iii), (iv) and (v), acting as agent in the capacity of authorized portfolio manager for a pension fund registered in terms of the Pension Funds Act, 1956 or as manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, 2002; or (vii) any combination of the persons contemplated in (i) to (vi); and
- offers made to a single addressee acting as principal where the total contemplated acquisition cost of the Securities is equal to or greater than ZAR1,000,000.

The Global Offering will further not be made and this Offering Circular will further not be distributed in South Africa or to any person with an address in South Africa in any manner which could be construed as an offer to the public in terms of the Companies Act, 2008 and should any person who does not fall into any of the above exemptions receive this Offering Circular they should not and will not be entitled to acquire any Shares or otherwise act thereon.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in Saudi Arabia with limited liability. It may not be possible for investors to effect service of process outside Saudi Arabia upon us or such persons. In addition, enforcement of foreign judgements and arbitral awards in Saudi Arabia against us or such persons and/or in relation to our assets or the assets of such persons, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States, will be subject to filing an application with a Saudi Arabian enforcement court pursuant to the laws of Saudi Arabia, particularly the enforcement law issued by Royal Decree No. M/53 dated 13 Shaban 1433H (corresponding to July 3 2012) and its implementing regulations issued, as amended, by Ministerial Resolution No. 526 dated 20 Safar 1439H (corresponding to November 9 2017) (together, the “**Enforcement Regulations**”).

Foreign judgements and arbitral awards are enforceable in Saudi Arabia upon satisfying certain prerequisites specified in the Enforcement Regulations. Investors may therefore face difficulties in enforcing any foreign judgments or arbitral awards in of Saudi Arabia against the Company if those prerequisites are not met.

In particular, the Enforcement Regulations require an enforcement judge to verify reciprocal treatment between the jurisdiction in which the judgement or arbitral award was issued and Saudi Arabia. Absence of reciprocal treatment may likely render the judgement or arbitral award unenforceable. The burden of proof that reciprocal treatment exists falls on the party applying for enforcement of a foreign judgement or award. In this case, that party must submit as part of its application for enforcement proof that the jurisdiction in which the foreign judgment or award was rendered would reciprocally enforce judgments and arbitral awards issued in Saudi Arabia. The Enforcement Regulations do not specify the form in which the reciprocal treatment evidence must be presented, whether, for example, in the form of a treaty or a judicial letter or otherwise. Such evidence would therefore be subject to the discretion of the enforcement court.

Other prerequisites specified in the Enforcement Regulations include, amongst others: (i) compliance of the award or judgement in question with the public policy of Saudi Arabia; (ii) the judgement or award in question is final; and (iii) the litigants in respect of which the award or judgement was issued have been duly summoned, have received appropriate representation and have been able to defend themselves.

The Enforcement Regulations require an enforcement judge, when enforcing foreign arbitral awards, to observe and adhere to international treaties and conventions. This includes the Convention on Recognition and Enforcement of Foreign Arbitral Awards of 10 June 1958 (the “**New York Convention**”) acceded to by the Kingdom of Saudi Arabia by virtue of Royal Decree No. M/11 dated 16/7/1414H (corresponding to December 29, 1993).

There are a number of circumstances in which a signatory state to the New York Convention would be permitted to not recognize and enforce an arbitral award under the New York Convention. These circumstances include an event or circumstance where the award contravenes the public policy of that signatory state. The Enforcement Regulations interpret public policy to include Shariah principles. As such, to the extent that the recognition or enforcement of a foreign arbitral award would be contrary to the public policy of Saudi Arabia, the enforcement judge may only enforce those portions of the award which, in the discretion of the enforcement judge, do not conflict with Shariah principles as applied in Saudi Arabia.

See “Risk Factors – You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us.”

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

The audited consolidated financial statements of the Company as of and for the financial years ended 31 December 2018, 2019 and 2020, as presented and included in the attached Saudi Prospectus have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). They were audited by the Company’s Auditor, KPMG Professional Consulting (“Auditors”) as independent auditors, as stated in their reports appearing herein. The unaudited interim condensed consolidated financial statements of the Company as of and for the six month periods ended 30 June 2021, as presented and included in the attached Saudi Prospectus and the unaudited interim condensed consolidated financial statements of the Company as of and for the three and nine months ended 30 September 2021 as presented in chapter “Q3-2021 Financial Update” of this Offering Circular, have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the IASB, as endorsed in the Kingdom and other standards and pronouncements issued by the Saudi Associate Accounting Certificate, Saudi Organization for Certified Public Accountants (“SOCPA”) (“IFRS-KSA”) and have been reviewed by the Auditors, as stated in their review report appearing herein. Such reports and statements are contained in Section 19 (Financial Statements and Auditor’s Report) of the Saudi Prospectus. The Company publishes its financial statements in Saudi Riyals.

IFRS-KSA differs in certain respects from accounting principles generally accepted in other countries, which might be material to the financial information herein. This Offering Circular does not contain any discussion on the differences between IFRS-KSA and any other generally accepted accounting principles that are applicable to us, nor has the Company prepared or included herein a reconciliation of the Company’s consolidated financial information and related footnote disclosures between IFRS-KSA and any other generally accepted accounting principles, nor has the Company identified or quantified such differences. Accordingly, such information is not available to investors, and investors should consider this in making their investment decision. Prospective investors who are not familiar with IFRS-KSA are urged to consult with their professional advisors.

Currencies

In this Offering Circular, unless otherwise specified or unless the context otherwise requires, all references to “SAR” or “SR” are to Saudi Riyals, the lawful currency of Saudi Arabia and all references to “U.S.\$” or USD are to US dollars, the lawful currency of the United States. The Company records and publishes the Company’s financial information in Saudi Riyals. In this Offering Circular, unless otherwise stated, (i) certain Saudi Riyal amounts have been translated into US dollars at the rate of U.S.\$1.00 to SAR 3.75. All such translations in this Offering Circular are provided solely for your convenience and the Company make no representation that Saudi Riyal or US dollar amounts referred to herein have been, could have been or could be converted into US dollar or Saudi Riyal, or vice versa, at such rate or at any other rate on such date or on any other date or at all. Certain financial amounts presented in this Offering Circular may not correspond to the financial information included elsewhere in this Offering Circular and in the attached Saudi Prospectus or may not add up due to rounding. For further information relating to the exchange rates, please see “Exchange Rate Information” of this Offering Circular.

Market and Industry Data

Unless the source is otherwise stated, the market, economic and industry data in this Offering Circular constitute the Group’s estimates, using underlying data from independent third parties. Statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company’s business and markets in this Offering Circular are based on published and publicly available data obtained from multiple independent third-party sources.

Whilst the Company and Directors believe that such third-party information is reliable, none of the Company, the Directors, the Advisors or other consultants have independently checked or verified the accuracy or completeness of such third-party information, and therefore, none of them can provide any guarantees as to its accuracy and completeness.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains certain statements that are, or may be deemed to be, "forward-looking statements", and information relating to us and the Company's subsidiaries that are based on the beliefs of the Company's management as well as assumptions made by and information currently available to the Company's management. These forward-looking statements include, without limitation, statements relating to:

- the Company's overall operations and business prospects;
- the Company's revenue and profitability;
- the Company's future economic performance;
- the growth of the Company's business;
- general economic conditions of the domestic and global economy, including those related to Saudi Arabia and international market conditions;
- any changes in the regulatory policies of Saudi Arabia government and other relevant government authorities relating to the Company's business and the effects of future regulations;
- the effects of competition on the Company's business;
- changes in pricing, availability and demand;
- changes in the availability of, or new requirements for, financing;
- the Company's ability to expand and manage the Company's business and to introduce new services;
- changes in political, economic, legal and social conditions in Saudi Arabia, including the Saudi government's specific policies with respect to economic growth, inflation and foreign exchange;
- macroeconomic measures taken by the Saudi government to manage economic growth;
- changes in restrictions on foreign currency convertibility and remittance abroad;
- fluctuations in exchange rates and interest rates;
- the Company's ability to implement the Company's business strategy, plans, objectives and goals;
- the Company's capital expenditure plans;
- the Company's dividend policy; and
- other statements in this Offering Circular or the attached Saudi Prospectus that are not historical fact.

The words "aim," "anticipate," "believe," "can," "consider," "could," "estimate," "expect," "forecast," "intend," "may," "ought to," "potential," "plan," "projection," "seek," "should," "will," "would," or similar expressions or the variations or negatives thereof, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and are not a guarantee of future performance and are subject to known and unknown risks, uncertainties and assumptions, including the risk factors described in this Offering Circular. In addition, such forward-looking statements may be based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. One or more of these risks or uncertainties may materialize, or underlying assumptions may prove incorrect, which may cause the Company's actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

We caution you not to place undue reliance on these forward-looking statements which reflect the Company's management's view only as of the date of this Offering Circular. The Company does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Subject to any requirements under the Exchange, the Company expressly disclaim any obligation or undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur. All forward-looking statements contained in this Offering Circular are qualified by reference to the cautionary statements set out in this section.

SUMMARY

This summary aims to give you an overview of the information contained in this Offering Circular. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this Offering Circular. You should read the whole document including the appendices hereto, which constitute an integral part of this Offering Circular, before you decide to invest in the Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section headed "Risk Factors" in this Offering Circular and the attached Saudi Prospectus. You should read that section carefully before you decide to invest in the Shares.

Overview

Saudi Tadawul Group Holding Company (the "**Company**") is a Saudi closed joint stock holding company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010241733 dated 2/12/1428 H (corresponding to 12 December 2007G). The Company was established by the Royal Decree No. M/15 dated 01/03/1428 H (corresponding to 20 March 2007G) and the Minister of Commerce resolution no. 320/k dated 1/12/1428 H (corresponding to 11 December 2007G). The Company's registered address as per its Commercial Registration is 6897 King Fahd Road – Al Olaya Unit Number: 15 Riyadh 12211-3388, Kingdom of Saudi Arabia. Since its incorporation and to the date of this Prospectus, the authorized, issued and fully paid-up share capital of the Company is SAR 1,200 million divided into 120 million ordinary shares of SAR 10 each and is fully subscribed (100% owned) by the Public Investment Fund ("**PIF**"). The Company was converted into a holding company on 08/10/1442H (corresponding to 20 May 2021G) pursuant to the resolution of the extraordinary general assembly of the Company in its meeting dated 24/08/1442H (corresponding to 06 April 2021G).

The Company is the holding company of five Subsidiaries (the Saudi Exchange Company, Edaa, Muqassa, WAMID and TREC, each as defined further below). The Saudi Exchange Company (a Group Subsidiary which operates the Exchange), Edaa (which operates the Group's securities depository center) and Muqassa (which operates the Group's securities clearing center) are referred to as the "**CMA Authorized Subsidiaries**" because their business activities are regulated by the CMA pursuant to the CML and the Implementing Regulations issued by the CMA. Together, the CMA Authorized Subsidiaries provide the full array of securities services in the Kingdom.

The Company (together with its subsidiaries, the "**Group**") through its CMA Authorized Subsidiaries is the primary provider of securities trading, clearing and settlement in the Kingdom of Saudi Arabia. The Group also provides technology innovation services through WAMID. As a foundational pillar of the Kingdom's economy and the Financial Sector Development Program under the Kingdom's Vision 2030, the Group is helping the Kingdom build a thriving economy with a technologically advanced and integrated capital market at its center.

As the operator of one of the largest exchanges in the world and the leading exchange in the MENA region based on market capitalization, the Group is well-positioned to act as a bridge between global foreign investors and the region's economies. To fulfil its vision and mission, the Group pursues a strategy of growth and diversification through the development and implementation of new asset classes, products and services, while strengthening inter-connectivity with other financial markets in the region and around the world to facilitate capital formation. In doing so, the Group strives to become increasingly capable and agile to evolve in an increasingly competitive global environment, capitalize on business opportunities, drive greater efficiencies and mitigate risk.

The Group's operating revenue increased with a CAGR of 36% from 2018 to 2020, with the Group realizing operating revenues of SAR 583.2 million, SAR 564.7 million and SAR 1.1 billion for the financial years ended 31 December 2018, 2019 and 2020, respectively. The Group's operating revenue increased by 48% in the period ended 30 June 2021 compared to the same period in the previous year with the Group realizing operating revenue of SAR 435.4 million and SAR 645.9 million for the period ended 30 June 2020 and 30 June 2021, respectively.

The Group's net profit increased with a CAGR of 84% with the Group recording net profit of SAR 148.2 million, SAR 153.3 million and SAR 500.5 million for the financial years ended 31 December 2018, 2019 and 2020, respectively. At the same time, the Group's increased its net profit margin from 25% in 2018 to 27% in 2019, and 46% in 2020G. The Group's net profit increased by 69% in the period ended 30 June 2021 compared to the same period in the previous year with the Group realizing net profit of SAR 214 million and SAR 362 million as at 30 June 2020 and 30 June 2021, respectively. At the same time the Group's net profit margin increased from 49% as at 30 June 2020 to 56% as at 30 June 2021G.

In 2020 the Company's exchange business recorded the average daily traded value on its Main Market of SAR 8.3 billion compared to SAR 3.5 billion in 2019 and SAR 3.5 billion in 2018G. For the six month period ended 30 June 2021 the average daily traded value on the Main Market amounted to SAR 10.7 billion compared to SAR 6.6 billion over the same period in the previous year. As at 30 June 2021 a total of 185 companies and 17 REITs, as well as 6 ETFs, one CEF and 73 Bonds and Sukuks were listed on the Main Market.

The average daily traded value on the Nomu - Parallel Market amounted to SAR 28.3 million in 2020 compared to SAR 9.1 million in 2019 and SAR 1.7 million in 2018G. For the six month period ended 30 June 2021 the average daily traded value on the Nomu - Parallel Market amounted to SAR 38.7 million compared to SAR 22.1 million over the same period in the previous year. As at 30 June 2021 a total of seven companies were listed on Nomu – Parallel Market.

The total market capitalization of securities listed on the Exchange as at 30 June 2021 amounted to SAR 9.7 trillion. Since 2018 to 30 June 2021 a total of SAR 125 billion has been raised in capital through IPOs on the Exchange. A further SAR 10 billion has been raised through follow on rights issue transactions.

In 2020 the Company's Securities Depository Centre Company (Edaa) cleared and settled 77.1 million transactions, compared to 28.5 million transactions in 2019 and 25.1 million in 2018G. As at 30 June 2021, the total number of transactions settled and cleared amounted to 52.6 million. As at 30 June 2021, assets under custody amounted to SAR 10,473 billion.

The Group offers a wide spectrum of securities services and products to market participants and serves as a bridge connecting investors to issuers in the Saudi market. The Group's activities are closely aligned with the wider development of the Saudi capital market and support the realization of the Kingdom's Vision 2030 strategic goals, which include increasing the private sector's contribution to the economy, drawing in more foreign investment and growing the SME sector. The Group developed its current product and services offering in line with the growing demands of the Saudi market and continues to monitor and expand its products and services offering as the demand for services by market participants matures.

The Group offers securities products and services, covering listing, trading, settlement, clearance, market information, indices, custody and registration services for listed and non-listed securities, post-trade services (pledging, managing general assemblies, electronic voting, company procedures, dividend distribution and other services) and market and other IT solutions.

In 2020, the Group generated its revenue primarily from services correlated with trading value (approximately 73%), with other significant contributions from the listing services (approximately 7%) depository and registry services (approximately 10%) and market information services (approximately 10%). As of 30 June 2021, the Group generated its revenue primarily from services correlated with trading value (approximately 78%), with other significant contributions from the listing services (approximately 6%) depository and registry services (approximately 9%), and market information services (approximately 7%).

Our Competitive Strengths

The Company believes that the following are among the Group's key competitive strengths:

- National champion and integral to the delivery of the Vision 2030.
- The Group maintains a diversified business model that is integrated across all the relevant services, which allows the Group to offer a full array of capital markets related products and services.
- The Group has a strong strategic and competitive positioning supported by its scale, growth profile, and position at the heart of a large-scale economic transformation agenda envisaged by Vision 2030 and the growing global relevance of the Kingdom on the international stage.
- The Company has delivered a strong financial profile characterized by significant growth and growing margins.
- The Group has a highly experienced and seasoned executive team with strong capital markets expertise and a track record of delivery.
- The Group's profile is supported by strong potential for continued growth based on the positive structural characteristics supporting the Kingdom's economy.

Our Business Strategies

In order to fulfil its vision and mission, the Group intends to continue executing its strategy based on three re-enforcing strategic goals: Growth & Diversification, Integrated & Connected and Capable & Agile. The Group plans to execute these strategic goals via seven strategic pillars: listing & trading, clearing, depository, market information, innovation and digitalization, strategic expansion and organizational performance and capabilities. The following are among the Company's key strategic initiatives:

- The Group aims to enhance its performance by developing the existing asset classes, products and services and creating new ones to accelerate economic diversification and expansion to new markets.
- The Group's integrated business model covering the capital market services is a key enabler for sustainable revenue growth and innovation.
- The Group relies on its highly skilled management and resilient operations to maintain an innovation-first mindset and evolve in an increasingly competitive global environment, capitalize on business opportunities, drive greater efficiencies and mitigate risk.

Q3-2021 FINANCIAL UPDATE

The financial update information presented in this section for the three month period ended 30 September 2021 ("Q3") and nine month period ended 30 September 2021 ("9M") of the Company should be read in conjunction with other sections of the attached Saudi Prospectus, including but not limited to Section 6 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Section 4.1 (Competitive Strengths).

Financial Results

- Solid financial performance in Q3 2021 as normalization of trading activity was balanced by growth in non-trading revenue lines.
- SAR 262.6 million of operating revenue in Q3 2021, a 0.2% increase compared to the same period in the previous year.
- SAR 908.5 million of operating revenue in 9M 2021, a 30.3% increase compared to the same period in the previous year.
- SAR 144.5 million of EBITDA in Q3 2021, a 3.8% increase compared to the same period in the previous year with an EBITDA margin of 55.0% compared to 53.1% for the same period in the previous year.
- SAR 544.8 million of EBITDA in 9M 2021, a 54.1% increase compared to the same period in the previous year with an EBITDA margin of 60.0% compared to 50.7% for the same period in the previous year.
- SAR 129.3 million of operating profit in Q3 2021, a 1.5% increase compared to the same period in the previous year, and SAR 501.0 million operating profit in 9M 2021, a 58.0% increase compared to the same period in the previous year.
- SAR 115.2 million of net income in Q3 2021, a 13.4% decrease compared to the same period in the previous year due in part to the zero zakat expense charged in the comparable period.
- SAR 477.2 million of net income in 9M 2021, a 37.6% increase compared to the same period in the previous year.

Highlights

- Operating revenue stable at SAR 262.6 million in Q3 2021, a 0.2% increase compared to the same period in the previous year. Operating revenue amounted to SAR 908.5 million in 9M 2021, a 30.3% increase compared to the same period in the previous year.
- Trading services revenue decreased to SAR 81.9 million in Q3 2021, a 15.7% decrease compared to the same period in the previous year as the Main Market ADTV for the period reduced to SAR 7.4 billion compared to SAR 8.8 billion in the same period in the previous year, a 15.6% decrease. Trading services revenue in 9M 2021 amounted to SAR 326.8 million, a 31.8% increase compared to the same period in the previous year, as the Main Market ADTV for the period reached SAR 9.7 billion compared to SAR 7.3 billion in the same period in the previous year, a 31.9% increase. The TASI index reached 11,496 as of 30 September 2021, up 4.7% over 30 June 2021 and up 38.5% versus 30 September 2020 levels. Increasing market capitalization of listed companies alongside new listing activity and continued growth of international participation in the Saudi capital markets continued to support the value traded.
- Listing fees revenue amounted to SAR 21.3 million in Q3 2021, a 27.2% increase compared to the same period in the previous year, driven by 2 new listings on the Main Market, 5 new listings on Nomu and 2 new Bond and Sukuk listings. Listing fees revenue amounted to SAR 56.6 million in 9M 2021, a 9.3% increase compared to the same period in the previous year.
- Data and technology services revenue up at SAR 23.2 million in Q3 2021, a 8.9% increase compared to the same period in the previous year, as the subscriptions to data services continued to grow, supported by increasing investor participation in the market. In 9M 2021, data and technology services revenue amounted to SAR 70.8 million, a 22.5% increase compared to the same period in the previous year.

- Post trade revenue increased to SAR 136.1 million in Q3 2021, up 7.3% compared to the same period in the previous year, as a result of growth in securities depository revenue. Post trade revenue amounted to SAR 454.4 million in 9M 2021, a 33.7% increase compared to the same period in the previous year.
- Operating, general and administrative expenses (excluding depreciation and amortization) in Q3 2021 amounted to SAR 118.1 million, a 3.8% decrease compared to the same period in the previous year. The decrease in expenses was primarily driven by the reduction in maintenance, network and access costs. Operating, general and administrative expenses (excluding depreciation and amortization) in 9M 2021 amounted to SAR 363.8 million, a 5.7% increase compared to the same period in the previous year.
- EBITDA for Q3 2021 increased to SAR 144.5 million, a 3.8% increase compared to the same period in the previous year. EBITDA margin for Q3 2021 increased to 55.0% compared to 53.1% in the same period in the previous year due primarily to reduction in costs in the period. EBITDA for 9M 2021 amounted to SAR 544.8 million, a 54.1% increase compared to the same period in the previous year. EBITDA margin for 9M 2021 increased to 60.0% compared to 50.7% in the same period in the previous year.
- Operating profit for Q3 2021 increased to SAR 129.3 million, a 1.5% increase compared to the same period in the previous year, with operating profit margin of 49.2% compared to 48.6% in the same period in the previous year. Operating profit for 9M 2021 amounted to SAR 501.0 million, a 58.0% increase compared to the same period in the previous year, with operating profit margin of 55.1% compared to 45.5% in the same period in the previous year.
- Net income after zakat of SAR 115.2 million in Q3 2021, a 13.4% decrease compared to the same period in the previous year due in part to the zero zakat expense charged in the comparable period. Net income after zakat for the 9 months period ended 30 September 2021 amounted to SAR 477.2 million, a 37.6% increase compared to the same period in the previous year.
- Net cash generated from operating activities amounted to SAR 483.8 million for the 9 months period ended 30 September 2021, compared to SAR 423.9 million for the same period in 2020G.
- Capital expenditure reduced to SAR 25.1 million for the 9 months period ended 30 September 2021, compared to SAR 33.3 million for the same period in 2020.
- Cash and cash equivalents amounted to SAR 107.4 million as of the end of Q3 2021.
- Current investments of SAR 2.5bn as of the end of Q3 2021.

Other Developments

- **13 July 2021** – Saudi Tadawul Group entered into an MoU with SIX Group to explore opportunities for collaboration in Exchange services, FinTech, post-trade and innovation and digitalization.
- **17 August 2021** – General reserve in the amount of SAR 1.1bn was transferred to retained earnings as per the extraordinary general assembly decision.
- **3 September 2021** – The Public Investment Fund (PIF) in collaboration with Saudi Tadawul Group announced an intent to establish a voluntary exchange platform for carbon credit within the MENA region.
- **27 October 2021** – Edaa and Euroclear Bank, the Brussels based International Central Securities Depository, entered into an agreement to launch a fully Euroclearable link enabling international investors access to the Saudi Bond and Sukuk market.

Summary Financial Performance

The tables below show selected items from the Company's the unaudited condensed consolidated financial information as of and for the three and nine months ended 30 September 2021 and as of and for the three and nine months ended 30 September 2020:

Selected Financial Profit and Loss Statement Metrics ¹						
SAR million, unless otherwise stated	Q3 2020	Q3 2021	% change	9M 2020	9M 2021	% change
Operating revenue	262.1	262.6	0.2%	697.5	908.5	30.3%
Trading services	97.2	81.9	(15.7%)	248.0	326.8	31.8%
Listing fees	16.8	21.3	27.2%	51.8	56.6	9.3%
Data and technology services	21.3	23.2	8.9%	57.8	70.8	22.5%
Post trade services	126.8	136.1	7.3%	339.9	454.4	33.7%
Gross profit	168.3	178.3	5.9%	451.7	648.5	43.6%
Gross profit margin (%)	64.2%	67.9%		64.8%	71.4%	
EBITDA²	139.3	144.5	3.8%	353.4	544.8	54.1%
EBITDA margin (%)	53.1%	55.0%		50.7%	60.0%	
Operating profit	127.4	129.3	1.5%	317.2	501.0	58.0%
Operating profit margin (%)	48.6%	49.2%		45.5%	55.1%	
Profit before zakat for the period	133.0	142.0	6.8%	346.9	529.4	52.6%
Zakat expense	-	(26.8)		-	(52.2)	
Net income	133.0	115.2	(13.4%)	346.9	477.2	37.6%
Net income margin (%)	50.7%	43.9%		49.7%	52.5%	

1 Certain expenses were reclassified from general and administrative expenses to operating costs in the comparative period. This reclassification is to conform with the current year presentation as a result of more rigorous cost allocation assessment made during 2020.

2 EBITDA is defined as operating profit plus depreciation and amortization included in operating costs and general and administrative expenses.

FINANCIAL TARGETS

The financial targets presented in this section constitute forward-looking statements that are based upon a number of assumptions and estimates and subject to risk and uncertainties. Such statements are no assurance of our actual future financial results which may differ materially from what is expressed or implied by these forward-looking statements due to a variety of factors, certain of which are outside of our control. In addition unanticipated events may adversely affect the actual results that we achieve in future periods whether or not the assumptions prove to be correct. See also "Forward Looking Statements" and "Risk Factors—We cannot guarantee the accuracy of facts, forecasts and statistics with respect to certain information contained in this Offering Circular."

These targets are based on data, assumptions and estimates which are considered to be reasonable by the Company as at the date of this Offering Circular. Such data and assumptions may change or be modified due to uncertainties relating, in particular, to the economic, financial, competitive, regulatory and fiscal climate or because of other factors of which the Company is not aware at the date of this Offering Circular.

In addition, the achievement of these targets presupposes the successful and effective implementation of the strategy presented in Section 4.4 (Competitive Strengths and Strategy of the Group) in the attached Saudi Prospectus. The Company accordingly makes no commitment or guarantee regarding the achievement of the targets presented below.

- Over the medium term from year end 2020, the date of the most recent annual report, the Group expects an organic operating revenue CAGR of approximately 5-7%. Our medium term outlook for organic revenue growth reflects our expectations for the normalization of trading activity through the remainder of 2021 and in 2022 from the elevated levels in 2020 and H1 2021. The Group expects that other drivers of organic revenue growth in the medium term shall include increasing listing activity and usage of market information services. While our organic revenue growth targets reflect our existing activities, our ongoing development of new business lines, particularly in the derivatives and technology areas, are expected to contribute additional revenue growth over the medium and long term.
- Over the medium to long term, the Group targets EBITDA margin of approximately 55-60%. The margin will be driven by the combination of the Group's growing revenue and operating leverage as we maintain cost discipline across the Group.
- The Group targets a SAR 565 million capital expenditure program for the period from the fourth quarter 2021 to the end of 2022 to improve infrastructure, software products and services. The Group's main initiatives in this regard include the new office, post trade technology development and a new out-of-region data center, which collectively amount to approximately two thirds of the program, with planned software improvements accounting for the remaining third. Thereafter, the Group expects annual capital expenditure to amount to 3-5% of operating revenue, mainly comprising maintenance capex.
- The Group anticipates that its effective zakat rate (calculated as zakat expense divided by profit before zakat for the period) will amount to approximately 10-12% from 2021 onwards. This represents a reduction in comparison to the effective zakat rate in 2020 due to the payment of a SAR 1 billion special dividend in June 2021. See Sections 2-2-6 (Risks related to Zakat), 6-5-12 (Group's Zakat analysis for the financial year ended 31 December 2020G) and 6-11-19-12 (Zakat payable as at 31 December 2020G and 30 June 2021G).
- The Group targets a dividend pay-out ratio of approximately 70% of net income (post contribution to the statutory reserve at Group and subsidiary levels), subject to market conditions and strategic investment opportunities. See Section 7 (Dividend Distribution Policy).

THE GLOBAL OFFERING

Global Offering	The Global Offering comprises the Saudi Public Offering and the Institutional Offering and initially consists of an aggregate of 36,000,000 Offer Shares being offered by the Selling Shareholder. The number of Shares initially allocated to the Institutional Offering and the Saudi Public Offering are subject to re-allocation as described in Section 17 (Share Information and Subscription Terms and Conditions) in the attached Saudi Prospectus.
Institutional Offering	The Institutional Offering initially consists of an aggregate of 36,000,000 Offer Shares being offered by the Selling Shareholder, representing 100% of the Shares initially available under the Global Offering as may be reduced in accordance with the terms of the Underwriting Agreement to 32,400,000 Shares, representing 90% of the Offer Shares. The Institutional Offering will be made outside the United States in offshore transactions in reliance on Regulation S.
Saudi Public Offering	The Saudi Public Offering consists of a maximum of 3,600,000 Offer Shares (subject to adjustment), representing approximately 10% of the Offer Shares, to be issued and offered by the Selling Shareholder pursuant to the Saudi Public Offering and subject to the terms and conditions described in the attached Saudi Prospectus.
Offer Price	SAR 105 per Offer Share. The Offer Price in the Institutional Offering is the same as the Offer Price in the Saudi Public Offering and is payable in Saudi Riyals.
Shares Issued and Outstanding Immediately after the Global Offering	Immediately following the Global Offering, the Company will have 120,000,000 Shares issued and outstanding.
Allocation of Shares between the Saudi Public Offering and the Institutional Offering	<p>The allocation of the Offer Shares between the Saudi Public Offering and the Institutional Offering is subject to adjustment. Initially, 100% of the Offer Shares will be provisionally allocated to the Institutional Offering. This may be reduced to 90% of the Offer Shares, depending on the level of demand for the Saudi Public Offering. The allocation of the Offer Shares to Institutional Investors will be made through the Financial Advisors as deemed appropriate by the Financial Advisors in coordination with the Company after completion of the book-building process.</p> <p>See the section headed "Offering Summary" beginning on page (ix) of the attached Saudi Prospectus and Section 17 (Share Information and Subscription Terms and Conditions) in the attached Saudi Prospectus for more information.</p>
Voting Rights	The Company has one class of Shares (ordinary shares), which does not carry any preferential voting rights. Each Share entitles the holder to one vote at the General Assembly. A Shareholder may delegate a person other than the members of the Board or the Company's employees to attend the General Assembly on their behalf. (For further details, see section 12.14 (Description of Shares) in the attached Saudi Prospectus).
Dividend Policy	The Offer Shares will be entitled to receive any dividends declared and paid by the Company as at the date of the Prospectus and for subsequent fiscal years (for further details, please see Section 7 (Dividend Distribution Policy) in the attached Saudi Prospectus).
Subscription Process	Please see Section 17 (Share Information and Subscription Terms and Conditions) in the attached Saudi Prospectus.
Trading Markets	Prior to the Offering, there has been no public market for the Shares in Saudi Arabia or elsewhere. An application has been made to the CMA for the registration and offering of the Shares in accordance with the Rules on the Offer of Securities and Continuing Obligations Issued by the board of the CMA pursuant to its resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27 December 2017) based on the Capital Market Law, as amended by resolution number 1-7-2021 dated 1/6/1442H (corresponding to 14/01/2021) (the "OSCOs"), and the Company has made an application to the Saudi Exchange to list its Shares in accordance with the Listing Rules issued by the board of the CMA pursuant to resolution No. 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017) as amended pursuant to resolution number 1-22-2021 dated 12/07/1442H (corresponding to 24/02/2021) (the "Listing Rules"). All relevant approvals required to conduct the Offering have been granted. Trading is expected to commence on the Exchange soon after the final allocation of the Shares (for further details, please see Offering Summary–Key Dates and Subscription Procedures in the attached Saudi Prospectus). A listing on the Exchange does not guarantee that an active liquid public trading market for the Shares will develop.
Use of Proceeds	The estimated net proceeds from the Global Offering of approximately SAR 3.7 billion will be distributed to the Selling Shareholder after deducting the Offering Expenses, which are estimated at approximately SAR 80 million. The Company will not receive any part of the Offering proceeds. The Selling Shareholder will bear all fees, expenses and costs related to the Offering. (for further details, please see Section 8 (Use of Proceeds) in the attached Saudi Prospectus).
Risk Factors	See "Risk Factors" of this Offering Circular and Section 2 (Risk Factors) in the attached Saudi Prospectus for a discussion of factors you should carefully consider before deciding to invest in the Shares.
Selling and Transfer Restrictions	The Offer Shares are subject to restrictions on transfer. See "Selling and Transfer Restrictions".

RISK FACTORS

The Institutional Offering involves certain special risks associated with investing in the Shares. In addition to the following risk factors, you should also read Section 2 (Risk Factors) in the attached Saudi Prospectus. The following should also be read in conjunction with other sections of the attached Saudi Prospectus, including but not limited to Section 4 (The Company) therein. In addition, risks currently not known to us, or those that the Company currently does not deem material may also harm us and affect your investment.

Investments in emerging markets are subject to greater risks than those in more developed markets

Investors should be aware that investments in emerging markets, such as the Middle East and Saudi Arabia, are subject to greater risks than those in more developed markets, including risks such as:

- political, social and economic instability;
- exposure to local economic and social conditions, including logistical and communication challenges;
- exposure to local political conditions, including political disputes, requirements to expend a portion of funds locally and governmental industrial cooperation requirements, coups, the risk of seizure of assets by a foreign government, increased risk of fraud and political corruption, terrorism, acts of war or similar events;
- exposure to potentially undeveloped legal systems which make it difficult to enforce contractual rights and to potentially adverse changes in laws and regulatory practices, including grants, adjudications, concessions, among others;
- war, terrorism, rebellion or revolution;
- drought, famine, disease outbreaks and other complications due to natural or manmade disasters;
- governments' actions or interventions, including tariffs, protectionism, subsidies and other forms of exchange controls, expropriation of assets and cancellation of contractual rights;
- boycotts and embargoes that may be imposed by the international community on countries in which the Group operates;
- changes in taxation and other laws and regulations;
- exposure to different effective tax rates in each country in which the Group conducts business such that changes in its mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on its profitability
- arbitrary or inconsistent government action, including capricious application of tax laws and selective tax audits;
- controls on the repatriation of profits and/or dividends, including the imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries;
- difficulties and delays in obtaining new permits, licenses and consents for business operations or renewing existing ones;
- difficulties or an inability to obtain legal remedies in a timely manner;
- compliance with a variety of U.S. and other foreign laws, as well as European laws affecting the activities of European companies abroad, including:
 - compliance (historical and future) with the requirements of applicable anti-bribery laws, including the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA") and the UK Bribery Act 2010 (the "**Bribery Act**"); and
 - compliance (historical and future) with sanctions and export control provisions (including the U.S. Export Administration Regulations) in several jurisdictions, including the European Union, the United Kingdom, the United States and China; and
- potential lack of reliability as to title to real property in certain jurisdictions.

Accordingly, you should exercise particular care in evaluating the risks involved and must decide whether, in the light of those risks, your investment is appropriate. Generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risk involved.

The accounting and corporate disclosure standards applicable to us differ from those applicable to companies in other countries.

The financial information as of and for the financial years ended 31 December 2018, 2019, 2020 and for the six month period ended 30 June 2021 as well as for the nine month period ended 30 September 2021, as presented and included in the attached Saudi Prospectus and other financial information that appears elsewhere in this Offering Circular are prepared in accordance with IFRS, which differs in certain respects from accounting principles generally accepted in certain other countries. The Company has not identified or quantified the differences between IFRS-KSA and the accounting principles generally accepted in other jurisdictions, or the effect of applying those generally accepted accounting principles to such financial information. Had such financial information been prepared in accordance with any other generally accepted accounting principles, the Company's results of operations and financial position may have been different. You should consult your own professional advisors for an understanding of the differences between IFRS-KSA and any other generally accepted accounting principles in any other relevant jurisdiction and how these differences might affect the financial information herein.

Upon the listing of the Shares on the Exchange, the Company will become subject to the disclosure requirements under the OSCOs. These disclosure requirements differ in certain respects from those applicable to companies in other countries. In addition, there may be less publicly available information about public companies listed in Saudi Arabia, such as the Company, than is regularly made available by public companies in certain other countries.

Following the Global Offering, the Company will continue to present the Company's financial information in accordance with IFRS-KSA. The Company will make public disclosure regarding other aspects of the Company's business in accordance with the accepted practices in Saudi Arabia. Such disclosure practices differ in certain respects from those applicable to companies in certain other countries.

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us.

We are incorporated in Saudi Arabia with limited liability. Nearly all of the Company's directors and senior management reside in Saudi Arabia, and all or substantially all of the Company's assets and the assets of such persons are located in Saudi Arabia. Therefore, it may not be possible for you to effect service of process upon us or such persons in Saudi Arabia or to enforce against us or them any judgments obtained in non-Saudi courts. Saudi Arabia does not have treaties or arrangements providing for the recognition and enforcement of judgments of the courts of many countries or regions and therefore recognition and enforcement in Saudi Arabia of judgments obtained in those jurisdictions may be difficult.

Although the Company will be subject to the OSCOs, Listing Rules and the Corporate Governance Regulations upon the listing of the Company's Shares on the Exchange, the holders of the Company's Shares will not be able to bring actions on the basis of violations of the OSCOs, Listing Rules or the Corporate Governance Regulations and must rely on the Exchange to enforce its rules.

You may have less protection under Saudi law than you would under typical corporate and securities laws in other jurisdictions.

Our corporate affairs are governed by the Company's bylaws, the Companies Law and other applicable Saudi laws and statutes. The rights of shareholders and the fiduciary responsibilities of directors under Saudi law may not be as clearly established as they are under the statutes or judicial precedents in other jurisdictions. As a consequence, shareholders may have significantly greater difficulty protecting their interests in the face of actions taken by the Company's management, directors or controlling shareholders than they would have as shareholders of a corporation incorporated in another jurisdiction.

We cannot guarantee the accuracy of facts, forecast and statistics with respect to certain information contained in this Offering Circular.

Certain facts, forecasts and statistics contained in this Offering Circular and the attached Saudi Prospectus, including, but not limited to, information contained in the "The Kingdom of Saudi Arabia" and "The Saudi Capital Markets" sections in this Offering Circular and Section 3 (Market and Industry) in the attached Saudi Prospectus are derived from official, governmental, industry or third-party sources (as cited in those sections) that may or may not include other publicly available information. Although the Company has taken reasonable care in the extraction, compilation and reproduction of such information in this Offering Circular and the attached Saudi Prospectus, the Company cannot guarantee the quality and reliability of such third party information. Such information has not been prepared or independently verified by us, the Financial Advisors or any of the Company's or their respective affiliates or advisors and, therefore, no representation is made as to the accuracy of such facts, forecast and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies. Further, the Company cannot assure you that these sources have stated or compiled such facts and statistics on the same basis or with the same degree of accuracy or completeness as may be the case elsewhere. In all cases, you should not unduly rely on these facts, forecast and statistics, including, without limitation, statements contained in the "The Kingdom of Saudi Arabia" and "The Saudi Capital Markets" sections in this Offering Circular, and Section 3 (Market and Industry) and elsewhere in the attached Saudi Prospectus.

THE KINGDOM OF SAUDI ARABIA

Macroeconomic Overview Geography and Area

Saudi Arabia comprises a land area of approximately 2,150,000 square km and is located in the Arabian Peninsula, a peninsula of south-west Asia situated north-east of Africa. Saudi Arabia has coastlines on the Red Sea to the west and the Arabian Gulf to the east. It is bordered in the north and north-east by Jordan and Iraq, in the east by Kuwait, Qatar and the United Arab Emirates, in the south-east by Oman, in the south by Yemen, and is connected to Bahrain by the King Fahd Causeway. Saudi Arabia is the largest country in the Cooperation Council for the Arab States of the Gulf (also known as the Gulf Cooperation Council, or the "GCC").



The capital city of Saudi Arabia is Riyadh. Saudi Arabia has undergone rapid urbanization in recent decades, and over 80 per cent. of the population of Saudi Arabia currently lives in cities, with approximately half the population of Saudi Arabia being concentrated in the six largest cities: Riyadh, Jeddah, Makkah, Medina, Ta'if and Dammam. Makkah, the birthplace of the Prophet Muhammad (peace be upon him ("PBUH")), is home to the Grand Mosque (al-masjid al-haram), which surrounds Islam's holiest site (al-ka'bah), which is the direction of Muslim prayer. Medina, the burial place of the Prophet Muhammad (PBUH), is home to the Prophet's Mosque (al-masjid an-nabawi), and is Islam's second-holiest city after Makkah.

Saudi Arabia has a desert climate with high daytime temperatures and a sharp temperature drop at night. Annual rainfall is very low. The southwest province of Asir is mountainous, and contains Mount Sawda, which, at just over 3,000 meters, is the highest point in Saudi Arabia. In the west of Saudi Arabia, a geological exposure known as the Arabian-Nubian Shield contains various precious and basic metals such as gold, silver, copper, zinc, lead, tin, aluminum and iron and, mainly in the east of Saudi Arabia, extensive sedimentary formations contain various industrial minerals. Saudi Arabia's deeper sedimentary formations in the eastern part of the country contain most of its proven and recoverable oil reserves.

Population and Demographics

The population of Saudi Arabia was estimated by GASTAT to have reached 35 million as at 31 July 2020, as compared to 34.2 million as at 31 July 2019. Saudi Arabia has a young population, with almost half the population being under the age of 34 and 31.3 per cent. under the age of 15 in 2019. The following table sets forth Saudi Arabia's population estimates as at 31 July 2020, 2019, 2018 and 2017, respectively.

	As at 31 July			
	2017	2018	2019	2020
Male	18,746,422	19,240,956	19,739,056	20,231,425
Female	13,866,424	14,172,704	14,479,113	14,781,989
Total population	32,612,846	33,413,660	34,218,169	35,013,414
Population growth (annual %)	2.6	2.5	2.4	2.3

Source: GASTAT

The non-Saudi portion of Saudi Arabia's total population comprises expatriates from neighboring states as well as significant numbers of expatriates from Asia (mostly from India, Pakistan, Bangladesh, Indonesia, and the Philippines), Europe, the Americas and other countries around the world. The official language of Saudi Arabia is Arabic, although English is widely spoken.

Government and Political System

Saudi Arabia is a monarchy with a political system rooted in the traditions and culture of Islam. The Custodian of the Two Holy Mosques, the King of Saudi Arabia (the "**King**"), is both the head of state and the head of the Government. Royal Decree number A/90 dated 1 March 1992 (the "**Basic Law of Governance**") provides that the Holy Quran and Sunnah (the teachings of the Prophet Muhammad (PBUH)) form the primary sources of law in Saudi Arabia. The Basic Law of Governance specifies that the King must be chosen from among the sons of the founding King, the Late King Abdulaziz bin Abdul Rahman Al Saud ("**King Abdulaziz**"), and their male descendants. In 2006, the Allegiance Council (hay'at al-bay'ah) was established, comprising: (a) the surviving sons of King Abdulaziz; (b) one son of each deceased/incapacitated son of King Abdulaziz; and (c) one son of the incumbent King and one son of the incumbent Crown Prince, both appointed by the incumbent King, to determine which member of the royal family will be the next King and the next Crown Prince. The current King, Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al Saud, acceded to the throne on 23 January 2015. The current Crown Prince is His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, who also holds the positions of Deputy Prime Minister, Minister of Defense, Chairman of the Council for Economic and Development Affairs and Chairman of the Council for Political and Security Affairs.

Saudi Arabia is divided into 13 provinces, each of which has a governor and a provincial council. The provincial councils are empowered to determine the development needs of their respective provinces, make recommendations and request appropriations in the annual budget. Saudi Arabia's 13 provinces comprise Riyadh, Makkah, Madinah, the Eastern Province, Asir, Al-Baha, Tabuk, Al-Qassim, Ha'il, Al- Jouf, the Northern Borders, Jizan and Najran.

Council of Ministers (majlis al-wuzara)

The King also holds the position of Prime Minister and presides over the Council of Ministers (majlis al-wuzara), which was established by Royal Decree in 1953, and currently comprises the First Deputy Prime Minister, 21 Ministers with portfolios and 12 Ministers of State. The Council of Ministers is selected by the King and is responsible for, among other things, executive and administrative matters such as foreign and domestic policy, defense, finance, health and education. The King and executive officials at the national, provincial and local levels also hold regular meetings, which are open to members of the public and where members of the public may discuss issues and raise grievances.

In 1974, in accordance with the Law of the Council of Ministers, the Bureau of Experts (formerly known as the Department of Experts) was established to assist the Council of Ministers. The Bureau of Experts is responsible for, among other things, reviewing and studying cases referred to it by the Council of Ministers and its sub-committees, drafting new laws, proposing amendments to existing laws and drafting forms for High Orders, Royal Decrees and Council of Ministers Resolutions, which are then presented to the Council of Ministers for approval.

Consultative Council (majlis al-shura)

In 1992, in conjunction with the promulgation of the Basic Law of Governance, the Law of Provinces (addressing the designation and administration of Saudi Arabia's provinces) and the Law of the Consultative Council (majlis al-shura) were introduced. The Consultative Council comprises 150 members, of which at least 20 per cent. must be females. The Chairman, Vice Chairman and General Secretary of the Consultative Council are appointed or removed by the King. The Consultative Council has the authority to draft, review and debate legislation. The Consultative Council submits its decisions to the King, who will decide which of them to be referred to the Council of Ministers. Legislation approved by the Council of Ministers only acquires the force of law once the King has issued his approval by way of a Royal Decree. However, the Council of Ministers or the relevant government ministry or authority may be delegated the power to enact further executive regulations that govern the implementation of such legislation.

Council for Political and Security Affairs

In January 2015, a Royal Order was issued consolidating 12 existing Government councils and commissions under two new councils: (i) the Council for Political and Security Affairs (the "CPSA"); and (ii) the Council for Economic and Development Affairs (the "CEDA"). The formation of the CPSA and the CEDA is intended to promote greater efficiency and productivity in the various branches of the Government and enhance coordination between Government entities, thereby leading to swift decision-making and execution of proposals.

The CPSA was established in January 2015 and its mandate is to oversee all aspects of Saudi Arabia's political and security affairs, both internally and externally. The CPSA is chaired by the Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud and its members currently include: the Chairman, the Minister of Interior, the Minister of the National Guard, the Minister of Defense, the Minister of Islamic Affairs, Call and Guidance, the Minister of Media, the Deputy Minister of Defense, the Minister of Foreign Affairs, the Minister of Finance, Ministers of State, the Head of the Presidency of National Security, the Counsel of the National Security Centre and the Chief of General Intelligence.

On 27 December 2018, a Royal Order was issued to reform the CPSA. As a result, the CPSA now includes the following members: HRH the Crown Prince (Chairman), the Minister of Interior, the Minister of Media, the Deputy Minister of Defence, the Minister of Foreign Affairs, five state ministers, the Head of the Presidency of National Security, the Counsel of the National Security Centre and the Chief of General Intelligence.

Council for Economic and Development Affairs

The CEDA is intended to consolidate a number of relevant governmental institutions in one central organization to provide a uniform direction for Saudi Arabia's economic growth and development. The CEDA is chaired by the Crown Prince, His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud and its members currently include: the Chairman, the Minister of Justice, the Minister of Finance, the Minister of Energy, Industry and Mineral Resources, the Minister of Labor and Social Development, the Minister of Housing, the Minister of Hajj and Umrah, the Minister of Economy and Planning, the Minister of Commerce and Investment, the Minister of Transportation, the Minister of Communication and Information Technology, the Minister of Municipal and Rural Affairs, the Minister of Health, the Minister of Civil Service, the Minister of Media, the Minister of Environment, Water & Agriculture, the Minister of Education and Ministers of State. The CEDA is responsible for, among other matters, the implementation and monitoring of Vision 2030 (see "—Strategy of Saudi Arabia—Vision 2030" in this Offering Circular).

On 27 December 2018, a Royal Order was issued to reform the CEDA. As a result, the CEDA now includes the following members: HRH the Crown Prince (Chairman), the Minister of Culture, the Minister of Justice, the Minister of Health, the Minister of Commerce, the Minister of Municipal and Rural Affairs and Housing, the Minister of Environment, Water & Agriculture, the Minister of Energy, the Minister of Industry and Mineral Resources, the Minister of Human Resources and Social Development, the Minister of Hajj and Umrah, the Minister of Finance, the Minister of Economy and Planning, the Minister of Transportation, the Minister of Communication and Information Technology, the Minister of Media, the Minister of Education, the Head of Bureau of Experts, the Minister of Tourism, the Secretary of the Finance Committee of the Royal Court and four state ministers.

Restructuring of the Government

As part of the Government's continuing efforts to effect structural reforms in Saudi Arabia's economy and society as envisaged by Vision 2030, and in furtherance of the Government's stated aims of streamlining the functioning of the public sector and aligning its operations more closely with the Government's strategic aims and objectives, the King, through a number of Royal Orders issued in May 2016, implemented numerous changes in the structure of the Government and the allocation of roles and responsibilities between the various Government ministries and departments. Some of the significant reforms included: (i) creation of the Ministry of Environment, Water & Agriculture (the "MEWA"), which effectively replaced the former Ministry of Water and Electricity, as well as the Ministry of Agriculture; (ii) the creation of the Ministry of Commerce and Investment (now called the Ministry of Commerce), which effectively replaced the former Ministry of Commerce and Industry; (iii) the combination of the former Ministry of Labor and Ministry of Social Affairs into a single Ministry of Human Resources and Social Development; (iv) the creation of two bodies, the General Authority for Culture and the General Authority for Entertainment, which are respectively responsible for promoting the cultural and entertainment-related goals set out in Vision 2030; and (v) the renaming of the Ministry of Hajj to the Ministry of Hajj and Umrah, while the former Ministry of Islamic Affairs, Endowments, Call and Guidance has been renamed the Ministry of Islamic Affairs, Call and Guidance.

In addition to the changes described above, a number of other Government institutions, including those related to education and sporting activities, have been created or restructured.

In April 2017, the National Security Centre was established pursuant to Royal Decree. The National Security Centre is headed by the Counsel of National Security and reports directly to the Royal Court.

In July 2017, a restructuring of the Ministry of the Interior, through a number of Royal Orders, was announced. The restructuring resulted in the establishment of a new government body named the Presidency of National Security that reports directly to the President of the Council of Ministers and to which all departments relevant to national security have been transferred.

In June 2018, pursuant to a number of Royal Orders, the Ministry of Culture, which is responsible for Saudi Arabia's cultural activities, was established and the name of the former Ministry of Culture and Information was amended to the Ministry of Media. These Royal Orders also established the Royal Commission for Makkah City and Holy Sites and the Council of Royal Reserves.

In August 2019, pursuant to a number of Royal Orders, the Ministry of Industry and Mineral Resources was established and the name of the former Ministry of Energy, Industry and Mineral Resources was amended to the Ministry of Energy. The Ministry of Energy is responsible for all matters relating to energy, while the Ministry of Industry and Mineral Resources is responsible for the industrial development of Saudi Arabia, including the development of the National Industrial Clusters Development Programme as contemplated by Vision 2030. These Royal Orders also established the Saudi Data and Artificial Intelligence Authority, the National Centre for Artificial Intelligence and the National Data Management Office.

In February 2020, pursuant to a number of Royal Orders, three new ministries were established: the Ministry of Investment was established, which replaced the Saudi Arabia General Investment Authority, the Ministry of Sports was established, which replaced the General Sport Authority and the Ministry of Tourism was established, which replaced the Commission for Tourism and National Heritage. These Royal Orders also combined the Ministry of Civil Service with the Ministry of Human Resources and Social Development into a single Ministry of Human Resources and Social Development.

In January 2021, pursuant to a Royal Order, the Ministry of Housing was combined with the Ministry of Municipal and Rural Affairs into a single Ministry of Municipal and Rural Affairs and Housing.

Legal and Judicial System

Saudi law is derived from the Basic Law of Governance and legislation enacted in various forms, the most common of which are Royal Orders, Royal Decrees, High Orders, Council of Ministers resolutions, ministerial resolutions and ministerial circulars having the force of law.

Saudi Arabia follows a civil law system. Saudi Arabia's judicial system comprises the general courts, which have general jurisdiction over most civil and criminal cases, and specialized courts covering certain specific areas of law, including a system of administrative courts known as the Board of Grievances, a Specialized Criminal Court, and various adjudicatory or quasi-judicial committees with special jurisdiction over such matters as banking transactions, securities regulation, intellectual property, labor disputes, tax, electricity industry disputes and medical malpractice.

In 2007, the Government announced a restructuring of the judicial system, including the establishment of courts of appeal and a supreme court, as well as the merger of most special adjudicatory committees into the general courts, though exceptions were made for certain adjudicatory committees. The committees that are exempted from the 2007 reforms include the Banking Disputes Committee, the Committee for the Enforcement of the Banking Control Law and the Committee for Resolution of Insurance Disputes and Violations, each of which operates under the aegis of the Saudi Central Bank ("**SAMA**"); the Committee for the Resolution of Securities Disputes, which operates under the aegis of the CMA; and the Committee for Resolution of Custom Duties Disputes. The 2007 reforms also proposed the transfer of jurisdiction over commercial disputes from the Board of Grievances to the commercial courts which have started to hear disputes of a commercial nature as of 22 September 2017 pursuant to the Circular of the Supreme Court of Justice No. T/967 dated 01/01/1439H (corresponding to 22 September 2017). As part of the ongoing restructuring of the judicial system, personal status courts, courts of appeal and a supreme court have already been established.

The Board of Grievances has exclusive jurisdiction to supervise insolvency and bankruptcy proceedings relating to commercial entities and hear claims against government bodies. Before March 2012, the Board of Grievances also had exclusive jurisdiction to consider the enforcement of foreign judgments and arbitral awards; however, with the enactment of the Enforcement Law in March 2012, this jurisdiction has been transferred to newly-created "Enforcement Departments" staffed by specialized "enforcement judges". The Enforcement Departments may, at their discretion, enforce all or any part of a foreign judgment or arbitral award, subject to certain conditions, which include compliance of such judgment or award with public policy in Saudi Arabia. Pursuant to the Insolvency Law issued by Royal Decree no. M/50 dated 13 February 2018, which came into effect in August 2018, the Board of Grievances' exclusive jurisdiction to supervise insolvency and bankruptcy proceedings relating to commercial entities was transferred to the Commercial Court.

In June 2017, a Royal Order was issued changing the name of the Bureau of Investigation and Public Prosecution to the Public Prosecution and establishing it as an independent government body that reports directly to the King, headed by a general prosecutor.

Foreign Relations and International Organizations

Saudi Arabia's Position in the International Community

As the only Arab nation member of the Group of Twenty (also known as the G-20), an international forum for the governments of 20 major economies, and a founding member of several major international organizations, including the United Nations ("**UN**") and Organization of the Petroleum Exporting Countries ("**OPEC**"), Saudi Arabia plays an important role in the global economy and international trade and diplomatic relations. Furthermore, as a founding member of the GCC, the Muslim World League, the Organization of Islamic Cooperation (the "**OIC**") and the Islamic Development Bank (each of which is headquartered in Saudi Arabia) as well as the Arab League, Saudi Arabia has also assumed a leadership position among both Arab countries and the broader Muslim world. As the world's third largest oil producer (accounting for 13.0 per cent. of the world's total oil production) and the world's second largest oil exporter (accounting for 15.6 per cent. of the world's total oil exports by volume) in the year ended 31 December 2019, according to OPEC's 2020 Annual Statistical Bulletin, Saudi Arabia occupies a central position in OPEC and the world oil markets.

Saudi Arabia is also a member of the International Monetary Fund ("**IMF**"), the African Development Bank Group, the Asian Infrastructure Investment Bank and the European Bank for Restructuring and Development (the "**EBRD**"). The EBRD's mandate has recently been expanded to invest and promote private initiatives in certain Arab countries in the Middle East and North Africa region.

Saudi Arabia joined the World Bank Group in 1957, and is one of the larger shareholders of the World Bank among its 189 member countries. In recognition of its contributions to the global economy and international development, Saudi Arabia achieved the status of a 'single-country constituency' on the World Bank's Executive Board (the "**Executive Board**") in 1986. Saudi Arabia is represented at World Bank meetings by its executive director and engages in direct consultations and negotiations with other executive offices with the aim of achieving the World Bank's primary objective of reducing global poverty. From time to time, Saudi Arabia's executive director has served as the chair of the Executive Boards' standing committees, and several of the past Saudi executive directors have served as dean of the Executive Board.

Saudi Arabia acceded as a member of the WTO in November 2005, as a result of which the Government has implemented various structural reforms in order to create a more liberal trade regime and business-friendly environment. In addition to the WTO, Saudi Arabia is party to a number of multilateral business and trade related agreements, including the Convention Establishing the Multilateral Investment Guarantee Agency; the Inter-Arab Investment Guarantee Corporation; the UN Guiding Principles on Business and Human Rights; and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Saudi Arabia is also party to a number of trade and economic agreements aimed at promoting trade and economic development, including the Arab Economic Unity Agreement; the Arab League Investment Agreement; the League of Arab States Investment and the Agreement on Promotion, Protection and Guarantee of Investments among the Member States of the OIC.

Saudi Arabia plays a key role in the international fight against terrorism. Saudi Arabia is a member and an active participant in a number of international organizations and treaties pertaining to anti-money laundering (“**AML**”) and combatting the financing of terrorism (“**CFT**”). Saudi Arabia is also a member of the following organizations that address AML and CFT: the Financial Action Task Force (as an observer, and a member of the GCC) and the Middle East and North African Financial Action Task Force; and the Egmont Group. Saudi Arabia has ratified the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention); the UN Convention against Transactional Organized Crime (Palermo Convention); the UN Convention for Suppression of Terrorist Financing; and the Arab Convention for Combating Money Laundering and Terrorist Financing. In December 2015, the Government announced the establishment of an intergovernmental military alliance of 34 countries based at a joint command center in Riyadh, the primary objective of which is to combat terrorist organizations, in line with UN and OIC initiatives on counter-terrorism.

Saudi Arabia is also a member of the International Chamber of Commerce, the World Intellectual Property Organization, the Greater Arab Free Trade Area, the International Organization of Securities Commissions and the Organization for the Prohibition of Chemical Weapons.

Saudi Arabia has entered into bilateral economic, trade and technical cooperation agreements with 36 countries, which aim to develop economic, trade and technical cooperation and to enable the free inflow of goods, capital, and services and the free movement of individuals and investment between the contracting countries. Saudi Arabia has also entered into Avoidance of Double Taxation Agreements with 34 countries.

In addition, Saudi Arabia contributes significant amounts of development aid to other countries and institutions, including through the Saudi Fund for Development (“**SFD**”). The SFD extends loans and credit support for the development of a range of projects in many developing countries, particularly in Asia and Africa, with a particular focus on the social infrastructure, agriculture, energy and industry sectors.

Relations with Gulf Cooperation Council and other Arab countries

The GCC was established on 25 May 1981, comprising Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the UAE, with the aim of promoting cooperation between the member countries and achieving coordination and integration across a range of diverse fields. The Secretariat General of the GCC is located in Riyadh, Saudi Arabia. An agreement to achieve economic unification between the countries of the GCC was signed on 11 November 1981 which led, on 1 January 2008, to the creation of a common market in the GCC region. In January 2016 the common market was further integrated, providing for full equality among GCC citizens in government and private sector employment, social insurance and retirement coverage, real estate ownership, capital movement, access to education, health and other social services in all member states. In the year ended 31 December 2020, the GCC countries, as a whole, accounted for approximately SAR 49.2 billion or 9.5 per cent. of Saudi Arabia’s total imports and approximately SAR 72.1 billion or 11.1 per cent. of Saudi Arabia’s total exports (SAMA, 57th Annual Report 2021).

In December 2008, Saudi Arabia, Bahrain, Qatar and Kuwait approved a monetary union agreement (the “**Monetary Union Agreement**”) and a statute relating to the new Gulf Monetary Council (the “**Monetary Council Statute**”), which set forth the legal and institutional framework for a proposed monetary union of the relevant member states. The Monetary Union Agreement was ratified and came into force on 27 February 2010, while the Monetary Council Statute became effective on 27 March 2010. The Gulf Monetary Council, which was established in Riyadh, held its inaugural meeting on 30 March 2010. The primary strategic aim of the Gulf Monetary Council is to provide the foundation, and act as a precursor institution, for the establishment of a GCC central bank. The Gulf Monetary Council set itself the primary task of consulting with GCC member countries in order to draft the legal and organizational framework that will underpin the GCC central bank. Preparation for the development and implementation of a proposed GCC single currency will be the responsibility of the GCC central bank. The goal of the Monetary Union Agreement is to improve the efficiency of financial services, decrease transaction costs and increase transparency in the prices of goods and services. No timeline for the implementation of a GCC single currency has yet been set.

In addition to the creation of a common market and a closer economic and social union, the member states of the GCC cooperate on the development of a shared security strategy.

Saudi Arabia also maintains strong diplomatic and economic relationships with the other Arab countries outside the GCC. In the year ended 31 December 2020, Arab League countries outside the GCC (comprising Jordan, Iraq, Yemen, Lebanon, Egypt, Syria, Morocco and Sudan) accounted for SAR 18.8 billion, or 3.6 per cent., of Saudi Arabia’s total imports and SAR 27.0 billion, or 13.2 per cent., of Saudi Arabia’s total exports. (SAMA, 57th Annual Report 2021) A number of Arab countries, particularly Egypt, Sudan and Yemen, have also been major beneficiaries of the SFD.

In March 2015, a coalition of countries, led by Saudi Arabia and supported by the international community, commenced military action against the Al Houthi rebels in Yemen. Although the coalition scaled back its military operations in Yemen in March 2016 and a ceasefire was declared in April 2016, the conflict in Yemen is not yet fully resolved and military operations continue at a reduced scale. Saudi Arabia was targeted on several occasions by ballistic missiles fired by the Al Houthi rebels in Yemen during 2017 and 2018, all of which were successfully intercepted by Saudi Arabia’s defense systems.

Relations with other countries and the European Union

Outside the GCC, Saudi Arabia has strong trading and diplomatic relationships with many countries, particularly major economies such as the United States, China, Japan, South Korea, India, the United Kingdom, Germany and France. Saudi Arabia's relationships with other countries is negatively affected from time to time.

The EU is an important trading partner for Saudi Arabia. Saudi Arabia's petroleum exports are purchased by most of the EU states, and a number of EU petroleum companies are investors in Saudi Arabia's economy. Saudi Arabia is also an important market for the import of EU industrial goods in areas such as machinery, chemicals, transportation and automotive.

Saudi Arabia's diplomatic and economic relationship with the EU is also framed within its membership of the GCC. The EU established bilateral relations with GCC countries through a cooperation agreement in 1988, which provides for annual joint councils/ministerial meetings between EU and GCC foreign ministers, and for joint cooperation committees at senior official level.

Employment

As at 31 December 2020, the total labor force expressed as the total number of Saudi employed persons reached 3.2 million, of which 2.1 million, or 64.8 per cent., were male and 1.1 million, or 35.2 per cent., were female. The following table sets forth selected statistics relating to the labor force in Saudi Arabia as at 30 June 2020, 31 December 2019 and 31 December 2018.

	As at 31 December								
	2018			2019			2020		
	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total	Saudi	Non-Saudi	Total
Total employed persons	3,111,199	9,429,419	12,540,618	3,170,272	10,220,703	13,390,975	3,253,276	10,201,862	13,455,138
Male	2,040,742	8,356,943	10,397,685	2,054,858	8,792,516	10,847,374	2,100,702	8,866,940	10,967,642
Female	1,070,457	1,072,476	2,142,933	1,115,414	1,428,187	2,543,601	1,152,574	1,334,922	2,487,496
Total civil service employees	1,180,017	49,682	1,229,699	1,232,467	50,594	1,283,061	1,227,698	49,599	1,277,297
Male	702,054	26,547	728,601	730,210	26,939	757,149	725,723	26,380	752,103
Female	477,963	23,135	501,098	502,257	23,655	525,912	501,975	23,219	525,194
Total unemployment rate (%)	12.7	1.0	6.0	12.0	0.4	5.7	12.6	2.6	7.4
Male	6.6	0.6	2.9	4.9	0.3	2.2	7.1	1.7	4.0
Female	32.5	4.4	22.6	30.8	1.3	21.3	24.4	9.1	20.2

Source: GASTAT, SAMA

In 2020, the overall unemployment rate in Saudi Arabia increased to 7.4 percent in 2020. Unemployed Saudis accounted for 12.6 percent of the total Saudi labor force. Unemployed Saudi males accounted for 7.1 percent of the total Saudi male labor force. Unemployed Saudi females accounted for 24.4 percent of the total Saudi female labor force. Moreover, unemployed non-Saudis reached 2.6 percent of the total non-Saudi labor force in Saudi Arabia. Changes were mainly driven by the COVID-19 pandemic and the Kingdom's responses to mitigate its effects.

Vision 2030 places great emphasis on providing Saudi citizens with the necessary training and skills required for becoming an effective part of the workforce, in particular increasing the participation of Saudi citizens in the private sector, and it is anticipated that further initiatives will be launched to further these aims.

Saudization

In light of the Government's objective to include Saudi nationals in the work force, and in particular to encourage them to join the private sector, the Government has supported a number of initiatives to achieve these results, and towards this end the Ministry of Human Resources and Social Development has implemented the Saudi nationalization scheme, or "Saudization". Saudization is intended to promote the employment of Saudi nationals in the private sector, which has traditionally been dominated by expatriate workers from Asia, Europe and other Arab countries. Current Saudization requirements vary significantly depending on the relevant sector and the size of the employer. For example, entities engaging in wholesale and retail activities are required to maintain a Saudization level of 8 to 25 per cent., depending on the size of the employer, whereas entities engaging in construction activities are required to maintain a Saudization level of 5 to 100 per cent., depending on the size of the employer.

In June 2011, the former Ministry of Labor (now the Ministry of Human Resources and Social Development) introduced the nitaqat scheme, which categorizes private businesses into four main categories, depending on their Saudization level and total number of employees. Under the nitaqat scheme, businesses receive incentives or penalties depending on the category that they belong to, particularly in relation to visa applications, transfers and renewals. The Ministry of Human Resources and Social Development has also introduced the hafiz program for supporting Saudi job-seekers, which provides various employment channels to enable the private sector to hire qualified Saudi nationals. In 2015, the Labor Law was amended to enable the Ministry of Human Resources and Social Development to further encourage compliance by employers with the applicable Saudization requirements. Furthermore, the Government imposed expatriate levies in July 2017 and increased work visa fee requirements for expatriates, all of which is expected to further incentivize employment of Saudi nationals.

Environment

Saudi Arabia's sustained period of rapid economic growth over the past few decades has been accompanied by high rates of population growth and increasing pressure on the country's natural resources. The potentially adverse environmental impact of unregulated economic growth has been recognized in the Government's recent Development Plans, which have emphasized the importance of achieving sustainable development through the conservation and prudent management of its natural resources. The eighth, ninth and tenth Development Plans have focused on protecting the environment and developing suitable systems consistent with sustainable development.

Given the relative size and importance of the hydrocarbon sector in Saudi Arabia's economy and its potential impact on the environment, Saudi Aramco, as the principal entity responsible for managing Saudi Arabia's oil and gas assets, places a high priority on its sustainable development policies as well as on environmental performance enhancements across Saudi Arabia's entire hydrocarbon sector. Saudi Aramco's commitment to environmental protection was first set forth in its first Environmental Protection Policy statement issued in 1963. Over the past five decades, this policy has evolved to ensure consistent alignment with national and international environmental regulations and industry best practices.

As part of the recent restructuring of the Government, the MEWA was created (succeeding the former Ministry of Agriculture as well as the Ministry of Water and Electricity) with responsibility for, among other matters, protecting and improving the quality of the environment. The MEWA also supervises the General Authority of Meteorology and Environmental Protection and the Saudi Wildlife Authority ("SWA"). Environmental protection in Saudi Arabia is regulated under the Environmental Law (the "Environmental Law"), enacted by Royal Decree No. M/165 dated 10 July 2020 and its implementing regulations. The Environmental Law operates as a general regulatory framework for the development and enforcement of domestic environmental rules and regulations.

On 23 October 2021, Saudi Arabia announced at the Saudi Green Initiative (SGI) ahead of the UN Climate Change Conference (COP26) that it aims to reach "net zero" emissions of greenhouse gases, mostly produced by burning fossil fuels, by 2060, with a plan for significant emission cuts by 2030.

Strategy of Saudi Arabia

Vision 2030

In April 2016, the Government announced its new strategy, known as "Vision 2030", which sets forth a comprehensive agenda of socio-economic reforms with the aim of achieving fundamental economic, social and structural changes in Saudi Arabia by the year 2030. Vision 2030 is based upon three fundamental existing strengths of Saudi Arabia: (i) its importance in the Arab and Islamic world; (ii) its leading investment capabilities; and (iii) its unique strategic geographical location with the ability to connect the three continents of Asia, Europe and Africa.

The key objectives of Vision 2030 include the diversification of Saudi Arabia's economy and decreased reliance upon oil-related revenues through, among other measures, the transformation of Saudi Aramco from an oil-producing company into a global industrial conglomerate and the transformation of the Public Investment Fund (the "PIF") into a sovereign wealth fund. The Government PIF intends to assist the private sector with the establishment of capital intensive projects. In addition, Vision 2030 aims to reform Government services to increase transparency and accountability, as well as to expand the variety and scope of digital services offered by the Government in order to improve efficiency and reduce bureaucracy.

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

The first theme, achieving a vibrant society is vital to achieving the vision and ensuring that the foundations are set in realizing economic prosperity. The second theme, a thriving economy, provides opportunities for all by building an education system that is aligned to market needs and creating economic opportunities for individuals, small businesses, and large institutions, along with the development of investments tools to help grow Saudi Arabia's economy and enhance the overall quality of services through the privatization Government services, improving the business environment and attracting talent and global investments. The third theme, an ambitious nation, is built on achieving an effective, transparent, accountable, enabling and high performing Government.

To ensure and drive the realization of Saudi Vision 2030 and its supporting themes, 11 Vision Realization Programs ("VRPs") listed below have been set and are regularly assessed by KPIs tied to five year milestones:

1. **PIF Program:** drive economic diversification in the Kingdom through strategic international and domestic investments.
2. **Housing Program:** provide housing solutions that meet the needs and aspirations of Saudi families, with a focus on sustainability and technology.
3. **Doyof Al Rahman Program:** enrich and deepen the Hajj and Umrah experience through the provision of exceptional services at all stages of the journey.
4. **Fiscal Sustainability Program:** improve Government performance through spending efficiency, revenue growth and risk management.
5. **Human Capability Development Program:** prepare citizens for the job market to be able to compete globally by developing basic and future skills, developing knowledge and values that enhance the 21st century and global citizen skills.
6. **Quality of Life Program:** improve individuals' lifestyles by developing an ecosystem to support and create new options that boost citizens' and residents' participation in cultural, environmental and sports activities.
7. **National Transformation Program ("NTP"):** achieve governmental operational excellence, improve economic enablers, and enhance living standards by accelerating the implementation of primary and digital infrastructure. See also the "National Transformation Programme" section below for further details.
8. **Privatization Program:** strengthen the role of the private sector by unlocking state-owned assets for investment.
9. **Health Sector Transformation Program:** restructure the health care sector in the Kingdom to be a comprehensive, effective, and integrated health care system.
10. **National Industrial Development and Logistics Program:** transform Saudi Arabia into an industrial powerhouse and a global logistics hub by leveraging the resources of sectors such as Mining and Energy.
11. **Financial Sector Development Program:** develop a diversified and effective financial sector to support the development of the national economy, diversify it sources of income, and stimulate savings, finance, and investment. For more information on initiatives in the financial sector, see Section 3.2.2 (Financial Sector Development Program Deep-Dive).

National Transformation Programme

First Phase

The NTP 2020 (first phase) was launched in June 2016 across 24 governmental bodies operating in the economic and development sectors. At the time of its launch, the NTP 2020 included 16 ministries (including all the ministries represented in the CEDA) as well as eight governmental organizations closely connected with the overall objectives of Vision 2030 (such as the Saudi Commission for Tourism and National Heritage, the Royal Commission for Jubail and Yanbu ("RCJY"), the Saudi Arabian General Investment Authority (currently, the Ministry of Investment) and the King Abdulaziz City for Science and Technology, among others). With the highest number of assigned strategic objectives, the NTP is responsible for achieving government operational excellence, establishing the necessary infrastructure to improve economic enablers, and raising the standards of living. The program has developed strategies, launched initiatives, and managed projects by working collaboratively with various entities from all sectors to achieve its targets.

In its first phase, the program realized multiple accomplishments and reached key milestones toward achieving Saudi Vision 2030, including: Improving the regulatory framework and services provided to citizens such as judicial services; transforming healthcare; enhancing the urban landscape; developing the Kingdom's infrastructure, including the construction of sea water desalination plants and their associated networks; improving the ease of doing business; expanding digital transformation and technical solutions; regulating the labor market; empowering women and increasing their participation in the workforce; developing the non-profit sector, and developing the tourism sector.

Second Phase

In the next stage (2021-2025), the program will continue developing the required infrastructure, enhancing social development, ensuring the sustainability of vital resources, achieving governmental operational excellence, supporting digital transformation and increasing the attractiveness of the labor market in order to create an environment that enables the public and private sectors to achieve Saudi Vision 2030. The program will also deliver the strategic objectives that were previously assigned to the National Companies Promotion Program and Strategic Partnership Program by contributing to the development of the private sector and developing economic partnerships. NTP works closely with 7 entities including the Ministry of Commerce, Ministry of Investment, Ministry of Justice, Ministry of Human Resources and Social Development, Ministry of Communications and Information Technology, Ministry of Environment, Water and Agriculture, and Ministry of Economy and Planning. NTP's strategic objectives are mapped across 7 themes to ensure strategic alignment: Achieve Government Operational Excellence, Ensure Sustainability of Vital Resources, promote Social Empowerment and Non-Profit Sector Development, improve Labor Market Accessibility and Attractiveness, Digital Transformation, Private Sector Empowerment and Development of Economic Partnerships.

Economy of Saudi Arabia

Key macroeconomic indicators

Nominal GDP¹ (SAR billion) 2016-2020

	2016	2017	2018	2019	2020
GDP (SAR billion)	2,419	2,582	2,949	2,974	2,625

Source: Kingdom of Saudi Arabia; General Authority for Statistics, 2021; SNB Economic Research, 2021G.

Note: (1) Nominal GDP is also known as GDP at current prices which consider price changes, money supply, inflation and changing interest rates

Between 2016 and 2019, Saudi Arabia's nominal GDP grew at approximately 7.1% year- on- year to a GDP of SAR 2,974 billion. In 2020, nominal GDP figures contracted by approximately 11.7% to SAR 2,625 billion primarily as a result of the Covid-19 pandemic and falling oil production. In 2021, nominal GDP is expected to reach SAR 2,722 billion, confirming the positive post Covid-19 pandemic outlook.

Annual Nominal GDP¹ Growth Rate (%) 2016-2020

	2016	2017	2018	2019	2020
GDP Growth Rate %	(1.4)%	6.8%	14.2%	0.8%	(11.7)%

Source: Kingdom of Saudi Arabia: General Authority for Statistics 2021; SNB Economic Research, 2021G.

Note: (1) Nominal GDP is also known as GDP at current prices which consider price changes, money supply, inflation and changing interest rates

In 2018 Saudi Arabia's nominal GDP registered a solid 14.2% growth primarily as a result of a strong recovery in oil production levels and price. Due to the Covid-19 pandemic, an 11.7% decrease in annual nominal GDP growth rate was captured in 2020. However, current estimates see a nominal GDP growth of 3.7% in 2021, due to the easing in lockdown restrictions and an expected economic recovery in the aftermath of the Covid-19 pandemic.

GDP Per Capita (SAR) 2016-2020

	2016	2017	2018	2019	2020
GDP Per Capita	76,083	79,177	88,271	86,892	74,763

Source: Kingdom of Saudi Arabia; General Authority for Statistics; IMF, 2021G.

From 2016 through 2019, Saudi Arabia's GDP per Capita grew steadily by approximately 4.5% year-on-year reaching SAR 86,892 in 2019. As a result of a declining nominal GDP in 2020, in part due to the Covid-19 pandemic and falling oil production, GDP per capita contracted by 14% to SAR 74,763. Nonetheless, it is expected to amount to SAR 85,125 in 2021, confirming the economic recovery taking place post Covid-19. (Source: IMF)

Nominal GDP¹ by Economic Activity (SAR million) 2016-2020

Economic Activity	Value (SAR M)					Share (in Total %)				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
A. Industries & Other Producers, Except Government Services										
1. Agriculture, Forestry & Fishing	64,952	65,290	65,609	66,411	67,279	2.69	2.53	2.22	2.23	2.56
2. Mining & Quarrying ²	533,636	655,761	882,613	826,706	531,210	22.06	25.40	29.92	27.8	20.23
3. Manufacturing ³	312,160	332,901	377,806	372,893	340,403	12.91	12.89	12.81	12.54	12.97
4. Electricity, Gas & Water	38,395	40,621	49,266	47,174	45,641	1.59	1.57	1.67	1.59	1.74
5. Construction	159,575	154,592	151,496	163,655	168,750	6.60	5.99	5.14	5.5	6.43
6. Wholesale & Retail Trade, Restaurants & Hotels	276,086	274,970	280,159	298,009	284,579	11.42	10.65	9.5	10.02	10.84
7. Transport, Storage, Information & Communication	160,587	165,173	171,662	182,071	172,304	6.64	6.40	5.82	6.12	6.56
8. Finance, Insurance, Real Estate & Business Services ⁴	324,848	342,668	358,194	375,269	377,725	13.43	13.27	12.14	12.62	14.39
9. Community, Social & Personal Services	57,371	58,593	62,674	67,626	65,729	2.37	2.27	2.12	2.27	2.50
10. Imputed Bank Service Charges	22,482	22,826	23,219	24,366	26,282	0.93	0.88	0.79	0.82	1.00
B. Government Services	487,515	491,077	553,843	576,953	576,089	20.16	19.02	18.78	19.4	21.94
C. GDP excluding Import Duties	2,392,646	2,558,820	2,930,101	2,952,403	2,603,428	98.93	99.09	99.34	99.29	99.16
D. Import Duties	25,862	23,378	19,355	21,223	22,014	1.07	0.91	0.66	0.71	0.84
Gross Domestic Product	2,418,508	2,582,198	2,949,457	2,973,626	2,625,442	100.00	100.00	100.00	100.00	100.00

Source: Kingdom of Saudi Arabia; General Authority For Statistics 2021; SNB Economic Research, 2021.

- Note: (1) Nominal GDP is also known as GDP at current prices which consider price changes, money supply, inflation and changing interest rates
- (2) Quarrying includes Crude Oil & Natural Gas production
- (3) Manufacturing includes Petroleum Refining
- (4) Ownership and Dwellings included under Finance, Insurance & Real Estate & Business Services

Between 2016-2019, the mining and quarrying industry, which includes Oil & Gas production, was the sector with the single highest contribution to total nominal GDP, amounting to 30% in 2018G. In 2020, government services became the single highest contributor to Saudi Arabia's nominal GDP with approximately 22% of the total share, accounting for SAR 576.9 billion of the total SAR 2,625.4 billion. This was due to the gradual shift towards portfolio diversification. For further information see also Section 3-2 (Vision 2030 Targets & Impact on the Financial) of the Saudi Prospectus.

Despite an 11.7% GDP decline in 2020, GDP for 2021 is expected to reach SAR 3,018 billion, representing a year-on-year growth rate of 14.9%. In parallel to this positive economic outlook for 2021 onwards, Saudi Arabia has witnessed positive economic reforms in-line with its Saudi Vision 2030 plan. One notable effort pursuant to the Vision 2030 program is the Kingdom's proactive efforts in diversifying its income streams and reducing its dependency on oil. We see the success of this effort reflected in its 2020 non-oil revenues, listed in the table below, increasing by 11.1% from SAR 332 billion in 2019 to SAR 369 billion in 2020. (Source: SNB Economic Research, IMF)

Public Revenues 2016-2020 (SAR billion)

Oil & Non-Oil Revenues (SAR B)	2016	2017	2018	2019	2020
1. Oil Revenues	334	436	611	594	412
2. Non-Oil Revenues	180	256	294	332	369
2.1 Taxes on income, profits & capital gains	15	14	17	16	18
2.2 Taxes on goods & services	30	47	115	141	163
2.3 Custom Duties	20	21	16	17	18
2.4 Other Taxes	17	15	21	29	27
2.5 Other Revenues (SAMA, PIF)	98	159	125	129	143
Total Revenues at Current Prices	514	692	905	926	781

Source: SNB Economic Research, 2021.

Further, the Public Investment Fund (PIF) is positioned as a key investment vehicle to support economic growth while partly offsetting the impact of government austerity, through major domestic investments. Examples of such investments include large-scale transportation projects, such as the launch of the Riyadh Metro and Riyadh Rapid Bus Transit System, along with large-scale tourism and entertainments projects, such as a theme park and entertainment complex outside of Riyadh and tourist developments on the Red Sea coast. In addition to the USD 40 billion received from SAMA to fund overseas investments, PIF received significant liquidity as a result of the government's USD 29.4 billion floatation of shares in Saudi Aramco. (Source: Reuters, Saudi Aramco)

In addition to this, despite the global impacts of the Covid-19 pandemic on economies, Foreign Direct Investments (FDI) flows increased by approximately 20.5% between 2019 and 2020, reaching SAR 20.6 billion. This increase is primarily related to the economic diversification efforts beyond the Oil & Gas sector as planned under the Vision 2030 program, and is a net improvement from the decline witnessed between 2016 and 2019, with a 15% decrease year-on-year from SAR 27.9 billion in 2016 to 17.1 billion recorded in 2019, largely due to the severe drop in oil prices of 2017. (Source: SNB Economic Research)

Furthermore, while Value Added Tax (VAT) increased from 5% to 15% in July 2020, as a governmental response to the economic impact of the Covid-19 pandemic, this has enabled an increase in tax revenues of 11.5% in 2020 (reaching SAR 226 billion), compared to the 2019 figure of SAR 203 billion. To note, this has been declared as a temporary measure to last 1-5 years, as mentioned during the government's Vision 2030 fifth-anniversary announcements back in April 2021. (Source: Reuters)

Lastly, although unemployment rates increased during 2020 compared to 2019 due to the pandemic effects (from 12.0% in 2019 to 12.6% in 2020), government programs, such as SANED, contributed to reducing the impact of the pandemic on the labor market. This government support has led to a continuous decrease in the unemployment rate, reaching 11.7% as of Q1 2021. This is in part due to the successful vaccine campaign roll-out, combined with a subsequent gradual ease of restrictions and a general improvement of the economic activity, which is generating an improvement in business sentiment, leading to more employment opportunities while simultaneously encouraging citizens to join the labor market. (Source: General Authority of Statistics, SNB Economic Research)

Saudi Economy's Outlook Post-COVID 19

Macro-Financial Developments

Following a dual crisis generated by the Covid-19 pandemic and the 2020 oil price crash, Saudi's economy faced a significant decline in real GDP, with a 4.1% contraction in 2020, compared to 0.3% growth in 2019.

Real GDP¹ (SAR billion) 2017-2020

	2016	2017	2018	2019	2020
Real GDP (SAR billion)	2,588	2,569	2,631	2,640	2,530

Source: IMF, 2021.

Note: (1) Real GDP is also known as GDP at constant prices, an inflation-adjusted measure that reflects the value of all goods and services in base-year prices.

This decline is reflected across key industries such as Petroleum Refining, Crude Oil & Natural Gas, and Transport, Storage & Communication – each decreasing by 13.4%, 6.1% and 6.0% respectively in 2020 compared to 2019. However, key industries across non-oil sectors have been growing throughout 2020, as seen in the Finance, Insurance and Business Services, recording an, albeit modest, growth rate of 1.3% in 2020, followed by government services (+0.4%), enabled in part by Saudi Arabia's quick and decisive response to curtail Covid-19 impact on businesses through fiscal and monetary stimulus programs. (Source: GASTAT, SAMA)

Growth Rate by Main Economic Activity (Annual, %) 2019-2020

Economic Activity	2019	2020
Finance, Insurance and Business Services	8.0	1.3
Other Mining & Quarrying	4.8	0.8
Government Services	1.5	0.4
Real Estate Activities	3.4	0.4
Construction	4.6	(0.4)
Agriculture, Forestry and Fishing	1.3	(1.7)
Electricity, Gas and Water	(4.0)	(2.1)
GDP (Real) ¹	0.3	(4.1)
Community, Social & Personal Services	6.9	(4.2)
Wholesale & Retail Trade, Restaurants & Hotels	6.3	(4.8)
Manufacturing excluding Petroleum Refining	(0.9)	(5.4)
Transport, Storage and Communication	5.6	(6.0)
Crude Petroleum & Natural Gas	(3.7)	(6.1)
Petroleum Refining	(3.2)	(13.4)

Source: Kingdom of Saudi Arabia; General Authority for Statistics 2021G.

Note: (1) Real GDP is also known as GDP at constant prices, an inflation-adjusted measure that reflects the value of all goods and services in base-year prices.

Oil & Non-Oil Growth Developments

According to real GDP growth rates, the Oil sector decreased by 6.7% in 2020, compared to a decline of 3.6% in 2019 (Source: GSTAT, SAMA). This drop is attributable to the Covid-19 pandemic, affecting global oil demand, but also due to OPEC+ producers' agreement to reduce oil production, in order to stabilize oil prices. Since then, OPEC has increased its oil demand outlook for 2021 during April 2021, raising its demand forecast by 190,000 barrels per day from its March 2021 estimate to a consumption averaging 96.46 million barrels per day this year, due to economic stimulus and a further easing of Covid-19 lockdown measures. This is also reflected in the global year-on-year oil demand, originally estimated to grow 5.89 million barrels per day in 2021 back in March 2021, and now adjusted to 5.95 million barrels per day in 2021G. Furthermore, real growth is expected to be achieved by 2022, with an estimated 6.8% increase in the Kingdom's oil real GDP expected. (Source: S&P, IMF)

The non-oil sector also recorded a contraction over 2020 of 2.3%, compared to a growth rate of 3.3% in the previous years. The decline in non-oil output was mainly attributable to the COVID-19 precautionary measures taken by the Saudi government to limit the spread of the virus. The lockdown and restrictions on mobility starting in the second quarter 2020 significantly affected multiple sectors, most notably Manufacturing, Wholesale & Retail Trade, Restaurants & Hotels, and Transport, Storage & Communication. These four sectors, as stated in the General Authority for Statistics Q1 2020 real GDP report, experienced production declines of 7.7%, 4.8%, and 6.0% respectively. However, there has been a quarter-on-quarter improvement in the Saudi non-oil economy since the end of 2020, as lockdown restrictions are being progressively relaxed, which enables a pick-up in local entertainment and tourism activities. This trend is noted particularly in sectors such as Manufacturing (excluding Petroleum Refining), Transport, Storage and Communication, Real Estate Activities, and Construction, each growing quarter-on-quarter at 13.6%, 8.5%, 5.1%, and 4.3% respectively, in part due to upcoming mega PIF projects, which include large-scale transportation projects. (Source: SAMA, General Authority of Statistics).

Overall, Saudi's Economy is expected to broadly recover across its key economic sectors throughout 2021 - 2022, amid several uncertainties linked to the pandemic that could dampen the pace of recovery. The fiscal and monetary policy measures taken in 2020 have mitigated the negative impact of COVID-19, with the economy showing an improvement enabled by policy measures and initiatives taken by the Saudi authorities in support of non-oil private sector activity. (Source: SAMA, IMF). This combined with estimated higher oil prices and an increase in Saudi's output predicted to reach 10M barrels per day by end of 2021, and 10.5 million barrels per day by 2022, should bode well for growth, with an estimated real GDP growth at 2.1% in 2021 and 4.8% in 2022 by the IMF. (Source: SAMA, IMF)

Saudi Arabian Monetary and Financial System

Saudi Arabian Monetary Authority

Saudi Arabia's monetary, banking and financial system is generally regulated and supervised by SAMA, Saudi Arabia's central bank, which was established on 20 April 1952. SAMA's functions include issuing Saudi Arabia's national currency, the Saudi Riyal, regulating commercial banks, exchange dealers, the insurance sector and non-bank finance companies, managing Saudi Arabia's foreign exchange reserves, promoting price and exchange rate stability, ensuring the growth and soundness of Saudi Arabia's financial system and managing, operating and supervising its infrastructure, including a number of cross-bank electronic financial systems.

SAMA is supervised by a Board that is headed by a Governor, who is appointed by Royal Order. SAMA's Board also comprises a Deputy Governor and five other members from the private sector, who are nominated by the Governor and the Minister of Finance and appointed by Royal Order to serve for terms of seven years.

In November 2020, the Saudi Central Bank Law was passed by virtue of a Royal Decree. Pursuant to the new legislation, SAMA's name was changed to Saudi Central Bank. In addition, the Saudi Central Bank will replace the Saudi Arabian Monetary Authority in all its rights and obligations and will be required to directly report to the King. The law also identifies the central bank's objectives including maintaining monetary stability, promoting financial sector stability and supporting economic growth and provides the governance framework for its operations and decisions. The Saudi Central Bank will continue to use the acronym "SAMA" due to its historic significance and relevance locally and globally.

The following table sets forth SAMA's balance sheet data as at 31 October 2020 and 31 December 2019, 2018, and 2017, respectively.

	As at 31 December			As at 31 October
	2017	2018	2019	2020
	(SAR millions)			
Assets:				
Foreign currencies and gold	229,188	234,505	261,467	264,025
Cash in vault	25,831	34,516	42,987	29,377
Deposits with banks abroad	377,966	401,144	399,832	311,371
Investments in foreign securities	1,244,669	1,365,189	1,203,576	1,091,555
Other assets	26,009	41,517	4,945	124,846
Total assets	1,903,663	2,076,871	1,912,807	1,821,173
Liabilities:				
Currency issued	229,188	234,505	261,467	264,025
Deposits and reserves of the central Government	641,378	730,580	529,249	472,967
Deposits of Government institutions	88,346	154,514	96,921	118,031
Regulatory deposits for financial institutions	97,534	97,839	105,470	116,053
Foreign institutions' deposits in local currency	18,469	18,490	12,249	9,652
SAMA bills and repurchase agreements ⁽¹⁾	138,786	164,755	124,007	155,348
Other liabilities	689,962	676,187	793,444	685,097
Total liabilities	1,903,663	2,076,871	1,912,807	1,821,173

Source: SAMA

(1) Representing monetary policy instruments.

In recent years, SAMA has introduced various initiatives, many of which have already been implemented, that have positively contributed to the economic and financial stability of Saudi Arabia. These initiatives include the implementation of Basel III requirements, development of a formal macro-prudential policy framework, establishment of a deposit protection fund, implementation of regulations relating to finance companies, and adoption of International Financial Reporting Standards. Significant progress has also been made in areas such as AML and CFT.

Saudi Arabia has been subject to a number of reviews of its financial system in recent years. These include the Financial Sector Assessment Programme conducted by a joint IMF-World Bank Team in 2011 and 2013, a Regulatory Consistency Assessment Programme on Capital Adequacy and Liquidity Coverage Ratio conducted by a Team of the Basel Committee on Banking Supervision in 2015, and a Peer Review conducted by the Financial Stability Board (FSB) in 2015. Each of these reviews indicated that Saudi Arabia has either fully or largely implemented systems that comply with international regulations. In February 2017, SAMA was awarded the Initiative of the Year Award for 2016-2017 in the "risk and compliance management category at central banks level" by the Central Banking Awards Committee.

SAMA has fully implemented the Basel III rules dealing with capital and risk weighted assets, liquidity and leverage ratios, and banks in Saudi Arabia have already met the Basel III requirements. SAMA is particularly focused on enhancing the maturity of the financial sector in the Kingdom of Saudi Arabia, including development of the digital economy through introduction of various strategic initiatives. SAMA is aware of the complexity involving the financial and payment systems and is conscious of increasing threats to cyber security threats regionally and globally and aims to manage cyber threats strategically and tactically. In this regard, SAMA has sought to address cyber threats through assessment of cyber security and resilience of financial institutions and through and collection of a range of cyber security testing scenarios in accordance with the evolving cyber threat landscape. In line with the outcomes of these assessments, SAMA developed a sector wide cyber security strategy to elevate the cyber security maturity of the financial sector. In 2019, SAMA published the Financial Entities Ethical Red Teaming Framework, in an effort to address the changing cyber threat landscape and introduced an intelligence based ethical hacking concept for financial institutions and systemic financial infrastructure.

Monetary Policy

Fixed Exchange Rate Policy

The Saudi riyal has been pegged to the U.S. dollar at a rate of SAR 3.75 = U.S.\$1.00 since June 1986. The maintenance of the Saudi riyal as a stable and convertible currency is one of the principal objectives of Saudi Arabia's monetary policy. This policy is consistent with Saudi Arabia's current and capital accounts, and fits in with the regional framework of U.S. dollar-pegged exchange rates, as the pricing of oil and gas and the majority of Saudi Arabia's exports and imports are denominated in U.S. dollars. The currencies of all of the GCC countries (except Kuwait, whose currency is pegged to a basket of currencies) are pegged to the U.S. dollar.

As capital flows are not restricted in Saudi Arabia, only limited discrepancy exists between interest rates in Saudi Arabia and the United States, and SAMA therefore has limited scope to use interest rates as a monetary tool. However, SAMA utilizes a number of other policy instruments for liquidity management in the domestic financial system, including cash reserve ratios, placement of public funds, foreign- exchange swaps and SAMA bills.

SAMA has stated its commitment to the fixed exchange policy and that it will continue to support it in order to maintain the stability of the Saudi riyal to serve the interests of Saudi Arabia's economy.

Inflation, CPI and Interest Rates

In the year ended 31 December 2020, Saudi Arabia had an inflation rate of 3.4 per cent. and the following table sets forth the inflation rate (annual %) for each of the years ended 31 December 2020, 2019, 2018 and 2017, respectively.

	Year ended 31 December			
	2017	2018	2019	2020
Inflation rate (annual %)	(0.84)	2.46	(2.09)	3.45

Source: GASTAT, World Bank

The following table sets forth the consumer price index (the "CPI Index") and the percent change, year-on-year, of consumer prices in Saudi Arabia for the for each of the years ended 31 December 2020, 2019, 2018 and 2017, respectively.

	Year ended 31 December			
	2017	2018	2019	2020
CPI Index ⁽¹⁾	104.7 ⁽¹⁾	106.3 ⁽¹⁾	97.91 ⁽²⁾	101.28 ⁽²⁾
CPI Index Inflation (%) (compared to prior year)	(0.8)	1.5	0.2	3.4

Source: GASTAT

(1) CPI index based on 2013=100

(2) CPI index based on 2018=100

The following table sets forth the three-month Saudi Arabia Inter-Bank Offer Rate ("SIBOR"), repo rate and reverse repo rate as at 31 December 2020, 2019, 2018 and 2017 respectively.

	As at 31 December			
	2017	2018	2019	2020
SIBOR (three-month average)	1.8117	2.4510	2.6318	1.1923
Repo rate	2.0000	3.0000	2.2500	1.0000
Reverse repo rate	1.5000	2.5000	1.7500	1.7500

Source: SAMA

In order to allow for further transparency and reliability in the method of calculation of SIBOR, on 21 November 2016, SAMA announced the appointment of Thomson Reuters as the benchmark administrator and calculation agent for SIBOR. SAMA announced that a panel of banks will contribute initially to SIBOR, which will then be calculated and administered by Thomson Reuters based on documented methodology and procedures aligned with the International Organization of Securities Commission Principles for Financial Benchmarks.

Zakat

Zakat is a form of alms-giving treated in Islam as a religious obligation or tax. Nationals of Saudi Arabia and the other GCC countries, and companies that are wholly-owned by such individuals, are subject to zakat instead of income tax. In general, zakat is levied at a fixed rate of 2.5 per cent of "net capital employed", which is based on a complex net worth calculation. Guidance on zakat in Saudi Arabia is based on the provisions of Royal Decrees and Ministerial Resolutions that are in force.

THE SAUDI CAPITAL MARKETS

Capital Markets Authority

The Capital Market Authority (“**CMA**”) is the sole regulator and supervisor of Saudi Arabia’s capital market. In 1984, a Ministerial Committee comprising the Ministry of Finance and National Economy, the Ministry of Commerce (as they were then known) and SAMA was formed to regulate and develop stock market activities. SAMA regulated and monitored stock market activities until the CMA was officially established by the Capital Market Law, which was issued in July 2003. The CMA is a Government entity that enjoys financial and administrative autonomy and reports directly to the President of the Council of Ministers.

The CMA’s responsibilities include: (i) the regulation and development of the capital markets in Saudi Arabia; (ii) the regulation and monitoring of the issuance of, and dealings in, securities, and the activities of the parties subject to the CMA’s supervision; (iii) the regulation of disclosure of information regarding securities and their issuers and setting of disclosure requirements with respect thereto; (iv) the licensing and regulation of special purpose entities permitted to be established pursuant to the law and CMA regulations; and (v) the protection of investors and the public from unsound and unfair market practices; and (vi) seeking to achieve fairness, efficiency and transparency in the capital markets of Saudi Arabia. In addition, pursuant to the Capital Market Law, the CMA has formed the Committee for the Resolution of Securities Disputes, and the Council of Ministers has, also pursuant to the Capital Market Law, formed the Appeal Committee for the Resolution of Securities Disputes. Both of these committees are quasi-judicial bodies authorized to adjudicate disputes and violations in respect of the Capital Market Law or the rules and regulations of the CMA and/or the Tadawul.

In addition to exercising regulatory powers over listed companies, credit ratings agencies and Tadawul, the CMA has issued various categories of licenses to over 100 entities engaged in securities dealings, advisory, custodial and other functions falling within the regulatory scope of the CMA. The basic objectives of the CMA are to create an appropriate investment environment, boost confidence, and reinforce transparency and disclosure standards in all listed companies, and moreover to protect investors and dealers from illegal acts in the market.

In accordance with the CMA’s objective of developing market leading international best practices and with a view to collaborating with other similar institutions internationally, the CMA is an active participant in the International Organization of Securities Commissions which is recognized as the leader in setting the standards for the securities and capital markets sectors globally. In addition, the CMA is also a participant in the Ministerial Committee of the Chairpersons of GCC Capital Markets Regulators as well as the Union of Arab Securities Authorities.

The following table sets forth the completed public securities offerings and private placements overseen by the CMA, by number and value for each of the years ended 31 December 2020, 2019, 2018 and 2017, respectively.

	Year ended 31 December							
	2017		2018		2019		2020	
	No.	Value	No.	Value	No.	Value	No.	Value
	(Value in SAR millions)							
Equity initial public offerings	10	982	3	1,096	5	114,216*	4	5,284
Equity public rights issues	1	380	4	3,654	1	100	10	6,017
Debt public offerings	0	0	0	0	0	0	0	0
Equity private placements	80	3,998	84	6,181	65	4,508	88	7,294
Debt private placements	28	86,247	29	14,375	38	9,127	47	30,961
Total	119	91,607	120	25,306	109	127,951	149	49,556

Source: CMA Annual Report 1441 – 1442H (2020)

* Including the market value of Saudi Aramco. The value of the offers is 16,818 million SR when Saudi Aramco is excluded.

The CMA has also been focused on the growth of the investment funds sector and has taken initiatives to expand this sector. In the year ended 31 December 2020, total assets of investment funds grew by 26.5 per cent., which was largely attributable to an increase in the value of the assets of private funds. The following table sets forth the key indicators of the investment funds sector as at 31 December 2020, 2019, 2018 and 2017 respectively.

	For the year ended 31 December			
	2017	2018	2019	2020
Number of operating funds	273	542	607	691
Number of subscribers	238,445	336,506	334,226	364,195
Total assets (SAR billions)	110.2	290.1	349.4	441.9

Source: CMA Annual Report 1441 – 1442H (2020)

Regime relating to Qualified Foreign Investors

Historically, only Capital Market Institutions were permitted to engage in trading in shares of Saudi listed companies. Following certain liberalizations beginning in 2008, the CMA in 2015 removed the barriers to direct foreign ownership with the introduction of the QFI Rules (which were subsequently amended in 2016 and 2018), which permit certain QFIs to directly own and trade shares in Saudi listed companies. For a further description of the QFI regime, see “The Qualified Foreign Investor Regime” of this Offering Circular.

Disclosure

The Exchange rules require us to, as soon as reasonably practicable, inform each of the Exchange, the Company’s shareholders, and any other holders of the Company’s listed securities, of any major new developments that are not public knowledge, which: (i) are necessary to enable them and the public to appraise the Company’s position; (ii) are necessary to avoid the establishment of a false market in the Company’s securities; and (iii) might be reasonably expected to materially affect market activity in, and the price of, the Company’s securities.

The Listing Rules also contain requirements for us to obtain the Company’s shareholders’ prior approval and to disclose to the Company’s shareholders the details of certain acquisitions or disposals of assets and connected transactions.

EXCHANGE RATE INFORMATION

As at the date of this Offering Circular, the Saudi Riyal is pegged to the US dollar at a fixed exchange rate of U.S.\$1.00 = SAR 3.75 and, unless otherwise indicated, US dollar amounts in this Offering Circular have been converted from Saudi Riyal at this exchange rate.

CERTAIN TAX CONSIDERATIONS

KSA Tax Considerations

Dividends paid by issuers to QFIs or Foreign Investors are subject to withholding tax in Saudi Arabia at the rate of 5% of the amount remitted. Relief from the applicable 5% withholding tax depends on the terms of the Avoidance of Double Taxation Agreements which have been entered into between Saudi Arabia and the country in which the investor resides. Other than for investors residing in a country where the relevant Avoidance of Double Taxation Agreement provides for zero withholding tax under certain conditions, the Avoidance of Double Taxation Agreements to which Saudi Arabia is a party with other countries do not provide any relief from the withholding tax applicable on dividends.

In Saudi Arabia, the issuer is responsible for deduction of the withholding tax from dividends paid to QFIs and Foreign Investors and payment of the withheld tax to the GAZT must be made within 10 days of the end of the month in which the dividend was paid.

In Saudi Arabia any gains realized by a QFI or Foreign Investor as a result of disposing of shares in an issuer listed on Tadawul are exempt from capital gains tax, provided that the sale transaction is performed in accordance with Tadawul's regulations and the listed securities were acquired after 30 July 2004.

SELLING AND TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of the Shares in the Institutional Offering are advised to consult their own legal counsel prior to making any offer, resale, pledge or other transfer of such Shares. Terms used herein that are defined in Regulation S are used herein as defined therein.

The Shares have not been, and will not be, registered under the US Securities Act or under any other applicable securities laws of the United States or with any securities regulatory authority of any state or other jurisdiction outside of Saudi Arabia and may not be offered, sold or delivered in the United States, except pursuant to an effective registration statement or in accordance with an applicable exemption from the registration requirements of the US Securities Act and such other laws. Accordingly, the Shares are being offered and sold outside the United States in offshore transactions pursuant to Regulation S and applicable laws.

Notice to All Investors

Wherever you are located, you will be deemed, by making a purchase, to have represented to and agreed with the Company and the Financial Advisors as follows:

- (1) we, the Financial Advisors and others, will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements set out below;
- (2) if any of the representations or warranties deemed to have been made by you by virtue of your purchase of the Shares are no longer accurate, you will promptly notify us and the Financial Advisors;
- (3) you will require any person for whose account you are purchasing the Shares and any person to whom you may offer or sell any of the Shares to agree to the acknowledgements, representations, warranties and agreements set forth in this section;
- (4) you are not an affiliate (as defined in the US Securities Act) of the Company or otherwise acting for the Company's benefit;
- (5) whether you acquire the Shares on your own behalf or as a fiduciary or agent, the Shares are acquired only for the purposes of investment;
- (6) you have received a copy of this Offering Circular and have not relied on any information, representation or warranty provided or made by or on behalf of the Financial Advisors, the Company or any other party involved in the Institutional Offering, other than information contained in this Offering Circular, and that none of the Financial Advisors, their respective affiliates, and their respective officers, agents and employees will be liable for any information or omission in this Offering Circular, and you are responsible for making your own examination of the Company and your own assessment of the merits and risks of investing in the Shares;
- (7) you will comply with all laws, regulations and restrictions (including the selling restrictions contained herein) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to subscribe for and accept delivery of the Shares, and you acknowledge and agree that none of the Company and the Financial Advisors, or any of the Company's and their respective affiliates, shall have any responsibility in this regard;
- (8) you will comply with the QFI Rules described herein, and with the subscription terms and conditions set forth in Section 16 (Subscription Terms and Conditions) in the attached Saudi Prospectus;
- (9) you acknowledge that failure to provide information required by the regulatory bodies may subject you to prosecution and you undertake to fully indemnify the Financial Advisors and the Company for any non-compliance with the Listing Rules and all applicable laws;
- (10) you will on demand indemnify and keep indemnified us, the Company's affiliates, officers, agents and employees, and the Financial Advisors and their respective affiliates, officers, agents and employees for losses or liabilities incurred by any of the foregoing arising out of or in connection with any breach of either the selling restrictions, or your agreement to subscribe for or acquire your allocated Shares, or any other breach of your obligations hereunder;
- (11) you had at all material times and still have full power and authority to enter into the contract to purchase the Shares for your own account or for the account of one or more persons for whom you exercise investment discretion and your agreement to do so constitutes your valid and legally binding obligation and is enforceable against you in accordance with its terms;
- (12) you will not copy or otherwise distribute this Offering Circular to any third party;
- (13) if you are acquiring any of the Shares as a fiduciary or agent for one or more accounts, you have sole investment discretion with respect to each such account and have full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such account;

- (14) at the time the Shares are offered or purchased pursuant to Regulation S (a) you and the person, if any, for whose account you are acquiring Shares, are located outside the United States or are acquiring the Shares in an offshore transaction (within the meaning of Regulations S) and (b) you are not an affiliate (as defined in the US Securities Act) of the Company or a person acting on behalf of the Company or such an affiliate;
- (15) you and any person for whose account you are acquiring the Shares understand that the Shares being offered have not been and will not be registered under the US Securities Act or the securities laws of any state of the United States and you will not offer, sell, pledge or otherwise transfer such Shares unless the Shares are registered under the US Securities Act or except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, in each case in accordance with any applicable laws of any state or territory of the United States and any foreign jurisdiction; and
- (16) any offer, sale, pledge or other transfer made other than in compliance with the above-stated restrictions will not be recognized by us in respect of the Shares.

Selling Restrictions

Each person acquiring the Shares will be required to confirm, or by his or her acquisition of the Shares will be deemed to have confirmed, that he or she is aware of the restrictions on the offers and sales of the Shares described in this Offering Circular and that he or she is not acquiring, and has not been offered any Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Shares or the general distribution of this Offering Circular and/or the related application forms in any jurisdiction other than Saudi Arabia. Accordingly, this Offering Circular may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Offering Circular and the offer and sale of the Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions, pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

Potential investors should consult their financial, legal or other professional advisors, as appropriate, to inform themselves of, and to observe all applicable laws and regulations of any relevant jurisdiction, including any relevant legal requirements or restrictions which apply in relation to the application for the Shares.

European Economic Area

In relation to each EEA Member State ("**Relevant Member State**") with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State, an offer to the public of any Offer Shares which are the subject of the offering contemplated by this Offering Circular may not be made in that Relevant Member State other than:

- (a) to a legal entity which is a qualified investor as defined in Article 2 of the Prospectus Regulation; or
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Financial Advisors; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Offer Shares shall require the Company or any International Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or any measure implementing the Prospectus Regulation in a Relevant member State, each person who initially acquires any Offer Shares or to whom any offer is made under the Institutional Offering will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" as defined in the Prospectus Regulation.

For the purposes of this provision, the expression "an offer to the public" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe the Offer Shares, the expression "Prospectus Regulation" means Regulation (EU) 2017/1129, as amended, and includes any relevant implementing measure in the Relevant Member State.

In the case of any Offer Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Institutional Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public, other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Financial Advisors has been obtained to each such proposed offer or resale. The Company, the Financial Advisors and their affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor, and who has notified the Financial Advisors of such fact in writing, may, with the prior consent of the Financial Advisors, be permitted to purchase Offer Shares in the Institutional Offering.

United Kingdom

This Offering Circular has been prepared on the basis that any offer of the Offer Shares in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of the Offer Shares. Accordingly any person making or intending to make an offer in the UK of the Offer Shares which are the subject of the offering contemplated in this Offering Circular may only do so in circumstances in which no obligation arises for the Company or any of the Bookrunners to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Company nor the Bookrunners have authorized, nor do they authorize, the making of any offer of the Offer Shares in circumstances in which an obligation arises for the Company or the Bookrunners to publish a prospectus for such offer.

Each of the Bookrunners has represented and agreed that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Offer Shares to any UK Retail Investor in the UK. The expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Shares to be offered so as to enable an UK Retail Investor to decide to purchase or subscribe for the Offer Shares.

This Offering Circular and any other material in relation to the Offer Shares described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this Offering Circular relates is available only to, and will be engaged in only with persons who are (i) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Promotion Order (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the FPO; (iii) outside the UK; or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Offer Shares may otherwise lawfully be communicated or caused to be communicated, (all such persons together being referred to as "**Relevant Persons**"). The Offer Shares are only available in the UK to, and any invitation, offer or agreement to purchase or otherwise acquire the Offer Shares will be engaged in only with, the Relevant Persons. This Offering Circular and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the UK. Any person in the UK that is not a Relevant Person should not act or rely on this Offering Circular or any of its contents.

No Offer Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the Financial Conduct Authority, except that the Offer Shares may be offered to the public in the United Kingdom at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- (iii) in any other circumstances falling within Section 86 of the FSMA.

provided that no such offer of the Offer Shares shall require the Company and/or any Bookrunners or any of their affiliates to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Offer Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Offer Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each person in the UK who acquires any Offer Shares in the Offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Bookrunners and their affiliates that it meets the criteria outlined in this section.

The Offer Shares are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the UK Prospectus Regulation).

GCC countries

Kingdom of Saudi Arabia

The offer of Shares in the Kingdom of Saudi Arabia, including the Saudi Public Offering and the portion of the Institutional Offering in the Kingdom of Saudi Arabia, is being made solely on the basis of the Arabic language Saudi prospectus approved by the CMA.

Bahrain

In relation to investors in the Kingdom of Bahrain, the Offer Shares issued in connection with this Offering circular must be in registered form and must only be marketed to existing account holders and accredited investors as defined by the Central Bank of Bahrain ("CBB") in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000, or any equivalent amount in other currency or such other amount as the CBB may determine.

This offer does not constitute an offer of securities in the Kingdom of Bahrain in terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Offering Circular have not been and will not be registered as a prospectus with the Central Bank of Bahrain. Accordingly, no securities may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Offering Circular or material be used in connection with any offer, sale or invitation to subscribe or purchase securities, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than as marketing to accredited investors for an offer outside Bahrain.

The CBB has not reviewed, approved or registered this Offering Circular and it has not in any way considered the merits of the securities to be marketed for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this document and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this document.

No offer of securities will be made to the public in the Kingdom of Bahrain and this Offering Circular must be read by the addressee only and must not be issued, passed to, or made available to the public generally

United Arab Emirates

This document has not been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates ("UAE"), the UAE Securities and Commodities Authority (the "SCA") or any other authority in the UAE. The Company has not received authorization or licensing from the Central Bank of the UAE, the SCA or any other authority in the UAE to market or sell the Securities within the UAE. Nothing in connection with the offer of the Offer Shares, including the receipt of applications and/or the allotment of securities in the Company, have been or will be rendered within the UAE by the Company. Nothing contained in this document is intended to constitute UAE investment, legal, tax, accounting or other professional advice. Prospective investors should consult with an appropriate professional for specific advice rendered on the basis of their situation.

Oman

This Offering Circular does not constitute and should not be construed as constituting a public offer for the sale of securities or investments in Oman as contemplated by either the Commercial Companies Law of Oman (Royal Decree 4/74, as amended) or the Capital Market Law of Oman (Royal Decree 80/98, as amended) or an offer to sell, or the solicitation of any offer to buy securities in the Sultanate of Oman as contemplated by the Executive Regulations of the Capital Market Law (issued by Decision No. 1/2009). Additionally, this Offering Circular is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman.

This Offering Circular is strictly private and confidential and is only made available to a limited number of sophisticated investors with the prior approval of the Company solely to enable them to decide whether or not to make an offer to invest in the shares outside the Sultanate of Oman, upon the terms and subject to the restrictions set out herein. This Offering Circular may not be distributed to the public in Oman and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

The Shares are regulated by the CMA. Additionally, it should be noted that the Offering Circular is neither filed with nor approved by the Capital Market Authority (Oman), the Central Bank of Oman or any other regulatory body in the Sultanate of Oman. Moreover, neither the Capital Market Authority (Oman), the Central Bank of Oman nor any other regulatory body in the Sultanate of Oman has determined whether or not the information contained in this Offering Circular is accurate or adequate or whether the potential investment opportunities referenced in this Offering Circular is appropriate for any person's investment objectives. Accordingly, neither the Capital Market Authority (Oman), the Central Bank of Oman nor any other regulatory body in the Sultanate of Oman take responsibility for the accuracy of the statements and information contained in this Offering Circular or for the performance of the shares nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Kuwait

This Offering Circular is not for general circulation to the public in Kuwait. The Offer Shares have not been licensed for offering in Kuwait by the Kuwait Capital Markets Authority or any other relevant Kuwaiti government agency. The offering of the Offer Shares in Kuwait on the basis a private placement or public offering is, therefore, restricted in accordance with Law No. 7 of 2010 and the bylaws thereto (as amended). No private or public offering of the Offer Shares is being made in Kuwait, and no agreement relating to the sale of the Offer Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Offer Shares in Kuwait.

Hong Kong

WARNING: The contents of this document have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer of the Offer Shares. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Shares are not being and may not be offered or sold in Hong Kong and each Financial Advisor has represented and agreed that it has not offered or sold and will not offer or sell any Shares in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "**Securities and Futures Ordinance**") and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Shares may be issued or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance. This document is confidential to the person to whom it is addressed and no person to whom a copy of this document is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this document to any other person.

Singapore

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA; (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (d) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (e) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Shares pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

South Africa

The Global Offering of the Shares is not an offer to the public, and this Offering Circular is not a registered prospectus, under the Companies Act, 2008. Accordingly, the Shares are not offered and the Global Offering is not made in South Africa or to a person with an address in South Africa, unless such person falls within one or more of the exemptions set out in Section 96 of the Companies Act, 2008. These exemptions include:

- offers made only to the following persons, namely (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, 2004; (iii) persons regulated by the Reserve Bank of South Africa; (iv) authorized financial services providers as defined in the Financial Advisory and Intermediary Services Act, 2002; (v) financial institutions as defined in the Financial Services Board Act, 1990; (vi) wholly owned subsidiaries of the persons contemplated in (iii), (iv) and (v), acting as agent in the capacity of authorized portfolio manager for a pension fund registered in terms of the Pension Funds Act, 1956 or as manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, 2002; or (vii) any combination of the persons contemplated in (i) to (vi); and
- offers made to a single addressee acting as principal where the total contemplated acquisition cost of the Securities is equal to or greater than ZAR 1,000,000.

The Global Offering will further not be made and this Offering Circular will further not be distributed in South Africa or to any person with an address in South Africa in any manner which could be construed as an offer to the public in terms of the Companies Act, 2008 and should any person who does not fall into any of the above exemptions receive this Offering Circular they should not and will not be entitled to acquire any Shares or otherwise act thereon.

Other Selling Restrictions

The Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Shares may be distributed or published, in or from any country or jurisdictions except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

PLAN OF DISTRIBUTION

Underwriting Agreement

The Company and the Underwriters have entered into an Underwriting Agreement pursuant to which the Underwriters have agreed, subject to certain conditions contained in the Underwriting Agreement, to fully underwrite the Global Offering. See Section 13 (Underwriting) in the attached Prospectus.

Bookrunning and Subscription

Institutional investors of the attached Saudi Prospectus participating in the Institutional Offering can subscribe outside the United States, including in Saudi Arabia, to the Offer Shares through the Bookrunners. For more information on the bookrunning and subscription process of the Global Offering, see Section 17 (Share Information and Subscription Terms and Conditions) in the attached Saudi Prospectus. The Underwriters may coordinate a sell-down in the event that any underwriting crystallizes as a result of the Global Offering.

Lock-up Arrangements

The Company is subject to a regulatory and contractual lock-up period whereby it shall not issue or offer any Ordinary Shares (or grant any options or securities convertible into or exchangeable for Ordinary Shares) for a period of six months following the admission of the Shares to listing on the Saudi Exchange. Additionally, the Selling Shareholder is subject to a regulatory and contractual lock-up period of six months following the admission of the Shares to listing on the Saudi Exchange during which it may not sell or dispose of any of its Shares to any party.

No Registration Under the US Securities Act

The Shares have not been, and will not be, registered under the US Securities Act or under any other applicable securities laws of the United States or with any securities regulatory authority of any state for offer or sale in the Global Offering, including this Institutional Offering. The Shares will not be offered or sold within the United States except pursuant to an effective registration statement or in accordance with an applicable exemption from the registration requirements of the US Securities Act and such other laws. The Financial Advisors, on behalf of the Bookrunners, have advised the Company that the Financial Advisors propose to offer and sell the Shares they purchase outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S and in accordance with applicable foreign laws.

If you purchase the Shares in the Global Offering, you will be deemed to have made the representations and agreements described in the section headed "Selling and Transfer Restrictions" in this Offering Circular with respect to that purchase.

No Existing Public Market

Prior to the Global Offering, there has been no trading market for the Company's Shares. The Offer Price has been fixed by agreement between the Financial Advisors and the Company. Among the factors considered in determining the Offer Price were prevailing market conditions, current market valuations of publicly traded companies that the Company and the Financial Advisors believe to be reasonably comparable to the us, an assessment of the Company's recent historical performance, estimates of the Company's business potential and earnings prospects, the current state of the Company's development and the current state of the market sectors in which the Company operates and the Saudi economy as a whole.

No Public Offering Outside Saudi Arabia

We have applied to the CMA for the registration and admission to listing of the Shares on the Exchange. There can be no assurance that an active trading market for the Company's Shares will develop or be sustained, or that the Company's Shares will trade in the public market subsequent to this Global Offering at or above the Offer Price.

Other than in connection with the Saudi Public Offering, no action has been or will be taken in any jurisdiction that would permit a public offering of the Company's Shares, or the possession, circulation or distribution of this Offering Circular or any other material relating to us or the Company's Shares in any jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable laws and regulations of any such country or jurisdiction.

Other Services to the Company

Certain of the Financial Advisors or their respective affiliates have, from time to time, provided and expect to provide in the future investment banking and other services to the Company and its respective affiliates, for which such Financial Advisors or their respective affiliates have received or will receive customary fees and commissions.

LEGAL MATTERS

We are being represented by Clifford Chance PmbB with respect to United States law, Clifford Chance LLP with respect to English law and by Abuhimed Alsheikh Alhagbani Law Firm in co-operation with Clifford Chance LLP with respect to Saudi law. The Financial Advisors are being represented by Baker & McKenzie LLP with respect to United States law and English law and by Legal Advisors - Abdulaziz Al Ajlan and Partners in association with Baker McKenzie Limited with respect to Saudi law.

INDEPENDENT AUDITORS

Our audited consolidated financial statements as of and for the financial years ended 31 December 2018, 2019 and 2020 as well as the reviewed interim condensed consolidated financial statements of the Company as of and for the six month periods ended 30 June 2021 and as of and for the three and nine month period ended 30 September 2021, are included in Section 19 (Financial Statements and Auditors' Report) of the Saudi Prospectus attached to this Offering Circular and have been audited or reviewed, respectively, by KPMG Professional Consulting (Certified Public Accountants), as stated in their reports appearing in the attached Saudi Prospectus.

Saudi Tadawul Group Holding Company Prospectus

A Saudi closed joint stock company registered under Commercial Registration No. 1010241733 dated 02/12/1428H (corresponding to 12 December 2007G). The Company was established by Royal Decree No. M/15 dated 01/03/1428H.

Offering of thirty-six million (36,000,000) ordinary shares representing 30% of the share capital of Saudi Tadawul Group Holding Company through an initial public offering, at an Offer Price of SAR 105 per share.

Offering Period: Three days commencing on 25/04/1443H (corresponding to 30/11/2021G) and ending on 27/04/1443H (corresponding to 02/12/2021G).

Saudi Tadawul Group Holding Company (hereinafter referred to as the "Company" or the "Issuer") was incorporated on 02/12/1428H (corresponding to 12/12/2007G) as a Saudi closed joint stock company wholly owned by the Public Investment Fund ("PIF"), and registered under Commercial Registration No. 1010241733 dated 02/12/1428H (corresponding to 12/12/2007G). The Company was established by Royal Decree No. M/15 dated 01/03/1428H (corresponding to 20/03/2007G), with its Head Office at 6897 Tawuniya Towers, King Fahd Road, Olaya District - Riyadh 12211, P.O. Box 60612, Kingdom of Saudi Arabia (the "Kingdom").

The Company's current capital is one billion, two hundred million Saudi Riyals (SAR 1,200,000,000), divided into one hundred twenty million (120,000,000) fully paid shares of equal value with a nominal value of ten Saudi Riyals (SAR 10) per share. (For more information, please refer to Section 4-2-2 ("History, Incorporation and Evolution") of this Prospectus.)

The initial public offering of the Company's shares (the "Offering") will consist of thirty-six million (36,000,000) ordinary shares (collectively, the "Offer Shares" and each an "Offer Share"). The Offer price will be 105 Saudi Riyals per Offer Share (the "Offer Price"), with each Offer Share carrying a fully paid nominal value of ten Saudi Riyals (SAR 10). The Offer Shares account for thirty percent (30%) of the issued share capital of the Company. All of the Offer Shares will be sold by the sole shareholder in the Company (the Public Investment Fund).

The Offering shall be limited to two tranches of investors (the "Investors") as follows:

Tranche (A): Participating Parties: This tranche comprises a number of institutions and companies, including investment funds, qualified foreign investors ("QFI"), and GCC investors with legal personality (collectively referred to as the "Participating Parties") who are entitled to participate in the book building process as specified under the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) (the "Book Building Instructions") issued by the Capital Market Authority ("CMA"). Please refer to Section 1 ("Definitions and Abbreviations") for more information. Participating Parties will initially be allocated thirty-six million (36,000,000) ordinary shares, representing 100% of the Offer Shares and the final allocation will be made after the end of the subscription period for Individual Subscribers (as defined in Tranche (B) below). In the event that Individual Subscribers subscribe for the Offer Shares allocated thereto, the Financial Advisors shall have the right to reduce the number of Offer Shares allocated to Participating Parties to twenty-five million, two hundred thousand (25,200,000) Shares, representing seventy percent (70%) of the Offer Shares. The Financial Advisors in coordination with the Company (each as defined in Section 1 ("Definitions and Abbreviations")), shall determine the number and percentage of Offer Shares to be allocated to Participating Parties, using the discretionary allocation mechanism.

Tranche (B): Individual Subscribers: This tranche comprises Saudi natural persons including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom or GCC nationals, in each case, who have a bank account, and is entitled to open an investment account, with one of the Receiving Agents (collectively referred to as the "Individual Subscribers," and each an "Individual Subscriber" and together with the Participating Parties as the "Subscribers"). A subscription for Shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of ten million eight hundred thousand (10,800,000) Offer Shares representing thirty percent (30%) of the Offer Shares shall be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all the Shares allocated thereto, the Financial Advisors may reduce the number of Shares allocated to them in proportion to the number of Shares to which they subscribed.

The PIF is the Substantial Shareholder of the Company, owning 100% of its issued shares as at the date of this Prospectus. The Offer Shares will be sold by the Substantial Shareholder ("Selling Shareholder"). Upon completion of the Offering, the Selling Shareholder will collectively own seventy percent (70%) of the Company's shares and will consequently retain a controlling interest in the Company. The Offering proceeds, after deduction of the Offering Expenses (the "Net Proceeds"), will be distributed to the Selling Shareholder. The Company will not receive any part of the Offering proceeds, as illustrated in Section 8 ("Use of the Offering Proceeds") of this Prospectus. The Offering is fully underwritten by the Underwriters (For more information, please refer to Section 13 ("Underwriting") of this Prospectus). The Substantial Shareholder will be subject to a restriction period during which it will be prohibited from selling its shares for a period of six (6) months as of the date of commencement of trading on the Exchange (the "Lock-up Period") as indicated in the Section ("Offering Summary") of this Prospectus. Following the Lock-up Period, the Substantial Shareholder will be free to dispose of its Shares.

The Offering will be made to certain qualified foreign financial institutional investors outside the United States (including by way of swap agreements) in accordance with Regulation S issued under the United States Securities Act of 1933G, as amended (the "US Securities Act"). The Shares have not been, and will not be, registered under the US Securities Act or under

any other applicable securities law in the United States. No Offer Shares under this Prospectus may be offered or sold in the United States of America, nor may they be offered or sold except in the context of transactions that are exempt from or not subject to any registration requirements under the US Securities Act or the securities laws of any country other than the Kingdom of Saudi Arabia. This Offering does not constitute an invitation to sell shares or a solicitation to buy them in any country where this Offering is unlawful or is not permitted.

The Offering will commence on 25/04/1443H (corresponding to 30/11/2021G), and will remain open for a period of three days up to and including the closing day on 27/04/1443H (corresponding to 02/12/2021G) ("Offering Period"). Subscription to the Offer Shares can be made through any of the branches of the Receiving Agents (the "Receiving Agents") listed on page (viii) during the Offering Period or through the internet, telephone banking, or automated teller machines ("ATMs") or other electronic channels offered by the Receiving Agents to their clients (for more information, please refer to Section ("Key Dates and Subscription Procedures") and Section 17 ("Share Information and Subscription Terms and Conditions") of this Prospectus). Participating Parties may subscribe for the Offer Shares through the Bookrunners during the Book Building Process, which will take place prior to the Offering of the shares to Individual Subscribers.

Each Individual Subscriber must apply for a minimum of ten (10) Offer Shares. The minimum number of Offer Shares that can be allocated is ten (10) shares, while the maximum number is two hundred and fifty thousand (250,000) shares. The balance of the Offer Shares, if any, will be allocated pro rata based on the number of Offer Shares requested by each Individual Investor and the total number of the Offer Shares. In the event that the number of Subscribers exceeds one million eighty thousand (1,080,000) Subscribers, the Company will not guarantee the minimum allocation of ten (10) Offer Shares per Subscriber. In this case, the allocation will be determined at the discretion of the Company and the Financial Advisors. Excess subscription monies, if any, will be refunded to the Individual Subscribers without any charge or commission being withheld by the Receiving Agents. An announcement of the final allotment on Monday 02/05/1443H (corresponding to 06/12/2021G) and refund of subscription monies, if any, will be made no later than 04/05/1443H (corresponding to 08/12/2021G) (refer to Sub-section ("Allocation of Shares and Refund of Excess Subscription Monies") in Section 17 ("Share Information and Subscription Terms and Conditions") of this Prospectus).

The Company has one class of ordinary shares. Each share entitles its holder to one vote, and each shareholder has the right to attend and vote at the General Assembly meetings of the Company (the "General Assembly"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive their portion of any dividends declared by the Company as of the date of this Prospectus (please refer to Section 7 ("Dividend Distribution Policy") of this Prospectus).

Prior to the Offering, there has been no public market for the shares in the Kingdom or elsewhere. The Company has submitted an application for registration and offer of the shares to the CMA, and an application for listing of the shares on the Exchange to the Saudi Exchange Company. All required supporting documents have been submitted to the competent authorities. All relevant regulatory approvals required to conduct the Offering have been granted. It is expected that trading in the shares will commence on the Exchange after the final allocation of the Offer Shares and satisfaction of regulatory requirements (for more information, please refer to "Key Dates and Subscription Procedures"). Saudi Arabian nationals, non-Saudi Arabian nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in GCC countries, as well as GCC nationals, will be permitted to trade in the shares after the shares are registered with the CMA and admitted by the Exchange. Moreover, Qualified Foreign Investors will be permitted to trade in the Shares in accordance with the QFI Rules and Foreign Strategic Investors will be permitted to trade the Shares in accordance with the FSI Instructions (all as defined herein). Furthermore, non-GCC nationals who are not residents in the Kingdom and non-GCC institutions incorporated outside the Kingdom will be permitted to acquire an economic interest in the shares by entering into swap agreements with capital market institutions authorized by the CMA ("Capital Market Institutions"). Under such swap agreements, the Capital Market Institutions will be registered as the legal owner of such shares.

Investment in the Offer Shares involves certain risks and uncertainties. Please refer to the Section ("Important Notice") on page (i) and Section 2 ("Risk Factors") of this Prospectus for certain factors that should be carefully considered before deciding to subscribe for the Offer Shares.

This Prospectus includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of the Capital Market Authority of the Kingdom of Saudi Arabia (the "CMA" or the "Authority") and the application for listing of securities in compliance with the requirements of the Listing Rules of the Saudi Stock Exchange. The directors, whose names appear on page (iii), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Exchange Company do not take any responsibility for the contents of this Prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 28/03/1443H (corresponding to 03/11/2021G)



Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, institutional and individual investors will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available by visiting the websites of the Company (www.tadawulgroup.sa), the CMA (www.cma.org.sa) or the Financial Advisors (www.jpmorgansaudi Arabia.com), (<https://www.citibank.com/icg/sa/emea/saudi-arabia/>), and (www.alahlicapital.com).

The Company has appointed SNB Capital Company ("**SNB Capital**"), Citigroup Saudi Arabia ("**Citigroup**") and J.P. Morgan Saudi Arabia Company ("**J.P. Morgan**") as its financial advisors and joint global coordinators in connection with the Offering (collectively, the "**Financial Advisors**"), Bookrunners and underwriters (the "**Underwriters**"). The Company has also appointed SNB Capital as the lead manager (the "**Lead Manager**"), in connection with the Offering of the Offer Shares described in this Prospectus (for more information, please refer to Section 13 ("**Underwriting**") of this Prospectus).

This Prospectus includes information that has been presented in accordance with the Rules on the Offer of Securities and Continuing Obligations ("**OSCOs**") issued by the CMA. The Directors, whose names appear on page (iii), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and, having made all reasonable inquiries, confirm that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable inquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, a substantial portion of the information in this Prospectus which is relevant to the markets and industry in which the Company operates is derived from external sources, Company management estimates and publicly available information, data and analysis from publications issued by data, information and news providers. While neither the Company nor any of its Advisors have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information, and, therefore, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the actual financial position of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or any economic, political or other factors, over which the Company has no control (For more information, please refer to Section 2 ("**Risk Factors**") of this Prospectus). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events of the Company.

This Prospectus should not be regarded as a recommendation on the part of the Company, the Board of Directors, the Selling Shareholder, or the Advisors to participate in the Offering. Moreover, the information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, the financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering to assess the appropriateness of the financial information provided herein with regard to the recipient's individual objectives, financial situation and investment needs, and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient's individual objectives, financial situation and investment needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others. Therefore, prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering shall be limited to: (A) Participating Parties, comprising a number of institutions and companies, including investment funds, qualified foreign investors and companies, and GCC investors with legal personality (For more information, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Subscribers. This tranche comprises Saudi natural persons including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom or GCC natural persons, in each case, who have a bank account, and is entitled to open an investment account, with one of the Receiving Agents. Subscription of a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors and certain other Foreign Investors pursuant to swap agreements. The Company and its Financial Advisors ask all recipients of this Prospectus to inform themselves of all legal and regulatory restrictions relevant to this Offering and the sale of the shares and to observe all such restrictions. Each eligible Individual Investor and Participating Party should read the entire Prospectus and seek and rely on their own counsel, financial advisors and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Offer Shares. No assurance can be made that profits will be achieved.

Market and Industry Data

The information provided herein on the industry in which the Company operates is provided by the Company.

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus constitute the Group's estimates, using underlying data from independent third parties. Statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Company's business and markets in this Prospectus are based on published and publicly available data obtained from multiple independent third-party sources. The Company believes that the information and data obtained or derived from the market study prepared by the Company is reliable. However, such information and data have not been independently verified by the Company, the Directors, the Selling Shareholder, or the Advisors, and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

The Financial Advisors do not, nor do any of their subsidiaries, shareholders, directors, or relatives, own any shares or any interest of any kind in the Company.

Financial Information

The Company presents its financial statements in Saudi Riyals. The Company's audited financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the reviewed condensed consolidated interim financial statements for the six months ended 30 June 2021G, and the accompanying notes thereto included elsewhere in this Prospectus, have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted in the Kingdom of Saudi Arabia, standards issued by Saudi Organization for Certified Public Accountants (SOCPA) and other mandatory reporting requirements applicable in the Kingdom of Saudi Arabia. They were audited by the Company's Auditor, KPMG Professional Services.

Forecasts and Forward-Looking Statements

The forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Company's information according to its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently, no affirmation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company stresses that, to the best of its knowledge, every professional care has been taken in preparing the statements contained in this Prospectus. Certain statements in this Prospectus constitute "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "plans", "estimates", "believes", "expects", "may", "will", "should", "expected", "would be", "believed" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its Management with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other Sections of this Prospectus (please refer to Section 2 ("**Risk Factors**") of this Prospectus). Should anyone or more of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, the Company's actual results may vary materially from those described, expected, estimated or planned in this Prospectus.

Subject to the requirements of the OSCOs, the Company must submit a supplementary prospectus if, at any time after this Prospectus has been approved by the CMA and before its shares are registered with the Exchange, the Company becomes aware that: (a) there has been a significant change in any material information contained in this Prospectus or any document required by the OSCOs; or (b) the occurrence of additional significant matters, which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Certain Terms

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Corporate Directory

Board of Directors

Table (1-1): Board of Directors

No.	Name	Position	Nationality	Status	Direct Ownership (%)		Indirect Ownership (%)		Date of Appointment to the Board*
					Pre-Of-fering	Post-Of-fering	Pre-Of-fering	Post-Of-fering	
1	Sarah Jammaz Abdullah Al-Suhaimi	Chairperson	Saudi	Non-executive / Independent	N/A	-	N/A	-	02/01/2020G
2	Yazeed Abdulrahman Ibrahim Al Humaid	Vice Chairman	Saudi	Non-executive/ Non-independent	N/A	-	N/A	-	02/01/2020G
3	Youssef Abdullah Mohammed Al-Benyani	Member	Saudi	Non-executive / Independent	N/A	-	N/A	-	02/01/2020G
4	Khalid Abdullah Nasser Al-Hus-san	Member and CEO	Saudi	Executive/ Non-independent	N/A	-	N/A	-	02/01/2020G
5	Rania Mahmoud Abdulwahab Nashar	Member	Saudi	Non-executive/ Non-independent	N/A	-	N/A	-	02/01/2020G
6	Sabty Sulaiman Ibrahim Al-Sabty	Member	Saudi	Non-executive/ Non-independent	N/A	-	N/A	-	02/01/2020G
7	Mark Stephen Makepeace	Member	British	Non-executive/ Non-independent	N/A	-	N/A	-	02/01/2020G
8	Hashem Othman Ibrahim Al Hekail	Member	Saudi	Non-executive / Independent	N/A	-	N/A	-	02/01/2020G
9	Xavier Robert Rolet	Member	French	Non-executive/ Non-independent	N/A	-	N/A	-	02/01/2020G

* The dates listed in this table are the dates of appointment to the current seats on the Board of Directors. The respective biographies of the Directors describe the dates of their original appointment, whether to the Board of Directors or any other previous position in the Company. (For more information, please refer to Section 5 (“Ownership and Organizational Structure”) of this Prospectus).

Company's Address and Representatives

Company Address



Saudi Tadawul Group Holding Company
 Tawuniya Towers
 King Fahd Road - Al Olaya 6897
 Unit No.: 15
 Riyadh 12211-3388
 Kingdom of Saudi Arabia
 Tel: +966 92 000 1919
 Fax: +966 112189392
 Website: www.tadawulgroup.sa
 E-Mail: Info@tadawulgroup.sa

Company Representatives

Sarah Jammaz Abdullah Al-Suhaimi
 Chairperson
 Tawuniya Towers
 King Fahd Road - Al Olaya 6897
 Unit No.: 15
 Riyadh 12211-3388
 Kingdom of Saudi Arabia
 Tel: +966 112189995
 Fax: +966 112189392
 Website: www.tadawulgroup.sa
 E-Mail: bod.secretariat@tadawulgroup.sa

Khalid Abdullah Nasser Al-Hussan
 Group CEO
 Tawuniya Towers
 King Fahd Road - Al Olaya 6897
 Unit No.: 15
 Riyadh 12211-3388
 Kingdom of Saudi Arabia
 Tel: +966 112189184
 Fax: +966 112189392
 Website: www.tadawulgroup.sa
 E-Mail: ceo.secretary@tadawulgroup.sa

Board Secretary

Mohammad Fahad Mohammad Al-Hemaid
 Tawuniya Towers
 King Fahd Road - Al Olaya 6897
 Unit No.: 15
 Riyadh 12211-3388
 Kingdom of Saudi Arabia
 Tel: +966 112189995
 Fax: +966 112189392
 Website: www.tadawulgroup.sa
 E-Mail: mohammad.hemaid@tadawulgroup.sa

Exchange



Saudi Exchange Company
King Fahd Road - Al Olaya 6897
Unit No.: 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 92 000 1919
Fax: +966 11 218 9133
Website: www.saudiexchange.sa
E-Mail: csc@saudiexchange.sa

Share Registrar



من مجموعة تداول السعودية
From Saudi Tadawul Group

Securities Depository Center Company (Edaa)
King Fahd Road - Al Olaya 6897
Unit No.: 11
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 92 002 6000
Website: www.edaa.com.sa
E-Mail: cc@edaa.com.sa

Advisors

Financial Advisors, Bookrunners, Joint Global Coordinators and Underwriters



SNB Capital Company
King Saud Road, SNB Regional Building
P.O. Box 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (92) 0000232
Fax: +966 (11) 4060052
Website: www.alahlicapital.com
E-Mail: snbc.cm@alahlicapital.com



J.P. Morgan Saudi Arabia Company
Al Faisaliah Center
King Fahd Road
P.O. Box 51907, Riyadh 11553
Kingdom of Saudi Arabia
Tel: +966 11 2993854
Fax: +966 11 2993840
Website: www.jporgansaudi Arabia.com
E-Mail: STG_IPO@jpmorgan.com



Citigroup Saudi Arabia
20th Floor, Kingdom Tower
P.O. Box 301700, Riyadh 11372
Kingdom of Saudi Arabia
Tel: +966 11 2246140
Fax: +966 11 2110020
Website:
<https://www.citibank.com/icg/sa/emea/saudi-arabia>
E-Mail: STG.IPO@citi.com

Lead Manager



SNB Capital Company
King Saud Road, SNB Regional Building
P.O. Box 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (92) 0000232
Fax: +966 (11) 4060052
Website: www.alahlicapital.com
E-Mail: snbc.cm@alahlicapital.com

Saudi Legal Advisor to the Company



أبو حيمد وآل الشيخ والحقباني
ABUHIMED ALSHEKH ALHAGBANI

in co-operation with
CLIFFORD CHANCE

Abuhimed Alsheikh Alhagbani Law Firm
Building 15,
The Business Gate
King Khaled International Airport Road
P.O. Box: 90239, Riyadh 11613
Kingdom of Saudi Arabia
Tel: +966 11 481 9780
Fax: +966 1 1 481 9701
Website: www.ashlawksa.com
E-Mail: Info.ASH@ashlawksa.com

Legal Advisor for the Offering outside the Kingdom

C L I F F O R D
C H A N C E

Clifford Chance LLP
Dammam Tower, 1st Floor
DIFC
P.O. Box: 9380 Dubai
UAE
Tel: + 97145032600
Fax: + 97145032800
Website: <https://www.cliffordchance.com>
E-Mail: info.stgipo@cliffordchance.com

Legal Advisor to the Financial Advisors, Bookrunners, Underwriters and Lead Manager

**المستشارون
القانونيون**
عبدالعزیز العجلان وشركاه
بالتعاون مع بيكر آند مكينزي ليميتد

Abdul Aziz AlAjlan & Co., Attorneys and Legal Advisors
Al Olayan Building, 2nd Tower, 3rd Floor
Al Ahsa Street, Malaz
P.O. Box 69103, Riyadh 11547
Kingdom of Saudi Arabia
Tel: +966 11 265 8900
Fax: +966 11 265 8999
Website: <http://www.legal-advisors.com/>
E-Mail: legal.advisors@legal-advisors.com

Legal Advisor to the Financial Advisors, Bookrunners and Underwriters for the Offering outside the Kingdom

**Baker
McKenzie.**

Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA
United Kingdom
Tel: +44 20 7919 1000
Fax: +44 20 7919 1999
Website: www.bakermckenzie.com
E-Mail: legaladvisors@bakermckenzie.com

Financial Due Diligence Advisor


pwc

PricewaterhouseCoopers Chartered Accountants
King Fahd Road
P.O. Box 8282, Riyadh 11482
Kingdom of Saudi Arabia
Tel: +966 (11) 211 0400
Fax: +966 (11) 465 1663
Website: www.pwc.com
E-Mail: omar.alsagga@pwc.com

Auditor


KPMG

KPMG Professional Services
KPMG Tower, Head Office
Riyadh Front, Airport Road
P.O. Box 92876, Riyadh, 11663
Kingdom of Saudi Arabia
Tel: + 966 (11) 874 8500
Fax: + 966 (11) 874 8600
Website: www.kpmg.com.sa
E-Mail: marketingsa@kpmg.com

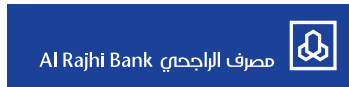
Note: As at the date of this Prospectus, all of the above-mentioned Advisors and Auditors have given and have not withdrawn their written consent to the publication of and reference to their names, addresses, logos and the statements attributed to each in the context in which they appear in this Prospectus, and do not themselves, their employees (from the engagement team serving the Company), or any of their relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries as at the date of this Prospectus which would impair their independence.

Receiving Agents



Saudi National Bank (SNB)

King Fahd Road, Al Aqiq District, King Abdullah Financial District
P.O. Box 3208, Unit 778
Riyadh 13519-6676
Kingdom of Saudi Arabia
Tel: +966 92000 1000
Fax: +966 11 4060052
Website: www.alahli.com
E-Mail: contactus@alahli.com



Al Rajhi Bank

King Fahd Road, AlMurooj District, Al Rajhi Bank Tower
Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 (11) 828 2515
Fax: +966 (11) 279 8190
Website: www.alrajhibank.com.sa
E-Mail: contactcenter1@alrajhibank.com.sa



Arab National Bank

King Faisal Road
P.O. Box 9802, Riyadh 11423
Kingdom of Saudi Arabia
Tel: +966 11 4029000
Fax: +966 11 4047535
Website: www.anb.com.sa
E-Mail: info@anb.com.sa



Alinma Bank

King Fahd Road, Al Anoud Tower
P.O. Box 66674
Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 (11) 218 5555
Fax: +966 (11) 218 5000
Website: www.alinma.com
E-Mail: info@alinma.com



Riyad Bank

Eastern Ring Road
P.O. Box 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 (11) 412 3030
Fax: +966 (11) 403 0016
Website: www.riyadbank.com
E-Mail: customercare@riyadbank.com

Offering Summary

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus, and prospective investors should read this entire Prospectus in full. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus as a whole.

In particular, it is important to carefully consider the Section (“**Important Notice**”) on page (i) and Section 2 (“**Risk Factors**”) prior to making any investment decision in relation to the Offer Shares.

The Company	<p>Saudi Tadawul Group Holding Company (the “Company” or the “Issuer”) is a Saudi closed joint stock company registered under Commercial Registration No. 1010241733 dated 02/12/1428H (corresponding to 12/12/2007G). The Company was established by Royal Decree No. M/15 dated 01/03/1428H, with its Head Office at 6897 Tawuniya Towers, King Fahd Road, Olaya District - Riyadh 12211 P.O. Box 60612, Kingdom of Saudi Arabia.</p> <p>The Company was established on 02/12/1428H (corresponding to 12/12/2007G) as a Saudi closed joint stock company with a share capital of one billion two hundred million Saudi Riyals (SAR 1,200,000,000) divided into one hundred twenty million (120,000,000) shares, all of which are of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share. All shares are cash shares.</p>																		
Company’s Activity	<p>The Company’s principal 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.</p>																		
Selling Shareholder/ Substantial Shareholder	<p>The following table sets out the name and shareholding of the Company’s Substantial Shareholder before and after the Offering:</p> <table border="1"> <thead> <tr> <th rowspan="2">Shareholder</th> <th colspan="2">Pre-Offering</th> <th colspan="2">Post-Offering</th> </tr> <tr> <th>Number of Shares</th> <th>Direct Ownership (%)</th> <th>Number of Shares</th> <th>Direct Ownership (%)</th> </tr> </thead> <tbody> <tr> <td>PIF</td> <td>120,000,000</td> <td>100%</td> <td>84,000,000</td> <td>70%</td> </tr> </tbody> </table>					Shareholder	Pre-Offering		Post-Offering		Number of Shares	Direct Ownership (%)	Number of Shares	Direct Ownership (%)	PIF	120,000,000	100%	84,000,000	70%
Shareholder	Pre-Offering		Post-Offering																
	Number of Shares	Direct Ownership (%)	Number of Shares	Direct Ownership (%)															
PIF	120,000,000	100%	84,000,000	70%															
Company’s Share Capital before and after the Offering	<p>One billion two hundred million Saudi Riyals (SAR 1,200,000,000). It will remain unchanged after the Offering.</p>																		
Total number of the Company’s Shares before and after the Offering	<p>One hundred twenty million (120,000,000) shares. It will remain unchanged after the Offering.</p>																		
Nominal Value per Share	<p>Ten Saudi Riyals (SAR 10) per share.</p>																		
Subscription	<p>Initial public offering of thirty-six million (36,000,000) shares of the Company, with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The Offer Price will be SAR 105 per share. In total, the Offer Shares will represent thirty percent (30%) of the Company’s share capital.</p>																		
Number of Offer Shares	<p>Thirty-six million (36,000,000) fully paid ordinary shares.</p>																		
Percentage of Offer Shares to the total number of the Company’s Shares	<p>The Offer Shares represent 30% of the Company’s shares.</p>																		
Offer Price	<p>SAR 105 per share.</p>																		
Total Value of the Offering	<p>SAR 3,780,000,000.</p>																		
Use of Proceeds	<p>The Offering Proceeds of SAR 3,780,000,000 will be distributed to the Selling Shareholder after deducting the Offering Expenses, which are estimated at approximately 80 million Saudi Riyals. The Company will not receive any part of the Offering proceeds (For more information on the use of the Offering proceeds, please refer to Section 8 (“Use of the Offering Proceeds”)).</p>																		

Number of Offer Shares to be Underwritten	Thirty-six million (36,000,000) ordinary shares.
Total Underwritten Offering Amount	SAR 3,780,000,000
Targeted Investors	(A) Participating Parties: This tranche comprises a number of institutions and companies, including investment funds, qualified foreign investors and GCC investors with legal personality (For more information, please refer to Section 1 (“Definitions and Abbreviations”) of this Prospectus); and (B) Individual Subscribers: This tranche comprises Saudi natural persons including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom or GCC nationals who, in each case, have a bank account, and is entitled to open an investment account, with one of the Receiving Agents. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.
Total Number of Offer Shares for each Type of Targeted Investor	
Number of Offer Shares for Participating Parties	Thirty-six million (36,000,000) shares representing 100% of the total number of Offer Shares. If there is sufficient demand by Individual Subscribers, and the Participating Parties subscribe to all the Offer Shares allocated to them, the Lead Manager shall have the right to reduce the Offer Shares allocated to the Participating Parties to twenty-five million, two hundred thousand (25,200,000) Offer Shares, representing 70% of the total number of Offer Shares.
Number of Offer Shares for Individual Subscribers	A maximum of ten million eight hundred thousand (10,800,000) shares, representing 30% of the total number of Offer Shares.
Subscription Method for each Targeted Investor Category	
Subscription Method for Participating Parties	Participating Parties as defined in Section 1 (“Definitions and Abbreviations”) of this Prospectus may apply for subscription. The Bookrunner will provide the Subscription Application Forms to Institutional Subscribers during the Book-Building Period. After initial allocation, the Participating Parties shall complete Subscription Application Forms, which will be made available to them by the Bookrunners in accordance with the instructions mentioned in Section 17 (“Share Information and Subscription Terms and Conditions”).
Subscription Method for Individual Subscribers	Subscription Application Forms will be available during the Offering Period from the Lead Manager and Receiving Agents. Subscription Application Forms must be completed in accordance with the instructions mentioned in Section 17 (“Share Information and Subscription Terms and Conditions”) of this Prospectus. Individual Subscribers who have recently participated in a previous initial public offering can also subscribe through the internet, telephone banking, or automated teller machines (“ATMs”) or any other electronic channels offered by the Receiving Agents to its clients or through branches thereof that offer any or all such services to its customers, provided that (i) the Individual Subscriber has a bank account with a Receiving Agent that offers such services and (ii) there have been no changes in the personal information of the Individual Subscriber since such person’s subscription in a recent offering.
Minimum Number of Offer Shares that can be Subscribed for by each Targeted Investor Category	
Minimum Number of Offer Shares that can be Subscribed for by Participating Parties	One hundred thousand (100,000) shares.
Minimum Number of Offer Shares that can be Subscribed for by Individual Subscribers	Ten (10) shares.
Minimum Subscription Amount for each Targeted Investor Category	
Minimum Subscription Amount for Participating Parties	SAR 10,500,000
Minimum Subscription Amount for Individual Subscribers	SAR 1,050

Maximum Number of Offer Shares that can be Applied for by Each Targeted Investor Category	
Maximum Number of Offer Shares that can be Applied for by Participating Parties	Five million, nine hundred ninety-nine thousand, nine hundred ninety-nine (5,999,999) shares.
Maximum Number of Offer Shares that can be Applied for by Individual Subscribers	Two hundred and fifty thousand (250,000) shares.
Maximum Subscription Amount for each Targeted Investor Category	
Maximum Subscription Amount for Participating Parties	SAR 629,999,895
Maximum Subscription Amount for Individual Subscribers	SAR 26,250,000
Method of Allocation and Refund of Excess Subscription Amount for each Targeted Investor Category	
Allocation of Offer Shares to Participating Parties	The initial allocation of the Offer Shares will be made as the Financial Advisors deem appropriate in coordination with the Company, using the discretionary share allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares as deemed appropriate by the Company and the Financial Advisors. The number of Offer Shares to be initially allocated to the Participating Parties will be thirty-six million (36,000,000) shares, representing one hundred percent (100%) of the total number of Offer Shares, with the final allocation made after the end of the Individual Subscribers' subscription. In the event that Individual Subscribers subscribe for the Offer Shares allocated thereto, the Financial Advisors shall have the right to reduce the number of Offer Shares allocated to Participating Parties to twenty-five million, two hundred thousand (25,200,000) shares, representing seventy percent (70%) of the total Offer Shares after the completion of the Individual Subscribers subscription process.
Allocation of Offer Shares to Individual Subscribers	Allocation of the Offer Shares to Individual Subscribers is expected to be completed no later than Monday 02/05/1443H (corresponding to 06/12/2021G). The minimum number of Offer Shares that can be subscribed for is ten (10) shares, while the maximum number is two hundred and fifty thousand (250,000) shares. The remaining Offer Shares, if any, will be allocated pro rata based on the number of Offer Shares requested by each Individual Investor and the total number of the Offer Shares. In the event that the number of Individual Subscribers exceeds one million eighty thousand (1,080,000), the Company will not guarantee the minimum allocation of ten (10) Offer Shares per Individual Subscriber. In such case, the allocation of Offer Shares to Individual Subscribers will be determined at the discretion of the Company and Financial Advisors.
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to Subscribers without any charge or commission being withheld by the Lead Manager or Receiving Agents. Announcement of the final allotment on Monday 02/05/1443H (corresponding to 06/12/2021G) and refund of excess subscription monies, if any, will be made no later than Wednesday 04/05/1443H (corresponding to 08/12/2021G) (For more information, please refer to Sub-section ("Allocation of Shares and Refund of Excess Subscription Monies") of Section 17 ("Share Information and Subscription Terms and Conditions") of this Prospectus).
Offering Period	The Offering Period will commence on 25/04/1443H (corresponding to 30/11/2021G), and will remain open for a period of three days up to and including the closing day on 27/04/1443H (corresponding to 02/12/2021G).
Dividend Distributions	The Offer Shares will be entitled to their portion of any dividends declared by the Company as of the date of this Prospectus and for subsequent financial years (For more information, please refer to Section 7 ("Dividend Distribution Policy") of this Prospectus).
Voting Rights	The Company has one class of ordinary shares, none of which carries any preferential voting rights. Each share entitles its holder to one vote and each Shareholder has the right to attend and vote at the meetings of the General Assembly (please refer to Sub-section 12-13 ("Summary of Bylaws") and Sub-section 12-14 ("Description of Shares") of Section 12 ("Legal Information") of this Prospectus).

Lock-up Period/ Restrictions on the Shares	The period during which the Substantial Shareholder is subject to a lock-up period of six (6) months as of the date of commencement of trading of the Offer Shares on the Exchange. During such period, the Substantial Shareholder may not dispose of any of its shares. After the end of the Lock-up Period, the Substantial Shareholder may dispose of its shares without prior approval from the CMA.
Listing of Shares	Prior to the Initial Public Offering, the Company's shares have not been listed in the Kingdom or elsewhere. An application has been made to the CMA for the registration and offering and to the Saudi Exchange (Tadawul) for the admission of the shares, and all the relevant approvals required to conduct the Offering have been granted. Trading is expected to commence on the Exchange after the final allocation of the shares (For more information, please refer to Section ("Key Dates and Subscription Procedures") of this Prospectus).
Risk Factors	There are certain risks related to investment in the Offer Shares. These risks can be categorized into: (a) risks related to the Company's activity and operations; (b) risks related to the market; and (c) risks related to the Offer Shares. These risks are described in Section 2 ("Risk Factors") of this Prospectus and should be considered carefully prior to making an investment decision in relation to the Offer Shares.
Offering Expenses	The Offering expenses amount to approximately 80 million Saudi Riyals, including the fees of the Financial Advisors, Lead Manager, Underwriter, Receiving Agents, Legal Advisor, and Financial Due Diligence Advisor, in addition to marketing, arrangement, printing and distribution and other expenses related to the Offering. These expenses will be fully borne by the Selling Shareholder, and paid from the Offering proceeds.
Underwriters	<p>SNB Capital Company King Saud Road, SNB Regional Building P.O. Box 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 (92) 0000232 Fax: +966 (11) 4060052 Website: www.alahlicapital.com E-Mail: snbc.cm@alahlicapital.com</p> <p>J.P. Morgan Saudi Arabia Company Al Faisaliah Center King Fahd Road P.O. Box: 51907, Riyadh 11553 Kingdom of Saudi Arabia Tel: +966 11 2993854 Fax: +966 11 2993840 Website: www.jpmorgansaudi Arabia.com E-Mail: STG_IPO@jpmorgan.com</p> <p>Citigroup Saudi Arabia 20th Floor, Kingdom Tower P.O. Box: 301700, Riyadh 11372 Kingdom of Saudi Arabia Tel: +966 11 2246140 Fax: +966 11 2110020 Website: https://www.citibank.com/icg/sa/emea/saudi-arabia E-Mail: STG.IPO@citi.com</p>

Note: The Section ("Important Notice") on page (i) and Section 2 ("Risk Factors") should be read thoroughly prior to making a decision to invest in the Company's shares offered in this Prospectus.

Key Dates and Subscription Procedures

Expected Offering Timetable	
Event	Dates
Bidding and Book-Building Period for Participating Parties	A period of six days starting from Sunday 16/04/1443H (corresponding to 21/11/2021G) until the end of 21/04/1443H (corresponding to 26/11/2021G)
Offering Period	A period of three days starting from Tuesday 25/04/1443H (corresponding to 30/11/2021G) until of 27/04/1443H (corresponding to 02/12/2021G) at 5 pm KSA time
Deadline for submission of Subscription Application Forms based on the number of Offer Shares provisionally allocated to Participating Parties	25/04/1443H (corresponding to 30/11/2021G)
Deadline for payment of the subscription monies for Participating Parties based on the number of provisionally allocated Offer Shares	27/04/1443H (corresponding to 02/12/2021G)
Deadline for submission of Subscription Application Forms and payment of subscription monies (for Individual Subscribers)	Thursday, 27/04/1443H (corresponding to 02/12/2021G) at 5 pm KSA time
Announcement of final allotment of Offer Shares	No later than 02/05/1443H (corresponding to 06/12/2021G)
Refund of excess subscription monies (if any)	No later than 04/05/1443H (corresponding to 08/12/2021G)
Expected date of commencement of trading in the Exchange	Trading of the Company's shares in the Exchange is expected to commence after fulfilment of all relevant statutory requirements. Trading will be announced in local newspapers and on the Saudi Exchange's website (www.saudiexchange.sa).

Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing in local daily newspapers published in the Kingdom in Arabic and on Tadawul's website (www.saudiexchange.sa), the Financial Advisors' websites (www.alahlicapital.com), (www.jporgansaudi Arabia.com) and (<https://www.citibank.com/icg/sa/emea/saudi-arabia/>) and the Company's website (www.tadawulgroup.sa).

How to Apply for the Offering

Subscription to the Offer Shares is directed at and may only be accepted by:

Tranche (A): Participating Parties: This tranche comprises a number of institutions and companies, including investment funds, qualified foreign investors ("QFI"), and GCC investors with legal personality (collectively referred to as the "Participating Parties") who are entitled to participate in the book building process as specified under the Book Building Instructions issued by the CMA. Please refer to Section 1 ("Definitions and Abbreviations"). Participating Parties can obtain Application Forms from the Bookrunners during the book-building period and Subscription Application Forms from the Lead Manager after the provisional allocation. The Bookrunners shall, after the approval of the CMA is obtained, offer the Offer Shares to Participating Parties during the book-building period only. Subscriptions by Participating Parties shall commence during the Offering Period, which also includes Individual Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Lead Manager, which represents a legally binding agreement between the Selling Shareholder and the Participating Party submitting the application.

Tranche (B): Individual Subscribers: This tranche comprises Saudi natural persons including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom or GCC nationals who, in each case, have a bank account, and is entitled to open an investment account, with one of the Receiving Agents. A subscription for shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. Subscription Application Forms will be available during the Offering Period on the websites of the Receiving Agents offering this service. Subscribers can also subscribe through the internet, telephone banking, or ATMs of any of the Receiving Agents that provide these services to its customers, provided that the following requirements are satisfied:

- 1) The Subscriber has a bank account at the Receiving Agent that offers such service.
- 2) There have been no changes in the personal information or data of the Subscriber (the removal or addition of any family

member) since the Subscriber last participated in a recent offering.

Subscription Application Forms must be filled out in accordance with the instructions contained in Section 17 (“**Share Information and Subscription Terms and Conditions**”). Each Applicant must accept all the relevant items in the Subscription Application Form. The Company reserves the right to decline any Subscription Application, in part or in whole, in the event that any of the subscription terms and conditions are not met. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. The Subscription Application cannot be amended or withdrawn once submitted. Furthermore, the Subscription Application shall, upon submission, be considered a legally binding agreement between the Subscriber and the Company. (Please refer to Section 17 (“**Share Information and Subscription Terms and Conditions**”) on this Prospectus.)

Summary of Key Information

This summary of key information is intended to give an overview of the information contained in this Prospectus and does not contain all the information that may be important to investors. Accordingly, this summary must be treated as a brief introduction to the key information in this Prospectus. Persons who wish to subscribe for the Offer Shares are advised to read the entire Prospectus so that any decision to invest in the Offer Shares is based on the careful consideration of this Prospectus as a whole, in particular the Financial Statements and related notes as well as the information set forth under Section 2 (“**Risk Factors**”) and the Section (“**Important Notice**”). Definitions and abbreviations herein shall have the meanings ascribed thereto in Section 1 (“**Definitions and Abbreviations**”) and elsewhere in this Prospectus.

The Company

Overview

Saudi Tadawul Group Holding Company (the “**Company**” or the “**Issuer**”) is a Saudi closed joint stock company registered under Commercial Registration No. 1010241733 dated 02/12/1428H (corresponding to 12 December 2007G). The Company was established by Royal Decree No. M/15 dated 01/03/1428H (corresponding to 20 March 2007G), and its Head Office is at 6897 Tawuniya Towers, King Fahd Road, Olaya District, Riyadh 12211 P.O. Box 60612, Kingdom of Saudi Arabia.

The Company was established as a Saudi closed joint stock company with a share capital of one billion, two hundred million Saudi Riyals (SAR 1,200,000,000) divided into one hundred twenty million (120,000,000) Shares, all of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per Share. All Shares are cash Shares fully subscribed by the PIF.

Following is the ownership structure of the Company’s Shares pre- and post-Offering:

Table (1-2): The Ownership Structure of the Company Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership %	Nominal value (SAR)	Number of Shares	Ownership %	Nominal value (SAR)
PIF	120,000,000	100%	1,200,000,000	84,000,000	70%	840,000,000
Public	-	-	-	36,000,000	30%	360,000,000
Total	120,000,000	100%	1,200,000,000	120,000,000	100%	1,200,000,000

Source: The Company

Principal Activities of the Company

The Company’s principal 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.

Vision, Mission and Strategy

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 Vision 2030, the Group is helping the Kingdom build a thriving economy with a technologically advanced and integrated capital market at its center.

Strategy

In order to fulfil its vision and mission, the Group intends to continue executing its strategy based on three re-enforcing strategic goals: Growth & Diversification, Integrated & Connected and Capable & Agile. The Group plans to execute these strategic goals via seven strategic pillars: listing & trading, clearing, depository, market information, innovation and digitalization, strategic expansion and capabilities.

1) Growth & Diversification

The Group aims to enhance its performance by developing the existing asset classes, products and services and creating new ones to accelerate economic diversification and expansion to new markets. In listing and trading, for example, the Saudi Exchange Company's key initiatives include continuing to introduce new financial derivatives products such as single stock futures and options to facilitate the development of innovative investment strategies, as well as continuing to enhance debt and ETF markets. International listings, the development of an ESG framework, and the development of equity and fixed-income indices will also further support diversified revenue growth. In addition, the Group's clearing business Muqassa is expanding its services to cover the full range of securities traded on the Exchange, as well as over-the-counter products and securities financing. The increased range of cleared products is expected to provide an additional revenue source alongside the listing and trading businesses. The Group will also continue to introduce value-added services to issuers and investors through its depository center Edaa (e.g., a licensed and non-tradeable investment fund platform, post-trade services and international CSD links). The Group's newly created subsidiary WAMID will focus on solutions and pioneering technologies to the other sectors, with the aim of adding value for the Group by diversifying its business mix, developing a new generation of solutions based on innovative technologies and promoting sustainable growth. WAMID will aim to achieve such diversification by way of several means, including participating in new projects, joint ventures and investments with others and acquiring existing companies operating in sectors that support its objectives.

2) Integrated & Connected

The Group's integrated business model covering capital market services is a key enabler for sustainable revenue growth and innovation. The Group is leveraging its integrated businesses to expand the client base locally, regionally and beyond, which will support the Group's positioning as the hub for capital formation. For example, the Group is developing partnerships and links with ICSDs to facilitate investment in the Saudi capital market by international investors. In addition, the Group aims to expand regionally by becoming a central counterparty for other exchanges and trading venues in the MENA region. This will strengthen and enhance connectivity with major global players in the capital markets. Furthermore, the Group intends to continue to develop high-quality market information products and services, such as comprehensive and advanced reference data, equity and fixed-income indices, as well as regional indices, to promote an attractive market offering a wider spectrum of products and services for all types of customers.

3) Capable & Agile

The Group relies on its highly skilled management and resilient operations to maintain an innovation-first mindset and evolve in an increasingly competitive global environment, capitalize on business opportunities, drive greater efficiencies and mitigate risk. To achieve its strategic goals, the Group continually strives to enhance and develop new organizational competencies, capabilities and resources and build a business-oriented organization that collaborates with all stakeholders. The Group's current initiatives in this regard include, among others, the implementation of the post-trade technology program. In addition, the Group's recently established technology innovation subsidiary WAMID will provide strategic optionality by driving technology-based innovation in the Group's existing businesses while pursuing new opportunities.

Competitive Strengths and Strategy of the Group

The Company believes that the following are among the Group's key competitive strengths:

1) National Champion and Integral to the Delivery of the Vision 2030

The CMA Authorized Subsidiaries are currently the only entities licensed by the CMA to serve as providers of securities listing, trading, clearing and settlement and depository in the Kingdom. As the only G20 economy in the region, the Kingdom is well-positioned as the dominant economy in comparison to its neighbors. With a total estimated GDP of SAR 2.6 trillion for 2020G, the Kingdom forms nearly 50% of the total GDP among the member states of the Gulf Cooperation Council (GCC). This economic scale is coupled with a positive future outlook for the Saudi economy – in particular, with the expectation for a real GDP CAGR of 3.5% from 2021G-2023G. This favorable economic profile has resulted in growing international investor confidence as indicated by the recent track record of increasing foreign direct investment (FDI) inflows, which totaled USD 5.5 billion in 2020G, representing a 57% CAGR since 2017G.

The Kingdom is currently undergoing a significant economic transformation. At the heart of the Kingdom's economic momentum is the Vision 2030 program of the Saudi Government. Launched in 2016G, the program aspires to reduce the country's dependency on oil, diversify its economic resources and enhance its growth profile. Key objectives include securing the Kingdom's positioning as one of the world's 15 largest economies, increasing the level of FDI in the Kingdom to approximately 6% of GDP, and increasing the contribution of the private sector to 65% of GDP. This push for the growth of the private sector and an increasingly diversified economy in the Kingdom has favorable implications for private sector capital formation both for new and existing companies, which will support enhanced activity in the Kingdom's capital markets.

Delivery of Vision 2030 is supported by a number of specific initiatives (Vision Realization Programs), which include the Financial Sector Development Program (FSDP). The Group is the foundational pillar for the delivery of this program which has the stated goal of developing an advanced capital market to support the broader realization of Vision 2030. Other notable programs include the Privatization Program, which is expected to create a strong listing pipeline for the Group and attract further FDI into the Kingdom, and the PIF Program, which will enhance free float levels and trading activity.

2) Differentiated Business Model - Integrated, Scalable and Diverse

The Group maintains a diversified business model that is integrated across all the relevant services, which allows the Group to offer a full array of capital markets related products and services. As detailed in Section 4-2 ("**The Structure of the Group**"), the Group enacted a corporate reorganization during early 2021G, resulting in the Company acting as a holding company, wholly owning the Main Subsidiaries, each focused on a pillar of the Group's capital market offering (listing and trading on the Exchange, securities clearing, settlement services, and technology innovation). This new Group structure will allow the Group to pursue growth and innovation, and provide strategic flexibility, boosting the Group's reputation and allowing it to compete with other exchanges worldwide in a better and more effective way.

The operational independence of each Main Subsidiary is expected to promote an agile environment, supporting rapid responses to evolving global and regional market trends across the Group's service offering. Furthermore, through its new structure, the Group will benefit from the integration of its subsidiaries which support each other's business growth through their capital market services and be in a position to better realize synergies by promoting efficient intra-group operations across the organization.

Following the reorganization, the Group's new structure is outlined below:

- The Saudi Exchange Company acts as a securities exchange in the Kingdom enabling companies to raise capital through offerings made on a platform and list their securities. Apart from listing services, the Saudi Exchange also provides cash trading, derivatives trading, market information, client relationship and operational services.
- Muqassa guarantees the trades and provides securities clearing for financial derivatives. Muqassa will extend its clearing services to all other securities, including equities and fixed income, after the activation of PTPP as well as additional derivatives products.
- Edaa provides securities settlement for all securities traded on the market, along with providing depository services, including custody, registration and registry keeping services to clients.
- WAMID is intended to drive technology-based innovation while pursuing new opportunities in the region. Its objective is to enhance the investor experience in the market by advancing technology and access to data, acting as a hub for innovation across the Group.

This new organizational model will enable the Group to increase the diversification of its operating revenues with revenues not correlated with ADTV such as from listing services and market information accounting for approximately 13% of total operating revenue as at 1H 2021G. The Group's technology innovation subsidiary WAMID is expected to enable further diversification through new recurring revenue opportunities. The Group believes its top-line growth profile is supported by strong economic trends and increasing sophistication of the Saudi capital markets resulting from enhanced product offerings.

3) Primed to be the Center for Regional Capital Formation

The Group has a strong strategic and competitive positioning supported by its scale, growth profile, and position at the heart of a large-scale economic transformation agenda envisaged by Vision 2030 and the growing global relevance of the Kingdom on the international stage. Together these factors position the Group as the leading exchange within the broader MENA region and support its potential to become the dominant regional hub for capital formation.

The Exchange is amongst the largest exchanges globally by market capitalization of listed companies (approximately USD 2.6 trillion as at 30 June 2021G, as per the World Federation of Exchanges). The Group has no close peer within the MENA region and accounts for approximately 79% of total regional market capitalization as at 30 June 2021G and approximately 82% of regional average daily traded value over the 12 months to 30 June 2021G.

The growing global relevance of the Exchange is exhibited by its inclusion in the MSCI, FTSE Russell and S&P Emerging Market indices (in the case of MSCI, taking the shortest time of any exchange to progress from candidate status to inclusion). In addition, FTSE Russell on 30 September 2021G announced that Saudi Arabia will be added to the FTSE Emerging Markets Government Bond Index (EMGBI) effective next April 2022G.

As at 30 June 2021G, 36 listed companies were included in the MSCI Emerging Market Index, 131 listed companies were included in the S&P Emerging Market Index and 49 listed companies were included in the FTSE Emerging Index. As at June 2021G, Saudi Arabia's weight in the MSCI, S&P and FTSE emerging indices amounted to approximately 2.84%, 3.03% and 3.48%, respectively. Index inclusion has supported the growing momentum of foreign investor participation in the Saudi capital market, with the number of QFIs in excess of 2,500 as at 30 June 2021G, with a growth rate of 17% year-on-year.

Supporting the business profile of the Saudi Exchange Company is its association with having leading global and regional large-scale industry champions as listed companies – examples include Saudi Arabian Oil Company ("**Saudi Aramco**"), the Saudi Basic Industries Corporation ("**SABIC**"), Saudi National Bank ("**SNB**") and Al Rajhi Bank. The successful execution of the Saudi Aramco IPO, the largest ever IPO globally, enhanced the profile of the Group in successfully delivering an IPO of global relevance. In addition, the growing proliferation of new classes of securities and platforms (Nomu-Parallel Market, fixed-income securities, REITs, CEFs, ETFs and, recently, derivatives) distinguishes the Group as a regional leader in product and business development.

The Exchange is complemented and supported by the Group's securities depository center, Edaa, and securities clearing center, Muqassa. Edaa is developing partnerships and links with international central securities depositories to leverage and attract capital into the Saudi capital market. Muqassa is working to become a central counterparty for other exchanges and trading venues in the MENA region, while strengthening and diversifying clearing services in line with international best practices to enable the safe development of the Saudi and regional capital markets.

The above factors provide the Group with a distinct competitive profile that is envisaged to support its positioning as the exchange of choice for foreign capital and issuers in the region.

4) Strong Financial Performance

The Group has delivered a strong financial performance characterized by significant revenue growth and increased margins. From 2018G to 2020G, the Group's operating revenue grew at a CAGR of 36%, which is significantly in excess of comparable peer exchanges globally in other growth and developed markets.

In particular, the Group's operating revenues almost doubled with a year on year growth rate of 91% from 2019G to 2020G, primarily driven by increased trading and capital market activity. This growth momentum has continued into H1 2021G compared to H1 2020G with an increase in operating revenues of 48%.

The strong growth in operating revenues has translated into increased margins, with a H1 2021G EBITDA margin amounting to 62%, compared to a H1 2020G EBITDA margin of 49%. EBITDA margin for 2020G, 2019G and 2018G amounted to 55%, 16% and 18% respectively. Despite zakat being imposed from 1 January 2020G onwards, the Group's net profit margin increased to 46% in 2020G, up from 27% in 2019G, given the operating leverage in the business. Net profit margin for H1 2021G amounted to 56% compared to a H1 2020G net profit margin of 49%.

This level of organic capital and free cash flow generation has enabled the Group to maintain a well-capitalized balance sheet.

5) Seasoned Leadership Team with a Track Record of Delivery

The Group has a highly experienced and seasoned executive team with strong capital markets expertise and a track record of delivery. The executive management team has collaborated closely for many years to drive the strategic evolution of the Group, with the recent corporate reorganization as a key milestone for the next phase of growth. Collectively, the executive management team (comprising the eight Senior Executives and four CEOs of the Main Subsidiaries) have more than 220 years of combined experience and have led the Group in delivering significant growth in recent years from a product, service and infrastructure perspective.

Delivery of the 2018G-2022G five-year strategic plan has witnessed a number of key achievements, including expansion into financial derivatives with the launch of Index Futures, enhancement of debt markets trading infrastructure, delivery of large-scale post-trade capabilities to bring the Group in line with other leading exchanges globally and development of a new data center to enable business continuity and to provide higher availability for mission-critical systems for the Group.

The executive management team is supported by a Board of Directors, with a wide experience in local and global capital markets.

6) Significant Growth Opportunities Ahead

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

The organic growth drivers for the business are, as previously mentioned, underpinned by the Vision 2030 and the Kingdom's growing economic profile, which together are expected to drive new issuances across asset classes and strong capital market activity in the Kingdom.

In addition to this, the Group's Management has identified key strategic initiatives across each business line (as also further detailed in Section 4-4-2 ("**Strategy**"), which they anticipate will further catalyze the Group's growth profile.

In particular, key new initiatives include the continued expansion into financial derivatives. The Group launched MT30 index in August 2020G and plans to follow with single stock futures, options, data and indices services, clearing across cash and debt markets, and new technology and data revenues attributable to the launch of WAMID. The Group's management view the delivery of this next phase of their strategic plan as having the potential to significantly enhance the capabilities of the Group and meaningfully differentiate its profile.

Summary of Market Information

In this Prospectus, the Company used publicly available information and market data described in publications and independent market research for the industry. The Directors believe that the information and data provided by third parties and included in this Prospectus are reliable. However, neither the Company nor the Directors, the Selling Shareholder nor the Advisors have independently checked or verified the accuracy or completeness of such information and data, and, therefore, no assurance is made with respect to their accuracy or completeness. None of them shall assume any responsibility for the accuracy or completeness of such information and data.

The Economy of Saudi Arabia

Between 2016G and 2019G, Saudi Arabia's nominal GDP grew at a CAGR of 5.3% to a GDP of SAR 2,974 billion in 2019G. In 2020G, nominal GDP figures contracted by approximately 11.7% to SAR 2,625 billion, primarily as a result of the COVID-19 pandemic and falling oil production. From 2016G through 2019G, Saudi Arabia's GDP per capita grew steadily at a CAGR of 3.3% to SAR 86,892 in 2019G. As a result of a declining nominal GDP in 2020G, GDP per capita contracted by 14% to SAR 74,763. (Source: SNB Economic Research, IMF)

Following a dual crisis generated by the COVID-19 pandemic and the 2020G oil price crash, the Saudi economy faced a significant decline in real GDP, with a 4.1% contraction in 2020G, compared to 0.3% growth in 2019G. (Source: General Authority for Statistics, Saudi Central Bank)

	2016G	2017G	2018G	2019G	2020G
Nominal GDP¹ (SAR billion)	2,419	2,582	2,949	2,974	2,625
Nominal GDP¹ Growth Rate %	(1.4%)	6.8%	14.2%	0.8%	(11.7%)
GDP Per Capita	76,083	79,177	88,271	86,892	74,763
Real GDP² (SAR billion)	2,588	2,569	2,631	2,640	2,530

Source: Kingdom of Saudi Arabia: General Authority for Statistics 2021G; SNB Economic Research, 2021G; IMF, 2021G.

Note: (1) GDP at current prices is also known as Nominal GDP which considers price changes, money supply, inflation and changing interest rates.

Note: (2) GDP at constant prices, also known as Real GDP, is an inflation-adjusted measure that reflects the value of all goods and services in base-year prices.

Despite an 11.7% GDP decline in 2020G, GDP for 2021G is expected to reach SAR 3,018 billion, representing a year-on-year growth rate of 14.9%. In parallel to this positive economic outlook for 2021G onwards, Saudi Arabia has witnessed positive economic reforms in line with its Saudi Vision 2030 plan. One notable effort pursuant to the Vision 2030 program is the Kingdom's proactive efforts in diversifying its income streams and reducing its dependency on oil. We see the success of this effort reflected in its 2020G non-oil revenues, increasing by 11.1% from SAR 332 billion in 2019G to SAR 369 billion in 2020G. (Source: SNB Economic Research, IMF)

Vision 2030 Targets and Impact on the Financial Sector

Saudi Arabia's Vision 2030 is a strategic framework aimed at reducing the country's dependence on oil, further diversifying its economy through the privatization of state-owned assets, establishing a sovereign wealth fund, further developing public service sectors such as health, education, infrastructure, recreation and tourism, and building the best possible future for the Kingdom. Launched in 2018G, the Financial Sector Development Program ("**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 Stock Exchange into an advanced capital market.

Key objectives of the FSDP include:

- Increase the size, depth, and development of Saudi Arabia's capital markets;
- Become the primary capital market in the Middle East, and be part of the top 10 countries globally;
- Develop financial institutions (public and private financial funds, banks, and insurance companies), strengthen its support of private sector growth and improve operators' and users' experience within its capital markets, by creating an advanced market that attracts local and foreign investors, enabling it to take on a pivotal role in developing the national economy and diversifying sources of income.

Market Development

2020G marked an impressive year in terms of market improvement and development efforts. A major step forward for the Exchange was the inclusion of Saudi Arabian securities in FTSE Russell's Global Equity Index Series, the global index, data, and analytics provider, following the re-classification of the Kingdom to Secondary Emerging market status. Another key development that signified the growing maturity of the market was the introduction of derivatives. The launch of the derivatives market in the Kingdom is a significant step to further advance the Saudi capital market, by providing investors with a full and diversified range of investments products and services. (Source: Saudi Exchange Company and Saudi Central Bank).

General Overview of the Exchange Industry

Exchanges typically generate the bulk of their revenues by collecting fees from the following four primary channels (depending upon their business model and extent of integration): from issuers which list their securities; from financial intermediaries who deal in the financial instruments traded on the exchange; from exchange members for post trade clearing, settlement and depository services; and finally from selling market data and other technological solutions. Historically, depository, clearing and settlement services were rendered by independent clearinghouse, settlement and depository organizations, as opposed to exchanges; however, many exchanges have moved towards a vertical structure, integrating all of these activities into the same group. In terms of supervision of exchanges, the exchange industry is generally supervised by a financial regulatory agency but, in some cases, exchanges may also exercise quasi-governmental authority and act as a self-regulatory organization ("**SRO**") responsible for supervising their members and affiliated markets.

The Saudi Market in the Global Context

While the total number of new listings increased in 2020G, this increase was largely driven by the listings in the mainland Chinese markets. 2021G has seen a strong pickup in listing activity with a large number of IPOs being launched and successfully executed globally across markets. The Saudi market has built a strong listings franchise that is increasingly recognized as the go-to place in the region for SMEs and medium to large corporations, offering access to a well-regulated and liquid market. The Saudi market is seen as a market leading platform for listings in the region, with the capability to compete with the best global exchanges in the world. This was clearly demonstrated, amongst others, by the successful IPO of Saudi Aramco, the world's largest listed company in terms of market capitalization. Strong listing activity is expected to continue in 2021G and 2022G for both the Main Market ("**Tadawul**") and the Nomu - Parallel Market ("**Nomu**").

The Saudi stock exchange is among the largest stock exchanges globally by market capitalization of listed companies, and is the largest and fastest growing stock market in the MENA region in terms of both local market capitalization and order book trading value. Between 2017G and 30 June 2021G, the domestic market capitalization of companies listed on the Saudi Exchange increased by an average compound annual growth rate ("**CAGR**") of 64.8% compared to regional CAGRs of 30.7%, 8.2%5, -0.4% of the ADX, Qatar Stock Exchange and DFM, respectively.

Summary of Financial Information

The financial information and key performance indicators set out below should be read in conjunction with the audited consolidated financial statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the reviewed consolidated interim financial statements for the six months ended 30 June 2021G, and the accompanying notes prepared in accordance with the International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (IASB).

The consolidated audited financial statements and the accompanying notes are included in Section 19 ("**Financial Statements and Auditor's Reports**") of this Prospectus.

The financial information for the financial year ended 31 December 2018G was derived from the comparative financial information presented in the Company's financial statements for the financial year ended 31 December 2019G. The financial information for the financial year ended 31 December 2019G was derived from the comparative financial information presented in the Company's financial statements for the financial year ended 31 December 2020G.

SAR in 000's	31 December 2018G	31 December 2019G	31 December 2020G	30 June 2021G
Data from the consolidated profit and loss / income statement				
Operating revenues	583,280	564,748	1,079,635	645,908
Operating costs	(298,504)	(326,128)	(356,484)	(175,674)
Gross profit	284,776	238,620	723,151	470,234
Other general and administrative expenses	(210,520)	(196,961)	(180,245)	(98,541)
Operating Profit	74,256	41,659	542,906	371,693
Investment income	79,212	94,344	38,797	17,167
Share of loss in an equity-accounted investee	(6,629)	(1,610)	(2,102)	(1,623)
Other income	1,348	18,901	4,479	157
Profit from non-operating activities	73,931	111,635	41,174	15,700
Profit before Zakat	148,187	153,294	584,080	387,393
Zakat expenses	-	-	(83,561)	(25,349)
Net profit for the year	148,187	153,294	500,519	362,044
Data of the consolidated statement of financial position				
Total current assets	3,050,071	3,072,797	3,392,132	2,697,875
Total non-current assets	481,878	474,033	700,954	640,691
Total assets	3,531,949	3,546,830	4,093,085	3,338,566
Total current liabilities	207,799	210,130	362,781	369,936
Total non-current liabilities	89,491	77,294	95,682	91,963
Total liabilities	297,290	287,425	458,463	461,899
Total equity	3,234,659	3,259,405	3,634,622	2,876,667
Total equity and liabilities	3,531,949	3,546,830	4,093,085	3,338,566
Data of the consolidated statement of cash flows				
Net cash from operating activities	244,910	54,180	633,861	369,073
Net cash from investment activities	(374,789)	(7,286)	(672,975)	864,882
Net cash from financing activities	(120,000)	(141,585)	(132,576)	(1,127,443)
Financial indicators and KPIs				
EBITDA ¹	106,527	92,932	591,119	400,244
Gross profit margin (%)	48.8%	42.3%	67.0%	72.8%
EBITDA margin (%)	18.3%	16.5%	54.8%	62.0%
Operating profit margin (%)	12.7%	7.4%	50.3%	57.5%
Net profit margin (%)	25.4%	27.1%	46.4%	56.1%
Earnings per share (SAR)	1.23	1.28	4.17	3.02
ADTV (SAR million) ²	3,499	3,530	8,346	10,753

Source: Audited consolidated financial statements for the financial years ended 31 December 2018G, 2019G and 2020G and the reviewed interim consolidated financial statements for the six-month period ended 30 June 2021G and percentages derived from the Group's information.

1 EBITDA is defined as operating profit plus depreciation and amortization included in operating costs and general and administrative expenses.

2 ADTV for the Main Market and the Nomu – Parallel market.

Summary of Risk Factors

Before deciding to subscribe for the Offer Shares, prospective subscribers are advised to carefully consider all of the information contained in this Prospectus, particularly the risks stated below, which are described in detail in Section 2 (“**Risk Factors**”) of this Prospectus.

Risks related to the Group’s Business, Market and Industry

- Risks related to revenue from trading volume and value on the Exchange
- Risks related to individual investors comprising a large part of the trading market
- Risks related to the desire of issuers to list their securities on the Exchange
- Risks related to conducting regulated business activities, including the regulatory responsibilities to which such businesses are subject
- Risks related to owning a clearing house, including risks related to defaults by clearing members, risks related to investing margins and default funds and the cost of operating the clearing house
- Risks related to implementing the Group’s strategic transactions
- Risks related to the geographic concentration of the Group’s business in the Kingdom of Saudi Arabia and dependency of the Group’s performance on political and economic developments in the Kingdom
- Risks related to the development of Saudi Arabia’s capital market
- Risks related to the Group’s IT infrastructure
- Risks related to cyber security and cyber attacks
- Risks related to addressing demands for significant and rapid technological change which are characteristic of the Group’s industry and the Group’s related value-added solutions
- Risks related to the impact of increasing operational costs and any unexpected increase in capital expenditure relating to the Group’s business operations
- Risks related to the Group’s reliance on certain contractual relationships and strategic partners
- Risks related to Saudi Arabia’s Capital Market inclusion in benchmark indices offered by leading global index providers
- Risks related to business continuity
- Risks associated with competition from other financial markets and providers of securities services
- Risks related to the COVID-19 pandemic
- Risks related to the fixed structure for a significant portion of the Group’s cost
- Risks related to litigation or other legal proceedings
- Risks related to the Group’s reputation
- Risks related to the Company’s reliance on its Senior Executives and key personnel
- Risks related to Management’s insufficient experience in managing a publicly listed company
- Risks related to the protection of the Group’s intellectual property rights and domains
- Risks related to the Group’s real estate properties
- Risks related to the Group’s compliance with the CGRs
- The Group may require additional funds to invest in its systems and processes
- Risks related to the Group’s future growth strategy
- Risks related to the Group’s related party transactions
- Risks related to the Group’s internal controls, procedures, compliance systems and risk management systems
- Risks related to revenue generated from STG’s investment portfolio

Risks Related to Legal, Regulatory and Tax Matters

- Risks related to the Group's licensing and permits and corporate registration requirements
- Risks related to non-compliance with Saudization and other labor law requirements
- Risks related to the Group's relationship and dependence of its business on the CMA as the relevant regulatory body
- Risks related to the impact of current and future laws, rules and regulations and government policies
- Risks related to inadequacy of insurance coverage
- Risks related to Zakat
- Risks related to potential conflicts of interest between the Group's regulatory responsibilities on the Exchange and the interests of its investors
- Risks related to regulatory capital requirements for Muqassa, the Group's qualified central counterparty subsidiary
- Risks related to the enforcement of foreign court judgments and arbitral awards
- Risks related to the Competition Law in Saudi Arabia, and similar legislation and legislation relating to unfair competitive practices and similar behavior

Risks related to the Offer Shares

- Risks related to effective control by the current Shareholder
- Risks related to regulatory restrictions on changes in ownership
- Risks related to liquidity and the absence of a prior market for the shares
- Risks related to selling a large number of shares post-Offering
- Risks related to fluctuation in the market price of the shares
- Risks related to the Company's ability to distribute dividends
- Risks related to foreign exchange rates when investing in the Offer Shares
- Risks related to a delay in closing the Offering and listing the shares
- Risks related to research published about the Company

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1- DEFINITIONS AND ABBREVIATIONS



1- Definitions and Abbreviations

The following sets out certain definitions and abbreviations used in this Prospectus:

Admission	Admission of all the Shares, including the Offer Shares, to trading on the Exchange in accordance with the OSCOs and Listing Rules.
Advisors	The Company's advisors in relation to the Offering whose names appear on pages (vi) to (vii) of this Prospectus.
Affiliate	A person who Controls another person or is Controlled by that other person, or who is under common Control with that person by a third person. In any of the preceding, Control could be direct or indirect.
Application Form	The application form to be used by Participating Parties registered in the Kingdom to bid for the Offer Shares during the Book-Building Period. This term includes, when applicable, the supplementary bid form when the price range is changed.
Auditor	KPMG Professional Services.
Authority or CMA	The Capital Market Authority of the Kingdom of Saudi Arabia. Any reference to the Authority's Resolutions is a reference to the Resolutions of its Board.
Board	The Board of Directors of the Company.
Book Building Instructions	The Instructions on Book Building Process and the Allocation Method in Initial Public Offerings issued pursuant to CMA Board Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) and amendments thereto issued pursuant to CMA Board Resolution No. 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G).
Book-Building Application for Investors Outside the Kingdom	Book-building applications that are submitted to the Bookrunners via phone or E-Mail, without the need to fill out and sign the Subscription Application Form for Participating Parties in accordance with the instructions stated in Section 17 ("Share Information and Subscription Terms and Conditions").
Bookrunners	SNB Capital Company, J.P. Morgan Saudi Arabia Company and Citigroup Saudi Arabia.
Business Day	Any day (with the exception of Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in the Kingdom.
Bylaws	The Company's Bylaws as summarized in Section 12-13 ("Summary of Bylaws").
CAGR	Compound Annual Growth Rate.
CCP	The Securities Clearing Center.
CFO	The Chief Financial Officer of the Company.
CGRs or Corporate Governance Regulations	The Corporate Governance Regulations issued pursuant to CMA Board Resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G) (pursuant to the Companies Law), as amended pursuant to the CMA's Board Resolution No. 1-7-2021 dated 01/06/1442H (corresponding to 14/01/2021G).
Chairperson	The chairperson of the Board of the Directors of the Company.
CMA Authorized Subsidiaries	Saudi Exchange Company, Edaa and Muqassa.
CML	The Capital Market Law issued under Royal Decree M/30, dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
Companies Law	The Companies Law, issued under Royal Decree No. M/3, dated 28/01/1437H (corresponding to 10/11/2015G), as amended.
Competition Law	The Competition Law issued under Royal Decree No. M/75 dated 29/06/1440H (corresponding to 07/03/2019G).
Control	Pursuant to the definition stated in the Glossary of Defined Terms used in the CMA Regulations, "control" means the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a Relative or Affiliate, through any of the following: (i) holding 30% or more of the voting rights in a company or (ii) having the right to appoint 30% or more of the members of the administrative staff. The term "controlling party" shall be construed accordingly.

Derivatives	A security whose value is derived from the value of an underlying asset.
Directors	Members of the Company's Board of Directors.
EBITDA	Operating profit plus depreciation and amortization included in operating costs and general and administrative expenses.
Edaa	The Securities Depository Center Company (Edaa), a closed joint stock company wholly owned by the Company.
Exchange	The market where securities are traded and operated by the Saudi Exchange Company. Any reference to the Saudi Stock Exchange is a reference to the Exchange.
Exchange Rules	A set of rules, regulations, procedures and instructions proposed by the Board of Directors of the Exchange, Edaa or Muqassa and approved by the Authority.
Extraordinary General Assembly	An extraordinary general assembly of the Shareholders convened in accordance with the Company's Bylaws.
Financial Advisors	SNB Capital Company, J.P. Morgan Saudi Arabia Company and Citigroup Saudi Arabia.
Financial Due Diligence Advisor	PricewaterhouseCoopers Chartered Accountants.
Financial Year	The Company's Financial Year.
Foreign Investors	Qualified Foreign Investors (QFIs) and Foreign Strategic Investors (FSIs).
Foreign Strategic Investors (FSIs)	A foreign legal entity aiming to acquire a strategic interest in listed companies in accordance with FSI Instructions. "Strategic interest" refers to the direct ownership percentage in the listed company's Shares, through which the owner aims to contribute to enhancing the financial or operating performance of the listed company.
FSI Instructions	Instructions for FSIs to acquire strategic stakes in listed companies issued by the CMA Board pursuant to Resolution No. 3-65-2019 dated 14/10/1440H (corresponding to 17/06/2019G), as amended.
GCC	The Cooperation Council for the Arab States of the Gulf.
GCC Investor with Legal Personality	A legal entity with a majority of its capital owned by citizens of GCC countries or their governments, which have the nationality of a GCC country in accordance with the definition set out in the Resolution of the Supreme Council of the Gulf Cooperation Council (GCC) issued in its fifteenth session and approved by Council of Ministers Resolution No. 16 dated 20/01/1418H, as well as corporate investment funds established in a GCC country whose units are publicly offered to investors in those countries in accordance with their respective applicable laws and the majority of their capital is owned by citizens of GCC countries or their governments.
GDP	Gross domestic product.
General Assemblies	An Extraordinary General Assembly and/or an Ordinary General Assembly of the Company, and "General Assembly" shall mean any general assembly of the Company.
Glossary of Defined Terms used in the CMA Regulations	The Glossary of Defined Terms used in the Regulations and Rules of the Capital Market Authority issued pursuant to CMA Board Resolution No. 4-11-2004 dated 20/08/1425H (corresponding to 04/10/2004G), as amended by CMA Board Resolution No. 2-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).
GOSI	The General Organization for Social Insurance in the Kingdom of Saudi Arabia.
Government	The government of the Kingdom of Saudi Arabia.
Group	The Company and its Subsidiaries.
Group CEO	The Chief Executive Officer of the Company.
Group Companies	The Company or any of its Subsidiaries.
IASB	The International Accounting Standards Board.
IFR	Regulations issued by CMA Board Resolution 1-219-2006 dated 03/12/1427H (corresponding to 24/12/2006G) as amended by CMA Resolution No. 2-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).

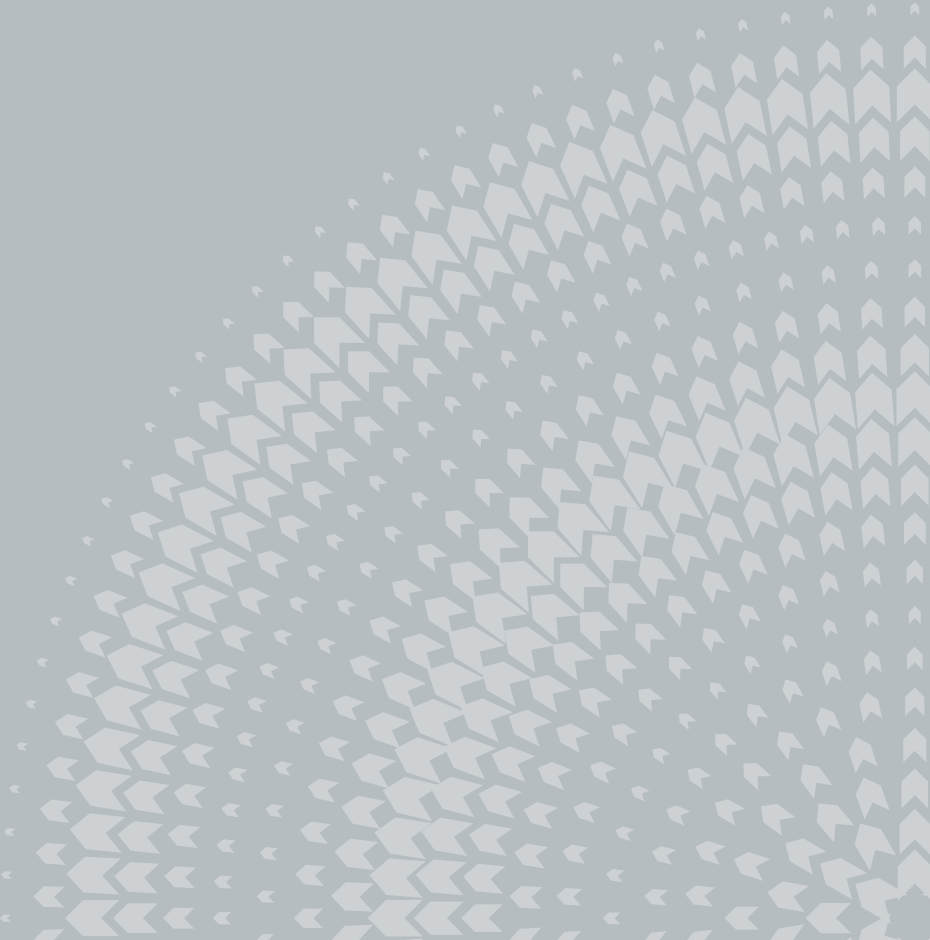
IFRS	The International Financial Reporting Standards that are endorsed in the Kingdom, and other standards and pronouncements endorsed by SOCPA, as well as the International Financial Reporting Standards issued by IASB.
IHS Markit	IHS Markit Group Ltd.
Index	A hypothetical portfolio of securities representing a market or a segment of it.
Index Futures	Futures whose value is derived from the value of an underlying asset represented in an index.
Individual Subscribers	This tranche comprises Saudi natural persons including any divorcee or widow Saudi woman having minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is divorced or widowed and the mother of her Saudi minor children, any non-Saudi natural person who is resident in the Kingdom or GCC nationals who, in each case, have a bank account, and is entitled to open an investment account, with one of the Receiving Agents.
Individual Subscription Application Form	The subscription application form that individual subscribers must complete to subscribe to the Offer Shares during the Offering Period for individual subscribers.
Internal Corporate Governance Manual	The Company's Internal Corporate Governance Manual approved on 29/12/1442H (corresponding to 08/08/2021G).
Joint Global Coordinators	SNB Capital Company, J.P. Morgan Saudi Arabia Company and Citigroup Saudi Arabia.
Labor Law	The Saudi Labor Law issued under Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended.
Lead Manager	SNB Capital Company.
Legal Advisor	Abuhimed Alsheikh Alhagbani Law Firm.
Listing	Listing of securities in the Exchange in accordance with the Listing Rules.
Listing Rules	The Listing Rules approved by the CMA Board pursuant to its Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 1-22-2021 dated 12/07/1442H (corresponding to 24/02/2021G).
Lock-up Period	The period during which the Substantial Shareholder may not dispose of its Shares, which ends six months after trading in the Shares commences on the Exchange.
Main Market	The market in which securities, which have been registered and offered under Chapter IV of the OSCOs and listed under Chapter III of the Listing Rules are traded.
Main Subsidiaries	Saudi Exchange Company, Edaa, Muqassa, and WAMID.
Market Maker	A market member who (for its own account or on behalf of its client) continuously enters buy and sell orders for a listed security during the open market session for the purpose of providing liquidity.
Ministry of Commerce	The Ministry of Commerce in the Kingdom of Saudi Arabia.
Ministry of Human Resources and Social Development	The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.
Muqassa	The Securities Clearing Center Company (Muqassa), a closed joint stock company wholly owned by the Company.
Nasdaq	Nasdaq Technology AB.
Net Offering Proceeds	The offering proceeds after deduction of all expenses related to the Offering.
Nomu - Parallel Market	The market in which shares, which have been registered and offered under Chapter VIII of the OSCOs and listed under Chapter VIII of the Listing Rules are traded.
Offer Price	105 Saudi Riyals per Offer Share.
Offer Shares	Thirty-six million (36,000,000) Shares, representing thirty percent (30%) of the Company's capital.
Offering	The initial public offering of the Company's Shares under the terms of this Prospectus.

Offering Period for Individual Subscribers	The period which will commence on 25/04/1443H (corresponding to 30/11/2021G) and continue for a period of three days up to the subscription closing date and end at the end of Thursday 27/04/1443H (corresponding to 02/12/2021G).
Open Interest	The number of future contracts outstanding (long and short) and netted, which means all long positions minus all short positions for one specific product including all expiry (maturities), which are not settled / or the total number of futures contracts for a specific month, long and short, that have been entered and have not yet closed out or expired. Each trade has a buyer and seller, but for Open Interest only one side is counted.
Ordinary General Assembly	Shareholders' ordinary general assembly convened in accordance with the Company's Bylaws.
OSCOs	The Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to its Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law and amended by CMA Board Resolution No. 1-7-2021, dated 01/06/1442H (corresponding to 14/01/2021G).
Participating Parties	<p>This tranche comprises the parties that are entitled to participate in the book-building process under the Book Building Instructions, namely:</p> <ol style="list-style-type: none"> 1. public and private funds that invest in securities listed on the Exchange as permitted by the fund's terms and conditions, and in accordance with the provisions and limitations stipulated in the IFR and the Book Building Instructions; 2. capital market institutions which are licensed to deal in securities as a principal in accordance with the Prudential Rules when submitting the Subscription Application Forms; 3. clients of a capital market institution authorized by the CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book Building Instructions; 4. any legal persons allowed to open an investment account in the Kingdom, and an account with SDC, with the exception of non-resident foreign investors, other than QFIs under the QFI Rules; 5. Government entities, any supranational authority recognized by the CMA, the Exchange, or any other stock exchange recognized by the CMA, or SDC; 6. Government-owned companies, whether investing directly or through a portfolio manager; and 7. GCC companies and GCC funds, if permissible according to the terms and conditions of such funds.
Participation Bonds	Participation bonds issued by foreign investors under swap arrangements.
Prospectus	This prospectus prepared by the Company in connection with the Offering in accordance with the OSCOs.
PTTP	The Post-Trade Technology Project (PTTP) related to the Agreement for Post Trade Technology between the Company and Nasdaq.
Public	<p>Persons other than the following:</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer; 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. Directors and Senior Executives of the Affiliates of the Issuer; 5. Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6. any Relatives of the persons referred to in 1, 2, 3, 4, or 5 above; 7. any company Controlled by any person referred to in 1, 2, 3, 4, 5 or 6 above; and 8. persons acting in concert with a collective shareholding 5% or more of the class of shares to be listed.
QFI Rules	The Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued pursuant to CMA Board Resolution No. 1-42-2015, dated 15/07/1436H (corresponding to 04/05/2015G) pursuant to the CML, as amended by CMA Board Resolution No. 3-65-2019, dated 14/10/1440H (corresponding to 17/06/2019G).
Qualified Foreign Investors (QFIs)	A qualified foreign investor authorized in accordance with the QFI Rules. Qualification applications are submitted to an authorized market institution to evaluate and accept the application in accordance with the QFI Rules.
Receiving Agents	Saudi National Bank, Al Rajhi Bank, Arab National Bank, Alinma Bank and Riyadh Bank.

Regulatory Rules and Procedures relating to Listed Joint Stock Companies	Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies issued by CMA Board Resolution No. 8-127-2016 dated 16/01/1438H (corresponding to 17/10/2016G) pursuant to the Companies Law, as amended pursuant to CMA Board Resolution No. 4-122-2020 dated 03/04/1442H (corresponding to 18/11/2020G).
Related Party/Parties	<p>According to the Glossary of Defined Terms Used in the CMA Regulations, which includes the following:</p> <ol style="list-style-type: none"> 1. Affiliates of the Issuer; 2. Substantial Shareholders of the Issuer; 3. Directors and Senior Executives of the Issuer; 4. Directors and Senior Executives of Affiliates of the Issuer; 5. Directors and Senior Executives of Substantial Shareholders of the Issuer; 6. any Relatives of persons described in (1), (2), (3), (4) or (5) above; and 7. any company controlled by any person described in (1), (2), (3), (4), (5) or (6) above. <p>For the purposes of the Corporate Governance Regulations, such term includes the following:</p> <ol style="list-style-type: none"> a. Substantial Shareholders of the Company; b. Directors of the Company or any of its Subsidiaries and their relatives; c. Senior Executives of the Company or any of its Subsidiaries and their relatives; d. Directors and Senior Executives of Substantial Shareholders of the Company; e. entities, other than companies, owned by a Director or any Senior Executive or their relatives; f. companies in which a Director or a Senior Executive or any of their relatives is a partner; g. companies in which a Director or a Senior Executive or any of their relatives is a member of its Board of Directors or Senior Executive; h. joint stock companies in which a Director or Senior Executive or any of their relatives owns 5% or more, subject to the provisions of Paragraph (d) of this definition; i. companies in which a Director or Senior Executive or any of their relatives has an influence on their decisions even if only by giving advice or guidance; j. any person whose advice or guidance influences the decisions of the Company, the Board and the Senior Executives; and k. holding companies or Affiliates of the Company. <p>Advice or guidance that is provided on a professional basis by a person licensed to provide such advice shall be excluded from the provisions of Paragraphs (i) and (j) of this definition.</p>
Relatives	<p>The husband, wife and minor children.</p> <p>For purposes of the Corporate Governance Regulations, this term includes:</p> <ul style="list-style-type: none"> • fathers, mothers, grandfathers and grandmothers and their ancestors; • children, grandchildren and their descendants; • siblings, maternal and paternal half-siblings; and • husbands and wives.
Saudi Arabian Riyal (SAR)	The official currency of the Kingdom of Saudi Arabia.
Saudi Central Bank or SAMA	The Saudi Central Bank (formerly the "Saudi Arabian Monetary Agency").
Saudi Exchange Company	The Saudi Exchange Company, a closed joint stock company fully owned by the Company.
SDC	The Securities Depository Center.
Secretary	The Secretary of the Board of Directors.
Securities Central Counterparties Regulation	The Securities Central Counterparties Regulation issued by CMA Board Resolution No. 3-127-2019 dated 21/03/1441H (corresponding to 18/11/2019G) pursuant to the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H (corresponding to 31/07/2003G).
Securities Clearing	All activities related to securities which are traded from the moment a commitment is made in connection with a transaction until it is settled.
Selling Shareholder	The Public Investment Fund
Senior Executives	The Senior Executives whose names appear in Section 5-4 ("Senior Executives"), also the members in the Company's executive management (the "Executive Management").
Shares	Any ordinary Share with a nominal value of SAR 10 in the Company's capital.

Single Stock Futures	Futures whose value is derived from the value of an underlying asset that is listed in the Exchange or any other regulated capital market.
SOCPA	The Saudi Organization for Chartered and Professional Accountants.
SSE	The UN Sustainable Stock Exchanges Initiative.
Subscribers or Investors	Individual Subscribers and Participating Parties.
Subscription Application Form	Includes the Subscription Application Form for Participating Parties and the Individual Subscription Application Form, as applicable.
Subscription Application Form for Participating Parties	The form used by Participating Parties to subscribe for the Offer Shares.
Subsidiaries	The Company's Subsidiaries are: Saudi Exchange Company, Edaa, Muqassa, WAMID, and TREC.
Substantial Shareholders	Any Shareholder owning five percent (5%) or more of the Company's Shares.
Tadawul System	The automated Saudi securities trading system.
The Kingdom or Saudi Arabia	The Kingdom of Saudi Arabia.
TREC	Tadawul Real Estate Company, a limited liability company.
Underwriters	SNB Capital Company, J.P. Morgan Saudi Arabia Company and Citigroup Saudi Arabia.
Underwriting Agreement	The underwriting agreement entered into between the Company and the Underwriters in accordance with the terms described in Section 13 (" Underwriting ").
US Securities Act	The United States Securities Act of 1933, as amended.
USD	The official currency of the United States of America.
WAMID	Tadawul Advanced Solutions Company, a closed joint stock company wholly owned by the Company.
ZATCA	The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.

2- RISK FACTORS



2- Risk Factors

Before deciding whether to invest in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risk factors described below. These risk factors may not include all the risks that the Group may encounter, and additional risks may exist that are not currently known by the Group, or that may be deemed immaterial but may nevertheless affect the Group's operations.

The Group's business, financial position, results of operations and prospects could be adversely and materially affected if any of the following risks, which are identified as material, or if any other risks that the Directors have not identified or are currently considered not to be material, actually occur or become material. As a result of such risks or other factors that may affect the Group, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company and/or the Directors expect, or at all. When evaluating the risks described below, a prospective investor should also consider, amongst other information set out in this Prospectus, the information on the Group and the relevant agreements described in Section 4 ("**The Company**") and Section 12 ("**Legal Information**"), respectively.

The Directors also confirm that, to the best of their knowledge and belief, there are no other material risks besides those mentioned in this Section, the non-disclosure of which would affect investors' decisions to invest in any Offer Shares as at the date of this Prospectus.

An investment in the Offer Shares is only appropriate for investors who are capable of assessing the risks and merits of such an investment and who have sufficient resources to bear any loss that might result from this investment. Any prospective investor who has any doubts concerning the appropriate action to be taken should consult a financial advisor licensed by the CMA for advice in connection with any investment in the Offer Shares.

The occurrence of any of the risk factors specified below, or the occurrence of any other risks which the Directors have not identified or those which they do not consider to be material as at the date of this Prospectus, may result in the reduction of the price of the Shares in the market and an investor could lose all or some of the value of his investment in the Offer Shares.

The risks and uncertainties described below are presented in an order that does not reflect their importance or anticipated effect on the Group. The risks set out in this Section 2 ("**Risk Factors**") do not purport to be: (a) a complete or composite list of all risks which may affect the Group or in any case its operations, activities, assets or markets in which it operates; and/or (b) an explanation of all the risks involved in investing in the Offer Shares.

2-1 Risks related to the Group's Business, Market and Industry

2-1-1 Risks related to revenue from trading volumes and trading value on the Exchange

The Group's main source of revenue comes primarily from the trading in, clearing and settlement and safekeeping of securities listed on the Exchange (comprising tradeable shares of companies, tradeable debt instruments (such as Sukuk and bonds) issued by governmental entities and companies, the units of Real Estate Investment Traded Funds (REITs), Exchange-Traded Funds (ETFs), Closed-end Funds (CEFs) and derivatives, as well as other tradable rights and instruments). In the financial year ended 31 December 2020G, the Group's revenues amounted to approximately SAR 1.1 billion. The financial performance of the Group relies substantially on the daily trading value of securities listed on the Exchange as a major source of operating revenue. The Group's operating revenues correlated with the trading value amounted to approximately 55% in 2018G, 59% in 2019G, 73% in 2020G and 78% as at 30 June 2021G. Revenues correlated with the trading value of securities comprises operating revenue trading commission, clearing and settlement and safekeeping.

The trading value is driven by the volume traded in the listed securities and market price levels. Traded volume is in turn affected by the actual number of new listings of securities and the volume of liquidity available for trading in securities listed on the Exchange. In addition, traded value may be affected by factors such as:

- the general conditions of the Saudi economy;
- prevailing political factors in the region and also globally;
- developments and the outlook in the global economy;
- movements in the leading financial markets worldwide;
- the current operating and financial performance and the future prospects of Saudi-listed issuers, as well as prospective issuers which are not yet listed; and
- ability of different investor classes such as pension funds, mutual funds and various asset managers, qualified foreign investors and retail investors to participate in trading in securities on the Exchange for Saudi issuers (due to regulatory restrictions, sanctions, or otherwise).

These factors may directly or indirectly impact the confidence of market participants, their willingness to trade in securities listed on the Group's market, and impact issuers' willingness to list on the Exchange. Consequently, any decline in the level of performance and growth of the Saudi economy due to low oil prices or any other macro or micro-economic conditions affecting its performance and growth (such as inflation rates, money supply, interest rates, investors' confidence in investments in listed securities, and changes in the government's other economic, financial, and monetary policies) and political factors prevailing in the region may directly or indirectly affect the volume of liquidity available for trading in securities listed on the Exchange. Furthermore, Saudi laws and regulations, or such laws and regulations of other countries, could in the future change, affecting the ability of investors to invest and trade in securities listed on the Exchange, affecting in turn trading volumes and the Group's revenues. For more information on political and economic risks affecting the Group, please refer to Section 2-1-7 ("**Risks related to geographic concentration of the Group's business in the Kingdom of Saudi Arabia and dependency of the Group's performance on political and economic developments in the Kingdom**").

Over the mid-term, the Group is pursuing a number of business plan initiatives as part of its future growth strategy to diversify and expand its operating revenue sources. In particular, the Group is focusing on increasing its clearing revenues over the coming years. However, should these initiatives prove unsuccessful, or if the Group is not allowed to charge the fees it seeks for certain services (due to regulatory or competition reasons or otherwise), its revenues may continue to be concentrated on trading volumes.

Such developments could have a material adverse effect on the Exchange and, as a result, on the Group's business, financial condition, results of operations or future prospects, and therefore the Company's share price.

2-1-2 Risks related to individual investors comprising a large part of the trading market

Individual investors constitute the largest investor segment trading on the Exchange, accounting for a large percentage of the Exchange's trading volume in contrast to other established exchanges. The percentage of individual investors' traded value for 2018G, 2019G, 2020G and the six months ending 30 June 2021G accounted for approximately 78.2%, 62.6%, 74.5% and 87.5% of the Exchange's traded value, respectively. This could potentially expose the Exchange to more volatility in trading securities compared to other exchanges globally. News or rumors circulated in the media concerning the Exchange and the securities listed on it, among other factors, could have a large effect on the trading behavior of individual investors, regardless of their validity, which in turn could affect investor confidence and participation in the market. Such developments could have a material adverse effect on the Exchange and, as a result, the Group's business, financial condition, results of operations or future prospects, and therefore the Company's share price.

2-1-3 Risks related to the desire of issuers to list their securities on the Exchange

The performance of the Saudi Exchange Company (one of the Company's Subsidiaries) and the growth of its business are linked with attracting new securities listings. As at 30 June 2021G, 185 joint-stock companies had listed their shares on the Exchange's Main Market and 7 Saudi joint-stock companies had listed their shares on the Exchange's Nomu – The Parallel Market. Additionally, the number of Corporate and Government debt instruments listed on the Exchange reached 73, while the number of REITs reached 17, and 6 ETFs and one CEF were listed on the Exchange.

The decisions of issuers to list their securities on the Exchange are influenced by several factors, including, among other things, their performance and financial results, the performance of the Exchange in general, the level of valuations that can be achieved through a listing on the Exchange, as well as economic conditions, the desire of issuers to raise capital, and the desire of existing shareholders to realize their investment and raise liquidity. Furthermore, the decisions of issuers to list their securities on the Exchange is also influenced by their ability to meet the requirements, conditions and the associated financial costs of listing, in addition to the continuing obligations in relation to listed securities, such as ongoing disclosures and government requirements, and the cost associated with such continuing obligations. The number of issuers with securities already listed on the Exchange could also decrease if a significant number of issuers were to decide to de-list their securities, or the number of issuers with listed securities were reduced through business combinations. Therefore, a decrease in the number of new issuers wishing to list their securities on the Exchange or a decrease in the number of existing issuers with listed securities for any reason would affect the Saudi Exchange Company's ability to maintain its business growth, especially the market breadth and diversity of listed securities. Such developments could have a material adverse effect on the Exchange and consequently on the Group's business, financial condition, results of operations or future prospects, and therefore the Company's share price.

2-1-4 Risks related to conducting regulated business activities, including the regulatory responsibilities to which such businesses are subject

The role of the CMA Authorized Subsidiaries is prescribed in the Capital Market Law ("**CML**") and they have certain regulatory responsibilities related to owning and operating a securities exchange, securities depository center and securities clearing center. For example, the Saudi Exchange Company is responsible for monitoring issuers' compliance with certain continuing obligations and monitoring and overseeing members' compliance with the Exchange Rules. Additionally, Edaa and Muqassa fulfill certain

regulatory roles pertaining to supervising and ensuring compliance of their respective members with the Exchange Rules. For more information on the regulatory function of the CMA Authorized Subsidiaries, please refer to Section 4 (“**The Company**”) of this Prospectus.

Any failure by a CMA Authorized Subsidiary to comply with the CML and its Implementing Regulations could significantly harm the Group and, as a result, prompt regulatory scrutiny, the imposition of penalties and negatively impact the Group’s reputation and the financial market in Saudi Arabia. For example, as the licensed securities depository center, Edaa is responsible under the CML for verifying and registering all ownership rights over the securities traded on the Exchange in addition to pledges and other encumbrances pertaining to such securities. The entries in the final registers of Edaa serve as conclusive evidence and proof of title and other such rights over the securities. Therefore, Edaa may be liable to compensate any investor who suffers financial losses due to the negligence of its employees. Any such developments could have a material adverse effect on the Group’s business, financial condition, results of operations or future prospects and therefore the Company’s share price.

Furthermore, certain regulatory developments could negatively impact the CMA Authorized Subsidiaries. The CMA may impose additional requirements for trading platforms operated by the Group that prove costly for the Group to implement and could result in a decrease in demand for some of the Group’s services. In particular, the Group’s securities trading platforms and other technological systems are subject to extensive regulation and oversight by the CMA. Ensuring the Group’s compliance with applicable regulations requires significant ongoing administrative and compliance expenses and burdens. In addition, any expansion of the Group’s systems that are determined to be in scope for further regulation could result in significant additional expenditures. Should any of these risks materialize, it could have a material adverse effect on the Group’s business, financial condition, results of operations or future prospects and therefore the Company’s share price.

2-1-5 Risks related to owning a clearing house, including Risks related to defaults by clearing members, Risks related to investing margin and default funds and the cost of operating the clearing house

The Group operates a Qualified Central Clearing Counterparty (“**QCCP**”) through its subsidiary Muqassa. There are risks inherent in operating a clearing house, including exposure to the market and counterparty risk of clearing members, market liquidity risks, defaults by clearing members and risks associated with custody and investing margin or default fund assets provided by clearing members to Muqassa, which could subject the business to substantial losses.

Muqassa started off clearing MT30 Index Futures contracts (based on the tradeable index jointly developed between the Saudi Exchange Company and MSCI) as part of the launch of the derivatives markets in August 2020G. Muqassa plans to expand its clearing services to include all cash market trading products (equities, bonds and Sukuk, ETFs and CEFs) following the activation of the new post-trade technology program (“**PTTP**”). In addition, Muqassa plans to introduce clearing single stock futures following the launch of single stock futures.

Clearing members in Muqassa provide collateral in the form of margin and default funds, which amounted to an aggregate cash balance of SAR 22.18 million as at 31 December 2020G and SAR 16.8 million as at 30 June 2021G. Muqassa invests the collateral provided by clearing members, currently placed at Muqassa’s account at the Central Bank, in compliance with the Securities Central Counterparties Regulation. The investment of clearing members’ collateral is disclosed to the public via the quarterly CPMI-IOSCO Public Quantitative Disclosure available on Muqassa’s website.

Muqassa has an obligation to return margin payments and default fund contributions to clearing members to the extent that the relevant member’s risk based on its open contracts to Muqassa is reduced, subject to minimum requirements. If a number of clearing members substantially reduce their Open Interest or default, the concentration of risks within Muqassa will be spread among a smaller pool of clearing members, which would make it more difficult to absorb and manage risk in the event of a further clearing member’s default. This could result in a material adverse effect on the Group’s business, financial condition, results of operations or future prospects and therefore the Company’s share price.

The rules and procedures of Muqassa, which aim to help ensure that clearing members can satisfy their obligations, may not succeed in preventing losses after a member’s or counterparty’s default. In addition, setting margin and financial safeguards is a complex process and there is no guarantee that Muqassa’s procedures will adequately protect the Group from the risks related to clearing these products, such as a member’s default. The Group has contributed its own capital to the front of Muqassa’s default waterfall that could be used in the event of a default. Muqassa has a capital of SAR 600 million divided into 60 million shares, with a par value of SAR 10. The default of any clearing member(s) could subject the Group’s business to substantial losses and cause customers to lose confidence in Muqassa, which would in turn result in a material adverse effect on the Group’s business, financial condition, results of operations or future prospects and therefore the Company’s share price.

2-1-6 Risks related to implementing the Group's strategic transactions

The Group may enter into business combination transactions, make acquisitions and enter into partnerships, joint ventures and other strategic investments or alliances, some of which may be material for the Group's operations. The market for strategic transactions is highly competitive, particularly in light of recent consolidation in the exchange sectors and existing or potential future restrictions on foreign direct investment in some countries. Market conditions may limit the Group's ability to use the Shares as an acquisition currency. In addition, Muqassa is subject to minimum regulatory capital requirements, and the other CMA Authorized Subsidiaries may become subject to such requirements in the future, which may constrain the Group's ability to use its available capital resources to finance potential acquisitions and to pursue debt financed acquisitions. These are among the factors that may adversely affect the Group's ability to identify acquisition targets or strategic partners consistent with its objectives, or may make the Group less attractive as an acquirer or strategic partner, which could materially and adversely impact the Group's overall business, financial condition, results of operations or future prospects and therefore the Company's share price.

Please also refer to Section 2-2-3 ("**Risks related to the Group's relationship and dependence of its business on the CMA as the relevant regulatory body**") for information on the CMA approval required in respect of any change in more than 5% of the ownership interest in the Company or any of the CMA Authorized Subsidiaries, which could also impact the Group's ability to identify acquisition targets or strategic partners consistent with its objectives.

In addition, the Group cannot be sure that it will recognize the anticipated benefits of any transactions it undertakes, such as any expected cost savings, growth opportunities, synergies or improvements in the Group's competitive profile. A variety of factors, including unanticipated difficulties integrating or developing the Group's existing technology platforms or those of businesses that it acquires, regulatory changes, competitive developments, labor conflicts, litigation, currency fluctuations and inflation, may adversely affect any anticipated cost savings, revenue potential or other anticipated benefits. The anticipated benefits of a particular transaction may not be realized fully, if at all, or may take longer to realize than expected. Pursuing strategic transactions requires substantial time and attention of the Group's management team, which could prevent the management team from successfully overseeing other initiatives. Failure to successfully complete or achieve the anticipated benefits of such transactions could therefore have a material adverse effect on the Group's overall business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-7 Risks related to geographic concentration of the Group's business in the Kingdom of Saudi Arabia and dependency of the Group's performance on political and economic developments in the Kingdom

All of the Group's operating revenue for the last three financial years was generated in the Kingdom and the Group's future success is closely tied to its general economic developments and growth as well as to future integration and growth in the nearby region.

If the Kingdom's economy stagnates or its macroeconomic outlook deteriorates, it will affect the development of the Saudi capital markets. In particular, the oil sector still constitutes a large share of the GDP of Saudi Arabia. Fluctuations in oil prices may occur and adversely affect the economy of Saudi Arabia. Furthermore, any negative change in one or more macroeconomic factors or indicators in the Kingdom, including economic growth, exchange rates, interest rates, inflation, wage levels, foreign investment and international trade could have an adverse effect on the Saudi Arabian economy.

In addition, the Middle East may be subject to political and security instability. There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, the neighboring countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Group's business, results of operations, financial condition and prospects and therefore the Company's share price.

Any adverse changes in the political, economic or legal environment in Saudi Arabia and/or other countries in the Middle East region, which include, without limitation, market fluctuations, recession, insolvency, political uprisings, weakness in employment levels, technological shifts and other such developments could have a material adverse effect on the Group's business, financial condition or future business prospects and therefore the Company's share price.

2-1-8 Risks related to the development of Saudi Arabia's capital market

The Exchange was formed in 2007G as the sole and exclusive entity authorized to act as a securities exchange in the Kingdom. Since then, the Group has been a driving force in the development of Saudi Arabia's financial sector, establishing its securities depository center Edaa in 2016G and its securities clearing center Muqassa in 2018G. The Group's business also depends on the further development of the capital market in Saudi Arabia in line with the Financial Sector Development Program of Vision 2030, in which the Group plays a key role.

The Group's current services and product offering, as well as its future planned developments, are aligned with the current and anticipated future demands of investors – both from the Kingdom and through international investment. As a result, to remain successful, the Group will need to successfully anticipate future demand for capital market services and prepare its infrastructure to service any increased participation of the private sector in the economy.

The continued favorable development of the Kingdom's financial market depends on numerous factors, such as a regulatory framework that is conducive to foreign investment, Saudi Arabia's ability to attract and retain the participation of necessary market actors (including banks, brokers, custodians, fund managers, index providers and research analysts), as well as the further development of the necessary capital market infrastructure. For example, the Group's strategic initiatives include developing partnerships and links with international central securities depositories to facilitate the settlement of international securities transactions and to become a central counterparty for other exchanges and trading venues in the MENA region. If the regulatory framework, participation of market participants and market infrastructure fail to develop it could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-9 Risks related to the Group's IT infrastructure

The Group relies heavily on its IT infrastructure and must operate, monitor and maintain its computer systems and network services, including those systems and services related to its electronic trading system, in a secure and reliable manner. A failure to do so could have a material adverse effect on the functionality and reliability of the Exchange and on its reputation, business, financial condition and results of operations. System failure or degradation could lead to system outages, loss of information, a decrease in securities trading on the Exchange and reputational damage.

While the Group takes measures to protect its IT infrastructure, the risk of such failures cannot be totally eliminated. In 2020G, for example, exchanges in Japan, Australia and the EU experienced outages, causing trading activity to cease for several hours. High-profile system failures in the securities trading industry could negatively impact the Group in the future and may result in a loss of confidence in its technology and its markets, regulatory investigations, penalties and slowdowns or interruptions in business activity. Furthermore, if such events materialize, the Group's customers or members may file formal complaints with industry regulators, file lawsuits against the Group, cease doing business with the Group, or could petition regulators to initiate inquiries or proceedings for failure to comply with applicable laws and regulations, any of which could harm the Group's reputation, business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-10 Risks related to cybersecurity and cyber attacks

The secure transmission of confidential information and the ability to reliably transact on the Group's electronic platforms and provide financial data services are critical elements of the Group's operations. Some of the Group's products and services involve the storage and transmission of proprietary information and sensitive or confidential client and other data, including client portfolio information. The financial services industry in various countries has generally been targeted for purposes of political protest, activism and financial gain and the Group's role and profile in the global marketplace places it at greater risk than other public companies in the Kingdom and other jurisdictions of cyberattack and other information security threats.

If anyone gains improper access to the Group's electronic platforms, networks or databases, they may be able to steal, publish, delete or modify the Group's confidential information or that of a client or counterparty. Breaches of the Group's cybersecurity measures or the accidental loss, inadvertent disclosure or unapproved dissemination of proprietary information or sensitive or confidential data about the Group, its clients or customers, including the potential loss or disclosure of such information or data could expose the Group, its customers, or the individuals affected to a risk of loss or misuse of this information, result in litigation, regulatory action and potential liability for the Group, damage its brand and reputation or otherwise harm the Group's business and therefore the Company's share price.

The Group's networks and market infrastructure and those of the market participants and third-party service providers may be vulnerable to compromise, unauthorized access, security technology failure, computer viruses, social engineering, denial of service attacks, terrorism, ransomware attacks, firewall or encryption failures or other security problems resulting in loss of data integrity, information disclosure, unavailability or fraud. Furthermore, former, current or future employees of the Group with access to this information may misappropriate trade secrets or source code and the Group could be a target for such illegal acts in the future. Despite measures by the Group to protect its systems, it is also possible that the market members linked to the Exchange's systems dedicated to the trading of securities are exposed to cyber-attacks and sabotage, which could materially and adversely affect the business of trading on the Exchange.

Cybersecurity incidents could lead to suspension or disruption of trading or a lower level of trading service on the Exchange or any of the other services that the Group provides. Any such development could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-11 Risks related to addressing demands for significant and rapid technological change which are characteristic of the Group's industry and the Group's related value-add solutions

Information technology is a key component of the Group's business and strategy and is one of the factors that enables the Group to achieve its business objectives. The Group operates in a sector that has undergone, and continues to experience, significant and rapid technological change and where the demand for technology development will continue on an ongoing basis. To maintain its competitive edge, the Group seeks to develop and improve the efficiency and performance of its trading, clearing and settlement platforms and related services through its technology. The Group's success in achieving its objectives depends on its ability to:

- develop and obtain licenses to operate advanced information systems;
- improve its trading, settlement and clearing platforms, and related services;
- forecast the volume of demand for new services and meet the needs of customers, as well as technological developments, standards and practices in the Exchange that need to be dealt with quickly and effectively;
- continue to attract qualified human resources and professionals in the Information Technology sector and develop the information systems used by the Group; and
- anticipate or adapt to the rapid changes in the financial transactions sector.

The development of new systems and products by the Group for the securities trading platform requires the allocation of appropriately skilled and experienced human resources and substantial financial investment. The Group, through its technology innovation subsidiary, WAMID, aims to provide value-add solutions for market participants and the wider business community. Keeping up with the rapid pace of development of technology and information systems globally could be financially and operationally expensive for the Group. Furthermore, WAMID was only established in the third quarter of 2020G and commenced operations in the second quarter of 2021G and it has no proven track record of delivering successful innovation of products or services for market participants as a separate legal entity.

The Group cannot guarantee that it will be able to keep up with such developments in the future. Additionally, even if products or services are developed, the Group might not be able to benefit financially from the development of technology and information systems in whole or in part for any number of reasons, including shifting market demand and competition. Furthermore, even if a product or service is met by market demand for such product or service, the Group may not be able to realize, in a timely manner or at all, the additional expected revenue from these features after their release because, among other reasons, it is not able to charge fees or commissions to its customers for their use (if they are included in the fees or commissions charged by the Group), or in any case the fees or commissions charged do not offset the development or running costs and do not result in an increase of the Group's revenues. Should any of these risks materialize, it could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-12 Risks related to the impact of increasing operational costs and any unexpected increase in capital expenditure relating to the Group's business operations

To maintain an exceptional level of service to its customers, and to set regulations and rules governing the operations and application of its operations, the Group must constantly strive to develop its technological and services platforms and to attract qualified and experienced human resources and consultants, all of which are major expenditure items of the Group's operations and investments in the context of its business.

On 1 June 2021G, the Group completed its reorganization, with the Company wholly-owning the following operational subsidiaries: (i) the Saudi Exchange Company, its trading and listing subsidiary operating the exchange market (ii) Edaa, its securities depository center; (iii) Muqassa, its securities clearing center; and (iv) WAMID, its software development subsidiary. This reorganization entailed significant management time and resources. Following this reorganization at the end of June, the authorized capital of the Saudi Exchange Company was fully paid up for an amount of SAR 300 million to reach SAR 600 million and the authorized capital of Muqassa was fully paid up for an amount of SAR 300 million to reach SAR 600 million.

If these increased capitalizations and any other related expenditures and operational costs related to developing its technology and services platforms are not off-set by achieving higher revenues and economic advantages for the Group, they will have a material adverse effect on its business, financial condition, results of operations and future prospects. This increase in operating and investment expenses in general, if not accompanied by the sufficient additional anticipated revenue, may result in a material adverse effect on the level of profitability of the Group or to losses, which could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects, and therefore the Company's share price.

2-1-13 Risks related to the Group's reliance on certain contractual relationships and strategic partners

The Group relies on certain third parties and strategic partners for trading, clearing, settlement, custody and market information systems. In particular, under the Group's agreements with Nasdaq Technology AB ("**Nasdaq**"), Nasdaq provides services for the development, delivery, and support of the Group's trading systems and PTPP. For more information on the PTPP, please refer to Section 4-8-1-1 ("**Post Trade Technology Program (PTTP)**") of this Prospectus. The Group also uses the services of Markit Group LTD ("**IHS Markit**") and MSCI Limited ("**MSCI**") for access and supply of certain markets and services as well as access to certain index data. Please refer to Section 12-6 ("**Agreements**") for summaries of the agreements with these strategic partners. From time to time, the Group may also rely on other third parties for the provision of network, colocation and data centers services.

Third parties on which the Group relies could experience difficulties, material changes to their business relationships with the Group, or become unable for any reason to perform their obligations. In addition, disputes could arise between the Group and such third parties which, if not resolved, could jeopardize the Group's ability to rely on such third parties' services. Furthermore, the term of the GICS License and Distribution Agreement between the Saudi Exchange Company and MSCI Inc. dated 1 January 2017G is for one year only, automatically renewable unless either party notifies the other of its intention not to renew (please refer to Section 12-6 ("**Agreements**") for a summary of such agreement). There is a risk that the MSCI Inc. may decide not to renew the agreement at any time, or impose an increase to its fees which may not be acceptable to the Saudi Exchange Company. In any such event, the Group may be unable to find a suitable replacement provider of such services in a timely manner, which could lead to disruptions in the Group's business operations. Any such event would have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

The Group has entered into two agreements with IHS Markit that are subject to change in control restrictions on the Company and its Main Subsidiaries that could entitle IHS Markit to terminate the agreements. A change in control is not clearly defined in the agreements so the Group would need to seek a written waiver from IHS Markit prior to effecting any transactions that could trigger such a restriction. Failure to obtain a waiver could result in termination of the relevant agreements or the Group not being able to move forward with its transactions, which could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-14 Risks related to Saudi Arabia's Capital Market inclusion in benchmark indices offered by leading global index providers

A key strategic strength of the Group is the recognition and inclusion of the Saudi Arabia capital market in the benchmark indices by leading index providers, such as MSCI Inc., S&P DJI and FTSE Russell, which increases the attractiveness of the issuers listed on the Exchange to qualified foreign investors and other overseas investors and improves the Group's brand and reputation. If, for whatever reason, Saudi Arabia's capital market is excluded from any of these indices, fail to meet continuing inclusion requirements, or are reclassified by any of the leading index providers, this may negatively impact the Group's reputation as well as significantly reduce interests of qualified foreign investors in securities listed on the Exchange, potentially also impacting liquidity on the Exchange. This could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects, and therefore the Company's share price.

2-1-15 Risks related to business continuity

The Group has a primary and a secondary data center both of which are located in Riyadh city. Both data centers have a full redundant infrastructure and trading information and both are synched in almost real-time. In the case of a primary data center site crisis, the Group will do a site failover to the Group's secondary data center disaster recovery site and resume its trading services. Separately, the Group also has an off region data backup site (outside Riyadh) that stores data backups for all critical systems which can be used to restore its data in the case of regional disaster. The off-region data backup site is not meant to operate the market. In the case of a regional disaster in which both primary and secondary data centers are out of service, the Group will have the market data available through the off region data back up site but will still need to setup the infrastructure which is time consuming. The Group has a plan to establish an out of region data center as a second disaster recovery site (outside Riyadh) that can operate the market.

In the context of a crash, disruption, disaster or other local or regional emergency, there is no guarantee that either primary or secondary data center site will work effectively or in a timely manner. In the context of a regional disruption, disaster or other emergency, there is no guarantee that the back up site will have all the data back ups required for trading services to resume once an infrastructure has been established, the timing of which cannot be accurately predicted. Because the locations of the primary and secondary data centers are considered to be geographically close, the occurrence of any natural or non-natural disasters could also destroy some or all of the Group's data centers.

Any such developments could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-16 Risks associated with competition from other financial markets and providers of securities services

Since its incorporation, the Company was the sole and exclusive securities exchange pursuant to the CML. However, since the latest amendments to the CML in 2019G, any qualified entity may submit an application to the CMA to be licensed to carry out exchange, depository, settlement, clearing and other related services in the Kingdom. Although the CMA Authorized Subsidiaries are currently the only entities licensed to provide such services in KSA, there is a risk that other entities can now enter this sector and start competing with the Group in light of the latest amendments to the CML.

Furthermore, the Group's industry is characterized by competition in all areas of the business, including those with higher profit margins such as market data. While the CMA Authorized Subsidiaries are currently the only providers of exchange services in the Kingdom, and as a result have not observed any such competitive pressures in the past, it cannot be ruled out that they may experience pricing pressures in the future, and that some of their competitors will seek to establish a presence in Saudi Arabia or the region and as part of that increase their share of trading or listings by reducing their trading commissions and or listing fees or by offering other forms of financial or other incentives.

If competitors enter the Saudi market, the Group may lose a substantial percentage of shares of listing and trading if it is unable to effectively compete, or profit margins could decline if the Group reduces its pricing in response. Some competitors may have high profit margins in business areas in which the Group does not currently engage, which may enable them to execute these strategies. This competitive environment could lead to loss of trading volume and decrease in revenues, and consequently could materially and adversely affect the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

If any reputable entity manages to obtain the required licenses from the CMA to commence its operations in the Kingdom, this could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-17 Risks related to the COVID-19 pandemic

Although the Group's businesses have not been as negatively affected as other sectors, the coronavirus (COVID-19) pandemic has created economic and financial disruptions globally and has led governmental authorities to take unprecedented measures to mitigate the spread of the disease, including travel bans, border closings, business closures, quarantines and shelter-in-place orders, and to take actions designed to stabilize markets and promote economic growth.

While the Group has taken preventive measures and implemented contingency plans and most of its employees are now back working in its offices, the Group cannot give any assurance that such measures will adequately protect its business, and an extended period of remote work arrangements in the future may increase existing or create new risks, including, but not limited to, cybersecurity risk, and could place stress on the Group's technological resources and business continuity plans. If one or more of the third-party vendors to whom the Group outsources certain material activities claim that they cannot perform due to a force majeure or experience operational failures as a result of the COVID-19 pandemic, it could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects. Furthermore, the further spread of COVID-19 could impact the availability of the Group's Senior Executives and other key employees who are necessary to conduct the Group's business.

The extent of the impact of the COVID-19 pandemic on the Group's business, financial condition, results of operations and future prospects will depend largely on future developments, including, amongst other things, the widespread distribution, acceptance and effectiveness of one or more vaccines. A prolonged and sustained economic downturn could have an adverse effect on the Group's revenues related to certain activities such as a decline in demand for certain data products and a decline in listing applications. The COVID-19 pandemic could also have an adverse impact on the Group's customers' businesses and ability to trade, and the resulting impact on the Group's business will depend on future developments, which are highly uncertain and cannot be predicted.

While governmental organizations are engaging in efforts to combat the spread and severity of COVID-19, these measures may not be effective as expected. Moreover, actions taken by governmental authorities that are intended to improve the macroeconomic or other effects of COVID-19, may in the future result in regulatory uncertainty and could in turn impact the Group's business. At this time, the Company cannot predict how regulatory responses to concerns about COVID-19 will impact the Group's business.

2-1-18 Risks related to the fixed structure for a significant portion of the Group's cost

A significant portion of the Group's cost structure is fixed, meaning that such portion of its cost structure is generally independent of the extent of the trading volume on the Exchange and the Group may not be able to adjust its fixed cost structure if demand for the Group's products and services declines. Salaries and benefits, which represented approximately 44%, 46%, 48% and 47% of the

Groups operating cost and general and administrative expenses in 2018G, 2019G, 2020G and the six months ending 30 June 2021G respectively, are the Group's largest expense category and tend to be based on both the Group's staffing requirements and the general dynamics of the employment market, rather than trading volumes. If demand for the Group's products and services declines, its operating revenues will also decline. In such instance, the Group may not be able to adjust its cost structure at all or commensurately or on a timely basis, to counteract a decrease in revenue, which would result in a material adverse impact on the Group's business, financial condition, results of operations and future prospects. Moreover, if demand for future products that the Group acquires or licenses is not at the level necessary to off-set the cost of the relevant acquisition or license, this could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects, and therefore the Company's share price.

2-1-19 Risks related to litigation or other legal proceedings

Many aspects of the Group's business involve potential litigation risks. Some of the Group's liability risks arise under the laws and regulations relating to insurance, tax, anti-money laundering, foreign asset controls and foreign corrupt practices. These risks include, amongst others, potential liability from disputes over terms of a securities trade or from claims that a system or operational failure or delay caused monetary losses to a market participant or customer, as well as potential liability from claims that the Group facilitated an unauthorized transaction or that the Group purportedly provided materially false or misleading statements in connection with a transaction. In the industry, dissatisfied customers make claims against their service providers regarding quality of trade execution, improperly settled trades, mismanagement or even fraud.

The Group sells its services, products and market information to a wide range of customers, including a large number of listed and unlisted issuers, brokers and financial analysts. Therefore, the Group may face claims, suits and judicial and administrative proceedings as a result of liability arising from the provision of such services, products and information. In addition, as at 30 June 2021G, the Group had 383 employees, making it vulnerable to conflicts and potential labor complaints. If the Group is subject to any judicial or administrative action that results in any judgment or set of judgments against the Group, and such judgment or combined judgments entail substantial amounts of damages, this could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

Furthermore, as providers of securities services, the Group is subject to filing claims relating to non-payment by customers or respective members. This includes risks relating to being able to collect due and unpaid amounts. For example, the Company is currently a party to a claim against a licensee of market information services whereby the Company is claiming for the payment of an amount of SAR 37,292,218 as a result of a breach by the licensee under a standard Tadawul Information License Agreement. This claim remains ongoing as at 20 October 2021G. In addition, as at 20 October 2021G, the Group is party to 39 other ongoing legal proceedings with a total estimated value of SAR 19,200,179. For more information, please refer to Section 12-11 ("**Claims and Litigation**") of this Prospectus.

Although aspects of the Group's business may be protected by regulatory immunity and/or contractual arrangements providing for limited or no liability clauses, the Group could nevertheless be exposed to substantial liability under applicable laws and regulations and judicial or administrative decisions or judgments, as well as rules and regulations promulgated by relevant regulators. The Group could incur significant expenses defending claims, even those which are frivolous or vexatious and without merit. In addition, an adverse resolution of any lawsuit or claim against the Group may require it to pay substantial damages or impose restrictions on how the Group can conduct its business going forward.

Should any of the above risks materialize, it could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-20 Risks related to the Group's reputation

One of the Group's key competitive strengths is its strong reputation and brand name. This reputation could be adversely impacted in many different ways, including by regulatory, governance or technology failures or the activities of market participants or listed issuers that the Group does not control. Damage to the Group's reputation could cause some issuers not to list their securities on its exchange or cause listed issuers to de-list, as well as reduce the trading volume on its exchange. Any of these events could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-21 Risks related to the Company's reliance on its Senior Executives and key personnel

The Group's success depends upon the continued service and performance of its Senior Executives and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company and each of its Subsidiaries relies on a number of key individuals from its Senior Executives and other key personnel, who have, individually and collectively, valuable experience in the securities trading industry, information technology and other relevant fields, and who have made substantial contributions to the development of the Group's operations and expansion and provide continuity. For more information on the Company's Senior Executives, please refer to Section 5-4 ("**Senior Executives**").

The Group may need to enhance some of its practices to attract and retain Senior Executives and/or employees. The loss of the services of the Group's Senior Executives or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking certain qualified replacements or adversely affect its ability to manage its business effectively. This would increase the Group's operating expenses and materially and adversely affect its business, financial condition, results of operations and future prospects and therefore the Company's share price.

The Group's Senior Executives, management or key personnel could behave in a manner which negatively impacts the Group's business and reputation, including through misuse of information or systems, disclosure of confidential information or disseminating misleading information. Additionally, the Group may not always be able to prevent its senior management and key personnel from committing negligence or misconduct or ensure their compliance with the internal regulations and policies of the Group, which could result in losses, fines or financial liabilities for the Group, or cause harm to the Group's reputation and could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-22 Risks related to management's insufficient experience in managing a publicly listed company

Some of the Company's Senior Executives may have limited experience in managing listed joint stock companies in Saudi Arabia and complying with the laws and regulations pertaining to such companies. In particular, the internal and/or external training that the Senior Executives will receive in managing a Saudi Arabian publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Group. Non-compliance with the regulations and disclosure requirements imposed on listed companies may expose the Company to regulatory sanctions and fines and public censure and could therefore have a material adverse effect on the Company's share price.

2-1-23 Risks related to protection of the Group's Intellectual Property Rights and Domains

The Group relies on patent, trade secret, copyright and trademark laws, the law of the doctrine of misappropriation and contractual protections to protect its proprietary technology, proprietary index products and index methodologies, domain names and other proprietary rights.

The Company and its Main Subsidiaries have applied to register several trademarks with the Saudi Authority for Intellectual Property, as well as with other authorities in nine (9) foreign countries and are in the process of registering various trademarks in such countries. For more information on the trademarks registered, or being registered by the Group, please refer to Section 12-10 ("**Intellectual property and intangible assets owned by the Group**") of this Prospectus. However, not all registrations have been completed with other authorities in certain foreign countries as at the date of this Prospectus. To the extent that certain trademark registration applications are not successfully registered, or challenged in the relevant territory, the Company and its Main Subsidiaries may not be permitted to use or protect their trademarks on which they rely heavily. This could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

Additionally, the Group's operations depend on several electronic systems and applications. The Group owns the intellectual property rights for some of these applications in whole or in part, and holds licenses to manage and/or operate some of these applications developed by third parties (for more information on these systems and applications, please refer to Section 12-10 ("**Intellectual property and intangible assets owned by the Group**") of this Prospectus). In addition, the Group relies on the intellectual property rights that are licensed to it in connection with its listing of exclusively-licensed index products. With regard to the intellectual and technical property rights and technical knowledge licensed to the Group by third parties, the right to use such licenses is usually dependent on the Group's satisfaction of the requirements under which the license and the provision of services are granted. A failure to meet such requirements could expose the right to obtain such licenses and services to risk, including the risk of termination of such licenses.

The Group and its licensors may not be able to prevent third parties from copying, or otherwise obtaining and using, its proprietary technology without authorization or from listing its proprietary or exclusively-licensed index products without licenses or otherwise infringing on its rights. The Group and its licensors may have to rely on litigation to enforce its intellectual property rights, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. The Group and its licensors may not be successful in this regard. Such litigation, whether successful or unsuccessful, could result in substantial costs to the Group, diversions of its resources or a reduction in its revenues, any of which could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

If the Group is found to have infringed on the intellectual property rights of third parties, it may be required to pay compensation for damages, or be subject to judicial proceedings to prevent it from using certain technologies that might be important for its operations. The Group may also be required to obtain licenses for the use of the technology, which might not be available on reasonable terms and can significantly increase its operating expenses. As a result, the Group might have to develop its own technology, or obtain alternative technology that does not constitute an infringement on the rights of third parties, which could require significant efforts and capital expenditure, in addition to the fact that such technology might not offer the same level of operational performance which could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-24 Risks related to the Group's real estate properties

The Company and its Main Subsidiaries currently operate from one main location in Riyadh in the Tawuniya Towers where their offices are located. Such offices are leased by such Group Companies from Tawuniyah Real Estate Investment Company (as the lessor) pursuant to a total of 17 lease agreements, and the total annual rental value under such leases amounted to SAR 11,733,159 for the financial year 2018G, SAR 14,427,147 for the financial year 2019G, and SAR 13,540,343 for the financial year 2020G and 6,015,586 as at 30 of June 2021G. For more information on such leases, please refer to Section 12-8-3 ("**Lease Agreements**") of this Prospectus. Each lease is for a term of one year, renewable upon the written approval of the lessor on the rental value for the renewal period. There is a risk that the Company and its Main Subsidiaries may not be able to renew the leases or, if renewed, they may not be able to renew them on the same terms, or the lessor may impose an unreasonably higher rent value. In the event that the leases are not renewed or terminated, this could impact their operations, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

Additionally, the Company is in the process of acquiring the second floor of the data center in the King Abdullah Financial District in Riyadh (the "**Data Centre**") for the purposes of its operations, including providing certain IT solutions through WAMID. The Company has paid to the seller (who is a Saudi government entity) 50% of the value of the property comprising SAR 77,500,000 pursuant to a memorandum of understanding (a promise of sale agreement). However, the Company has not entered into any binding sale or transfer agreement governing the sale. Although WAMID is currently utilizing the Data Centre, legal title of the property has not transferred to the Company as at the date of this Prospectus and there is no written agreement governing the use of the property prior to completion of the title transfer. If the seller decides not to continue with the transfer, there is a risk that the Company may not be able to enforce its right to acquire the Data Centre. In such case, it would need to recoup the SAR 77,500,000 that it has already paid. Failure to acquire the Data Centre could also result in certain losses by the Group and impact its business plans, which could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price. For more information, please refer to Section 12-8-1 ("**KAFD Data Center**") of this Prospectus.

Furthermore, TREC (the Company's 33.12% Subsidiary) has acquired from King Abdullah Financial District Development and Management Company ("**KAFDCo**") a parcel of land in King Abdullah Financial District for the purposes of constructing and developing the Group's headquarters ("**Tadawul Tower**"). TREC has paid for such property an amount of SAR 42,579,464. No sale/transfer agreement has been signed between the parties and that the legal title of the Tadawul Tower has not been transferred to TREC as at the date of this Prospectus. However, TREC has procured certain facilities in an amount of SAR 950 million and has commenced the development and construction works on the Tadawul Tower and its book value as at the month of May 2021G exceeded SAR 2 billion. If TREC does not obtain legal title to the Tadawul Tower for whatever reason, TREC will suffer considerable losses and TREC's lenders may accelerate the facility payments. Should such risk materialize, this would have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price. For more information, please refer to Section 12-8-2 ("**KAFD Tadawul Tower**") of this Prospectus.

2-1-25 Risks related to the Group's compliance with the CGR (Corporate Governance Regulations)

The Board approved an internal Corporate Governance Manual on 29/12/1442H (corresponding to 08/08/2021G). The manual includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company's success in proper implementation of the corporate governance rules and procedures will depend on the extent of comprehension and understanding of these rules and proper execution of such rules and procedures by the Board, its Committees and Senior Executives, especially with regards to formation related to the Board and its Committees thereof, independence requirements, rules related to conflicts of interest and Related Party Transactions.

The Corporate Governance Regulations impose various mandatory requirements on the Company, including the adoption of certain corporate governance policies and procedures and the compliance therewith. Failure to comply with the governance rules, especially the mandatory rules that have derived from the Corporate Governance Regulations, would subject the Company to regulatory penalties and would adversely and materially affect the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

The ordinary General Assembly of the Company formed the Audit Committee, consisting of five non-executive members, on 24/07/1441H (corresponding to 19/03/2020G). The Board has re-appointed the Nomination and Remuneration Committee and the Risk Management Committee on 03/01/1443H (corresponding to 11/08/2021G) (refer to Section 5-9 ("**Board Committees and their Responsibilities**")). Failure by members of these Committees to perform their duties and adopt a work approach that ensures protection of the interest of the Company and its Shareholders may affect corporate governance compliance, the continuous disclosure requirements and the Board's ability to monitor the Company's business through these Committees, which would have a material adverse effect on the Group's business, financial condition, results of operations and future prospects and therefore the Company's share price.

2-1-26 The Group may require additional funds to invest in its systems and processes

The Group may require additional capital to finance any future growth and expansion of its business and such capital may not be available to the Group at favorable terms or at all. The availability of equity financing depends, among other aspects, on the future share price of the Company's shares and the prevailing conditions on capital markets. In addition, debt financing may expose the Group to restricting covenants and require the Group to grant security in favor of the relevant lenders or impose other restrictions on its business and financial position. Inability to obtain additional capital to finance any future growth and expand the Group's business at favorable terms could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-27 Risks related to the Group's future growth strategy

The Group's future growth strategy and business plan initiatives focus on developing new markets, products and services in tandem with the development of the Saudi economy and its capital markets. To do this successfully, the Group has to accurately anticipate demand for new markets, products and services in a timely manner and be able to execute research, product and services development, implementation, marketing or any other steps required to fully realize revenue from such new markets, products and services. For example, the Group launched its derivatives market in August 2020G, and plans to expand its derivatives product offering as well as other services in line with the developing international institutional and domestic retail and institutional investor base, as well as increasing capital markets activity as a result of a number of factors, such as the growth of the Saudi economy and disposable income. If the Group is not successful in executing on its strategy implementation (due to internal delays or as a result of external developments, such as the anticipated market demand not materializing as expected) or in addressing market needs in a timely manner, this would have an adverse effect on the Group's business, financial condition, or future prospects and therefore the Company's share price.

2-1-28 Risks related to the Group's Related Party Transactions

The Company has entered into certain service level agreements with its Main Subsidiaries to provide administrative and financial support services. This includes legal, IT, information security, HR and marketing. All such service level agreements have been entered into based on a standard template adopted by the Company. The Company has also entered into certain agreements and transactions with other Related Parties as part of its ordinary course business, including subsidiaries of its 100% shareholders (the PIF) which are all entered into on an arm's length basis. Please refer to Section 12-6-3 ("**Summary of Material Agreements with Related Parties**") for summaries of the material agreements that the Company has entered into with its Related Parties.

Additionally, the Main Subsidiaries also enter into numerous transactions with customers who are deemed as related parties as per the definition and criteria under IFRS. All such transactions are entered into on an arm's length basis and follow the standard contract templates adopted by the Main Subsidiaries. Please refer to Section 12-6-1 ("**Standard Forms for Service Agreements and Contracts**") for more information on such contract templates. The total value of the related party transactions of the Company and its Main Subsidiaries based on the consolidated financial statements (prepared in accordance with IFRS standards) was SAR 160,224,418 as at the end of the financial year 2018G, SAR 444,047,607 as at the end of the financial year 2019G and SAR 1,163,704,908 as at the end of the financial year 2020G and SAR 344,627,811 as at 30 June 2021G.

Pursuant to Article 71 of the Companies Law, no Board member may have a direct or indirect interest in the transactions and contracts executed for the benefit of the Company unless authorized by the ordinary General Assembly. The Company has in the past obtained the approval of the general Assembly for all such transactions and contracts in accordance with the requirements of Article 71 of the Companies Law. Please refer to Section 5-7-1 ("**Interests of Directors and Senior Executives in Contracts and Agreements Entered into by the Company and its Subsidiaries**") for more information.

In the event that transactions and agreements with related parties are not conducted in the future on a commercial basis, or if they are not renewed for whatever reason, this may have an adverse effect on the Group's business, financial condition, or future prospects and therefore the Company's share price.

2-1-29 Risks related to the Group's internal controls, procedures, compliance systems and risk management systems

Members of the Group's governing bodies, employees, authorized representatives or agents may intentionally or unintentionally violate applicable laws and internal standards and procedures, in particular in relation to anti-corruption, money-laundering, antitrust and sanctions compliance as well as compliance with laws and regulations regarding sales practices, products and services, environment, finance, employment and general corporate and criminal law. However, there can be no certainty that the Group's internal controls, procedures, compliance systems and risk management systems will be able to identify such violations, ensure that they are reported in a timely manner, evaluate them correctly or take the appropriate countermeasures, and that they will be adequate for an enterprise of the Group's size.

There can further be no certainty that any countermeasures the Group implements will be appropriate to reduce the corresponding business risks effectively, that breaches of law, regulations or internal controls have not occurred in the past or that their discovery would not result in significant liability or reputational damage for the Group. Moreover, in light of continuously evolving legal and regulatory requirements, and internal developments such as corporate reorganizations, there can be no certainty that the Group's risk management systems, internal controls and compliance systems and related governance structures will adequately identify and address all relevant requirements.

Any failure to effectively prevent, identify or address violations of the Group's legal obligations as a result of inadequate internal controls, procedures, compliance systems and risk management systems could result in penalties and other sanctions, liabilities, the assertion of damages claims by third parties, and reputational damage, each of which could have a material adverse effect on Group's overall business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-1-30 Risks related to revenue generated from the Company's investment portfolio

The Group utilizes liquidity in excess of short-term operational requirements in an investment portfolio (amounting to SAR 2.3 billion as at 30 June 2021G) holding predominantly liquid money market funds instruments (92.09%), real estate fund investments (1.29%) and Sukuk debt (current 4.28% and non-current 2.35%). For the six-month period ended 30 June 2021G, the investment portfolio generated income of SAR 17 million or 4.4% of the Group's gross profit for the period (for the six months ended 30 June 2020G: SAR 24 million or 11.2%). While the Group seeks a risk-averse profile for its investment portfolio, the investments are exposed to the credit risk of the issuer for the underlying instruments and the yield of such instruments, along the income generated therefrom, may be uncertain and depend on their nature and general market conditions. Furthermore, in cases of default of the underlying instruments or of their issuer, the Group may be required to recognize losses on its balance sheet. Furthermore, market volatility events or other general market conditions may have an indirect impact on the valuation of the Group's portfolio, irrespective of the fundamental value of the underlying assets, and the Group may be required to recognize impairments or losses on its balance sheet as a result. Should any of these risks materialize, this could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-2 Risks related to the Legal, Regulatory and Tax Matters

2-2-1 Risks related to the Group's licensing and permits and corporate registration requirements

The businesses of the CMA Authorized Subsidiaries are heavily regulated by the CML and its Implementing Regulations. Each CMA Authorized Subsidiary is licensed by the CMA to undertake its business and is as a result subject to various terms and conditions associated with such licenses. However, other than for Muqassa, the licensing regulations applicable to the CMA Authorized Subsidiaries have not been issued by the CMA as at the date of this Prospectus. There is a risk that once such regulations are issued, the CMA could impose additional terms and conditions that would require the relevant CMA Authorized Subsidiaries to implement additional measures to ensure compliance, which could be onerous or costly. Refer to Section 2-2-4 ("**Risks related to the impact of current and future laws, rules and regulations and government policies**"). As a financial technology company, WAMID, depending on the activities and services it decides to undertake in the future, may be subject to certain licensing requirements, which could also be onerous or costly.

Any failure to comply with the terms and conditions or a license held by a CMA Authorized Subsidiary could result in fines and other penalties being imposed by the CMA or any other competent authority or ultimately revocation of the license. Additionally, the CMA and any other competent authority may from time to time choose to impose additional onerous conditions on the relevant CMA Authorized Subsidiary in the course of renewing or amending any of their licenses. There can be no guarantee that additional licenses may not be required in the future. If the relevant CMA Authorized Subsidiary is unable to procure the relevant license or is unable to renew or maintain an existing license on similar terms, it would have a material adverse impact on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

The Group is also subject to certain corporate registration requirements under the Companies Law. Each Group Company is required to ensure that its commercial registration and its Bylaws are updated from time to time to comply with the requirements of the competent regulators. Currently, TREC has not updated its articles of association to be in line with the latest amendments of the Companies Law. Non-compliance with such requirements could result in certain issues in processing applications with the Ministry of Commerce, which could result in a material adverse impact on the Group's corporate and administrative operations.

Furthermore, the activities of the CMA Authorized Subsidiaries are limited to such activities stipulated in CML and their Bylaws, which cannot be amended without the approval of the CMA (for more detail about the activities the CMA Authorized Subsidiaries are licensed to engage in, please refer to Section 4-2-4 ("**Overview of the Company's Main Subsidiaries**") of this Prospectus). Therefore, the CMA Authorized Subsidiaries may not engage in any unauthorized business activity under CML. Due to the nature of the Group's business as described above, the CMA Authorized Subsidiaries may not be able to diversify its sources of revenue by investing in any other investment sectors, compared to other issuers listed on the Exchange, which, in accordance with the regulations in the Kingdom, are granted greater freedom to diversify their sources of income through investment in multiple investment sectors. Therefore, the Group's financial results will continue to be largely and substantially dependent on the performance of the Exchange, and the risk factors associated with its performance described in this Section of the Prospectus, particularly in Section 2-1-1 "**Risks related to revenue from trading volumes and trading value on the Exchange**".

2-2-2 Risks related to non-compliance with Saudization and other Labor Law Requirements

Compliance with Saudization requirements is a local regulatory requirement necessitating that all companies active in Saudi Arabia, including the Subsidiaries, employ, train and maintain a certain number of Saudi nationals amongst their workforce. The percentage of Saudi employees varies on the basis of a company's activities. As at 30 June 2021G, the Saudization ratio of the Company was 90%, the Saudi Exchange Company 93%, Edaa 98%, Muqassa 74% and WAMID 100%. The Group has obtained the relevant certificates to this effect from the Ministry of Human Resources and Social Development. For more information, please refer to Section 4-10-2 ("**Saudization**").

However, the Group's failure to comply with Saudization policies and rates and relevant government instructions will lead to the Group's exposure to penalties imposed by government agencies, such as suspending labor visa requests and other penalties, which would have an adverse impact on the Group's ability to conduct its business and operations and its ability to fulfill its obligations, profitability, financial performance and financial results.

As at 30 June 2021G, the Group has entered into three manpower supply agreements pursuant to which the Group is engaging 18 workers. The Company should continuously ensure that such workers are registered with the Ministry of Human Resources and Social Development's AJEER Portal in order to avoid penalties for non-registration. The penalties for entities seconding foreign employees under their own sponsorship to another entity without an AJEER notice include, for a first-time violating entity, a fine of SAR 25,000 for each employee working in violation of the law and a ban on recruiting foreigners for a period of one year. The penalties increase in case the violation is repeated to include higher fines of up to SAR 100,000 for each employee working in violation of the law and a potential recruitment ban for two to five additional years, among other things. This could adversely and materially affect the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

Furthermore, each Subsidiary is required to maintain employment policies and contracts which are consistent with the Labor Law and which are updated from time to time by the Ministry of Human Resources and Social Development. The Group must ensure that its employment contracts are consistent with the Labor Law and the mandatory provisions required by it. Furthermore, the Company's HR Policy Manual is not entirely consistent with the Ministry of Human Resources and Social Development template prescribed under the Labor Law. This could have a material adverse effect the Group's business, financial condition, results of operations, and future prospects and therefore the Company's share price.

In addition, there can be no assurance that the Group will be able to provide the required workforce or recruit the required number of Saudi nationals and/or foreign workers that it requires for its business operations without incurring additional costs which could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-2-3 Risks related to the Group's relationship and dependence of its business on the CMA as the relevant regulatory body

All the revenues of the CMA Authorized Subsidiaries, including fees charged for the services they provide, are regulated by Resolutions issued by the CMA and cannot be modified or increased by such CMA Authorized Subsidiaries at their sole discretion, whereas CML requires CMA's approval of all fees imposed by them for their services. The Group's CMA Authorized Subsidiaries may not be able to increase these fees, either because the CMA would not approve such increase, because of the market conditions, or for any other reason. In such a case, the fees collected by such CMA Authorized Subsidiaries for their services will remain at their current levels, which would adversely and materially affect profitability compared to the volume of its operating expenses.

Pursuant to the CMA Resolution dated 11/04/1438H (corresponding to 09/01/2017G), the Company pays an annual fixed amount to the CMA in consideration for the services it provides to the Group amounting to one hundred and thirty million Saudi Riyals (SAR 130,000,000). In this regard, it should be noted that there is no guarantee that the CMA will not increase such amount (for example, the consideration amount may be increased as a result of the CMA providing additional services to the Group), which could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price. Pursuant to an agreement for the operation and provision of technical support for the market surveillance system (SMARTS) entered into with the CMA, the Company provides certain services in relation to technical support for the market surveillance system in return for an amount of SAR 2,500,000 paid annually by the CMA. Additionally, the CMA reimburses the Company for the amounts and expenses it incurs in respect of the SMARTS provider and the service providers in accordance with the agreement (for further details, please refer to Section 12-6-2-8 ("**Agreement regulating the responsibilities of the operation and provision of technical support for the Trading Control System (SMARTS) and the powers to access the system**") of this Prospectus).

Furthermore, the Group is subject to additional regulatory requirements pursuant the licenses obtained from the CMA. Refer to Section 2-2-1 ("**Risks related to the Group's licensing and permits and corporate registration requirements**") for more information. Although the Company no longer performs licensable activities as from 1 June 2021G due to the formation of the Saudi Exchange Company and its assumption of the Group's listing and trading services, the CMA continued to impose certain governance and ownership terms and conditions on the Company in light of its 100% ownership of the CMA Authorized Subsidiaries. In particular, the names of candidates for the Company's Board must be submitted to the CMA for approval before they may be voted on by the Company's general meeting of shareholders. In addition, the CMA must approve the candidate for the Company's chief executive officer position prior to appointment by the Company's Board. In addition, any change of more than 5% in the ownership of the Company or any of its CMA Authorized Subsidiaries, as well as any change within the same percentage in the share capital of the CMA Authorized Subsidiaries, requires the prior approval of the CMA. The CMA may also impose further conditions under the license at its discretion, and changes in such conditions could further restrict the Group's operations or impose additional costs of compliance. Failure to comply with the conditions of the license could also result in adverse regulatory action or jeopardize the Group's ability to provide its services. For more information on the licenses of the Group, please refer to Section 12-5 ("**Government Consents, Licenses and Certificates**") of this Prospectus.

2-2-4 Risks related to the impact of current and future laws, rules and regulations and government policies

The Group, and specifically its CMA Authorized Subsidiaries, are subject to a wide range of laws, rules and regulations in Saudi Arabia, including CML, Companies Law and the various implementing rules and regulations approved by the CMA and any failure of the Group or its subsidiaries, to comply with such laws, rules and regulations could result in fines and sanctions, adversely affecting the Group.

In particular, demand for services provided by the CMA Authorized Subsidiaries and their business may be materially and adversely affected by changes in laws, rules and regulations, government policy and administrative directives, or the interpretation thereof, in Saudi Arabia. In light of the ongoing growth of the capital market in Saudi Arabia, a number of the laws, rules and regulations applicable to the Group and, in particular its CMA Authorized Subsidiaries and their respective operations, are new or regularly updated, and the interpretation and enforcement of these laws, rules and regulations involve uncertainties and different degrees of inconsistency. This may have an adverse impact on the CMA Authorized Subsidiaries' revenues, increase their costs, increase their obligations, limit their ability to realize expansion plans, implement their objectives or result in loss of licenses, which could have a material adverse effect on the CMA Authorized Subsidiaries' business, financial condition, results of operations and future prospects. Please also refer to Section 2-2-1 ("**Risks related to the Group's licensing and permits and corporate registration requirements**") in respect of the licensing rules and regulations not being issued for Edaa and the Saudi Exchange Company. There can be no assurance of favorable or unfavorable future changes in laws, rules and regulations and/or governmental policy in Saudi Arabia with respect to the sector the CMA Authorized Subsidiaries operate in, including the promulgation of new laws, rules and regulations, their amendment or their interpretation or enforcement.

As part of the conditions imposed by the CMA in connection with the Saudi Exchange Company's license, the CMA has reserved the right to require the Saudi Exchange Company to offer part of its shares for public subscription in the manner the CMA's board sees fit. Such event will result in diluting the Company's ownership percentage in the Saudi Exchange Company, which would have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

Failure by the Group to comply with current laws, rules and regulations and any future changes in the regulatory environment, especially those applicable to the capital markets sector, could subject the Group to fines and sanctions or temporary or permanent suspension of trading or even de-listing of the Company's shares, which could have a material adverse effect on the Group's business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-2-5 Risks related to inadequacy of insurance coverage

The Group secures insurance related risks that the Group may face in addition to that which might be legally required to cover risks related to financing operations. The insurance may not be sufficient to cover all cases or all the risks to which the Group may be exposed. There may be events in the future where the Group's insurance does not cover the potential losses, or it may not be insured against them at all. The Group's insurance policies also include exceptions or limits for coverage that exclude certain types of loss, damage and liability from the insurance coverage (for more information, refer to Section 12-9 ("**Insurance**"). In these cases, the Group would incur losses that could have a material adverse effect on its business and results of operations. In addition, if the insurance policies are not renewed within the current scope of coverage and under commercially acceptable terms, or if they are not renewed at all, or if there is no insurance or insufficient insurance for the different fields of the Company's business, this would have an adverse effect on the Group's business, financial position, results of operations and prospects and therefore the Company's share price.

2-2-6 Risks related to Zakat

Pursuant to a ZATCA letter number 16/33008 dated 28/12/1438H, the Company and its Main Subsidiaries were not subject to zakat as they are ultimately wholly owned by the government of the Kingdom of Saudi Arabia. Accordingly, there were no provisions allocated for zakat in the consolidated financial statements for the financial year ending on 31 December 2019G and the years before. The Group had committed to submit all its zakat returns for the previous financial years to ZATCA for information purposes only.

As of 1 January 2020G, the Company and its Subsidiaries (except for TREC) are subject to Zakat pursuant to Royal Order No. 35657 dated 29/06/1442H, issued in relation to the collection of Zakat and taxes from the companies that are wholly owned by the Public Investment Fund (whether directly or indirectly). The Company and its Subsidiaries (except for TREC) submitted their Zakat returns on a consolidated basis for the year 2020G. The Company paid the amount of SAR 83,120,935 for the year 2020G. However, the Company did not receive the final Zakat assessments from the ZATCA for the period ended 2020G.

The Group (including TREC post Offering) will be required to file Zakat returns with ZATCA and pay the applicable Zakat on an annual basis. ZATCA's application of zakat is based on the understood practice as at the date of this Prospectus. There is a risk that if there is a material shift in ZATCA's policy in this regard, the Group could become subject to additional Zakat payments which could have a material effect on the Group's business, financial position, results of operations and prospects and therefore the Company's share price.

2-2-7 Risks related to potential conflicts of interest between the Group's regulatory responsibilities on the Exchange and the interests of its investors

Each of the CMA Authorized Subsidiaries have a regulatory function pertaining to its respective operations pursuant to CML and its Implementing Regulations. An inherent duty assumed by the CMA Authorized Subsidiaries is to generally maintain adequate, effective and fair procedures which uphold the transparency and fairness of the capital market and the protection of its investors. Each of the CMA Authorized Subsidiaries has established an independent regulatory policy and oversight committee, which performs its roles independently without involvement from the relevant board or management members. Please refer to Section 4-5 ("**The Group's Regulatory Function**") for an overview of the CMA Authorized Subsidiaries' regulatory functions.

At the same time, the Group, including these CMA Authorized Subsidiaries have certain commercial objectives. It may be possible that the fulfilment of its regulatory role may not always be consistent with achieving the commercial objectives and vision of the Group, which aim to seek profits and expand its operations. In such a case, the regulatory function will always prevail as it is a statutory role mandated by applicable law. This could materially and adversely impact the Group's business, financial position, results of operations and prospects and therefore the Company's share price.

2-2-8 Risks related to regulatory capital requirements for Muqassa, the Group's qualified central counterparty subsidiary

As a qualified central counterparty, Muqassa is subject to minimum liquidity requirements under the Securities Central Counterparties Regulation issued by the CMA ("**SCCR**"). As at the date of this Prospectus, minimum liquidity requirements under Art 7(b)(1) of the SCCR, liquid net assets (as defined in the SCCR) should be greater than the higher of: SAR 100 million, at least six months of operating expenses (excluding depreciation and amortization) or any such other amount as requested by the CMA at its discretion. In accordance with such requirements, Muqassa maintains liquidity to cover its regulatory requirements and the risks and potential losses arising from the CCP's operation as a business, but excluding risks and losses related to a clearing member default. Such risks include any potential impairment of the CCP's financial position as a consequence of a decline in its revenues or an increase in its expenses. Minimum liquidity requirements may constrain the Group's ability to use its available capital resources to fund its operations. In addition, the CMA may at its discretion increase such minimum requirements applicable to Muqassa. The CMA could take such action if, for example, Muqassa were to expand its clearing operations into

additional asset classes or if it chooses to adopt EU standards (EMIR) due to potential recognition of Muqassa by ESMA. If the CMA increases the minimum liquidity requirement applicable to Muqassa, Muqassa would be required to raise more equity from the Group if the existing equity is not enough to meet regulatory level. Any such development could materially and adversely impact the Group's business, financial position, results of operations and prospects and therefore the Company's share price.

2-2-9 Risks related to the enforcement of foreign court judgments and arbitral awards

Five of the Group's material agreements are governed by foreign laws (four are governed under the laws of England and Wales and one under New York law. The majority of the counterparties in the material agreements are located outside the KSA. Furthermore, disputes under such agreements are subject to jurisdiction of the courts in London or arbitration in London or Dubai. Please refer to Section 12-6-2 ("**Summary of Material Agreements**") for summaries of such agreements. England, the United States and the KSA are parties to the New York Convention. However, there is no certainty that the Group would be able to successfully enforce foreign court judgments or arbitral awards in the KSA or the countries in which such counterparties are located. Accordingly, judgments issued in this respect will constitute foreign judgments for the Saudi court or the relevant court in the jurisdiction in which the counterparty is located, which are subject to the requirements of the relevant enforcement laws. The inability of the Group to enforce a foreign court judgement or arbitral award for whatever reason could adversely and potentially materially impact the Group's business, financial position, results of operations and prospects and therefore the Company's share price.

2-2-10 Risks related to the Competition Law in Saudi Arabia, and similar legislation and legislation relating to unfair competitive practices and similar behavior

The Competition Law seeks to protect fair competition in the Saudi markets and promote and establish market rules and free/transparent prices. Pursuant to Article 7 of the Competition Law, entities participating in an economic concentration are required to notify the General Authority for Competition (GAC) for approval of such concentration at least 90 days prior to completing the relevant transaction. The law defines "economic concentration" widely to capture, amongst other things, any transfer of ownership over shares or assets that would result in a change in control. The implementing regulations of the Competition Law set a new threshold with respect to transactions that require the approval of the GAC. If the total revenues of the entities involved in a sale and purchase transaction exceed SAR 100 million, then the relevant parties should apply to the GAC at least 90 days prior to completion. The GAC issued some guidance on which entities should be taken into account when determining whether the aforementioned threshold has been exceeded. Effectively, the parties to the relevant transaction (along with any other entity controlled within their respective groups) should be considered. Given the size of the Group, any corporate transaction undertaken by the Company may trigger the SAR 100 million threshold and, as a result, such transaction may need to be filed with the GAC for approval. This is the case even if such transaction occurs outside the Kingdom and regardless of the size of the transaction.

Under the Competition Law, the GAC has a right to reject any such transaction if it deems it to be prejudicial to competition in the Kingdom. The GAC would have a period of 90 days to provide a response. If it is found that a filing was required and the parties move forward with the proposed transaction without seeking the GAC's approval, the GAC may impose a fine of (i) up to 10% of the annual sales in connection with the violation, or (ii) up to three times the amounts profited by the violator(s) as a result. Additionally, the GAC may require the violator(s) to take all necessary steps to rectify the violation, including unwinding the whole transaction, and a daily penalty fee of up to SAR 10,000 may be imposed until such rectification is completed.

In light of the recent re-organization of the Group and the conversion of the Company into a holding company, the Company may decide to enter into certain corporate transactions such as acquiring new companies or businesses (refer to Section 2-1-6 ("**Risks related to implementing the Group's strategic transactions**"). There is a risk that the GAC may withhold its approval, issue conditional approvals that the Group may not be able to satisfy, reject certain transactions or delay their completion until it issues its decision. GAC may also impose the above-mentioned penalties/sanctions if it finds that the Company has not generally complied with the provisions of the Competition Law and its implementing regulations. This would adversely affect the Company's ability to identify acquisition targets or strategic partners consistent with its objectives, which could materially and adversely impact the Group's overall business, financial condition, results of operations or future prospects and therefore the Company's share price.

In the event that the Company violates the provisions of the Competition Law (whether in relation to an acquisition notification or any other provision that applies to the Company's operations) and a judgment is issued against it with respect to such violation, the Company may be subject to significant fines at the discretion of the GAC. In addition, the GAC is entitled to request (partial or full) suspension of the Company's activities temporarily or permanently in case of repeated violations. Moreover, defending against such proceedings may be lengthy and costly to the Company. The occurrence of any of these risks could have a material adverse effect on the Group's overall business, financial condition, results of operations or future prospects and therefore the Company's share price.

2-3 Risks related to the Offer Shares

2-3-1 Risks related to effective control by the current Shareholder

Following completion of the Offering, the current Shareholder (the PIF) is expected to hold 70% of the issued Shares. The PIF will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts, important Group activities, distribution of dividends and amendments which might be made to the Group's share capital and Bylaws.

The interests of the PIF may differ from those of the Group's other Shareholders, and the PIF may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Group's other Shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discourage bids for the Shares, which may adversely affect the value of the Shares.

Such powers might be used in a manner which would adversely and materially affect the Group's business, results of operations, financial condition and future prospects and therefore the Company's share price.

2-3-2 Risks related to regulatory restrictions on changes in ownership

Pursuant to the conditions imposed by the CMA in respect of the licenses granted to the CMA Authorized Subsidiaries, any change in more than 5% of the ownership interest in the Company or any of the CMA Authorized Subsidiaries requires the prior approval of the CMA (refer to Section 2-2-3 ("**Risks related to the Group's relationship and dependence of its business on the CMA as the relevant regulatory body**")). As a result of such condition, the Company's shareholders may be more limited in their ability to increase their stake in the Company or influence the Company than would be the case for companies that are not subject to such restrictions.

2-3-3 Risks related to liquidity and the absence of a prior market for the Shares

There has been no previous public market for offering or trading the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares would be adversely affected or result in the loss of all or a portion of the investment made by any investor in the Group, which would adversely and materially affect their anticipated returns.

Several factors such as the Group's financial results, general circumstances, the health of the general economy and the regulatory environment in which the Group operates may result in a significant variation in the liquidity of Share trading and the Share price.

2-3-4 Risks related to selling a large number of shares post-Offering

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares.

Upon the successful completion of the Offering, the PIF will be subject to a six-month Lock-up Period starting from the commencement of trading of the Shares on the Exchange, during which it may not dispose of any Shares that it owns. The sale of a substantial number of Shares by the PIF following the expiry of the Lock-up Period could have an adverse effect on the market for the Shares and may result in a lower market price.

The Company will also be subject to a six-month Lock up Period upon successful completion of the Offering. Following expiry of the Lock up Period, the Group may issue Shares or other securities from time to time as consideration for, or to finance, future acquisitions or investments or for other capital needs. The Company cannot predict the size of future issuances of the Shares or the effect, if any, that future sales or issuances of Shares would have on the market price of the Shares. If any such acquisition, investment or capital need is significant, the number of Shares or the number or aggregate principal amount, as the case may be, of other securities that the Company may issue may in turn be substantial and may result in dilution to the Company's shareholders.

2-3-5 Risks related to fluctuation in the market price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Group, the prospects for the Group's business, the industry in which it operates, the markets in which it competes and an assessment of the Group's management, operations and financial results. Following completion of the Offering, the Offer Price may not be equal to the price at which the Shares will be traded. Investors may not be able to resell the Offer Shares at or above the Offer Price, or investors may not be able to sell them at all.

The stock market in general experiences extreme price and volume fluctuations from time to time. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Group's performance and results of anticipated operations, departures of key personnel, changes in earnings estimates or forecasts, or the materialization of any of the other risks described in this Section, or, the general situation of the Saudi Arabian economy, changes in applicable laws and regulations, terrorist acts, escalation of hostilities, acts of war or periods of widespread civil unrest, natural disasters and other calamities and stock market price fluctuations. The realization of any of these risks or other factors would have a material adverse effect on any investor's anticipated returns, or result in the loss of all or a portion of their investment in the Company.

2-3-6 Risks related to the Company's ability to distribute dividends

The Company is a holding company and its ability to generate income and pay dividends is dependent on the ability of the Subsidiaries to declare and pay dividends to the Company. The actual payment of future dividends by the Company and the payment of dividends to the Company by the Subsidiaries, if any, and the amounts thereof, will depend on a number of factors, including but not limited to the amount of distributable profits and reserves, investment plans, earnings, level of profitability, regulatory requirements, including minimum capital requirements mandated by regulatory authorities, and such other factors as the Board, or the relevant board of the Subsidiary, may deem relevant from time to time. As a result, the Company's ability to pay dividends in the future may be limited. If the Company does not pay dividends on the Shares, the Shareholders may not receive any return on their investment in the Shares unless they sell the Shares at a price higher than the price at the time of their purchase, which would have a material adverse effect on any investor's anticipated returns. For more information regarding the dividend policy of the Company, please refer to Section 7 ("**Dividend Distribution Policy**").

2-3-7 Risks related to foreign exchange rates when investing in the Offer Shares

The Offer Shares are, and any dividends to be paid in respect of the Offer Shares will be, denominated in Saudi Riyals. Any investment in the Offer Shares by an investor whose principal currency is not the Saudi Riyal or the US dollar will expose that investor to foreign currency exchange rate risk. This may adversely impact the investor's value of its investment in the Offer Shares or any dividends.

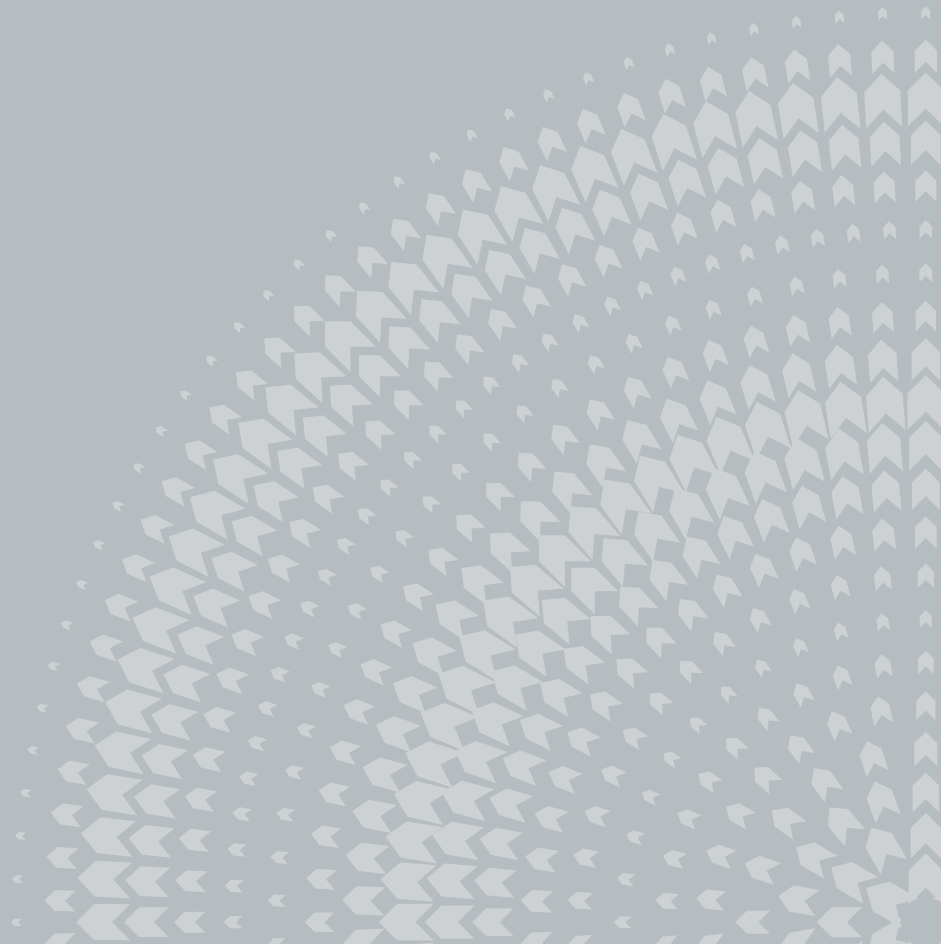
2-3-8 Risks related to a delay of closing the offering and listing the shares

A public offering of shares to be listed on the Exchange typically closes concurrently with the shares being admitted for trading on the Exchange, with both typically occurring more than two weeks after the announcement of the final offer price for the shares. During that time, the parties complete the retail offer (which in the Kingdom has not previously begun until after the final offer price is set) and complete the subscription process and allocation of the shares. The Saudi Exchange Company has implemented a number of new procedures to enable the Listing of the Offer Shares to take place within the timeframe described in "Key Dates and Subscription Procedures" in this Prospectus. However, there can be no assurance that Listing of the Offer Shares will commence as expected. As a result, closing of the offering and Listing of the Offer Shares for trading on the Exchange could be delayed. The Saudi Exchange Company will announce the commencement of trading of the Shares on the Exchange on its website (saudiexchange.com.sa).

2-3-9 Risks related to research published about the Company

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about the Group and its business, the market price for the Shares may decline. The trading price and volume of the Shares will depend in part on the research that securities or industry analysts publish about the Group and its business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers the Group downgrades their recommendations on the Shares or publishes inaccurate or unfavorable research about the Group's business, the market price for the Shares could decline. In addition, if one or more research analysts cease coverage of the Group or fail to publish reports on it regularly, it could lose visibility in the financial markets, which, in turn, could cause the market price for the Shares to decline significantly.

3- MARKET AND INDUSTRY OVERVIEW



3- Market and Industry Overview

In this Prospectus, the Company has used publicly available information and market data from independent industry publications and market research related to the sector.

For all matters on which any information has been obtained from third parties, the source of such information has been specified. However, it should not be relied upon in making, or refraining from making, any investment decision.

The market industry publications and reports generally state that the information they contain has been obtained from sources believed to be reliable. As far as the Company, Directors and the Financial Advisors are aware and able to ascertain, no information or facts have been omitted which would cause the information reproduced to be inaccurate or misleading. Prospective investors should be aware that statistics, data, statements and other information relating to markets, market size, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. The forward-looking statements and projections in this Section do not guarantee future performance.

The Directors believe that third party information and data included in this Prospectus is reliable. However, such information and data have not been independently verified or checked for accuracy and completeness by the Company, the Directors, the Selling Shareholder or the Advisors, and thus none of them bears any liability for the accuracy or completeness of said information.

3-1 Economy of Saudi Arabia

3-1-1 Key macroeconomic indicators

3-1-1-1 Nominal GDP¹ (SAR billion) 2016G-2020G

	2016G	2017G	2018G	2019G	2020G
GDP (SAR billion)	2,419	2,582	2,949	2,974	2,625

Source: Kingdom of Saudi Arabia; General Authority for Statistics, 2021G; SNB Economic Research, 2021G.

Note: (1) Nominal GDP is also known as GDP at current prices which consider price changes, money supply, inflation and changing interest rates.

Between 2016G and 2019G, Saudi Arabia's nominal GDP grew at approximately 7.1% year-on-year to a GDP of SAR 2,974 billion. In 2020G, nominal GDP figures contracted by approximately 11.7% to SAR 2,625 billion primarily as a result of the COVID-19 pandemic and falling oil production. In 2021G, nominal GDP is expected to reach SAR 2,722 billion, confirming the positive post COVID-19 pandemic outlook.

3-1-1-2 Annual Nominal GDP¹ Growth Rate (%) 2016G-2020G

	2016G	2017G	2018G	2019G	2020G
GDP Growth Rate %	(1.4)%	6.8%	14.2%	0.8%	(11.7)%

Source: Kingdom of Saudi Arabia: General Authority for Statistics 2021G; SNB Economic Research, 2021G.

Note: (1) Nominal GDP is also known as GDP at current prices which consider price changes, money supply, inflation and changing interest rates.

In 2018G Saudi Arabia's nominal GDP has registered a solid 14.2% growth primarily as a result of a strong recovery in oil production levels and price. Due to the COVID-19 pandemic, an 11.7% decrease in annual nominal GDP growth rate was captured in 2020G. However, current estimates see a nominal GDP growth of 3.7% in 2021G, due to the easing in lockdown restrictions and an expected economic recovery in the aftermath of the COVID-19 pandemic.

3-1-1-3 GDP Per Capita (SAR) 2016G-2020G

	2016G	2017G	2018G	2019G	2020G
GDP Per Capita	76,083	79,177	88,271	86,892	74,763

Source: Kingdom of Saudi Arabia; General Authority for Statistics; IMF, 2021G.

From 2016G through 2019G, Saudi Arabia's GDP per Capita grew steadily by approximately 4.5% year-on-year reaching SAR 86,892 in 2019G. As a result of a declining nominal GDP in 2020G, in part due to the COVID-19 pandemic and falling oil production, GDP per capita contracted by 14% to SAR 74,763. Nonetheless, it is expected to amount to SAR 85,125 in 2021G, confirming the economic recovery taking place post COVID-19. (Source: IMF)

3-1-1-4 Nominal GDP¹ by Economic Activity (SAR million) 2016G-2020G

Economic Activity	Value (SAR M)					Share (in Total %)				
	2016G	2017G	2018G	2019G	2020G	2016G	2017G	2018G	2019G	2020G
A. Industries & Other Producers, Except Government Services										
1. Agriculture, Forestry & Fishing	64,952	65,290	65,609	66,411	67,279	2.69	2.53	2.22	2.23	2.56
2. Mining & Quarrying ²	533,636	655,761	882,613	826,706	531,210	22.06	25.40	29.92	27.8	20.23
3. Manufacturing ³	312,160	332,901	377,806	372,893	340,403	12.91	12.89	12.81	12.54	12.97
4. Electricity, Gas & Water	38,395	40,621	49,266	47,174	45,641	1.59	1.57	1.67	1.59	1.74
5. Construction	159,575	154,592	151,496	163,655	168,750	6.60	5.99	5.14	5.50	6.43
6. Wholesale & Retail Trade, Restaurants & Hotels	276,086	274,970	280,159	298,009	284,579	11.42	10.65	9.50	10.02	10.84
7. Transport, Storage, Information & Communication	160,587	165,173	171,662	182,071	172,304	6.64	6.40	5.82	6.12	6.56
8. Finance, Insurance, Real Estate & Business Services ⁴	324,848	342,668	358,194	375,269	377,725	13.43	13.27	12.14	12.62	14.39
9. Community, Social & Personal Services	57,371	58,593	62,674	67,626	65,729	2.37	2.27	2.12	2.27	2.50
10. Imputed Bank Service Charges	22,482	22,826	23,219	24,366	26,282	0.93	0.88	0.79	0.82	1.00
B. Government Services	487,515	491,077	553,843	576,953	576,089	20.16	19.02	18.78	19.40	21.94
C. GDP excluding Import Duties	2,392,646	2,558,820	2,930,101	2,952,403	2,603,428	98.93	99.09	99.34	99.29	99.16
D. Import Duties	25,862	23,378	19,355	21,223	22,014	1.07	0.91	0.66	0.71	0.84
Gross Domestic Product	2,418,508	2,582,198	2,949,457	2,973,626	2,625,442	100.00	100.00	100.00	100.00	100.00

Source: Kingdom of Saudi Arabia; General Authority For Statistics 2021G; SNB Economic Research, 2021G.

Note: (1) Nominal GDP is also known as GDP at current prices which consider price changes, money supply, inflation and changing interest rates.

(2) Quarrying includes Crude Oil & Natural Gas production.

(3) Manufacturing includes Petroleum Refining.

(4) Ownership and Dwellings included under Finance, Insurance & Real Estate & Business Services.

Between 2016G-2019G, the mining and quarrying industry, which includes Oil & Gas production, was the sector with the single highest contribution to total nominal GDP, amounting to 30% in 2018G. In 2020G, government services became the single highest contributor to Saudi Arabia's nominal GDP with approximately 22% of the total share, accounting for SAR 576.9 billion of the total SAR 2,625.4 billion. This was due to the gradual shift towards portfolio diversification, which will be detailed further in the Section 3-2 ("Vision 2030 Targets & Impact on the Financial Sector") of this prospectus.

Despite an 11.7% GDP decline in 2020G, GDP for 2021G is expected to reach SAR 3,018 billion, representing a year-on year growth rate of 14.9%. In parallel to this positive economic outlook for 2021G onwards, Saudi Arabia has witnessed positive economic reforms in-line with its Saudi Vision 2030 plan. One notable effort pursuant to the Vision 2030 program is the Kingdom's proactive efforts in diversifying its income streams and reducing its dependency on oil. We see the success of this effort reflected in its 2020G non-oil revenues, listed in the table below, increasing by 11.1% from SAR 332 billion in 2019G to SAR 369 billion in 2020G. (Source: SNB Economic Research, IMF)

3-1-1-5 Public Revenues 2016G-2020G (SAR billion)

Oil & Non Oil Revenues (SAR B)	2016G	2017G	2018G	2019G	2020G
1. Oil Revenues	334	436	611	594	412
2. Non Oil Revenues	180	256	294	332	369
2.1 Taxes on income, profits & capital gains	15	14	17	16	18
2.2 Taxes on goods & services	30	47	115	141	163
2.3 Custom Duties	20	21	16	17	18
2.4 Other Taxes	17	15	21	29	27
2.5 Other Revenues (SAMA, PIF)	98	159	125	129	143
Total Revenues at Current Prices	514	692	905	926	781

Source: SNB Economic Research, 2021G.

Further, the Public Investment Fund (“**PIF**”) is positioned as a key investment vehicle to support economic growth while partly offsetting the impact of government austerity, through major domestic investments. Examples of such investments include large-scale transportation projects, such as the launch of the Riyadh Metro and Riyadh Rapid Bus Transit System, along with large-scale tourism and entertainments projects, such as a theme park and entertainment complex outside of Riyadh and tourist developments on the Red Sea coast. In addition to the USD 40 billion received from SAMA to fund overseas investments, PIF received significant liquidity as a result of the government’s USD 29.4 billion floatation of shares in Saudi Aramco. (Source: Reuters, Saudi Aramco)

In addition to this, despite the global impacts of the COVID-19 pandemic on economies, Foreign Direct Investments (FDI) flows increased by approximately 20.5% between 2019G and 2020G, reaching SAR 20.6 billion. This increase is primarily related to the economic diversification efforts beyond the Oil & Gas sector as planned under the Vision 2030 program, and is a net improvement from the decline witnessed between 2016G and 2019G, with a 15% decrease year-on-year from SAR 27.9 billion in 2016G to 17.1 billion recorded in 2019G, largely due to the severe drop in oil prices of 2017G. (Source: SNB Economic Research)

Furthermore, while Value Added Tax (“**VAT**”) increased from 5% to 15% in July 2020G, as a governmental response to the economic impact of the COVID-19 pandemic, this has enabled an increase in tax revenues of 11.5% in 2020G (reaching SAR 226 billion), compared to the 2019G figure of SAR 203 billion. To note, this has been declared as a temporary measure to last 1-5 years, as mentioned during the government’s Vision 2030 fifth-anniversary announcements back in April 2021G. (Source: Reuters)

Lastly, although unemployment rates increased during 2020G compared to 2019G due to the pandemic effects (from 12.0% in 2019G to 12.6% in 2020G), government programs, such as SANED, contributed to reducing the impact of the pandemic on the labor market. This government support has led to a continuous decrease in the unemployment rate, reaching 11.7% as at Q1 2021G. This is in part due to the successful vaccine campaign roll-out, combined with a subsequent gradual ease of restrictions and a general improvement of the economic activity which is generating an improvement in business sentiment, leading to more employment opportunities while simultaneously encouraging citizens to join the labor market. (Source: General Authority of Statistics, SNB Economic Research)

3-1-2 Saudi Economy’s Outlook Post-COVID 19

3-1-2-1 Macro-Financial Developments

Overview

Following a dual crisis generated by the COVID-19 pandemic and the 2020G oil price crash, Saudi’s economy faced a significant decline in real GDP, with a 4.1% contraction in 2020G, compared to 0.3% growth in 2019G.

3-1-2-2 Real GDP¹ (SAR billion) 2016G-2020G

	2016G	2017G	2018G	2019G	2020G
Real GDP (SAR billion)	2,588	2,569	2,631	2,640	2,530

Source: IMF, 2021G.

Note: (1) Real GDP is also known as GDP at constant prices, an inflation-adjusted measure that reflects the value of all goods and services in base-year prices.

This decline is reflected across key industries such as Petroleum Refining, Crude Oil & Natural Gas, and Transport, Storage & Communication – each decreasing by 13.4%, 6.1% and 6.0% respectively in 2020G compared to 2019G. However, key industries across non-oil sectors have been growing throughout 2020G, as seen in the Finance, Insurance and Business Services, recording an, albeit modest, growth rate of 1.3% in 2020G, followed by government services (+0.4%), enabled in part by Saudi Arabia's quick and decisive response to curtail COVID-19 impact on businesses through fiscal and monetary stimulus programs. (Source: GASTAT, SAMA)

3-1-2-3 Growth Rate by Main Economic Activity (Annual, %) 2019G-2020G

Economic Activity	2019G	2020G
Finance, Insurance and Business Services	8.0%	1.3%
Other Mining & Quarrying	4.8%	0.8%
Government Services	1.5%	0.4%
Real Estate Activities	3.4%	0.4%
Construction	4.6%	(0.4%)
Agriculture, Forestry and Fishing	1.3%	(1.7%)
Electricity, Gas and Water	(4.0%)	(2.1%)
GDP (Real) ¹	0.3%	(4.1%)
Community, Social & Personal Services	6.9%	(4.2%)
Wholesale & Retail Trade, Restaurants & Hotels	6.3%	(4.8%)
Manufacturing excluding Petroleum Refining	(0.9%)	(5.4%)
Transport, Storage and Communication	5.6%	(6.0%)
Crude Petroleum & Natural Gas	(3.7%)	(6.1%)
Petroleum Refining	(3.2%)	(13.4%)

Source: Kingdom of Saudi Arabia; General Authority For Statistics 2021G.

Note: (1) Real GDP is also known as GDP at constant prices, an inflation-adjusted measure that reflects the value of all goods and services in base-year prices.

3-1-2-4 Growth Developments

Oil & Non-Oil Developments

According to real GDP growth rates, the Oil sector decreased by 6.7% in 2020G, compared to a decline of 3.6% in 2019G (Source: GSTAT, SAMA). This drop is attributable to the COVID-19 pandemic, affecting global oil demand, but also due to OPEC+ producers' agreement to reduce oil production, in order to stabilize oil prices. Since then, OPEC has increased its oil demand outlook for 2021G during April 2021G, raising its demand forecast by 190,000 barrels per day from its March 2021G estimate to a consumption averaging 96.46 million barrels per day this year, due to economic stimulus and a further easing of COVID-19 lockdown measures. This is also reflected in the global year-on-year oil demand, originally estimated to grow 5.89 million barrels per day in 2021G back in March 2021G, and now adjusted to 5.95 million barrels per day in 2021G. Furthermore, real growth is expected to be achieved by 2022G, with an estimated 6.8% increase in the Kingdom's oil real GDP expected. (Source: S&P, IMF)

The non-oil sector also recorded a contraction over 2020G of 2.3%, compared to a growth rate of 3.3% in the previous years. The decline in non-oil output was mainly attributable to the COVID-19 precautionary measures taken by the Saudi government to limit the spread of the virus. The lockdown and restrictions on mobility starting in the second quarter 2020G significantly affected multiple sectors, most notably Manufacturing, Wholesale & Retail Trade, Restaurants & Hotels, and Transport, Storage & Communication. These four sectors, as stated in the General Authority for Statistics Q1 2020G real GDP report, experienced production declines of 7.7%, 4.8%, and 6.0% respectively. However, there has been a quarter-on-quarter improvement in the Saudi non-oil economy since the end of 2020G, as lockdown restrictions are being progressively relaxed, which enables a pick-up in local entertainment and tourism activities. This trend is noted particularly in sectors such as Manufacturing (excluding Petroleum Refining), Transport, Storage and Communication, Real Estate Activities, and Construction, each growing quarter-on-quarter at 13.6%, 8.5%, 5.1%, and 4.3% respectively, in part due to upcoming mega PIF projects, which include large-scale transportation projects. (Source: SAMA, General Authority of Statistics).

Overall, Saudi's Economy is expected to broadly recover across its key economic sectors throughout 2021G - 2022G, amid several uncertainties linked to the pandemic that could dampen the pace of recovery. The fiscal and monetary policy measures taken in 2020G have mitigated the negative impact of COVID-19, with the economy showing an improvement enabled by policy measures and initiatives taken by the Saudi authorities in support of non-oil private sector activity. (Source: SAMA, IMF). This, combined with estimated higher oil prices and an increase in Saudi's output predicted to reach 10M barrels per day by end of 2021G, and 10.5 million barrels per day by 2022G, should bode well for growth, with an estimated real GDP growth at 2.1% in 2021G and 4.8% in 2022G by the IMF. (Source: SAMA, IMF)

3-2 Vision 2030 Targets & Impact on the Financial Sector

3-2-1 Introduction to Saudi Arabia's 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 health, education, infrastructure, recreation and tourism. To build the best possible future for the Kingdom of Saudi Arabia, Saudi Vision 2030 is built around three fundamental themes: a vibrant society, thriving economy and an ambitious nation.

The first theme, achieving a vibrant society is vital to achieving the vision and ensuring that the foundations are set in realizing economic prosperity. The second theme, a thriving economy, provides opportunities for all by building an education system that is aligned to market needs and creating economic opportunities for individuals, small businesses, and large institutions, along with the development of investments tools to help grow Saudi Arabia's economy and enhance the overall quality of services through the privatization Government services, improving the business environment and attracting talent and global investments. The third theme, an ambitious nation, is built on achieving an effective, transparent, accountable, enabling and high performing Government.

To ensure and drive the realization of Saudi Vision 2030 and its supporting themes, 11 Vision Realization Programs ("VRPs") listed below have been set and are regularly assessed by KPIs tied to five year milestones:

- 1) **PIF Program:** drive economic diversification in the Kingdom through strategic international and domestic investments.
- 2) **Housing Program:** provide housing solutions that meet the needs and aspirations of Saudi families, with a focus on sustainability and technology.
- 3) **Doyof Al Rahman Program:** enrich and deepen the Hajj and Umrah experience through the provision of exceptional services at all stages of the journey.
- 4) **Fiscal Sustainability Program:** improve Government performance through spending efficiency, revenue growth and risk management.
- 5) **Human Capability Development Program:** prepare citizens for the job market to be able to compete globally by developing basic and future skills, developing knowledge and values that enhance the 21st century and global citizen skills.
- 6) **Quality of Life Program:** improve individuals' lifestyles by developing an ecosystem to support and create new options that boost citizens' and residents' participation in cultural, environmental and sports activities.
- 7) **National Transformation Program:** achieve governmental operational excellence, improve economic enablers, and enhance living standards by accelerating the implementation of primary and digital infrastructure.
- 8) **Privatization Program:** strengthen the role of the private sector by unlocking state-owned assets for investment.
- 9) **Health Sector Transformation Program:** restructure the health care sector in the Kingdom to be a comprehensive, effective, and integrated health care system.
- 10) **National Industrial Development and Logistics Program:** transform Saudi Arabia into an industrial powerhouse and a global logistics hub by leveraging the resources of sectors such as Mining and Energy.
- 11) **Financial Sector Development Program:** develop a diversified and effective financial sector to support the development of the national economy, diversify it sources of income, and stimulate savings, finance, and investment. This VRP will be further detailed in a dedicated deep dive below.

3-2-2 Financial Sector Development Program Deep-Dive

Launched in 2018G, The Financial Sector Development Program (“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 Stock Exchange into an advanced capital market.

Key objectives of the FSDP include:

- Increase the size, depth, and development of Saudi Arabia’s Capital Markets;
- Become the primary Capital Market sector in the Middle East, and be part of the top 10th countries globally;
- Develop financial institutions (public and private financial funds, banks, and insurance companies), and strengthen its support of private sector growth; and
- Improve operators’ and users’ experience within its Capital Markets, by creating an advanced market that attracts local and foreign investors, enabling it to take on a pivotal role in developing the national economy and diversifying sources of income.

Working towards achieving those objectives, the recent SAMA Financial Sector Development Program Report (2020G) highlights major milestones achieved as at the end of 2020G, despite the impacts of the COVID-19 pandemic, helping to empower Saudi Arabia’s financial sector to be amongst the largest financial center in the world by 2030G. Such achievements can be summarized across: i) Government efforts to combat COVID-19; ii) FinTech Enablement; iii) Financial Market Development; iv) Debt Capital Market; v) Regulations in the Financial Sector; vi) SME Programs; and vii) Financial Literacy.

3-2-2-1 Government efforts to combat COVID-19

Boost Banking Sector Liquidity with SAR 50 billion: to preserve financial stability and activate monetary policy tools in times of need, SAMA has injected SAR 50 billion into the banking sector, to enhance liquidity and enable banks to continue providing credit facilities to the private sector, while ensuring banks can revise or restructure private sector loans with no additional charges.

Support Private Sector through dedicated Private Sector Financing Support Program: as for the Banking Sector boost, and to combat COVID-19 while mitigating its expected financial and economic impacts on the private and SME sector, SAMA has launched the SAR 50 billion Private Sector Financing Support Program, aimed at enabling the private sector to promote economic growth through a package of measures, such as supporting SME finance and supporting fees of PoS and e-commerce.

3-2-2-2 FinTech Enablement

License of 11 FinTech Payment Companies: as part of SAMA’s mandate to license, control and oversee the payments sector in the Kingdom, while providing a regulatory framework to also support innovation in the payments sector and financial technology, SAMA has announced the licensing of eleven payment companies as “Payments Institutions” (PIs).

Release of 32 permits for new FinTech companies to operate in regulatory sandbox: on a similar note, there are 32 FinTech companies permitted by SAMA to operate in the Regulatory Sandbox environment, with a newly launched service “Buy Now, Pay Later”, fueled by SAMA’s endeavor to support e-commerce, increase level of financial inclusion and diversity financial products

Initial development of joint UAE - KSA Digital Currency (“Project Aber”): this joint initiative studying the Proof of Concept for a joint cross border digital currency between the UAE and KSA is aimed at supporting cross-border payment systems while reducing transfer times and costs between banks and testing the actual application of emerging technologies such as Blockchains.

Launch of Instant Payment Systems (IPS): in line with SAMA’s initiative to incentivize moving towards a cashless society, the IPS pilot project went live in 2020G, the official launch was last February 2021G supervised by SAMA. This initiative will enable for immediate and scheduled transfers between various banks in the Kingdom in real-time, while providing greater flexibility for businesses to facilitate financial data and ensure efficient execution of transactions.

3-2-2-3 Financial Market Development

Progression of Saudi Arabia in the Global Competitiveness Yearbook 2020G Report, including Venture Capital Availability Index ranking: across capital-market related indicators, Saudi Arabia has made substantial progress by increasing from the 26th to the 24th ranking of this general index, showing notable improvements in ease of access to capital markets, market capitalization, IPOs, shareholders’ rights and provision of adequate financing for companies. It is also worth noting that as part of this same Report, Saudi Arabia is ranked 12th globally in the Venture Capital Availability Index, reflecting the keenness of the General Authority for SMEs to create a competitive environment, encourage new business to enter the market, enable SMEs growth and find appropriate financing solutions and investment opportunities.

Launch of Derivatives Market in the Kingdom: In August 2020G, Derivatives market was launched in the Kingdom of Saudi Arabia representing a significant step to further advance Saudi's Capital Market, as it provides investors with a full and diversified range of investment products and services, and enables the beginning of trading in the MT 30 Index Futures contract, Saudi Arabia's first exchange-traded derivatives product.

Launch of a Securities Clearing Center Company, Muqassa: In early 2020G Muqassa announced the commencement of the date of its operations. Muqassa started derivative clearing in late August 2020G with the launch of the market, representing a key initiative successfully launched under the FDSP that will contribute in providing a safe and transparent capital market infrastructure. Under this coverage, Muqassa is responsible for developing clearing services and guaranteeing the settlement for all trades executed on the Saudi Exchange and over the counter.

Inclusion of Saudi Arabian Stocks in Emerging Markets Indices: Completion of Saudi Arabia's inclusion in several Emerging Markets indices through data and analytics providers, which include the MSCI Emerging Market Index, S&P Dow Jones Emerging Market Index in 2019G, and inclusion in the FTSE Russell Index for Emerging Markets completed by 2020G.

Launch of new electronic service "Authorization System" which authorizes conducting securities business by CMA: in line with the CMA's role in developing and regulating Saudi Arabia's Capital Market, and to further improve its services, the CMA has launched an electronic service for a new license application to conduct Securities Business in Saudi Arabia, in an effort to ease the submission of securities business licenses in the country.

Registration of Shares as first direct listing in the Parallel Market (Nomu): CMA issued its approval in allowing to register its shares for direct listing in the Nomu - Parallel Market ("Nomu"). This approval marked a major milestone as the Saudi Exchange is the first GCC exchange to allow direct listings, which will enable companies to directly list their shares on Nomu without an offering to institutional or individual investors.

3-2-2-4 Debt Capital Market

National Debt Management Center Achievements: In 2020G, a 600% year-on-year increase in the secondary debt market trading volumes was realized due to the successful completion of various initiatives that were aimed at strengthening local market infrastructure and lowering overall trading fees. The center helped realize the development of infrastructure for electronic trading, which automated trading prices listed on trading platforms for primary dealers. A further achievement by the center saw the promotion of the domestic primary market settlement, helping enhance the delivery-for-payment settlements for primary dealers.

Improve Liquidity: In 2020G, an annual increase of 600% in trading volumes was achieved in the secondary debt market as a result of the successful completion of several initiatives that are aimed to increase liquidity in the local market. This includes partnering with the National Debt Management Center ("NDMC") to decrease the face value of government Sukuk from 1,000,000 SAR to 1,000 SAR, easing the login process for primary dealers appointed by the Ministry of Finance as market makers in Government Sukuk by group pricing service. This aims to ease the filing of buy/sell orders in the market control framework and impose specific liquidity requirements in the market, which contributes to providing a suitable investor experience and reflects the increased number of orders directed to the market.

Improve Local Market Infrastructure: The Saudi Exchange Company have worked in multiple initiatives focused on improving the infrastructure of the local market in ways such as restructuring registration, listing, and trading fees to improve issuances and trading in competitive manner, in addition to key improvements in Sukuk and Bond Section in the Saudi Exchange website that includes return account activation on Sukuk and bonds to be used in creating yield curve as a reference for the investor. Saudi Exchange have also signed partnership agreements with IHS Markit Company for the launch of several debt market indices that contributes in increasing information efficiency that is provided to the investors. Other achievements of the Saudi Exchange include developing settlement process in the primary local market, which assisted in improving delivery settlements in exchange to payment to primary dealers, in addition to several enhancements made on negotiated deals in the secondary market to assist the investors in a simplified negotiable papers execution process in the debt market. Also, collateral transfer for Repo was launched to assist in the transfer of required guarantees in accordance with the repurchase agreements.

Alternative Governance Financing Developments in 2020G: Several government alternative financing agreements were concluded with the aim of ensuring the Kingdom's sustainability to reach various debt markets. The Ministry of Finance signed agreements with Al Rajhi and most recently with four international banks (J.P. Morgan, Citi, Goldman and BNP Paribas) as primary dealers to finance their supply chain, pledging SAR 50 billion to expedite payments for government contractors. Further financing programs included a USD 3 billion agreement with the Korean Commercial Insurance Company used to help finance strategic vision 2030 programs.

Listing of the first two Exchange Traded Funds in Government Sukuk: The Saudi Exchange Company announced in February 2020G the listing of Albilad Saudi Sovereign Sukuk Fund and the Alinma Saudi Government Sukuk ETF fund.

Allowing foreigners to invest directly in debt instruments: CMA has made efforts to increase the attractiveness of the Saudi Financial market by issuing a resolution allowing foreigners, residents and non-residents to invest in securities by either investing in all listed securities as a qualified investor, as an ultimate beneficiary in swap agreements, as a foreign strategic investor or as a direct investor which allows the investor to invest in the market.

3-2-2-5 Developing and Amending Market Regulations and Rules

CMA Measures in light of COVID-19 impact: To combat and mitigate the risk of COVID-19, the CMA introduced preventive measures that were aimed at reducing the overall impacts towards the private sector. Key measures involved the restriction of board assembly meetings of listed companies, extending periods to provide statutory and regulatory requirements as well as exempting listed companies from fee requirements for a period of one year and for debt issuers until the end of 2025G.

CMA Market Regulations amendments: The CMA has approved a regulation proposed by the Saudi Exchange Company's board, regarding the approval of derivatives exchange trading and membership rules and procedures as well as changes to overall investment fund regulations and real estate

SAMA issuance of additional guidelines for digital-only banks in KSA: The issuance of the guidelines is in line with the concerted efforts to build out a regulatory framework to promote the growth of an innovation based financial technology ecosystem. Licensing conditions include the provision of ensuring that digital-only banks have relevant experience and knowledge in financial and technology industries as well as being equip with sufficient financial capacity to set up the digital bank.

Implementation of SAMA controls on digital certification services for banking products: The implementation of digital certification services for banking products related to personal financing for individuals and the issuance of credit cards comes in the interest of SAMA to facilitate and improve banking services in light of the COVID-19 pandemic.

Shariah Governance Framework: In light of the remarkable growth in volume of financing and banking products and services that are in compliance with the provisions and principles of Sharia, the Saudi Central Bank ("SAMA") has worked on developing a supervisory framework for banks to practice Islamic banking activities. As a first step, the issuance of the Sharia Governance framework was introduced to set the minimum for governance practices in order to adhere to the provisions and principles of Sharia.

Launch of licenses for activities supporting the financing activity: SAMA announced the issuance of the first license for a practicing company to support finances activities in the Kingdom, the National Finance Services Company a joint-stock company with a capital of SAR 80 million. This step comes from SAMA's supportive role to enhance overall financial stability and supporting opportunities for economic growth and development.

3-2-2-6 Small & Medium Enterprises

Indirect Initiative Lending (IDL): The Indirect Initiative Lending program continued lending Small Medium Enterprises (SME) by deploying SAR 1.9 billion to 1,710 SME's. Amidst the COVID-19 pandemic, the IDL has eased the overall eligibility criteria.

Saudi Venture Capital (SVC): The Saudi Venture Capital is a government VC established in 2018G by Monshaat as part of the private sector stimulus program to stimulate venture investments. The primary objective of SVC is to invest in funds as well as co-invest with angel groups in order to minimize equity financing gaps for startups and SMEs. In 2020G SVC's portfolio increased by 126% to reach SAR 992 million.

SME Loan Guarantee Program (Kafalah): The Kafalah program, launched by the Saudi Industrial Development Fund ("SIDF"), aims to promote financing to SMEs. The program has experienced a 99% increase in number of beneficiary enterprises, bringing the total up to 4,945 SMEs, a growth rate of 106% of the program, with a value of SAR 15.2 million, and an increase in the value of guarantees issued by 156%, reaching SAR 12.3 million.

Funding Gate Establishment: In efforts to ease the funding process in the Kingdom, the Funding Gate Establishment platform connects the government and private sector loan providers. In 2020G, Funding Gate supported 799 SMEs with financing worth SAR 1.2 billion.

3-2-2-7 Financial Literacy

SAMA Islamic Finance Workshop: The third edition of the Islamic Finance Workshop discussed the role of institutions and their support in growing the Islamic financial sector, opportunities and challenges that pose for the regulatory, legislative bodies and Islamic financial institutions. The Islamic banking industry in the Kingdom represents more than 23% of the total global Islamic banking industry.

Launch of Financial Literacy and Communications Center: The Financial Literacy and Communications Center is a knowledge platform that enhances communicative partnerships aimed at providing financial education and knowledge exchange. The program will support and strengthen institutional partnerships and enhance the image of the Ministry of Finance to the wider public.

3-2-2-8 Way Forward

2020G marked a considerable year for progress and innovative measures launched as part of the FSDP, targeting a wide variety of themes within Financial Services, and this trend is expected to continue for over the next five years. Indeed, there are specific key milestones which highlight Vision 2030 program priorities that are targeted to be reached by 2025G:

- Achieve SAR 3,515 billion in banking assets achieved by 2025G
- Increase by 80.8% the market value of the stock market as a percentage of GDP (excluding Aramco)
- Ensure more than 30 FinTech or other emerging companies will drive innovation and competition by 2025G
- Increase by 11% the share of SMEs financing from banks by 2025G

3-3 Market Development & Regulatory Trends

3-3-1 Market Development

2019G and 2020G were impressive years in terms of market improvement and development efforts which resulted to the Saudi Exchange Market's inclusion in Emerging Markets Indices, including the MSCI Emerging Market Index, S&P Dow Jones Emerging Market Index, and inclusion in the FTSE Russell Index for Emerging Markets. This demonstrates the recognition of the numerous market reforms implemented over the past few years, with Saudi Arabian Equities representing 3.48% of the FTSE Emerging Index and 0.39% weight in the FTSE All-World Index as at June 2021G. (Source: Saudi Exchange Company, SAMA, FTSE June 2021G Reports)

Another key development that signified the growing maturity of the market was the introduction of derivatives. Derivatives represent a contract between two or multiple parties, whose value is based on an agreed underlying financial instruments or assets such as bonds, commodities, currencies, interest rates, market indexes and stocks. Future contracts, forward contracts, options, swaps, and warrants are commonly used derivatives.

The launch of the derivatives market in the Kingdom is a significant step to further advance the Saudi Capital Market, by providing investors with a full and diversified range of investments products and services. This marked the beginning of trading in the MT30 Index Futures Contract, Saudi Arabia's first exchange traded derivatives product, which is based on the MSCI Tadawul 30 (MT30) Index. The MT30 Index Futures will provide investors with hedging tools to manage risk more effectively. It will also enable efficient price discovery and increased liquidity. (Source: Saudi Exchange Company, SAMA)

A third notable effort in the growth of the Exchange Sector is the commencement of operations as a qualified Central Counterparty Clearing House ("**Muqassa**"), which will contribute in providing a safe and transparent capital market infrastructure. Specifically, Muqassa is responsible for developing clearing services and guaranteeing the settlement for all trades executed on the Saudi Exchange, by introducing new mechanisms to the market to reduce post-trade risks, provide a centralized counterparty risk management and offer clearing services in line with international practices. (Source: Saudi Exchange Company, SAMA)

Another key achievement was marked in September of 2020G, when the CMA Board approved a regulatory framework under the name of Instructions on Issuing Depository Receipts Out of the Kingdom, targeting specifically the issuance of depository receipts outside of Saudi Arabia for shares issued in the Kingdom, and listed in the Saudi Stock Exchange. Depository receipts are financial instruments listed and traded in a foreign market, issued by the depository bank for shares issued in the Kingdom and listed in the Exchange, or for shares issued in the Kingdom for which its issuer made the necessary arrangements for listing them in the Exchange

The release of these instructions was in-line with the broader goal of opening the Saudi Financial market to foreign markets, while contributing to building an advanced global financial market through the provision of additional financing methods for Saudi issuers. Specifically, these instructions will enable the issuer to allocate a percentage of the company's shares for which depository receipts are issued, which will be offered and listed in a foreign financial market.

Ultimately, this regulatory framework will enable the diversification of investors based in the Saudi Stock Exchange, to include foreign investors whose depository receipts sit outside of the Kingdom, while taking into consideration international best practices and standards. The release of such framework also represents a broader alignment with the CMA's strategic Financial Leadership Program under Saudi's Vision 2030. (Source: CMA)

Lastly, there have been two other notable initiatives involving collaboration with private and public sector stakeholders.

The first follows the collaboration with IHS Markit, an information provider, to develop the following indices:

- iBoxx Tadawul SAR Government Index (Riyal denominated index for tracking the performance of Saudi Government Sukuk)
- iBoxx Tadawul SAR Government Sukuk and Bond Index (broad market benchmark)

The second involves the collaboration with more than 10 local governmental entities, in an effort to encourage private sector companies to list on the Saudi Exchange, as one of the Financial Sector Development Program (FSDP) objectives. To do so, various government entities can now provide special incentives, including financial and non-financial privileges, to listed companies. Consequently, a number of incentive packages have been launched. One example is with the Ministry of Finance, which will prefer private sector listed companies for business and government procurement matters, while the Saudi Industrial Development Fund (SIDF) will provide increased loan limits to be granted to the listed companies. (Source: Tadawul)

3-3-2 Implementing Regulations

As the Exchanges regulator, CMA issues necessary directives, regulations, and rules to ensure orderly, efficient, and ethical conduct of the market. Throughout the year, it made the following amendments to select key regulations (source: CMA):

- **Rules for Special Purposes Entities (SPEs):** provide additional regulation of SPEs licensing, in addition to further supervision of the SPEs sector on debt instruments and investment units' offerings and management, and additional monitoring of any associated activities.
- **Investment Funds Regulations and Real Estate:** further enhance the role of investment funds, to be aligned to best international practices in the global financial markets – all aimed at developing the local capital market, enhancing the principals of investors protection and regulating aspects that would enhance investment in these funds.
- **Rules on the offer of securities and continuing obligations:** enhance the role of the capital market in raising capital, to become an advanced market that supports the development of the national economy. These amendments also support recent developments for client classification categories and KYC requirements.
- **Approving of amendments to the Securities Business Regulations, and Capital Market Institutions Regulations:** continuous regulation and development of entities carrying out securities business activities, ensuring increase in knowledge level and capabilities within employees of those entities, enhancing systems and controls, setting minimum capital requirements, achieving investors' protection and increasing altogether ease and attractiveness in carrying out securities business, in line with international best practices and standards.
- **Approving of the Requirements and Regulations of Issuing Depository Receipts out of the Kingdom:** in-line with opening up the Saudi financial market to foreign markets, and contributing to building an advanced global financial market, these series of requirements and regulations enable the company (i.e. the issuer) to issue depository receipts out of the kingdom for issued securities listed in the kingdom, or in exchange for issued securities in the kingdom for which the issuer implemented the necessary measures to list it in the market.

3-4 General Overview of the Exchange Industry

Exchanges are organized markets designed to provide centralized facilities for the listing and trading of securities, including securities issued by companies, sovereigns, public entities and other issuers in order to access capital. Exchanges typically generate the bulk of their revenues by collecting fees from four primary channels, (depending upon their business model and extent of integration): from issuers which list their securities, from financial intermediaries who deal in the securities traded on the exchange, from exchange members for post trade trading, clearing, settlement and depository services, and finally for selling market data and other technological solutions.

Historically depository, clearing and settlement services were rendered by independent clearinghouse organizations, as opposed to Exchanges, however many Exchanges have moved towards a vertical structure, integrating all of these activities into the same group.

The Exchange industry is generally supervised by a financial regulatory agency but, in some cases, exchanges may also exercise quasi-governmental authority and act as a self-regulatory organization (“SRO”) responsible for supervising their members and affiliated markets.

Key Trends

Key industry trends and developments include:

- **Revenue diversification & shifting profit pools:** Increasingly diverse and complex customer needs have driven an expansion into new products and services, from the listing of new types of securities, such as derivatives, investment fund units, trusts, fixed income securities and SPACs, to the greater provision of pre-trade and post-trade services e.g. clearing, settlement and custody services as well as the sale of market data & licensing of software.
- **Consolidation & vertical integration:** Since 2000G the industry has undergone significant re-structuring, characterized by the consolidation of exchanges through mergers, acquisitions both domestically and cross-border. More recently the focus has been on vertical integration across pre-trade and post-trade verticals, with the merger between LSE and Refinitiv in 2020G a recent example of downstream integration within data services. Other drivers have historically also included horizontal integration in terms of geographic and product expansion. Other significant transactions in the sector include: Deutsche Boerse's acquisition of ISS in 2021G, Euronext's acquisition of Borsa Italiana in 2021G, CBOE's acquisition of BATS Global Markets in 2017G, and Nasdaq's acquisition of OMX in the Nordic region in 2007G. This precedent mergers and acquisitions activity in the sector has resulted in sizeable cost and revenue synergies being announced as key drivers for the strategic rationale behind such activity.
- **Greater investor focus on ESG considerations:** ESG and climate factors are becoming a mainstream consideration in investment decision-making globally and fund houses are experiencing increased pressure from end-investors to include more ESG criteria into their investments. The increasing awareness of, and focus on, ESG brings a growing demand for relevant benchmarks, data and analytics to support investment mandates and decision making, with the number of ESG indices growing by c.40% in 2020G alone. This increasingly important investment theme has also resulted in the issuance of new securities (e.g. sustainability bonds).
- **Development of SME trading venues:** Continued development of exchange-regulated markets that provide a venue for small and medium-sized enterprises to list and raise capital.
- **Electronification and automation of trading:** The increasing emphasis on low latency levels at execution venues and certainty of execution, has led to material modernization and upgrades of IT infrastructures and exchange platforms. This transition has been facilitated by the continued adoption of digital technology across the industry such as automation, cloud computing and AI, and machine learning.
- **Rise of passive investing:** Penetration of passively managed assets globally has risen from 17% of Global AuM in 2016G (USD 14.2 trillion) to 26% in 2019G (USD 29.1 trillion) and is expected to rise to 29% in 2025G (USD 40.4 trillion), according to PwC's 2020G Asset and Wealth Management report¹. The switch towards passive has been especially intense in developed markets and notably the US where >40% of the US institutional and retail money sampled by Morningstar and EPFR is now passive. The increasing mix of passively managed assets has driven a major structural shift in demand for market data and the construction of bespoke indices, as well as possible brand & licensing fees for re-distribution (e.g. on fund factsheets, marketing literature and websites) and asset-based fees (as a proportion of AuM).
- **Greater prevalence of institutionalized trading:** The increased sophistication of financial market participants and the emergence of hedge funds as major players in the financial markets industry has led to an increase in the level of institutionalized trading with trading strategies dependent on low levels of latency.
- **Greater retail participation:** The gradual disappearance of public pension plans is creating a need for employers and retail investors to develop their own long-term savings plans. Taking this in the context of lower costs to trade, improving financial literacy and greater accessibility to financial markets supported by Fintech platforms and the growing trend of financial wellness, the penetration of retail investing within both developed and growth markets has been increasing.
- **A shift to central clearing:** In September 2009G the G20 listed several reform objectives to promote a more resilient financial system, one of which was to ensure that standardized OTC derivative contracts would be cleared through Central Clearing Counterparties ("CCPs"). The ensuing regulatory changes have led to significant volume increases to CCPs, e.g. the fraction of interest rate derivatives centrally cleared globally rose from 24% to 76% over 2009G-2018G², according to the Bank for International Settlements ("BIS"). In turn this has been a driver of structural demand for Exchanges' post-trade services as well as on-exchange derivatives trading

1 Source: PwC Asset & Wealth Management Revolution (PwC); 2020 Report & 2017 Report.

2 Source: Bank for International Settlements Statistics (BIS); "Incentives to centrally clear over-the-counter (OTC) derivatives" 19 November 2018G.

- **Demand for data and analytics tools:** Data volume growth and increased complexity has required advanced analytical tools to support decision-making for investors. Furthermore, investors' needs are becoming more complex and they increasingly demand bespoke solutions, thus increasing the importance of primary data feeds, aggregation and analysis to deliver tailored solutions. Further the on-going transition from single-asset class human-based trading to multi-asset class electronic trading is reliant on real-time primary data feeds.
- **Provision of risk management and post-trade services:** In response to the increasing regulatory burden of post-trade reporting and risk management for institutional investors, exchanges and central counterparties have responded by providing a broader and more complex array of post-trade data, analytical tools and risk management services.
- **Regulatory changes:** New regulation has had an increasing impact on the operations of exchanges in Europe and the United States and has accelerated the push for electronification. The policy objectives of a number of post-2008G crisis reforms, such as the Dodd-Frank, Basel III and MiFID II have been designed to increase transparency and reduce systemic risk and have generally led to an increased adoption of electronic and automated trading on regulated markets where price transparency, counterparty credit checks, reporting tools and clearing are essential components.

3-5 The Saudi Exchange in the Global Context

Unless indicated otherwise, data in this Section 3-5 ("The Saudi Exchange in the Global Context") is based on the statistics published by the World Federation of Exchanges ("WFE"). Figures as at and for the periods ending 31 December 2018G, 31 December 2019G and 31 December 2020G are based on the annual statistics published by WFE. Figures as at and for the periods ended 30 June 2020G and 30 June 2021G are based on the monthly statistics published by the WFE. The following exceptions have been made when presenting the data in this Section 3-5:

- 1) QSE 30 June 2021G domestic market capitalization, value of equity trading, ETFs trading value and bonds trading value are based on trading reports as disclosed by the Company
- 2) ADX 30 June 2021G ETFs trading value is based on WFE data for January-May 2021G
- 3) TMX 31 December 2020G value of equity trading has been calculated using the monthly data provided by the WFE
- 4) LSEG value of equity trading and ETFs trading value are based on WFE data for LSE Group for January-March 2021G and LSE Group London Stock Exchange for April-June 2021G
- 5) Bonds trading values and ranking excludes Iran Fara Bourse and CME volumes
- 6) Derivatives contracts volume and Open Interest excludes Iran Fara Bourse

The following table sets forth statistics relating to worldwide trading value and market capitalization as well as the number of listed companies for the periods indicated:

Table (3-1): Statistics relating to worldwide trading value and market capitalization as well as the number of listed companies for the periods indicated

	Unit	31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2020G	30 Jun. 2021G
Trading volume by value (total of period)	USD billion	130,500	123,337	157,277	88,309	103,811
Market capitalization (end of period)	USD billion	76,828	89,598	105,871	84,439	118,085
Turnover velocity(1)	%	159%	148%	161%	203%	185%
Number of equity trades (total of period)	Million	23,356	24,798	37,525	19,706	23,775
Number of listed companies (end of period)	Full number	52,550	58,178	57,293	56,471	56,583

Source: WFE statistics

Note: Trading volume and number of equity trades includes electronic order book and negotiated deals.

(1) Turnover velocity for 2018G, 2019G and 2020G calculated as 12 months total equity trading value divided by average of start and end of period domestic market capitalization and for 30 June 2021G as annualized 6 months total equity trading value divided by average of start and end of period domestic market capitalization.

Since mid 2020G, the positive economic outlook coming out of COVID-19 and a low interest rate environment have resulted in strong stock market performance and a greater investor appetite for equities. Since January 2021G, global net capital investments have increasingly flown into equities. This trend has continued the shift of investments from bonds to equities that has started with assets reallocated to equity markets.

3-5-1 Listing Market

The following table sets forth the overall listing market globally across equity, fixed income and ETF markets for the periods indicated:

Table (3-2): The overall listing market globally across equity, fixed income and ETF markets for the periods indicated

Number of listed securities (full number)	As at			
	31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2021G
Stock	52,550	58,178	57,293	56,583
<i>IPO</i>	<i>1,610</i>	<i>1,259</i>	<i>1,529</i>	<i>1,076</i>
<i>New secondary listings</i>	<i>897</i>	<i>1,160</i>	<i>1,374</i>	<i>1,138</i>
Bond	202,335	228,609	240,940	259,708
<i>New bonds listings</i>	<i>42,940</i>	<i>42,290</i>	<i>34,292</i>	<i>27,915</i>
ETFs	13,594	15,010	17,709	N.A

Capital raised through new listings (USD billion)	For the period ended				
	31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2020G	30 Jun. 2021G
Stock	478	710	924	368	784
<i>IPO</i>	<i>212</i>	<i>205</i>	<i>279</i>	<i>74</i>	<i>380</i>
<i>Other new listings</i>	<i>530</i>	<i>504</i>	<i>644</i>	<i>293</i>	<i>404</i>
Bond	8,413	6,660	7,521	3,655	3,748

Source: WFE statistics

Since 2018G, the general performance of the key securities types was shaped by a number of global macroeconomic factors, including the low interest rate environment, market downturn and elevated volatility due to COVID-19 in 2020G, as well as increasing direct participation of retail investors in the financial markets.

For example, according to WFE, the total number of listed stocks globally increased from 52,550 in December 2018G to 56,583 in June 2021G, with a compounded annual growth rate ("CAGR") of 3.0%. Total number of listed bonds increased from 202,335 in December 2018G to 259,708 in June 2021G, with a CAGR of 10.5%. The total number of ETFs grew at a CAGR of 14.1% from December 2018G to December 2020G.

3-5-1-1 Equity listing

The total number of listings was influenced by certain instruments specific to local markets, for example REITs in Spain. While the total number of new listings increased in 2020G, this increase was largely driven by the listings in the mainland Chinese markets, particularly Shanghai Exchange and Shenzhen Exchange. The number of new listings on certain global exchanges, including Nasdaq and LSE, reduced in 2020G, reflecting the elevated market volatility and economic uncertainty caused by the spread of COVID-19. 2021G has seen a strong pickup in listing activity with a large number of IPOs being launched and successfully executed globally across markets.

Saudi Exchange has built a strong listings franchise that is increasingly recognized as the go to place in the region for SMEs and medium to large corporates offering access to a well regulated and liquid market. Saudi Exchange is seen as a market leading platform for listings in the region, with the capabilities competing with the best global exchanges in the world. This was clearly demonstrated, amongst others, by the successful IPO of the world's largest listed company by market capitalization at that time of Saudi Aramco. Given the favorable market backdrop, strong listing activity is expected to continue in 2021G and 2022G for both the Main Market and the Nomu - Parallel Market (Nomu).

Saudi Exchange has established a thriving equities listings business with 210 companies listed on the Main Market and Nomu as at 30 June 2021G with a total domestic market capitalization of SAR 9,734 billion (USD 2,569 billion).

3-5-1-2 Fixed income listing

European exchanges lead by the number of listed bonds in fixed income trading, reflecting the overall scale of maturity of the debt capital markets in the region. Leaders by the number of listed bonds are two exchanges that specialize in this asset class, Irish Stock Exchange (acquired by Euronext in 2018G) and Luxembourg Stock Exchange.

The number of new listings was supported in the course of 2018G – 2020G by the favorable low interest rate environment. Nevertheless, the number of new listings on key listing venues such as Euronext and Luxembourg Stock Exchange significantly decreased in 2020G, reflecting the elevated market volatility and economic uncertainty caused by the spread of COVID-19. Certain local venues, including Korea Exchange, Deutsche Boerse, Shenzhen Stock Exchange and National Stock Exchange of India managed to increase the number of new listings in 2020G despite the broader declining trend globally.

Saudi Exchange has established a strong fixed income franchise and has 73 listed debt instruments issuances as at 30 June 2021G worth more than SAR 423 billion in face value outstanding.

3-5-1-3 ETF listing

The number of ETFs listed globally has increased in all key markets since 2018G, reflecting the steady development of ETFs as a new asset class and illustrating the increasing breadth of available diversified investment opportunities for retail investors. This also reflects the increasing barbell of investment strategy being applied by investors globally.

Saudi Exchange has established a growing ETF listing franchise and had 6 instruments outstanding as at 30 June 2021G.

3-5-2 Global Equity Trading Market

According to the WFE, NYSE was the world's largest securities exchange as at 30 June 2021G by market capitalization of its listed companies, with a total market capitalization of USD 24,896 billion achieved and a global market share of 21.1%. It was followed by Nasdaq and Shanghai Stock Exchange with global market shares of 20.8% and 6.5%, respectively. As at 30 June 2021G, the Saudi Exchange was the 11th largest exchange globally by this metric and the largest in the MENA region by a wide margin.

The following table sets forth market capitalizations and value of equity trading (electronic order book and negotiated deals) for the periods indicated of the 10 largest exchanges ranked by domestic market capitalization and peers thereafter:

Table (3-3): Market capitalization and value of equity trading (electronic order book and negotiated deals) for the periods indicated of the 10 largest exchanges and peers thereafter

No.	Exchange	Country	Domestic Market Capitalization (USD billion)				Value of Equity Trading (USD billion)				
			31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2021G	31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2020G	30 Jun. 2021G
1	NYSE	U.S.	20,679	20,889	21,659	24,896	22,941	21,757	26,177	13,899	14,468
2	Nasdaq ⁽¹⁾	U.S.	11,080	14,615	21,171	24,505	44,479	40,416	64,734	31,129	37,540
3	Shanghai SE	China	3,919	5,106	6,976	7,617	5,862	7,815	12,867	4,951	7,236
4	Euronext	Netherlands	3,730	4,702	5,444	7,066	2,186	1,987	2,759	1,412	1,334
5	HKEX	Hong Kong	3,819	4,899	6,130	6,806	2,342	1,877	3,145	651	2,316
6	Tokyo SE	Japan	5,297	6,191	6,718	6,686	7,219	5,896	7,189	1,156	3,745
7	Shenzhen SE	China	2,405	3,410	5,238	5,760	7,268	10,491	18,820	7,679	8,956
8	LSE	U.K.	3,638	4,183	4,046	3,710	3,358	2,643	2,932	1,513	849

No.	Exchange	Country	Domestic Market Capitalization (USD billion)				Value of Equity Trading (USD billion)				
			31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2021G	31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2020G	30 Jun. 2021G
9	TMX	Canada	1,938	2,409	2,608	3,161	1,380	1,445	1,871	983	1,171
10	National Stock Exchange of India	India	2,056	2,163	2,552	3,068	1,145	1,167	1,843	430	1,220
11	Saudi Exchange	Saudi Arabia	496	2,407	2,429	2,595	232	235	558	221	358
12	Deutsche Boerse	Germany	1,755	2,098	2,284	2,574	1,798	1,540	2,300	1,198	1,073
17	ASX	Australia	1,263	1,488	1,721	1,874	932	1,022	1,428	672	585
19	B3	Brazil	917	1,187	988	1,136	772	1,048	1,390	692	854
23	SGX	Singapore	687	697	653	670	220	197	271	140	133
27	Bursa Malaysia	Malaysia	398	404	437	406	150	122	255	88	129
28	ADX	U.A.E	138	145	202	318	10	19	22	6	42
36	QSE ⁽²⁾	Qatar	163	160	165	171	19	13	26	11	16
40	DFM	U.A.E	94	102	93	106	16	14	18	8	8

Source: WFE statistics.

Note: Value of equity traded include electronic order book and negotiated deals

(1) Nasdaq figures include: Nasdaq Nordics and Baltics.

(2) QSE 30 June 2021G figures based on trading reports as disclosed on the Company's website.

Based on trading volumes (by value), while the top two global exchanges retain their rankings, the gaps between most competitors are narrower, reflecting the increasing liquidity at many national exchanges (exchanges where nearly all of the listed companies are from the domestic market with limited international and GDR listings), often at the expense of international exchanges.

Equity trading activities has rapidly recovered from the short term impact of the COVID-19 pandemic. In fact on an annual basis, 2020G saw a sharp increase in trading, with most exchanges reporting increase in turnovers in that year. The growth in value traded in the course of 2020G is attributable to the overall market volatility that was induced by the COVID-19 pandemic, as well as the low interest rate environment, which was supportive to the equity market valuations globally.

3-5-2-1 Domestic issuances

As part of Vision 2030, the Privatization program was announced in 2018G with the goal of identifying government assets and services that can be privatized in a number of sectors to support the contributions in to economic development in the Kingdom. By the end of 2025G, the program has committed to the following objectives: i) Achieve SAR 143 billion of total government revenues (non-oil revenues); ii) achieve SAR 62 billion of investments from public-private partnerships; iii) Achieve SAR 14 billion of financial value for efficient government spending through partnership operations.

In April 2020G, the Saudi council of ministers announced the approval of listing government assets as part of the privatization program on the Saudi stock market. This is expected to drive domestic issuances in the near future and will help the government achieve its planned objective of raising approximately USD 200 billion of proceeds through the privatizations. During 2020G, the number of listed securities on the domestic exchange reached 207 equities (including in REITs and in the Nomu - Parallel Market). The total amount of new equities listings were four, of which three were in the Main Market and two were in Nomu.

Furthermore, the Capital Market Authority continue to remain active in approving offering of securities in line with the government initiatives to boost access to the capital markets. During June 2021G alone, the Capital Market Authority announced the approval of four applications for the initial public offering of its shares. Two applications have been approved for the Main Market, with the rest being for the Nomu - Parallel Market. This brings the total of new approvals for listing on the Saudi exchanges to nine approvals³. Initial public offerings of Saudi private enterprises will continue to be the source of growth for Saudi's capital markets in the medium term. Since 2015, there have been a total of 29 IPO's on the Saudi Exchange totaling USD 34.3 billion in offering size⁴ (at the time of the IPO).

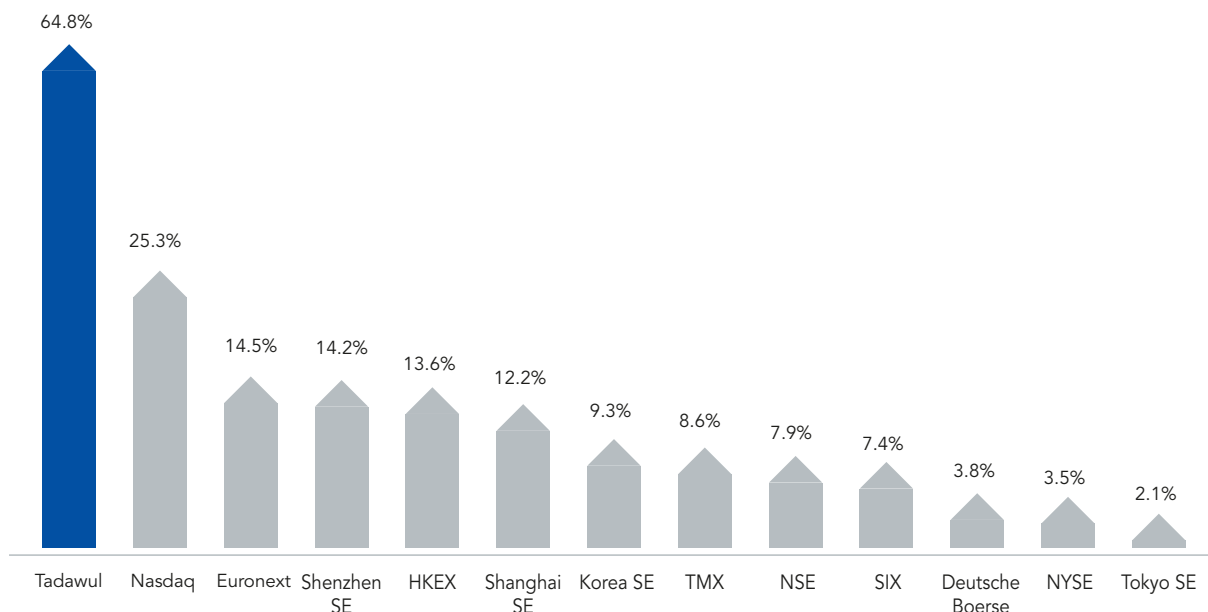
3-5-2-2 Domestic market capitalization growth

The Saudi stock exchange is among the largest stock exchanges globally by market capitalization of listed companies, and is both the largest and fastest growing stock exchange in the MENA regions by both domestic market capitalization and trading value. Between 2017G and 30 June 2021G, the domestic market capitalization of companies listed on the Saudi Exchange increased by an average annual rate ("**CAGR**") of 64.8% compared to regional comparables' CAGRs of 30.7%, 8.2%⁶, -0.4% of the ADX, Qatar exchange and DFM, respectively.

The following table sets forth the domestic market capitalization CAGR of certain global exchanges for the period from 2017G to 30 June 2021G:

Figure (3-1): Fastest domestic market capitalization growth

Fastest growth amongst Top exchanges by market capitalization globally



Source: WFE; Exchanges with a positive compounded annual growth rate for the period of 2017G-June 2021G were presented.

3-5-3 ETF Market trading

An ETF is an investment fund traded on exchanges. Since the first domestically offered ETF was created in the 1990s in the United States, ETFs have become increasingly popular as investment vehicles for both retail and institutional investors. Like mutual funds, ETFs offer investors a way to pool their money in a fund that makes investments in stocks, bonds, or other assets and, in return, to receive an interest in that investment pool. Unlike mutual funds, however, ETF shares are traded on a national stock exchange and at market prices that may or may not be the same as the net asset value of the shares, that is, the value of the ETF's assets minus its liabilities divided by the number of shares outstanding.

³ Based on CMA approval for Arabian Contracting Services, STC Solutions, Tanmiah on the Main Market and Banan Real Estate Company, Canadian Medical Centre, Mataam Bayt AlShatira Lilwajbat Alsariya, Fresh Fash Snack Food Production, Natural Gas Distribution Company and National Fertilizer Company on Nomu.

⁴ Based on Initial Public Offerings on the Main Market and Nomu from 2015G to 2020G.

Despite the occasionally unfavorable macroeconomic environment, the ETFs market has boomed over the last decade. This is especially true for the last year where value of ETFs traded has substantially increased by 18.0%. This trend reflects increased valuations in the global markets for equities, which represent key underlying asset for ETFs, as well as growth in direct participation of retail investors in the financial markets during the COVID-19 lockdown.

The below table sets forth the total ETFs trading value in top 10 ETFs exchanges and peers thereafter, ranked by ETFs trading value for the period ending 30 June 2021G:

Table (3-4): The total ETFs trading value in top 10 ETFs exchanges and peers thereafter, ranked by ETFs trading value for the period ending 30 June 2021G

No.	Exchange	Country	ETFs (trading value, USD billion)				
			31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2020G	30 Jun. 2021G
1	Nasdaq ⁽¹⁾	U.S.	11,476	10,121	15,821	8,619	7,948
2	NYSE ⁽²⁾	U.S.	5,672	N.A.	N.A.	N.A.	N.A.
3	Cboe	U.S.	5,576	4,395	6,577	3,794	3,457
4	Shanghai SE	China	241	386	811	328	466
5	Korea SE	South Korea	320	284	878	411	361
6	Tokyo SE	Japan	515	369	732	433	278
7	LSE	U.K.	307	285	439	218	181
8	Shenzhen SE	China	407	282	362	144	176
9	Deutsche Boerse	Germany	186	157	290	148	144
10	HKEX	Hong Kong	140	156	205	112	111
11	Euronext	Netherlands	80	76	125	63	76
16	B3	Brazil	20	33	69	36	36
17	ASX	Australia	15	20	40	19	18
26	SGX	Singapore	2	2	4	2	1
31	Saudi Exchange	Saudi Arabia	0	0	1	0	0
34	QSE ⁽³⁾	Qatar	N.A.	N.A.	0	0	0
36	ADX ⁽⁴⁾	U.A.E.	N.A.	N.A.	0	N.A.	0
42	Bursa Malaysia	Malaysia	0	0	0	0	0

Source: WFE statistics

(1) Nasdaq figures include: Nasdaq Nordics and Baltics

(2) NYSE rank based on 31 December 2018G data

(3) QSE 30 June 2021G figure based on trading reports as disclosed on the company website

(4) ADX 30 June 2021G figure based on January-May 2021G data

3-5-4 Fixed income Market

On-exchange trading of fixed income securities typically consists of transactions of debt instruments of federal and regional governments of the country in which the exchange is domiciled as well as debt of corporates from that specific jurisdiction. Due to the micro-structure of the bond markets, trading in bonds predominantly takes place over-the-counter, either on specialized trading venues or through voice broking and thus they are very important trading venues and sources of liquidity for bond markets.

Material on-exchange trading in bonds is characteristic of only a limited number of local markets, and on-exchange trading volumes are not representative of the global volume of over-the-counter trading in bonds. Despite the growth in on-exchange trading volumes recorded in 2018G -2020G, overall trading activity in bonds has been subdued during this period, due to the consistently low-interest rate environment globally.

For the year ended 30 June 2021G, the Saudi Exchange was 23rd among global exchanges in terms of value of bond trades, including negotiated deals. Despite the weak global position, the current value of fixed income trading on the Saudi Exchange is expected to grow strongly due to Saudi Arabia's structural characteristics, namely, the low level of public government indebtedness (approximately 32.7% public debt-to-GDP ratio expected as at 31 December 2021G⁵).

The following table sets forth the Saudi Exchange's position among global peers based on bond trading volume (by value):

Table (3-5): The Saudi Exchange's position among global peers based on bond trading volume (by value)

No.	Exchange	Country	Bonds (trading value, USD billion)				
			31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2020G	30 Jun. 2021G
1	BME	Spain	5,016	5,218	5,683	2,758	2,705
2	Johannesburg SE	South Africa	2,151	2,628	2,302	1,102	1,199
3	Shanghai SE	China	282	920	1,754	659	1,097
4	Korea SE	South Korea	2,161	1,965	1,977	870	765
5	Shenzhen SE	China	95	237	1,303	474	644
6	Tel-Aviv SE	Israel	232	241	308	157	148
7	Colombia SE	Colombia	302	313	268	130	104
8	Santiago SE	Chile	231	258	221	118	90
9	Taipei Exchange	Taiwan	218	202	236	128	88
10	Moscow Exchange	Russia	147	171	149	93	61
11	Euronext	Netherlands	904	969	168	129	60
12	LSE Group	U.K.	288	265	259	131	57
21	HKEX	Hong Kong	6	8	8	4	6
23	Saudi Exchange	Saudi Arabia	0	1	10	4	5
25	Deutsche Boerse	Germany	9	8	12	5	4
34	ASX	Australia	1	1	1	0	0
35	B3	Brazil	0	1	0	0	0
53	Bursa Malaysia	Malaysia	0	0	0	0	0
64	QSE ⁽¹⁾	Qatar	3	1	3	0	0

Source: WFE statistics; excludes Iran Fara Bourse volumes reported by WFE; excludes CME volumes reported by WFE

(1) QSE 30 June 2021G figure based on trading reports as disclosed on the company website

3-5-5 Global Derivatives Market

Derivatives are financial instruments whose value is based on the value of an underlying asset or some other reference value. These underlying assets and reference values include individual shares, share indices, debt instruments, interest rates, currencies, commodities and various other instruments related to trading and investment strategies. The most common types of exchange-traded derivatives are options and futures. The use of financial derivatives has grown significantly over the past 15 years and has transformed into a key tool with which money managers, investors and corporates manage risk exposures and attempt to augment returns.

The following tables sets forth the number of derivative contracts traded by year, as well as the Open Interest as at the end of the period:

Table (3-6): The number of derivative contracts traded by year, as well as the Open Interest as at the end of the period

Derivative type	Derivatives (contracts, million)				
	31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2020G	30 Jun. 2021G
Stock	5,499	6,210	10,433	4,188	6,696
Index	7,882	10,396	15,555	7,275	10,130
ETF	1,970	1,860	3,070	2,020	1,926
Interest rates	4,374	4,523	3,982	2,302	2,323
FX	3,628	3,325	3,821	1,707	2,224
Commodities, agriculture, energy and metals	8,228	12,328	15,899	4,283	5,126
Other	45	51	40	N.A.	N.A.
Total	31,625	38,694	52,801	21,776	28,425

Source: WFE statistics; excludes Iran Fara Bourse

Derivative type	Derivatives (Open Interest, million)			
	31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2021G
Stock	308	339	464	525
Index	115	116	108	119
ETF	95	88	108	106
Interest rates	139	150	176	191
FX	29	35	41	27
Commodities, agriculture, energy and metals	88	135	127	81
Other	5	7	7	N.A.
Total	777	872	1,030	1,049

Source: WFE statistics; excludes Iran Fara Bourse

Trading volumes in derivatives experienced a substantial growth in 2020G across most of the underlying asset classes, reflecting the market volatility throughout the year induced by the COVID-19. Notably, the largest increase in contracts traded in 2020G relative to the 2019G levels was observed in derivatives either directly or indirectly exposed to the equity market, namely single stock and ETF derivatives. The number of interest rate derivative contracts traded declined in 2020G, as a number of central banks globally, including US Fed and European Central Bank, adopted a loose monetary policy, driving their policy rates to the historically low levels.

A contract is a standard unit of trading denoted by the number of shares or the amount of capital that may vary from class to class, or from product to product, as defined by an exchange. (Source: WFE).

Open Interest is the number of derivatives contracts (futures and options) outstanding at a given time (close of trading at the last trading day of the month). It may be computed on a net or gross basis, according to the way the opening/closing of position by the same trader is managed at the clearing level. This is usually used in analysis of liquidity and market size. (Source: WFE)

A significant portion of derivatives trading occurs in the OTC market, and the OTC market accounts for the majority of derivatives trading volumes globally.

The following table sets forth the Open Interests of derivatives traded on the top 10 global exchange groups and peers thereafter, ranked by Open Interests as at 30 June 2021G:

Table (3-7): Open Interests of derivatives traded on the top 10 global exchange groups and peers thereafter, ranked by Open Interests as at 30 June 2021G

No.	Exchange	Country	Derivatives (Open Interest, million)			
			31 Dec. 2018G	31 Dec. 2019G	31 Dec. 2020G	30 Jun. 2021G
1	Cboe	U.S.	295.5	292.3	389.4	412.1
2	B3	Brazil	47.5	107.8	167.0	162.2
3	Deutsche Boerse	Germany	127.8	133.7	128.7	134.4
4	CME	U.S.	115.6	216.4	154.9	102.7
5	ICE Futures ⁽¹⁾	U.S.	87.0	90.2	48.4	51.0
6	Euronext ⁽²⁾	Netherlands	15.0	15.5	16.1	23.3
7	Borsa Istanbul	Turkey	3.3	6.1	16.1	15.2
8	National Stock Exchange of India	India	8.3	9.7	14.4	14.6
9	HKEX ⁽³⁾	Hong Kong	12.9	14.6	15.7	14.0
10	Korea Exchange	South Korea	8.4	10.5	11.6	11.9
16	ASX	Australia	15.6	16.2	13.5	9.2
17	Nasdaq ⁽⁴⁾	U.S.	8.9	6.8	5.2	6.5
19	SGX	Singapore	5.2	7.5	5.9	5.1
31	LSE	U.K.	0.3	5.2	4.7	0.4
34	Bursa Malaysia	Malaysia	0.2	0.3	0.2	0.3

Source: WFE statistics. Note: STG launched its derivatives market on 30 August 2020G. The Open Interest as at 31 December 2020G and 30 June 2021G were 197 and 94 contracts, respectively.

(1) Includes European, Canadian and U.S. operations

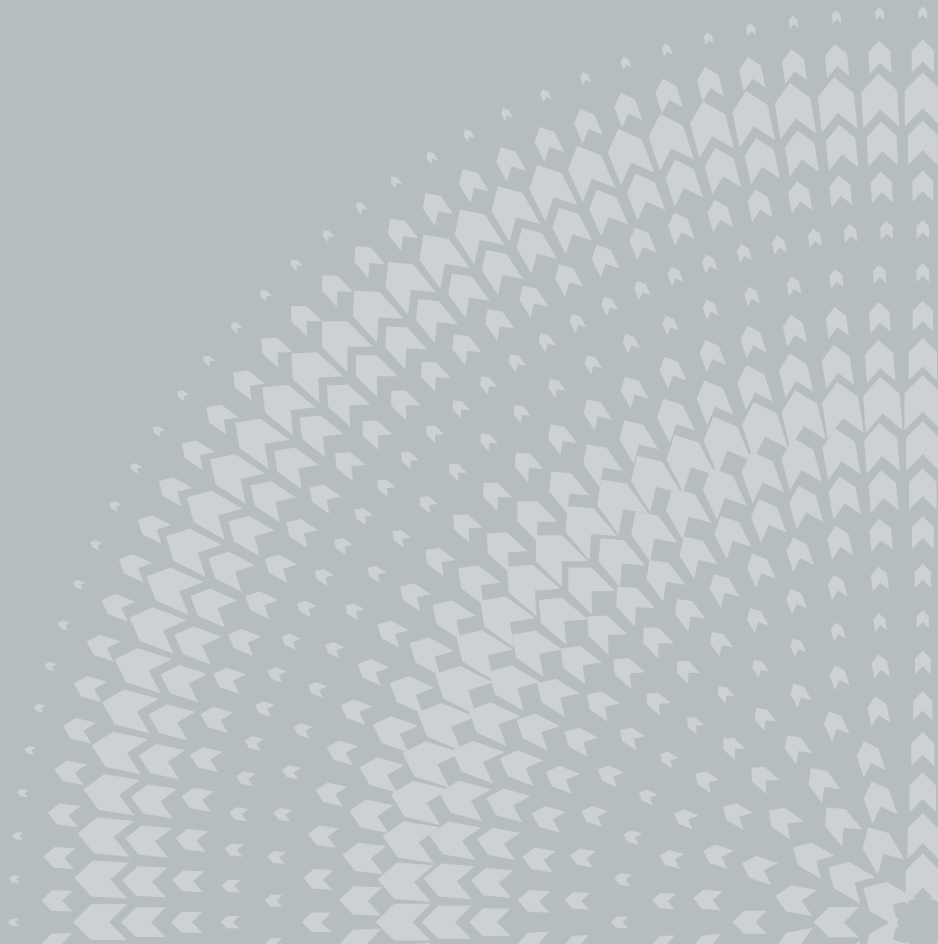
(2) Includes Euronext Oslo

(3) Includes London Metal Exchange which was acquired by Hong Kong Exchanges and Clearing in 2012G

(4) Includes Nasdaq Nordics and Baltics

Although Saudi Exchange has only recently established the Derivatives market and is relatively small from a global perspective, it is attracting a lot of investor and broker interest which signals the high potential for growth of the Kingdom's derivatives market. The debut product, the MT30 Index Futures, is based on the MT30 Index which was jointly developed with MSCI. Index derivatives are cash settled and cleared through Muqassa, the CCP of the Group.

4- THE COMPANY



4- The Company

4-1 Overview of the Company and its Business Activities

Saudi Tadawul Group Holding Company (the “**Company**”) is a Saudi closed joint stock holding company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010241733 dated 2/12/1428H (corresponding to 12 December 2007G). The Company was established by the Royal Decree No. M/15 dated 01/03/1428H (corresponding to 20 March 2007G) and the Minister of Commerce resolution no. 320/k dated 1/12/1428H (corresponding to 11 December 2007G). The Company’s registered address as per its Commercial Registration is 6897 King Fahd Road – Al Olaya Unit Number: 15 Riyadh 12211-3388, Kingdom of Saudi Arabia. Since its incorporation and to the date of this Prospectus, the authorized, issued and fully paid-up share capital of the Company is SAR 1,200 million divided into 120 million ordinary shares of SAR 10 each and is fully subscribed (100% owned) by the Public Investment Fund (“**PIF**”). The Company was converted into a holding company on 08/10/1442H (corresponding to 20 May 2021G) pursuant to the resolution of the Extraordinary General Assembly of the Company in its meeting dated 24/08/1442H (corresponding to 6 April 2021G).

The Company (together with its Subsidiaries, the “**Group**”) through its CMA Authorized Subsidiaries is the primary provider of securities trading, clearing and settlement in the Kingdom of Saudi Arabia. The Group also provides technology innovation services through one of its Subsidiaries. As a foundational pillar of the Kingdom’s economy and the Financial Sector Development Program under the Kingdom’s Vision 2030, the Group is helping the Kingdom build a thriving economy with a technologically advanced and integrated capital market at its center.

As the operator of one of the largest exchanges in the world and the leading exchange in the MENA region based on market capitalization, the Group is well-positioned to act as a bridge between global foreign investors and the region’s economies. To fulfill its vision and mission, the Group pursues a strategy of growth and diversification through the development and implementation of new asset classes, products and services, while strengthening inter-connectivity with other financial markets in the region and around the world to facilitate capital formation. In doing so, the Group strives to become increasingly capable and agile to evolve in an increasingly competitive global environment, capitalize on business opportunities, drive greater efficiencies and mitigate risk.

The Group’s operating revenue increased with a CAGR of 36% from 2018G to 2020G, with the Group realizing operating revenues of SAR 583.2 million, SAR 564.7 million and SAR 1.1 billion in for the financial years ending 31 December 2018G, 2019G and 2020G, respectively. The Group’s operating revenue increased by 48% in the six months ending 30 June 2021G compared to the same period in the previous year with the Group realizing operating revenue of SAR 435.4 million and SAR 645.9 million for the period ended 30 June 2020G and 30 June 2021G, respectively.

The Group’s net profit increased with a CAGR of 84% with the Group recording net profit of SAR 148.2 million, SAR 153.3 million and SAR 500.5 million for the financial years ending 31 December 2018G, 2019G and 2020G, respectively. At the same time, the Group’s increased its net profit margin from 25% in 2018G to 27% in 2019G, and 46% in 2020G. The Group’s net profit increased by 69% in the six months ending 30 June 2021G compared to the same period in the previous year with the Group realizing net profit of SAR 214 million and SAR 362 million as at 30 June 2020G and 30 June 2021G, respectively. At the same time the Group’s net profit margin increased from 49% as at 30 June 2020G to 56% as at 30 June 2021G.

In 2020G the Company’s exchange business recorded the average daily traded value on its Main Market of SAR 8.3 billion compared to SAR 3.5 billion in 2019G and SAR 3.5 billion in 2018G. For the six month period ending 30 June 2021G the average daily traded value on the Main Market amounted to SAR 10.7 billion compared to SAR 6.6 billion over the same period in the previous year. As at 30 June 2021G a total of 185 companies, 17 REITs, 6 ETFs, one CEF and 73 Bonds and Sukuk were listed on the Main Market.

The average daily traded value on the Nomu - Parallel Market amounted to SAR 28.3 million in 2020G compared to SAR 9.1 million in 2019G and SAR 1.7 million in 2018G. For the six month period ending 30 June 2021G the average daily traded value on the Nomu - Parallel Market amounted to SAR 38.7 million compared to SAR 22.1 million over the same period in the previous year. As at 30 June 2021G a total of seven companies were listed on Nomu – Parallel Market.

The total market capitalization of securities listed on the Exchange as at 30 June 2021G amounted to SAR 9.7 trillion. Since 2018G to 30 June 2021G a total of SAR 125.5 billion has been raised in capital through IPOs on the Exchange. A further SAR 10.5 billion has been raised through follow on rights issue transactions.

In 2020G the Company’s Securities Depository Centre Company (“**Edaa**”) cleared and settled 77.1 million transactions, compared to 28.5 million transactions in 2019G and 25.1 million in 2018G. As at 30 June 2021G, the total number of transactions settled and cleared amounted to 52.6 million. As at 30 June 2021G, assets under custody amounted to SAR 10,473 billion.

4-2 The Structure of the Group

4-2-1 Organizational Structure

As a holding company, the Company's activities are limited to the activities prescribed for holding companies under the Companies Law, i.e. investing its funds in shares and other securities, managing and supporting subsidiaries or participating in the management of other companies in which it owns shares, granting loans, guarantees and financing to its subsidiaries, owning real estate and other properties in connection with its businesses, and owning and utilizing industrial property rights, including patents, trademarks, franchises and other intangible rights, and licensing the same to its subsidiaries or third parties. Therefore, the Company does not directly undertake any commercial activities. Its principal activity is to manage its Subsidiaries.

The Company is the holding company of five Subsidiaries (the Saudi Exchange Company, Edaa, Muqassa, WAMID and TREC, each as defined further below). The Saudi Exchange Company (a Group Subsidiary which operates the Exchange), Edaa (which operates the Group's securities depository center) and Muqassa (which operates the Group's securities clearing center) are referred to as the "**CMA Authorized Subsidiaries**" because their business activities are regulated by the CMA pursuant to the CML and the Implementing Regulations issued by the CMA. Together the CMA Authorized Subsidiaries provide the full array of securities services in the Kingdom. Neither WAMID (the Group's technology innovation subsidiary) nor TREC (which develops the commercial tower in the King Abdullah Financial District, where the Group expects to establish its headquarters) is a CMA Authorized Subsidiary because their respective business activities are not regulated by the CMA. The CMA Authorized Subsidiaries and WAMID (collectively, the "**Main Subsidiaries**") comprise the Subsidiaries that are consolidated with the Company. TREC is considered a Subsidiary under CMA regulations, but is not consolidated with the Company because the Company only holds 33.12% of TREC's shares, with the remaining shareholding of TREC held equally by the PIF (33.44%) and the Saudi Public Pension Agency (33.44%). The Main Subsidiaries together with TREC are referred to as the "**Subsidiaries**".

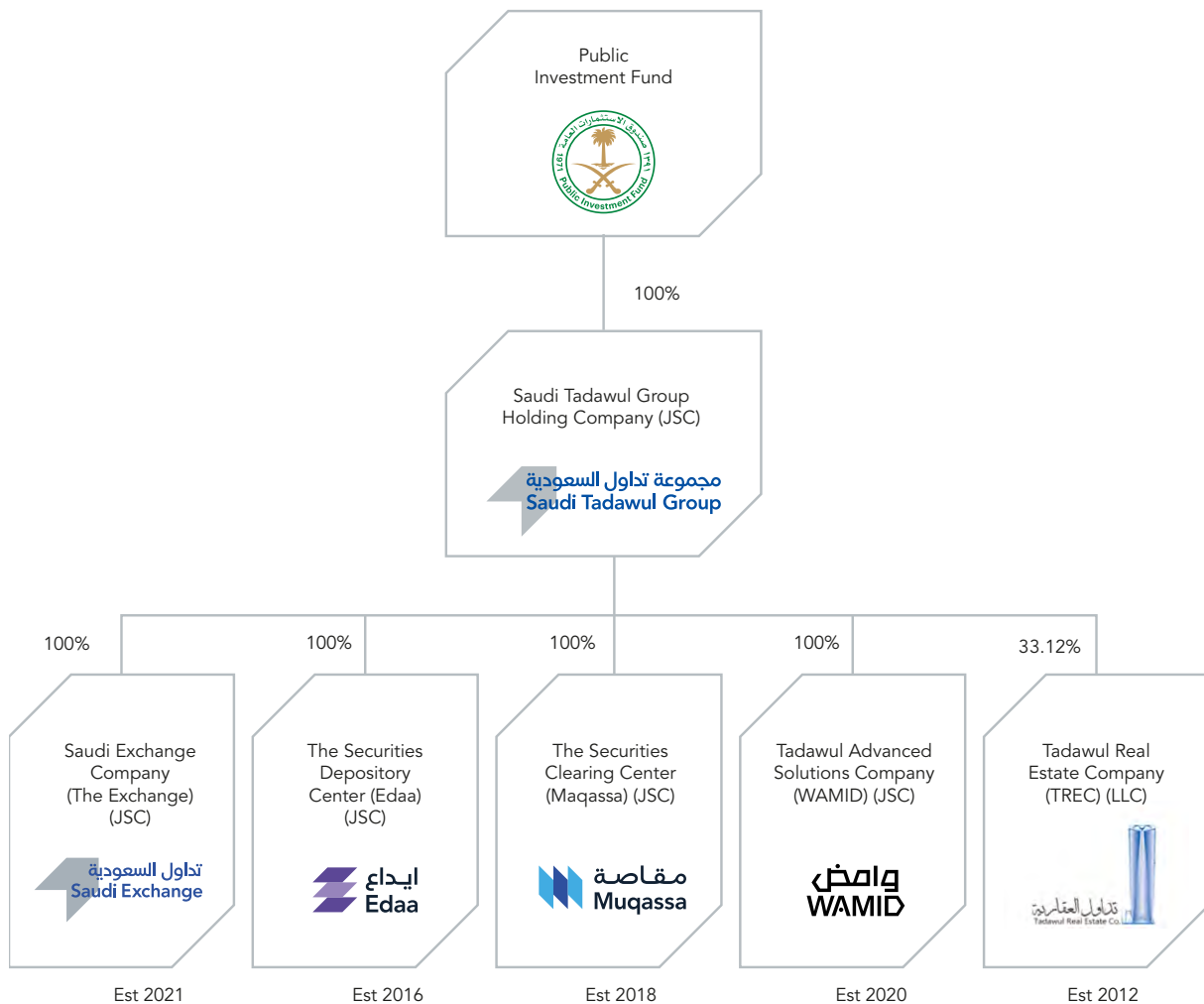
Prior to 1 June 2021G, the listing and trading operations of the Group were provided by the Company itself (under its previous name "**Saudi Stock Exchange Company (Tadawul)**"). As of 1 June 2021G, all listing and trading operations were transferred to the Saudi Exchange Company (the newly incorporated wholly-owned Subsidiary) pursuant to the Company's Board resolution number (12-01-2021) dated 25 January 2021G and the CMA license to the Saudi Exchange Company number (10-20004) dated 16/03/1442H (corresponding to 02/11/2020G) and the CMA letter number (s/7/6/4383/21) dated 14/10/1442H (corresponding to 26/05/2021G) which includes the CMA's approval for the Saudi Exchange Company to commence securities trading activities in the Kingdom as from 1 June 2021G. For more information on each Main Subsidiary and the services provided by each of them, refer to Section 3-2-4 below.

The Company owns shares in each of its Subsidiaries, as follows:

- 100% of the share capital of the Saudi Exchange Company (SAR 600 million corresponding to 60 million fully paid-up shares of SAR 10 each), a single shareholder closed joint stock company established on 17/08/1442H (corresponding to 30 March 2021G) ("**Saudi Exchange Company**");
- 100% of the share capital of the Securities Depository Center Company (SAR 400 million corresponding to 40 million fully paid-up shares with a par value of SAR 10 each), a single shareholder closed joint stock company established on 27/11/1437H (corresponding to 30 August 2016G) ("**Edaa**");
- 100% of the share capital of the Securities Clearing Center Company (SAR 600 million divided into 60 million fully paid-up shares with a par value of SAR 10 each), a single shareholder closed joint stock company established on 02/06/1439H (corresponding to 18 February 2018G) ("**Muqassa**");
- 100% of the share capital of the Tadawul Advanced Solutions Company (SAR 300 million divided into 30 million shares with a par value of SAR 10 each, and its paid-up capital is currently SAR 75,000,000), a single shareholder closed joint stock company on 11/02/1442H (corresponding to 28 September 2020G) ("**WAMID**"); and
- 33.12% of the share capital of Tadawul Real Estate Company (SAR 1,280 million divided into 1.28 million shares with a par value of SAR 1,000 each), a limited liability company established on 23/02/1433H (corresponding to 17 January 2012) ("**TREC**").

The following diagram shows the structure of the Company and its Subsidiaries:

Figure (4-1): Diagram showing the structure of the Company and its Subsidiaries



4-2-2 History, Incorporation and Evolution

The Group’s history is closely tied to the development of the capital market in the Kingdom, with the Company being formed on 2/12/1428H (corresponding to 12 December 2007G) (under the name “**Saudi Stock Exchange Company (Tadawul)**”) as the sole entity authorized to act as a securities exchange in the Kingdom at the time by the Capital Market Authority (“**CMA**”), itself founded in 2003G. The Company was established as a formal exchange market, before which the market had only a handful of listed companies, and gradually developed into a matured securities exchange. It is currently the largest exchange in the MENA region and among the largest exchanges globally as at 30 June 2021G based on market capitalization.

The Company’s share capital has not changed since its incorporation. The Company has been wholly-owned by the PIF since its incorporation up to the date of this Prospectus.

The following table shows the prominent developments of the Group since its formation until the date of this Prospectus:

Table (4-1): The prominent developments of the Group since the Company's formation until the date of this Prospectus.

Date	Prominent developments of the Group
2007G	<ul style="list-style-type: none"> The Saudi Stock Exchange "Tadawul" was formed as a joint stock company as the sole and exclusive entity authorized to act as a securities exchange in the Kingdom Establishment of the "Main Market"
2008G	<ul style="list-style-type: none"> CMA approved the entry of foreign investment through swap agreements
2009G	<ul style="list-style-type: none"> Establishment of the fixed-income market
2010G	<ul style="list-style-type: none"> Launch of the ETFs platform
2012G	<ul style="list-style-type: none"> Formation of TREC LLC in partnership with the PIF and PPA
2013G	<ul style="list-style-type: none"> Launch of tradable rights framework
2015G	<ul style="list-style-type: none"> Allowing qualified foreign investors (QFIs) to invest through QFI framework Launch of the Independent Custody Framework, which supports the protection of investor assets by way of separating custody services from brokerage services which aligns with best international practices and the listing requirements for international indices The Saudi Exchange deploys X-Stream trading platform in cooperation with Nasdaq
2016G	<ul style="list-style-type: none"> Formation of Edaa (a central securities depository) as the security depository Subsidiary of the Company Launch of the REITs platform
2017G	<ul style="list-style-type: none"> Establishment of the Nomu - Parallel Market "Nomu" for the SME sector Agreement with Nasdaq to revamp the Exchange's post-trade infrastructure Change of the settlement cycle from (T+0) to (T+2) Launch of securities borrowing and lending and short selling frameworks Registration of all Government bonds and Sukuk in Edaa
2018G	<ul style="list-style-type: none"> Formation of Muqassa (a central clearing counterparty), a Subsidiary, as a securities clearing center MSCI, S&P and FTSE announce intention to include the Exchange in their emerging markets indices Listing of government Sukuk and bonds on the debt instruments market
2019G	<ul style="list-style-type: none"> The Exchange becomes one of the world's 10 largest exchanges in terms of total market capitalization of listed securities with the listing of The Saudi Arabian Oil Company (Saudi Aramco) Complete inclusion in MSCI and S&P Emerging Markets indices and partial inclusion in the FTSE Russell Emerging Index Allowing foreign listed companies to list (on a dual listing basis) on its Main Market
2020G	<ul style="list-style-type: none"> Muqassa licensed by CMA as a qualified central counterparty (QCCP) Activated clearing derivatives with the launch of the derivatives market Funds allowed to be listed on the Exchange's Nomu - Parallel Market "Nomu" Completed inclusion in the FTSE Emerging Index Edaa launches REPO collateral transfer services Listing for the first time Sukuk and commodities ETFs Incorporation of Tadawul Advanced Solutions Company (WAMID), a Subsidiary focused on technology innovation
2021G	<ul style="list-style-type: none"> Linking Clearstream with Edaa as the first International Central Securities Depository (ICSD), which allows foreign investors to invest in local listed bonds and Sukuk Activation of WAMID Launch of the Closed End Funds platform The Saudi Stock Exchange is reorganized, whereby the Company is converted into a holding company and changes its name to "Saudi Tadawul Group Holding Company" and a new company is established under the name "Saudi Exchange Company" and assumes all listing and trading services from the Company

4-2-3 Company Ownership Structure before and after the Offering

Table (4-2): Company ownership structure before and after the Offering

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Ownership %	Par Value (SAR)	No. of Shares	Ownership %	Par Value (SAR)
Public Investment Fund	120,000,000	100%	1,200,000,000	84,000,000	70%	840,000,000
Public	-	-	-	36,000,000	30%	360,000,000
Total	120,000,000	100%	1,200,000,000	120,000,000	100%	1,200,000,000

4-2-4 Overview of the Company's Main Subsidiaries

4-2-4-1 Saudi Exchange Company

The Saudi Exchange Company was incorporated on 30 March 2021G as a single shareholder closed joint stock company in Riyadh under Commercial Registration No. 1010697067 dated 17/08/1442H. As at the date of this Prospectus, its authorized and paid-up share capital is SAR 600 million divided into 60 million shares with a par value of SAR 10 per share.

According to its Commercial Registration, the Saudi Exchange Company's activity includes the listing and trading of securities and provision of market information. Its main operations include the management of the Exchange, providing a platform through which trading in securities listed on the Exchange is enabled, and which gives listed companies access to financing and allows investors to invest in the securities listed on the Exchange.

Please also refer to Section 4-5 ("The Group's Regulatory Function") for a brief overview of the regulatory role undertaken by the Saudi Exchange Company pursuant to the Capital Market Law ("CML"), the Implementing Regulations and the Exchange Rules (which include the rules and procedures of the CMA Authorized Subsidiaries).

4-2-4-2 Edaa

The Securities Depository Center Company ("Edaa") was incorporated on 30 August 2016G as a single shareholder closed joint stock company in Riyadh under Commercial Registration No. 1010463866 dated 27/11/1437H. As at the date of this Prospectus, its authorized and paid-up share capital is SAR 400 million divided into 40 million shares with a par value of SAR 10 per share.

According to its Commercial Registration, Edaa's activities include the deposit and settlement of securities. The main operations of Edaa are to provide depository, settlement and ownership registration of listed securities and registry services.

Please also refer to Section 4-5 ("The Group's Regulatory Function") for a brief overview of the regulatory role undertaken by Edaa pursuant to the CML, the Implementing Regulations and the Exchange Rules (which include the rules and procedures of the CMA Authorized Subsidiaries).

4-2-4-3 Muqassa

The Securities Clearing Center Company ("Muqassa") was incorporated on 18 February 2018G as a single shareholder closed joint stock company in Riyadh under Commercial Registration number 1010935131 dated 02/06/1439H. As at the date of this Prospectus, its authorized and paid-up share capital is SAR 600 million divided into 60 million shares with a par value of SAR 10 per share.

According to its Commercial Registration, Muqassa's activity includes the clearing of securities. The main operations of Muqassa are to provide clearing services.

Please also refer to Section 4-5 ("The Group's Regulatory Function") for a brief overview of the regulatory role undertaken by Muqassa pursuant to the CML, and the Implementing Regulations and the Exchange Rules (which include the rules and procedures of the CMA Authorized Subsidiaries).

4-2-4-4 WAMID

Tadawul Advanced Solutions Company ("WAMID") was incorporated on 28 September 2020G as a single shareholder closed joint stock company in Riyadh under Commercial Registration number 1010656577 dated 11/02/1442H. As at the date of this Prospectus, its authorized share capital is SAR 300 million divided into 30 million shares and its paid-up capital is SAR 75 million with a par value of SAR 10 per share.

According to its Commercial Registration, WAMID's activities include financial technology solutions, research and development in the field of engineering and technology, market research and opinion polls.

4-3 Vision and Mission of the Group

4-3-1 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.

4-3-2 Mission

As part of its Vision 2030, the Group is helping the Kingdom build a thriving economy with a technologically advanced and integrated capital market at its center.

4-4 Competitive Strengths and Strategy of the Group

4-4-1 Competitive Strengths

The Company believes that the following are among the Group's key competitive strengths:

4-4-1-1 National Champion and Integral to the delivery of the Vision 2030

The CMA Authorized Subsidiaries are currently the only entities licensed by the CMA to serve as providers of securities listing, trading, clearing and settlement and depository in the Kingdom. As the only G20 economy in the region, the Kingdom is well-positioned as the dominant economy in comparison to its neighbors. With a total estimated GDP of SAR 2.6 trillion for 2020G, the Kingdom forms nearly 50% of the total GDP among the member states of the Gulf Cooperation Council (GCC). This economic scale is coupled with a positive future outlook for the Saudi economy – in particular, with the expectation for a real GDP CAGR of 3.5% from 2021G-2023G. This favorable economic profile has resulted in growing international investor confidence as indicated by the recent track record of increasing foreign direct investment (FDI) inflows, which totaled USD5.5bn in 2020G, representing a 57% CAGR since 2017G.

The Kingdom is currently undergoing a significant economic transformation. At the heart of the Kingdom's economic momentum is the Vision 2030 program of the Saudi Government. Launched in 2016G, the program aspires to reduce the country's dependency on oil, diversify its economic resources and enhance its growth profile. Key objectives include securing the Kingdom's positioning as one of the world's 15 largest economies, increasing the level of FDI in the Kingdom to approximately 6% of GDP, and increasing the contribution of the private sector to 65% of GDP. This push for the growth of the private sector and an increasingly diversified economy in the Kingdom has favorable implications for private sector capital formation both for new and existing companies, which will support enhanced activity in the Kingdom's capital markets.

Delivery of the Vision 2030 is supported by a number of specific initiatives (Vision Realization Programs), which includes the Financial Sector Development Program ("FSDP"). The Group is the foundational pillar for the delivery of this program which has the stated goal of developing an advanced capital market to support the broader realization of Vision 2030. Other notable programs include the Privatization Program, which is expected to create a strong listing pipeline for the Group and attract further FDI into the Kingdom, and the Public Investment Fund Program, which will enhance free float levels and trading activity.

4-4-1-2 Differentiated Business Model - Integrated, Scalable and Diverse

The Group maintains a diversified business model that is integrated across all the relevant services, which allows the Group to offer a full array of capital markets related products and services. As detailed in Section 4-2 ("The Structure of the Group"), the Group completed a corporate reorganization during early 2021G, resulting in the Company acting as a holding company, wholly owning the Main Subsidiaries, each focused on a pillar of the Group's capital market offering (listing and trading on the Exchange, securities clearing, settlement services, and technology innovation). This new Group structure will allow the Group to pursue growth and innovation, and provide strategic flexibility, boosting the Group's reputation and allowing it to compete with other exchanges worldwide in a better and more effective way.

The operational independence of each Main Subsidiary is expected to create a more flexible environment, supporting rapid responses to evolving global and regional market trends across the Group's service offering. Furthermore, through its new structure, the Group will benefit from the integration of its subsidiaries which support each-other's business growth through their capital market services and be in a position to better realize synergies by promoting efficient intra-group operations across the organization.

Following the reorganization, the Group's new structure is outlined below:

- The Saudi Exchange Company acts as a securities exchange in the Kingdom enabling companies to raise capital through offerings made on a platform and list their securities. Apart from listing services, the Saudi Exchange also provides cash trading, derivatives trading, market information, client relationship and operational services.
- Muqassa guarantees the trades and provides securities clearing for financial derivatives. Muqassa will extend its clearing services to all other securities, including equities and fixed income, after the activation of PTPP as well as additional derivatives products.
- Edaa provides securities settlement for all securities traded on the market, along with providing depository services, including custody, registration and registry keeping services to clients.
- WAMID is intended to drive technology-based innovation while pursuing new opportunities in the region. Its objective is to enhance the investor experience in the market by advancing technology and access to data, acting as a hub for innovation across the Group.

This new organizational model will enable the Group to increase the diversification of its operating revenues with revenues not correlated with ADTV such as from listing services and market information accounting for approximately 13% of total operating revenue as at 1H 2021G. The Group's technology innovation subsidiary WAMID is expected to enable further diversification through new recurring revenue opportunities. The Group believes its top-line growth profile is supported by strong economic trends and increasing sophistication of the Saudi capital markets resulting from enhanced product offerings.

4-4-1-3 Primed to be the Center for Regional Capital Formation

The Group has a strong strategic and competitive positioning supported by its scale, growth profile, and position at the heart of a large-scale economic transformation agenda envisaged by Vision 2030 and the growing global relevance of the Kingdom on the international stage. Together these factors position the Group as the leading exchange within the broader MENA region and support its potential to become the dominant regional hub for capital formation.

The Exchange is amongst the largest exchanges globally by market capitalization of listed companies (approximately USD2.6 trillion as at 30 June 2021G, as per the World Federation of Exchanges). The Group has no close peer within the MENA region and accounts for approximately 79% of total regional market capitalization as at 30 June 2021G and approximately 82% of regional average daily traded value over the last 12 months.

The growing global relevance of the Exchange is exhibited by its inclusion in the MSCI, FTSE Russell and S&P Emerging Market indices (in the case of MSCI, taking the shortest time of any exchange to progress from candidate status to inclusion). In addition, FTSE Russell on 30 September 2021G announced that Saudi Arabia will be added to the FTSE Emerging Markets Government Bond Index (EMGBI) effective next April 2022G.

As at 30 June 2021G, 36 listed companies were included in the MSCI Emerging Market Index, 131 listed companies were included in the S&P Emerging Market Index and 49 listed companies were included in the FTSE Emerging Index. As at June 2021G, Saudi Arabia's weight in the MSCI, S&P and FTSE emerging indices amounted to approximately 2.84%, 3.03% and 3.48%, respectively. Index inclusion has supported the growing momentum of foreign investor participation in the Saudi capital market, with the number of Qualified Foreign Investors in excess of 2,500 as at 30 June 2021G, with a growth rate of 17% year-on-year.

Supporting the business profile of the Saudi Exchange Company is its association with having leading global and regional large-scale industry champions as listed companies on the Exchange – examples include Saudi Arabian Oil Company ("**Saudi Aramco**"), Saudi Basic Industries Corporation ("**SABIC**"), Saudi National Bank ("**SNB**") and Al Rajhi Bank. The successful execution of the Saudi Aramco IPO, the largest ever IPO globally, enhanced the profile of the Group in successfully delivering an IPO of global relevance. In addition, the growing proliferation of new classes of securities and platforms (Nomu-Parallel Market, debt instruments, REITs, CEFs, ETFs and, recently, financial derivatives) distinguish the Group as a regional leader in product and business development.

The Exchange is complemented and supported by the Group's securities depository center Edaa and securities clearing center Muqassa. Edaa is developing partnerships and links with international central securities depositories to leverage and attract capital into the Saudi capital market. Muqassa is working to become a central counterparty for other exchanges and trading venues in the MENA region, while strengthening and diversifying clearing services in line with international best practices to enable the safe development of the Saudi and regional capital markets.

The above factors provide the Group with a distinct competitive profile that is envisaged to support its positioning as the exchange of choice for foreign capital and issuers in the region.

4-4-1-4 Strong Financial Performance

The Group has delivered a strong financial performance characterized by significant revenue growth and increased margins. From 2018G to 2020G, the Group's operating revenue grew at a CAGR of 36%, which is significantly in excess of comparable peer exchanges globally in other growth and developed markets.

In particular, the Group's operating revenues almost doubled with a year on year growth rate of 91% from 2019G to 2020G, primarily driven by increased trading and capital market activity. This growth momentum has continued into H1 2021G compared to H1 2020G with an increase in operating revenues of 48%.

The strong growth in operating revenues has translated into increased margins, with a H1 2021G EBITDA margin amounting to 62%, compared to a H1 2020G EBITDA margin of 49%. EBITDA margin for 2020G, 2019G and 2018G amounted to 55%, 16% and 18% respectively. Despite zakat being imposed from 1 January 2020G onwards, the Group's net profit margin increased to 46% in 2020G, up from 27% in 2019G, given the operating leverage in the business. Net profit margin for H1 2021G amounted to 56% compared to a H1 2020G net profit margin of 49%.

This level of organic capital and free cash flow generation has enabled the Group to maintain a well-capitalized balance sheet.

4-4-1-5 Seasoned Leadership Team with a Track Record of Delivery

The Group has a highly experienced and seasoned executive team with strong capital markets expertise and a track record of delivery. The executive management team has collaborated closely for many years to drive the strategic evolution of the Group, with the recent corporate reorganization as a key milestone for the next phase of growth. The executive management team (comprising the eight Senior Executives and four CEOs of the Main Subsidiaries) have more than 220 years of combined experience and have led the Group in delivering significant growth in recent years from a product, service and infrastructure perspective.

Delivery of the 2018G-2022G five-year strategic plan has witnessed a number of key achievements, including expansion into financial derivatives with the launch of Index Futures, enhancement of debt markets trading infrastructure, delivery of large-scale post-trade capabilities to bring the Group in line with other leading exchanges globally and development of a new data center to enable business continuity and to provide higher availability for mission-critical systems for the Group.

The executive management team is supported by a Board of Directors, with a wide experience in local and global capital markets.

4-4-1-6 Significant Growth Opportunities Ahead

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

The organic growth drivers for the business are, as previously mentioned, underpinned by the Vision 2030 and the Kingdom's growing economic profile, which together are expected to drive new issuances across asset classes and strong capital market activity in the Kingdom.

In addition to this, Group management have identified key strategic initiatives across each business line (as also further detailed in Section 4-4-2 ("**Strategy**"), which they anticipate will further catalyze the Group's growth profile.

In particular, key new initiatives include the continued expansion into financial derivatives. The Group launched MT30 index in August 2020G and plans to follow with single stock futures, options, data and indices services, clearing across cash markets, and new technology and data revenues attributable to the launch of WAMID. The Group's management view the delivery of this next phase of their strategic plan as having the potential to significantly enhance the capabilities of the Group and meaningfully differentiate its profile.

4-4-2 Strategy

In order to fulfil its vision and mission, the Group intends to continue executing its strategy based on three re-enforcing strategic goals: Growth & Diversification, Integrated & Connected and Capable & Agile. The Group plans to execute these strategic goals via seven strategic pillars: listing & trading, clearing, depository, market information, innovation and digitalization, strategic expansion and capabilities.

4-4-2-1 Growth & Diversification

The Group aims to enhance its performance by developing the existing asset classes, products and services and creating new ones to accelerate economic diversification and expansion to new markets. In listing and trading, for example, the Saudi Exchange Company's key initiatives include continuing to introduce new financial derivatives products such as single stock futures and options to facilitate the development of innovative investment strategies, as well as continuing to enhance debt and ETF markets. International listings, the development of an ESG framework, and the development of equity and fixed-income indices will also further support diversified revenue growth. In addition, the Group's clearing business Muqassa is expanding its services to cover the full range of securities traded on the Exchange, as well as over-the-counter products and securities financing. The increased range of cleared products is expected to provide an additional revenue source alongside the listing and trading businesses. The Group will also continue to introduce value-added services to issuers and investors through its depository center Edaa (e.g., a licensed and non-tradeable investment fund platform, post-trade services and international CSD links). The Group's newly created subsidiary WAMID will focus on solutions and pioneering technologies to the other sectors, with the aim of adding value for the Group by diversifying its business mix, developing a new generation of solutions based on innovative technologies and promoting sustainable growth. WAMID will aim to achieve such diversification by way of several means, including participating in new projects, joint ventures and investments with others and acquiring existing companies operating in sectors that support its objectives.

4-4-2-2 Integrated & Connected

The Group's integrated business model covering capital market services is a key enabler for sustainable revenue growth and innovation. The Group is leveraging its integrated businesses to expand the client base locally, regionally and beyond, which will support the Group's positioning as the hub for capital formation. For example, the Group is developing partnerships and links with ICSDs to facilitate investment in the Saudi capital market by international investors. In addition, the Group aims to expand regionally by becoming a central counterparty for other exchanges and trading venues in the MENA region. This will strengthen and enhance connectivity with major global players in the capital markets. Furthermore, the Group intends to continue to develop high-quality market information products and services, such as comprehensive and advanced reference data, equity and fixed-income indices, as well as regional indices, to promote an attractive market offering a wider spectrum of products and services for all types of customers.

4-4-2-3 Capable & Agile

The Group relies on its highly skilled management and resilient operations to maintain an innovation-first mindset and evolve in an increasingly competitive global environment, capitalize on business opportunities, drive greater efficiencies and mitigate risk. To achieve its strategic goals, the Group continually strives to enhance and develop new organizational competencies, capabilities and resources and build a business-oriented organization that collaborates with all stakeholders. The Group's current initiatives in this regard include, among others, the implementation of the new post-trade technology program. In addition, the Group's recently established technology innovation subsidiary WAMID will provide strategic optionality by driving technology-based innovation in the Group's existing businesses while pursuing new opportunities.

4-5 The Group's Regulatory Function

4-5-1 Legal status of the Company and the Subsidiaries pursuant to the CML

Under the CML, any entity wishing to conduct the activities of an exchange, a depository center or a clearing center must be duly licensed by the CMA. As of the date of this Prospectus, each of the CMA Authorized Subsidiaries had obtained the relevant licenses that are required under the CML. Please refer to Section 12-5 ("**Government Consents, Licenses and Certificates**") for a summary of the Group's key licenses.

Muqassa is licensed by the CMA pursuant to the Securities Central Counterparties Regulations. The Saudi Exchange Company and Edaa are each licensed by the CMA although the relevant licensing regulations for exchanges and depository centers have not been issued as at the date of this Prospectus. For more information, please refer to Section 12-5 ("**Government Consents, Licenses and Certificates**").

Neither WAMID nor TREC is a CMA Authorized Subsidiary because their respective business activities are not regulated by the CMA. As for the Company, although it no longer performs licensable activities as from 1 June 2021G due to its conversion into a holding company, the formation of the Saudi Exchange Company and its assumption of the Group's listing and trading services, the CMA has continued to impose certain operation, governance and ownership terms and conditions on the Company in light of its 100% ownership of the CMA Authorized Subsidiaries. For more information, please refer to Section 4-2 ("**The Structure of the Group**"). However, the CMA has not imposed a regulatory role on the Company itself.

Any consideration or other commissions collected by any of the CMA Authorized Subsidiaries, including fees charged for the services they provide, are subject to the prior approval of the CMA. The CMA Authorized Subsidiaries would propose the relevant fees, commissions and financial consideration and the CMA would approve or request changes. Furthermore, pursuant to an arrangement between the Group and the CMA, the Group is required to collect fees payable to the CMA by market members from trading transactions and deposit such amounts in the CMA's account.

4-5-2 Regulatory Role

In particular, the Saudi Exchange Company performs a regulatory role in approving issuers' listing applications, supervising publicly listed entities and suspending trading activities in accordance with the Listing Rules. Additionally, the Group's securities depository center Edaa and the Group's securities clearing center Muqassa fulfill certain regulatory roles pertaining to supervising and ensuring compliance of their respective members with the relevant rules.

4-5-2-1 Issuance and Recommendation of Applicable Rules pursuant to the CML

Pursuant to the CML, the board of directors of each of the CMA Authorized Subsidiaries is required to recommend to the CMA the necessary regulations, rules, procedures, and instructions for its respective operations. These include the membership terms and conditions for the Exchange, SDC and CCP, the business conduct standards applicable to such members and their employees, board members and executives, settlement of disputes between members and between members and their customers and any other rules and instructions the CMA Authorized Subsidiaries deem necessary for the protection of investors in terms of fairness, efficiency and transparency in everything related to the Exchange, SDC or CCP.

As the operator of a licensed exchange, the Saudi Exchange Company is required under the CML to recommend to the CMA, through its board of directors, the regulations, rules and instructions regarding (i) the conditions for listing and trading securities, (ii) the immediate and regular publication of information pertaining to transactions relating to securities traded on the Exchange, (iii) the disclosure required to be made to the Exchange by issuers, shareholders and members (as the Exchange deems necessary), and (iv) the suitable procedures that permit licensed brokers who are not members of the Exchange to execute transactions on the Exchange.

As a licensed depository center, Edaa is required under the CML to recommend to the CMA, through its board of directors, the regulations, rules and instructions regarding the sound and effective procedures that ensure the adequacy of the legal registration and settlement of the securities traded on the Exchange, as well as the necessary measures for dealing with the defaults of Edaa's members and to settle the transactions through SDC . Edaa may maintain accounts at commercial banks and SAMA or at any other entity approved by the CMA for the purpose of settling transactions and keeping and depositing guarantees within its operations.

As a licensed clearing center, Muqassa recommends through its board of directors the regulations, rules and instructions regarding the sound and effective procedures that ensure the adequacy of the securities clearing process. This includes determining:

- the rights and obligations arising from the trading of securities;
- the mechanism for covering the financial positions resulting from such transactions and all related deductions and additions in the accounts allocated for these purposes; and
- the procedures for clearing the priced sales after settlement thereof.

It also includes the provisions on the guarantees and pledges required for its operations, the mechanism for receipt, management and liquidation thereof, and the procedures for its execution as well as the means and procedures for managing the defaults of Muqassa's members. Muqassa may maintain accounts at commercial banks, SAMA and the SDC or at any other entity approved by the board of the CMA for the purpose of clearing transactions and keeping and depositing guarantees within its operations.

As at the date of this Prospectus, a number of rules and regulations have been issued that relate to the operations of the CMA Authorized Subsidiaries. These are set out below with a brief overview of each:

Table (4-3): Rules and regulations issued in relation to the operations of the CMA Authorized Subsidiaries

Brief overview	Date of issuance	Relevant Rules
Rules and regulations pertaining to the Saudi Exchange Company		
Listing Rules	Approved by the CMA Pursuant to its resolution number (3-123-2017) dated 09/04/1439H (corresponding to 27/12/2017G), and amended pursuant to resolution number (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G).	The Listing Rules regulate the listing of securities, the continuing obligations of the issuers of listed securities, the suspension of trading of listed securities, and the cancellation of listing of listed securities.
Trading and Membership Rules	Approved by the CMA Pursuant to its resolution number (1-82-2018) dated 17/11/1439H (corresponding to 30/7/2018G), and amended Pursuant to Resolution Number (1-50-2019) dated 01/09/1440H (corresponding to 06/05/2019G).	The Trading and Membership Rules regulate Exchange membership and access to the trading system, the registration of registered traders, the disclosure of information by exchange members to the exchange, and trading in listed securities by Exchange members.

Brief overview	Date of issuance	Relevant Rules
Trading and Membership Procedures	Approved by the CMA pursuant to its resolution number (1-82-2018) dated 17/11/1439H (corresponding to 30/07/2018G), and amended by the Board of the Saudi Stock Exchange (Tadawul)* pursuant to its resolution by circulation number (19-2020) dated 15/01/1442H (corresponding to 03/09/2020G).	These procedures specify the Trading and Membership Procedures that exchange members and registered traders must follow to comply with the provisions of the Trading and Membership Rules.
Short Selling Regulations	Approved by the CMA pursuant to its resolution number (1-28-2017) dated 16/06/1438H (corresponding to 15/03/2017G), and amended pursuant to resolution number (21-1-2021) dated 10/07/1442H (corresponding to 22/02/2021G).	These set out the framework for short selling activities in respect of listed securities in the KSA.
The Exchange and SDC Procedures	Approved by the Board of the Saudi Stock Exchange (Tadawul)* pursuant to its resolution number (1-2-2017) dated 24/06/1438H (corresponding to 23/03/2017G), and amended pursuant to resolution number (03-2021) dated 13/06/1442H (corresponding to 26/01/2021G).	These specify the procedures of the Exchange and the SDC which must be followed to comply with the provisions of the relevant Exchange Rules, which include the Securities Depository Centre Rules, Short Selling Regulations, Securities Borrowing and Lending Regulations, Trading Procedures and the glossary of defined terms used in the Exchange Rules.
Glossary of Defined Terms Used in the Exchange Rules	Approved by the CMA pursuant to its resolution number (2-17-2012) dated 08/06/1433H (corresponding to 29/04/2012G), and amended pursuant to resolution number (1-22-2021) dated 12/07/1442H (corresponding to 24/02/2021G).	This provides a list of defined terms used in the Exchange Rules.
Procedures of Suspending the Trading of Listed Securities in accordance with the Listing Rules	Approved by the CMA pursuant to its resolution number (1-10-2019) dated 24/05/1440H (corresponding to 30/01/2019G).	<p>These procedures clarify the mechanism of suspending the trading of listed securities, in accordance with Article 38, and Article 36 of the Listing Rules, in any of the following circumstances:</p> <ol style="list-style-type: none"> 1. Temporary trading halt based on the issuer's request. 2. Upon the issuer's non-compliance with the disclosure of its periodic financial information within the specified period pursuant to the relevant Implementing Regulations. 3. When the auditor's report on the financial statements of the issuer includes an adverse opinion or a disclaimer of opinion. 4. Upon a resolution issued by the extraordinary general assembly of the issuer reducing the issuer's capital for the two trading days following the issuance of the resolution.
Procedures for Trading in Suspended Listed Companies' Shares Over the Counter	Approved by the CMA pursuant to Its Resolution No. (1-10-2019) Dated 24/05/1440H (corresponding to 30/01/2019G).	These set out the mechanism for trading listed companies' shares over the counter in the event of trading suspension in accordance with the provisions of the Listing Rules.
Derivatives Exchange Trading and Membership Rules	Approved by the CMA Pursuant to its Resolution Number (2-137-2019) Dated 12/4/1441H (corresponding to 9/12/2019G).	These regulate memberships in the derivatives exchange, access to the Tadawul System, registration of derivatives exchange registered traders, disclosure of information by derivatives exchange members to the exchange; and trading in listed derivatives products by derivatives exchange members.
Derivatives Exchange Trading and Membership Procedures	Approved by the CMA pursuant to its resolution number (2-137-2019) dated 12/4/1441H (corresponding to 9/12/2019G).	These specify the procedures that derivatives exchange members and derivatives exchange registered traders must follow to comply with the provisions of the Derivatives Exchange Trading and Membership Rules and the procedures followed by the exchange related to listed derivatives products.

Brief overview	Date of issuance	Relevant Rules
Rules and regulations pertaining to Edaa		
Securities Depository Centre Rules	Approved by the CMA pursuant to its resolution number (2-17-2012) dated 08/06/1433H (corresponding to 29/04/2012G), and amended pursuant to resolution number (2-7-2018) dated 01/05/1439H (corresponding to 18/01/2018G).	These regulate the activities of depository centers including specifying the conditions and requirements for membership as well as the procedures of (i) depositing securities; (ii) settlement and clearing of transactions; (iii) registration of securities ownership restrictions; and (iv) opening accounts and the types of private accounts.
Securities Borrowing and Lending Regulations	Approved by the CMA pursuant to its resolution number (1-28-2017) dated 16/06/1438H (corresponding to 15/03/2017G) and amended pursuant to resolution number (1-21-2021) dated 10/07/1442H (corresponding to 22/02/2021G).	These regulate the framework for securities borrowing and lending activities in respect of listed securities in the KSA.
Regulations and Requirements of SDC for Depository Receipts Issued Out of The Kingdom in Accordance with The Instructions on Issuing Depository Receipts Out of The Kingdom	Approved by the CMA Pursuant to its resolution number (1-86-2020) dated 19/1/1442H (corresponding to 07/09/2020G).	These specify the regulations and requirements of SDC in relation to Depository Receipts issued out of the KSA.
Procedures of Dealing with Center Accounts When a Custody Member Ceases or Intend to Cease its Activities	Approved by the board of the CMA pursuant to its Resolution number (1-105-2019) dated 02/02/1441H (corresponding to 01/10/2019G).	These determine the mechanism to deal with the accounts at SDC and the securities deposited therein when the custody member ceases or intends to cease its activities and terminates its connection with the depository and settlement system.
Orders Aggregation Accounts Regulations	Approved by the CMA pursuant to resolution number (1-7-2018) dated 01/05/1439H (corresponding to 18/01/2018G).	They regulate opening and managing orders aggregation accounts.
Instructions for International Central Securities Depositories	Approved by the CMA pursuant to its resolution number (1-57-2021) dated 22/09/1442H (corresponding to 04/05/2021G).	These regulate the linkage of international central securities depositories with SDC.
Rules and regulations pertaining to Muqassa		
Securities Clearing Centre Rules	Approved by the CMA pursuant to its resolution number (1-137-2019) dated 12/04/1441H (corresponding to 09/12/2019G).	These regulate clearing memberships and access of clearing members to CCP, non-clearing members and their access to CCP, the disclosure of information by clearing members to the clearing house, the consequences of a default by a clearing house or any of its clearing member, and the relationship between clients and clearing members and their rights and obligations under the clearing documentation.
Clearing Procedures	Approved by the CMA Pursuant to its resolution number (1-137- 2019) dated 12/04/1441H (corresponding to 09/12/2019G).	These specify derivatives clearing procedures that clearing members must follow to comply with provisions of the Securities Clearing Centre Rules.

* The legal name of the Company before the reorganization, when it used to operate the exchange functions. It should be noted that the Company's Board had approved these procedures pursuant to an authorization by the CMA under its decision number (1-28-2017) dated 16/06/1438H (corresponding to 15/03/2017G).

4-5-2-2 Implementation, Supervision and Enforcement

The Saudi Exchange Company performs the key regulatory role of reviewing and approving applications for listing securities on the Exchange as per the Listing Rules. This includes listing securities as part of initial public offerings, rights issues, capitalization issues, debt conversions and listing new shares of a class that is already listed. The Saudi Exchange Company's additional duties as per the Implementing Regulations include reviewing disclosures or reports published by publicly listed issuers to ensure compliance with the relevant disclosure requirements, overseeing issuers' compliance with the lock-up periods imposed by the Rules on the Offer of Securities and Continuing Obligations ("**OSCOs**"), suspension of the trading of securities under certain circumstances in accordance with the Listing Rules and approving transfers of listings of issuers from the Nomu - Parallel Market to the Main Market.

To ensure compliance with the Implementing Regulations and the Listing Rules, the Saudi Exchange Company, Edaa and Muqassa may conduct inspections, in coordination with the CMA, and seek the relevant documents and information from members of the Exchange, Edaa and Muqassa. The Saudi Exchange Company may also require certain persons that are subject to the Listing Rules to undertake or refrain from undertaking certain activities and request that they appoint independent advisors (in accordance with the criteria determined by the Saudi Exchange Company) to validate their compliance with the provisions of the Listing Rules, the Trading and Membership Rules and any other relevant rules.

According to the Securities Depository Center Rules, all membership applications for the Securities Depository Center must be submitted to Edaa and are subject to its approval. Edaa may require its members to take certain actions or adhere to certain requirements to protect the interests of investors and the Exchange. Furthermore, Edaa is responsible for verifying and registering all ownership rights over the securities traded on the Exchange in addition to pledges and other encumbrances pertaining to such securities. The entries in the final registers of Edaa serve as conclusive evidence and proof of title and other such rights over the securities.

Pursuant to the Securities Clearing Centre Rules, Muqassa is required to ensure that its members comply with the requirements set by the CMA. It must conduct annual reviews/audits and is required to put in place transparent and unbiased procedures to freeze memberships, cancel them and to permit voluntary withdrawal of memberships. Muqassa is also required to establish rules and procedures pertaining to collateral and the holding of assets by clearing members.

4-5-2-3 Other Arrangements with the CMA

The CMA currently provides support to the Company in connection with developing and marketing the market pursuant to the CMA's resolution number (3-2-2019) dated 01/05/1440H (corresponding to 07/01/2019G). This arrangement will continue for a period of five years unless the CMA decides to cease any further support if required. Under this arrangement, the CMA provides financial support to the Company by way of discounting the annual fee it collects from the Company to allow it to implement the development and marketing initiatives for the market. The value of such support shall not exceed SAR 135,000,000 and shall be discounted as per the mechanism prescribed in the aforementioned resolution.

4-5-2-4 Management of the Perceived Conflict of Interest resulting from Listing the Company in one of its Subsidiaries (the Saudi Exchange Company)

The Company has submitted an application to the Saudi Exchange Company (one of its wholly owned Subsidiaries) for the approval of the listing of the Shares on the Exchange's Main Market. This may create a perceived conflict of interest with respect to the listing process of the Company and the ongoing regulatory responsibilities of the Saudi Exchange Company over the Company as a listed company.

The Company believes that any perceived conflict of interest is already addressed given the structure of its regulatory function and its reporting line. This is mainly because all listing applications submitted to the Saudi Exchange Company are reviewed and considered by the Company's Regulatory Oversight and Authorization division (the "**ROA Division**"). This is an independent division that sits within the Company and generally supports the three CMA Authorized Subsidiaries in their regulatory and ongoing supervisory functions. For more information on its duties and responsibilities, please refer to Section 4-16-11 ("**Regulatory Oversight and Authorization Division**") of this Prospectus.

For all regulatory matters, including reviewing listing applications and ongoing obligations of listed companies, the ROA Division reports its work directly to an independent regulatory policy and oversight committee established by the Board of the Saudi Exchange Company (the "**RPOC**") that reviews and ultimately decides on all regulatory matters based on the recommendations of the ROA Division. The composition of the RPOC is meant to ensure sufficient independence from the operations of the Company's executive management and Board (as detailed below). Prior to the incorporation of the Saudi Exchange Company, the regulatory policy and oversight committee was established by the Company (previously the Saudi Stock Exchange (Tadawul)) and conducted its business pursuant to its own charter. However, such committee was dissolved and each CMA Authorized Subsidiary had set up its own regulatory policy and oversight committee, including the RPOC established by the board of the Saudi Exchange Company. Separate charters are currently being prepared to be adopted by each committee (expected before the end of 2021G). Until such time a new charter is adopted, the RPOC will refer to the charter of the committee that was dissolved for its authorities and governance.

The authorities of the RPOC include certain regulatory and supervisory authorities over members and issuers, including by way of example assessing the department's recommendations regarding listing applications, suspension and cancellation, share capital alternation applications, taking decisions in this respect and overseeing their implementation, and reviewing reports pertaining to breaches of the provisions of the Listing Rules. The RPOC also looks into the actual and potential conflicts of interest between the Saudi Exchange Company's regulatory role and other interests. The RPOC is linked to the board of the Saudi Exchange Company given that it was established by such board. However, it operates independently from the board and from members of management within the Group since its decisions relating to regulatory matters are deemed final (except where they are subject to the CMA's approval) and do not require the board's approval save for decisions issued by the RPOC relating to the Exchange's rules and regulations, which are submitted to the Saudi Exchange Company's board before being proposed to the CMA for its approval in accordance with the process prescribed in the Capital Market Law.

The RPOC comprises four (4) members: three independent external members who do not hold any positions within the Group (whether as board members or employees) and will therefore not be influenced by the application submitted by the Company being a shareholder of the Saudi Exchange Company, and the Group CEO (Eng. Khalid Al-Hussan). The Group CEO has recused himself from voting or otherwise participating in the RPOC's decisions that have been or will be made in respect of the Company (as a listed company), whether in relation to its listing application or its ongoing obligations, to avoid potential conflicts of interest.

Furthermore, it is worth mentioning that the listing application review process is an objective process whereby issuance of an approval is largely dependent on the satisfaction of the requirements set out in the Listing Rules. Moreover, the Saudi Exchange Company's regulatory functions (whether pertaining to listing applications or ongoing obligations) are generally carried out pursuant to detailed rules, regulations, policies and procedures, including certain policies agreed with the CMA. Such policies limit the Saudi Exchange Company's discretion in taking decisions relating to listed companies, which naturally results in mitigating impacts of potential conflicts of interest on decisions relating to the Company (as a listed company).

4-6 The Group's Products and Services

The Group offers a wide spectrum of securities services and products to market participants and serves as a bridge connecting investors to issuers in the Saudi market. The Group's activities are closely aligned with the wider development of the Saudi capital market and support the realization of the Kingdom's Vision 2030 strategic goals, which include increasing the private sector's contribution to the economy, drawing in more foreign investment and growing the SME sector. The Group developed its current product and services offering in line with the growing demands of the Saudi market and continues to monitor and expand its products and services offering as the demand for services by market participants matures.

The Group offers securities products and services, covering listing, trading, settlement, clearance, market information, indices, custody and registration services for listed and non-listed securities, post-trade services (pledging, managing general assemblies, electronic voting, company procedures, dividend distribution and other services) and market and other IT solutions.

In 2020G, the Group generated its revenue primarily from services correlated with trading value (approximately 73%), with other significant contributions from the listing services (approximately 7%) depository and registry services (approximately 10%) and market information services (approximately 10%). As of 30 June 2021G, the Group generated its revenue primarily from services correlated with trading value (approximately 78%), with other significant contributions from the listing services (approximately 6%) depository and registry services (approximately 9%), and market information services (approximately 7%).

4-6-1 Listing Services

Through the Saudi Exchange Company, the Group operates the only regulated exchange in the Kingdom, offering a securities trading venue for SMEs and medium to large Saudi corporates across two markets (the Main Market and Nomu –Parallel Market). In addition, the Exchange provides a market for a wide range of other products, including Sukuk, bonds, ETFs (exchange traded funds), CEFs (closed-end funds), REITs (real estate investment traded funds) and financial derivatives.

Listing services generated approximately 7% of the Group's total revenues for 2020G and approximately 6% for the six months ended 30 June 2021G). The Group regards listing services as providing an important contribution to its other businesses because listings are the entry point to the Exchange, which provides for the generation of additional revenue through the Group's trading, registration, clearing and settlement services.

Between 2018G and 30 June 2021G, 117 securities issuances were listed on the Exchange, comprising 37 equity issuances, 76 Sukuk and Bond issuances, 3 ETF issuances and one CEF issuance. From 1 January 2018G to 30 June 2021G, the amount raised in IPOs on our markets amounted to SAR 125.5 billion (which includes SAR 14.4 billion raised as part of the over-allotment exercised during the IPO of Saudi Arabian Oil Company ("Saudi Aramco"), with a further SAR 10.5 billion raised through rights issues in the secondary market. The total market capitalization of securities listed on the Exchange increased from SAR 1.9 trillion as at 31 December 2018G to SAR 9.7 trillion as at 30 June 2021G.

The Listing Division is the focal point across the Group, offering an end-to-end listings process. Within the Listing Division, the client coverage and issuer services teams are focused on attracting new issuers to the Exchange across a range of asset classes, including equity, debt instruments, ETFs, CEFs and REITs. The Listing Division's client coverage comprises a customer-focused team of relationship managers that promote listings on the Exchange for companies of all sizes and actively liaises with the ecosystem of financial advisors and companies that intend to list. In 2020G, the client coverage team made over 830 visits to companies. In addition, the Listing Division has developed state-of-the-art tools to communicate with clients and inform them about the opportunity of listings through a match-making tool which connects potential issuers with financial advisors and a listing readiness assessment tool, developed together with Ernst & Young, that produces a high-level listing readiness assessment for potential issuers. Lastly the Listing Division has a cross-border outreach effort aimed at attracting international issuers to the Exchange.

Once part of the community of issuers on the Exchange, the Listing Division continuously looks for ways strengthen how issuers interact with the Exchange. As part of this effort, the Listing Division has a dedicated investor relations development strategy that is maintained in cooperation with the Middle East Investor Relation Association with the focus on elevating the Saudi investor relations landscape. In addition, the Listing Division looks for ways to improve regulations and the primary and secondary capital markets in the Kingdom, an example of this being the introduction of direct listings on the Nomu – Parallel market in 2020G. Lastly, as part of its ongoing Government engagement, the Listing Division helped to launch a program of around 20 Government incentives to make it more attractive for companies to list, with more incentives expected in the future.

The Group's equity markets comprise the main market ("**Main Market**"), which is aimed at medium and large corporates, as well as the Nomu - Parallel Market ("**Nomu**") with lighter listing requirements, which is intended for SMEs. The Listing Rules and related admission requirements for both markets have been developed together with the CMA to provide appropriate admission criteria to cater to issuers across a wide spectrum of size and profile and to meet their financing plans.

The synergies between the Saudi Exchange Company Edaa assist the service offering in the listing space by way of facilitating cross-listings with other exchanges such as the Abu Dhabi Securities Exchange and Bahrain Clear Co. through central securities depository agreements entered into in 2019G. These agreements facilitate the exchange of information and data relevant to transactions carried out by members and investors across their respective markets, in addition to the processes of transferring securities and updating the securities ownership registers in relation to cross-listing processes for listed entities on each market.

4-6-1-1 Main Market

The Main Market is a regulated trading venue supervised by the CMA with a robust set of listing requirements and rules for the approval of offering and listing applications and the ongoing obligations. As at 30 June 2021G, 185 companies, 17 REITs, 6 ETFs, one CEF and 73 Bonds and Sukuk were listed on the Main Market with a total market capitalization of SAR 9.7 trillion. Listed issuers are categorized across 21 total industry sectors according to the Global Industry Classification Standard.

The listed securities are eligible for inclusion in international indices (such as MSCI, FTSE and S&P Emerging Market indices), subject to index methodologies and the rules of the index providers. Issuers that have accessed the Main Market through IPOs since 2018G include amongst others Jadwa REIT Saudi Fund, Swicorp Wabel REIT, Leejam Sports Company, Alkhabeer REIT Fund, Ataa Educational Co, The Saudi Arabian Oil Company (Saudi Aramco), Arabian Centers Co., Dr. Sulaiman Al Habib Medical Services Group, Theeb Rent a Car, Amlak International for Real Estate Finance Co, Bindawood Holding, Alkhorayef Water and Power Technologies Co. and Arabian Internet and Communications Services Co.

4-6-1-2 Nomu – Parallel Market

As an alternative platform for companies to go public and list their securities on the Exchange, the Nomu - Parallel Market was designed for companies that either do not readily meet the Main Market requirements to access equity financing, or that meet the Main Market requirements but still prefer to list their securities on Nomu due to its lighter requirements. As at 30 June 2021G, there are seven listed companies on the Nomu Market across five industry sectors, with a total market capitalization of SAR 11.9 billion.

In addition, Nomu is the first market in the region to cater for "Direct Listings" (i.e., direct access to the Nomu market by listing shares without undertaking an initial public offering) with four such listings occurring since it was introduced in the second half of 2020G. Further direct listings are expected in 2021G. Furthermore, companies listed on Nomu are able to transition to a listing on the Main Market once they meet the requirements for the Main Market. In 2019G, five companies transferred to the Main Market and, in 2020G, a further three companies transferred to the Main Market.

Listed companies that have accessed the capital market through Nomu since 2018G include amongst others Riyadh Cement Co, Watani Iron Steel Co, Fash Snack Food Production Co and Mohammed Hasan AlNaqool Sons Co and National Fertilizer Co, Canadian Medical Center Co, Banan Real Estate Co, and Natural Gas Distribution Co.

4-6-2 Cash Markets Trading Services

4-6-2-1 Overview

The Saudi Exchange Company develops the Group's wide-ranging suite of trading services through its Cash Markets Division ("CMD"), which is one of the core business functions of the Saudi Exchange Company and also its key revenue driver. At a Group level, the CMD's trading services contributed a significant portion of the overall operating revenue (trading services amounting to approximately 38% for the six month period ending 30 June 2021).

All types of securities listed on the Exchange benefit from trading services. CMD provides trading services 32 approved members of the Exchange, which constitute its key clients. Over the course of the last 5 years, the Company has exerted significant effort to enhance and develop the market in line with global best practices as part of achieving a key pillar of the Financial Sector Development Program (FSDP) under the Kingdom's Vision 2030 plan to establish an advanced capital market. An increase in the number and types of tradable listed securities would translate into an additional product and service offering for the CMD to provide to the capital market investment community. In particular, the Exchange is expanding its offerings in the traded funds space, with 6 listed ETFs as at 30 June 2021G and the listing of the first CEF in 2021G. As of 30 June 2021G, there were 24 traded funds listed on the Exchange, including 17 REITs, 6 ETFs and one CEF.

Investors on the Exchange comprise Saudi individuals, Saudi institutions, Gulf Cooperation Council (GCC) investors and foreign investors (comprising Qualified Foreign Investors (QFIs), strategic foreign investors (SFAs), beneficiaries under SWAPs, and Non-resident Foreign Investors). Investor access differs by market, with non-resident foreign investors able to invest (based on the CMA's foreign investor guide in Saudi securities) in Nomu and the Fixed-income Market (i.e. QFI requirements do not apply), whereas differing requirements apply for investments in other markets. As at 30 June 2021G, Saudi institutions held 88.6% of securities traded on the Exchange, while Saudi individuals held 8% and foreign investors held 3.4%.

Market liquidity on the Exchange continues to be predominantly driven by retail investors (Saudi individuals). However, the investor base has increased in diversity in terms of both trading activity and holdings, specifically with increased participation from corporates, mutual funds and government related entities (GREs) in efforts towards market institutionalization. Saudi individual investors accounted for 87% of average traded value in the six months ended 30 June 2021G, compared to 74% in 2020G, 63% in 2019G and 78% in 2018G. The remaining average traded value during those periods was largely attributable to Saudi institutional investors (5% in H1 2021G, 18% in 2020G, 13% in 2019G and 13% in 2018G) and foreign investors (7% in H1 2021G, 8% in 2020G, 24% in 2019G and 9% in 2018G).

There have been a number of developments which contributed to the maturity and efficiency of the Exchange's markets. For example, in the Main Market, the daily price fluctuation limits were increased from +/- 10% to +/- 30% for only the first three days of trading of a new security and static price fluctuation limits of +/- 10% were applied. This change was also applied market-wide for all listed securities on Nomu. This change allows additional flexibility for pricing securities based on market supply and demand, whilst maintaining and promoting investor protection. The minimum size requirement for negotiated deals was also changed from the previous across-the-board amount of SAR 1 million to a more flexible system, applicable for equities and REITs, which takes into account the liquidity characteristics of the relevant securities. A four-tier system has been adopted based on the average daily trading value of the relevant security over the last six months. The minimum size ranges from SAR 5 million for the most liquid securities to SAR 300,000 for the least liquid securities.

4-6-2-2 Trading in the Equity Markets

The Saudi Exchange Company's Equity Market is segmented into two markets: the Main Market and Nomu – Parallel Market. The traded value of shares on the Main Market (including REITs) reached SAR 2,087.8 billion in 2020G, compared to SAR 880.1 billion in 2019G and SAR 870.9 billion in 2018G. For the six month period ending 30 June 2021G, the traded value of shares on the Main Market amounted to SAR 1,339.3 billion compared to SAR 825.2 billion over the same period in the previous year.

The traded volume on the Main Market (including REITs) amounted 79.3 billion shares in 2020G, compared to 33.8 billion shares in 2019G and 38.1 billion shares in 2018G. For the six month period ending 30 June 2021G, the traded volume of shares on the Main Market amounted to 42.6 billion compared to 28.7 billion over the same period in the previous year.

The average daily traded value on the Main Market (including REITs) amounted to SAR 8.3 billion in 2020G compared to SAR 3.5 billion in 2019G and SAR 3.5 billion in 2018G. For the six month period ending 30 June 2021G the average daily traded value on the Main Market amounted to SAR 10.7 billion compared to SAR 6.6 billion over the same period in the previous year.

The average daily traded volume on the Main Market (including REITs) in 2020G reached 316.0 million shares compared to 135.2 million in 2019G and 152.8 in 2018G. For the six month period ending 30 June 2021G, ADTV on the Main Market (including REITs) amounted to 341.1 million shares compared to 230.3 million shares over the same period in the previous year.

The growth in the annual traded value has been primarily driven by increased retail investor activity as well as an increase in market capitalization of issuers, with increased listings and follow on offerings such as rights issuances a driving factor. The Group recently introduced regulatory enhancements related to trading tools such as short selling and lending securities. These and various other market developments such as microstructural enhancements, the introduction of Market Makers and ancillary services for high frequency traders (HFTs) are expected to further fuel market liquidity.

The traded value of shares on the Nomu - Parallel Market reached SAR 7,113.9 million in 2020G, compared to SAR 2,279.8 million in 2019G and SAR 412.5 million in 2018G. For the six month period ending 30 June 2021G, the traded value of shares on the Nomu - Parallel Market amounted to SAR 4,842.2 million compared to SAR 2,758.3 million over the same period in the previous year.

The average daily traded value on the Nomu - Parallel Market amounted to SAR 28.3 million in 2020G compared to SAR 9.1 million in 2019G and SAR 1.7 million in 2018G. For the six month period ending 30 June 2021G the average daily traded value on the Nomu - Parallel Market amounted to SAR 38.7 million compared to SAR 22.1 million over the same period in the previous year.

Since its launch in 2017G, multiple market wide reforms in collaboration with the CMA have been implemented to increase market liquidity and depth. Introduction of liquidity enhancement mechanisms such as a market making framework alongside an increased pipeline of listings is expected to fuel liquidity moving forward.

A key driver to market liquidity on the Nomu - Parallel Market is the success stories of 8 listed companies that have completed the 2-year tenure period and subsequently transitioned to listings on the Main Market.

4-6-2-3 Trading in Funds

As at 30 June 2021G, the number of ETFs listed on the Exchange amounted to six ETFs. This, coupled with a diversification of underlying assets (in the past, ETFs listed on the Exchange were limited to a basket of equity securities only), drove an increase in traded value in 2020G compared to previous periods. The traded value of ETFs listed on the Exchange amounted to SAR 2.5 billion in 2020G, compared to SAR 1.6 billion in 2019G and SAR 1.2 billion in 2018G. For the six months period ending 30 June 2021G, traded value of ETFs listed on the Exchange amounted to SAR 1.6 billion compared to SAR 792 million over the same period in the previous year.

With the wider product offering on the Exchange complemented by regulatory reforms, fund managers have a broader range of underlying assets that an ETF index may track, such as fixed-income instruments (e.g., Government Sukuk) and commodities (e.g., gold). With the Group's new post-trade infrastructure, a streamlined creation and redemption process is expected to pave the way for an even more attractive listing and trading environment for fund managers, custodians and Market Makers.

4-6-2-4 Trading in Fixed-Income Instruments

The fixed-income market is currently comprised of corporate and Government Sukuk and bonds, aimed at providing public and private sectors with a funding platform for financing needs. In the fixed-income market, trading values recorded significant growth in 2020G, compared to the relatively low levels in prior years, reaching SAR 37.5 billion in traded value for the year, compared to SAR 5.1 billion in 2019G and SAR 0.6 billion in 2018G. Trading values for the six month period ending 30 June 2021G amounted to SAR 19.6 billion compared to SAR 16.8 billion over the same period in the previous year. With the listing of the Kingdom's government bonds in 2018G, the Exchange has onboarded primary dealers on Government issuances, significantly driving market liquidity, coupled with multiple market-wide reforms in collaboration with various Governmental stakeholders such as the Saudi Central Bank, the Ministry of Finance and the CMA. In the debt market, the CMA removed the restriction so foreign investors can now directly access the debt market in their own name without becoming a QFI. In line with Vision 2030's Financial Sector Development Program, there are multiple developments and enhancements planned for the fixed-income market in the future.

The Saudi Exchange Company has also implemented several technological developments to facilitate trading in the Sukuk and bonds market, increasing the amount and improving the quality of information and data available to the public. In addition, the Saudi Exchange Company enabled the automation process of transmitting the prices of Sukuk and debt instruments by primary dealers, which aims to provide a seamless order-entry process. The Group also cancelled the suspension of trading in Government Sukuk and bonds of listed companies before the coupon payment.

As a result of this strong performance, FTSE Russell on 30 September 2021G announced that Saudi Arabia will be added to the Emerging Markets Government Bond Index (EMGBI) effective next April 2022G. In addition, products such as a REPO market are expected to also serve as catalysts for the fixed-income market's growth, in addition to multiple microstructural enhancements.

4-6-2-5 Financial Derivatives Trading

Alongside trading in equities, traded funds and debt instruments, the Exchange is actively developing financial derivatives trading. Financial derivatives is a nascent market that was launched in the third quarter of 2020G and developed in line with the goals of the Financial Sector Development Program (FSDP) under Vision 2030. The launch enabled the transparent utilization of risk management tools, which have become increasingly more important to global investors. Management believes that the early adoption of such risk management tools by leading brokers in Saudi Arabia suggests that there is high potential for growth of the Kingdom's financial derivatives market.

Initially, the first debut financial derivatives product, the MT30 Index Futures, based on an index developed together with MSCI, followed international standards and was available to trade for all client types.

Overall, the Saudi Exchange Company plans to closely monitor and develop the financial derivatives trading market and introduce new products as the Saudi capital market develops by anticipating investor demand and sophistication levels. Continuous regulatory framework enhancements will cater for more product launches, such as index and single security options, which are expected to be launched in medium to longer term.

The Saudi Exchange Company has participated in identifying innovative solutions for its members and investors. For example, Eurex launched (in collaboration with the Saudi Exchange Company) Index Futures contracts on the MSCI Saudi Arabia Index in the second quarter of 2019G, which are traded on Eurex, demonstrating the Group's commitment to providing a wider array of options to its global foreign investor base prior to the launch of derivatives market in the Kingdom in Q3 2020G.

4-6-2-6 Members

Access to the Saudi Exchange Company's market is provided to its members, which comprise brokers who satisfy the conditions prescribed in the Trading and Membership Rules issued by the Saudi Exchange Company and the relevant regulations issued by the CMA from time to time. Members of the Exchange pay a one-time initial fee of SAR 60,000 and an annual fee of SAR 30,000. As at 30 June 2021G, the Exchange has 32 members. Derivatives Exchange members pay a one-time initial fee of SAR 30,000 and an annual fee of SAR 10,000. As at 30 June 2021G, the Exchange has 8 derivatives trading members.

4-6-2-7 Performance

Since its operational commencement in the market in 2020G up to 30 June 2021G, approximately 417 MT30 Index Futures contracts have been traded, with over SAR 49 million in value. In H1 2021 165 MT30 Index Futures contracts have been traded, with over SAR 21 million in value.

4-6-3 Market Information

Alongside listing and trading services, the Saudi Exchange Company also offers a diverse set of market information products and services to local and international market participants through its Market Information & Indices Division, with clients ranging from international financial institutions to regional and local financial institutions. The Saudi Exchange Company's market information services, which are provided by the Market Information Division accounts for approximately 10% of revenues in the financial year ended 31 December 2020G and 7.4% in the six months ended 30 June 2021G).

4-6-3-1 Clients

As at 30 June the Saudi Exchange Company has 192 clients and two strategic partners – MSCI and IHS Markit - for its market information services. These are grouped across three main areas: Market Data (with 89 clients, of which 58 are data distributors and 31 are authorized persons), Reference Data (with 96 clients, of which 37 are fund managers and 59 are issuers) and Indices Services (with 7 clients, including 6 index providers and 1 asset manager). Examples of the Group's clients include Bloomberg, MSCI, Factset, FTSE Russell and IHS Markit.

4-6-3-2 Products

The products offered to clients follow varied business models tailored to the profile of the target market participant, with models such as monthly individual access to trading information, annual licenses for market data, reference data services through licenses and subscriptions and indices solutions ranging from index creation to publication of a special index on the Exchange's website.

In 2019G, the Group launched the MT30 Index (developed together with MSCI), which now includes approximately 30 of the largest stocks listed on the Exchange, based on free-float adjusted market capitalization, subject to their liquidity and their attractiveness to international investors. The number of constituent stocks can vary between 25 and 35 depending on market conditions. This Index was a milestone in financial product development for the Group and was later used as a primary asset to create the MT30 Index Futures Contract in 2020G, the first derivatives product in the Kingdom, underlining the Group's strength in offering synergistic products across the capital market service spectrum (refer to also Section 4-6-2-5 ("**Financial Derivatives Trading**") for more information). MT30 data was also added to market data feeds provided for the Group's other clients.

Further, in collaboration with IHS Markit, a global leader in information analytics and solutions, the Exchange developed two debt-related index series. For more information on the agreements governing the relationship between IHS Markit and the Group, please refer to Section 12-6-2 (“**Summary of Material Agreements**”) of this Prospectus. The first index is a local currency, government-focused index, the “iBoxx Tadawul SAR Government Sukuk Index Series”, which is divided into maturity sub-indices. The second index is a broader local currency denominated benchmark index, “iBoxx Tadawul SAR Government Sukuk and Bond Index”. Both indices provide investors and other market participants with insight into the performance of Saudi Sukuk and bonds. They can be used by portfolio managers, both active and passive, to benchmark portfolio and risk on behalf of their clients. The latter may include dealer banks, ETF issuers, buy-side investment firms and third-party vendors. ETFs and mutual funds, which consist of a basket of Sukuk and/or bonds, give a cost-effective and risk minimizing way to invest in the Saudi debt market. The indices are rule-based and the index methodology is transparent.

4-6-3-3 Performance

In the financial year ended 31 December 2020G the total monthly average users amounted to 229,766. Total monthly average users increased to 348,951 for the period ending 30 June 2021G with the increase primarily resulting from an increase in monthly average private users.

4-6-4 Settlement and Depository Services

The Group, through its securities depository center Edaa, provides settlement, safekeeping, depository and registry services for listed and non-listed securities. In addition to its core services, Edaa also offers several ancillary services, such as corporate actions processing, issuance services, general assembly meeting services, payment distribution and a wide range of reporting services. In the financial year ended 31 December 2020G, Edaa revenue comprised approximately 47% of the Group's total revenue compared to approximately 50% and approximately 51% in the financial years ended 31 December 2019G and 31 December 2018G, respectively. For the six months ended 30 June 2021G, this increased to approximately 49%.

4-6-4-1 Products and Services

Edaa is a key pillar of the Group's present and future strategy, offering high value post-trade products across four main service groups: settlement, safekeeping, depository and registry. Pricing models are determined based on the relevant service being offered and range from one-off transactional fees (i.e., for services in relation to settlement, safekeeping, corporate action, pledging, transfers, securities borrowing and lending, general assembly meeting management and sharebook reports) to regular subscriptions (i.e., for basic registry, independent custody and membership services).

Edaa provides services for a full range of securities listed on the Exchange, as well as unlisted securities. Edaa also provides services in partnership with custodians through the “Tadawulaty” platform, through which brokers or custodians can vote on behalf of investors, which facilitates public general assembly meetings. The types of securities that Edaa deals with include stocks, debt instruments (Sukuk and bonds), ETFs, REITs, CEFs and investment funds.

Highlighting the strengths of its technological offerings, a number of Edaa's services were revised in 2020G to meet the challenges resulting from the COVID-19 pandemic, while still adhering to the requirements set by the CMA. In this context, the CMA issued instructions to suspend the holding of assemblies for companies listed in the financial market physically, and to accept holding them virtually. To keep pace with the new situation, an intelligent system has been developed to include an electronic attendance system and extend the time for electronic voting until the closing of the general assembly meeting. Moreover, 361 general assembly meetings were held virtually using the electronic voting service in 2020G, and the method of submitting reports and notifications related to holding public meetings has been improved for successful implementation. Since reducing direct contact between people was an imperative, it was necessary to deal electronically with the requirements of signature and stamping of documents by the authorized person, and this also required the use of E-Mail to clients to confirm procedures.

Further innovation continued after the initial pandemic response with, among others, improvements made to the voting mechanism, such as the introduction of the partial voting system. In cases where institutional investments are managed by more than one asset manager, it is permissible to divide their vote among several individuals when voting for each of the managers.

In addition, Edaa introduced a dividend distribution service to facilitate the process of dividend distributions through the Tadawulaty system. This service resulted in many benefits for shareholders, such as maintaining confidentiality, obtaining accurate reports through the system, standardizing procedures, and paying the tax for non-resident shareholders. The value provided to issuers of securities has also been enhanced through rapid distribution of dividends to shareholders.

Edaa has also been contributing to strengthening the debt market in cooperation with the National Center for Debt Management by introducing several enhancements to its infrastructure to align issuance services with best international practices. Also, Edaa has begun working to expand its network by establishing links with regional and international CSDs to ease investors' access to the Saudi market and broaden its client base.

Based on the current scope of settlement and depository services provided by Edaa, the Group believes that there is additional potential to expand the service scope for the local market and potentially generate additional revenues from services already provided today. Furthermore, the Group believes it has additional opportunities to provide services for foreign institutional and international investors, including fund services, international and regional CSD links, and data monetization and collateral management. Edaa has also agreed to offer a streamlined REPO service to facilitate REPO-related collateral transactions.

4-6-4-2 Performance

In 2020G Edaa cleared and settled 77.1 million transactions, compared to 28.5 million transactions in 2019G and 25.1 million in 2018G. As at 30 June 2021G, the total number of transaction settled and cleared at Edaa amounted to 52.6 million. Assets under custody amounted to SAR 9,800 billion as at 31 December 2020G, compared to SAR 9,545 billion as at 31 December 2019G. As at 30 June 2021G, assets under custody amounted to SAR 10,473 billion.

4-6-5 Clearing Services

Through its subsidiary Muqassa, the Group operates the only central counterparty in the Kingdom, performing securities clearing business and constituting one of the key capital market development pillars in the Financial Sector Development Program (FSDP) of Vision 2030. Muqassa is an entity that acts as an intermediary between two parties to a trade, by becoming the buyer to each seller and the seller to each buyer. The establishment of a clearing center was an essential step if the Group was to progress the development of new products and services. Muqassa's strategy is to introduce new mechanisms to the market to reduce post-trade risks and provide centralized counterparty risk management. It will also carry out netting of transactions on a multilateral basis that will reduce the value and number of payments and security transfers. As a potential financial and economic benefit of netting efficiency and counterparty risk management, CCP will unlock more than 80% combined value of cash and securities post-trade, which could be utilized by the market to create additional value and enhance overall liquidity. In addition to introducing a wide range of products and services to the market such as Exchange Traded Derivatives products and post trade services.

Although originally established in 2018G, new clearing laws, rules and procedures had to be enacted before Muqassa could become operational. The organizational structure of the new entity had to be drawn up and responsibilities and procedures assigned to business units.

As a result of these developments, Muqassa became a qualified central counterparty (QCCP) through CMA resolution number 1-5-2020 Dated 17/05/1441H Corresponding to 12/01/2020G, allowing it to clear securities in the Saudi market. Clearing services for different security classes listed on the Exchange is being rolled out in a phased manner, with Index Futures contracts (MT30 Index Futures) having begun in 2020G, equities, ETFs, REITs, Sukuk, Bonds and single stock futures planned for the future and further derivatives market products planned in the mid-term (extended futures and options products). At the same time, Muqassa plans to expand its product offering further to cover over-the-counter products, as well as regional expansion by becoming a central counterparty for other exchanges and trading venues in the MENA region.

Muqassa will offer a full spectrum of services related to its central clearing business, including position safekeeping for derivatives, settlement management supporting straight through processing, account management, risk management, post-trade services (trade management including trade details rectifications, average price trade and trade split functionalities, give-up/take-up arrangements, position transfers etc.), collateral management and reporting.

4-6-5-1 Clearing Members

As part of the Group's growth strategy, Muqassa will build upon existing membership relations and extend it to Banks Operating in Saudi Arabia, as well as expand the volume of cleared services and the number of market members. Muqassa offers two membership categories, which are intended to provide clearing members the flexibility to select the category that best fits their business:

- Direct clearing members are authorized to clear securities that they have traded in their capacity as a member of the Exchange, including securities traded for its own account and on behalf of its clients.
- General clearing members are authorized to clear securities on behalf of one or more clients, including non-clearing members (i.e., members of the Exchange only, which may enter into agreements with general clearing members for clearing purposes). They may also clear securities they have traded for their own account if they are members of the Exchange.

Of Muqassa's members, 9 have been approved for derivatives market clearing and 36 have been approved for cash market clearing subject to technical readiness.

4-6-5-2 Pricing and Revenue Model

As at the date of this Prospectus, Muqassa's revenues are based only on fees charged for exchange-traded Index Futures products mainly Clearing fee of SAR 10 on each traded contract, a settlement fee of SAR 30 for each contract settled on expiry date, SAR 60,000 for initial membership and SAR 30,000 for annual membership) Currently, Muqassa is clearing all Exchange traded derivatives products and is expected to extend the clearing business to all securities traded on the Exchange in the future. The activation of Equities, ETFs, REITs, Sukuk, Bonds and single stock futures clearing services is expected to improve the overall Group revenue mix in the mid-term, providing a second significant revenue source alongside the Trading and Listing business line.

The current fee structure of Muqassa can be grouped into four categories consisting of (i) core fees (membership and clearing fees), (ii) post-trade service fees (rectifying trades, give-up/take-up, portfolio transfer, additional reporting services etc.), (iii) exceptional handling fees (late collateral deposit, margin calls, error deposit handling and on-behalf clearing activities) and (iv) collateral management fees (SAR account interest, withdrawals and transfer fees). Out of these fee categories, in the financial year ended 31 December 2020G and the six months ended 30 June 2021G, Muqassa generated substantially all of its revenue from core fees. The Group sees significant potential for further growth in clearing, post-trade services and collateral management, which the Group expects will be realized slowly as the market develops and starts to utilize the full potential of the services offered.

4-6-5-3 Performance

Since its operational commencement in the market in 2020G up to 30 June 2021G, Muqassa cleared over 417 MT30 Index Futures contracts, with over SAR 49 million in value. In H1 2021 165 MT30 Index Futures contracts have been cleared, with over SAR 21 million in value. In addition, at the end of 31 December 2020G, Muqassa held over SAR 19 million in collateral under management for derivative market collaterals as margin deposits. As at 30 June 2021G margin deposits amounted to SAR 14 million.

4-6-6 Innovation in IT and other Market Solutions

Through its subsidiary WAMID, the Group aims to employ modern technologies and data in developing the Saudi financial market and enhancing economic growth to contribute to achieving the Kingdom's Vision 2030. The main activity of WAMID is the development of innovation-based solutions, providing the appropriate dynamic solutions for companies, and advancing the development of the Saudi financial market by creating modern products and services.

WAMID focuses on solutions and pioneering technologies to the financial sector and other sectors, adding value to all market participants and targeted groups. WAMID also seeks to create additional value for the Group by expanding the scope of its objectives, diversifying its business sector, developing a new generation of solutions based on innovative technologies and promoting the sustainable growth of the Group.

WAMID also contributes to supporting market members to upgrade their offerings by providing data and technical solutions to ensure that investors receive continuously developed products, and to provide an advanced technical infrastructure that supports financial market products, financial technology companies and their products, and other areas of interest to different categories of investors.

WAMID will also act as an incubator, identifying and supporting development of new services and solutions across four pillars covering the entire capital market value chain including issuers, investors, market participants and supporting technology.

Through WAMID's operating model, the Group expects to be able to cover the full development cycle for innovative IT and Market solutions and allow for increased flexibility in realizing the benefits of these developments by contributing to further expansion of the identified concepts or incorporating compatible products or services into the Group's operations or by spinning off appropriate candidates. Over the medium and long term, WAMID seeks to realize product improvements as well as capitalize on group synergies through a number of initiatives, which include, among others: (a) new segments developments for the Exchange, increasing trades, and adding a greater level of liquidity; (b) leveraging the Group's data center to offer space for market and non-market participants; (c) cooperate with Edaa building on its fund distribution platform to add fully digitized extra services; (d) leverage the Group's data, which is anticipated to be the largest revenue generator over the medium to long term.

4-7 Investment Portfolio

The Group utilizes liquidity in excess of short-term operational requirements in an investment portfolio (amounting to SAR 2.3 billion as at 30 June 2021G) holding predominantly liquid money market funds instruments (92.09%), real estate fund investments (1.29%) and Sukuk debt (current 4.28% and non-current 2.35%).

4-8 Technology and IT infrastructure

The Group's operations are highly reliant on information technology and the importance of timely and accurate information cannot be overstated. As a result, the Group's IT strategy is closely intertwined with the corporate strategy. All IT initiatives are embedded within corporate strategic pillars and have been crafted to play a major role as enablers to the organization.

The Group's IT division has been adopting cutting edge technology and best practices to contribute to the Group's success by investing heavily and ensuring that the highest level of reliability and service delivery is maintained. The Group's trading system has experienced no significant interruptions to its availability and the Group believes it has significant capacity to support the future growth of its business. In addition, the Group's IT system has proved resilient and scalable, successfully handling a significant increase in trades, orders, market participants and listed issuers with significant headroom still available to facilitate future growth.

The Group's IT development has benefited from strategic partnerships with established global participants, such as Nasdaq. This has allowed the Group to align its IT systems with other global exchanges by introducing new technologies.

4-8-1 Overview of Key Tech and IT Services

4-8-1-1 Post Trade Technology Program (PTTP)

The Company initiated this project as one of the most important initiatives in its history in order to analyze the enhancements needed on post-trade services. The purposes are to reduce risks by adopting global principles, increase efficiencies, and support different forms of trading as the capital market's scope expands in alignment with the national developments in the financial sector overall and in the capital market in particular. The project consists of multiple endeavors covering all capital market related aspects and aims to enable the targeted operating model (TOM) for the PTTP to be activated, including the establishment of Edaa and Muqassa and working with the regulators (CMA and SAMA) on updating the existing law, rules, and regulations in a manner that fulfills the TOM needs.

The model is intended to enable a set of key components, T+2 deferred settlement, collateral management, delivery versus payment settlement, custody controls, short selling, securities borrowing and lending and many other enhancements enabling various set of products and services. This program is mainly developed to replace the existing depository and settlement system (Equator) and introduce a new clearing system to handle CCP related operations which also require an end-to-end integration and development on the other related systems, infrastructure, databases, and reporting tools.

4-8-1-2 X-Stream INET

X-Stream INET is a Nasdaq product which was adopted and used by the Exchange in 2015G. This advanced trading solution is used in multiple emerging exchanges and is the core trading system for all markets (equity, debt, Sukuk and bonds, ETFs, REITs, and derivatives). X-Stream INET manages and matches orders, supports multiple market states (pre-open, opening auction, market open-trading, closing auction, trade-at-last, pre-closing), supports international protocol such as Financial Information Exchange Protocol 5.0, and disseminates all market information to data vendors using TIP protocol.

4-8-1-3 Tadawulaty

Tadawulaty is a suite of services offered by Edaa, which aims at benefiting the entire investment community within the Saudi capital market. These services increase the level of confidence and transparency of investors' ownership and rights. They also empower investors by enabling them to conveniently exercise their voting rights, inquire on their dividend entitlements, and receive alerts and notifications on important corporate events. Tadawulaty bridges the gap between listed companies and their shareholders, including enhancing the communication and exchange of information. Finally, it provides convenient and direct reporting mechanisms from the ultimate source of information (Edaa) to the different market participants.

4-8-1-4 Equator

Equator is a depository and settlement system that supports all running markets (equity, debt instruments, Sukuk and bonds, ETFs, REITs, mutual funds, and other financial instruments in the Saudi Arabian capital market.) Equator is mature and stable. The Company is planning to replace it with Nasdaq's latest CSD technology with the launch of PTTP Phase-1. Equator provides sharebook management services for the full spectrum of locally traded securities (equities, Sukuk and bonds, ETFs, and REITs). It also provides sharebook management services for unlisted companies. Equator manages all types of issuer corporate action services, manages members' trading account creations (local and QFI), and manages ownership and transaction reporting (both sharebook and periodical ownership reports for all types of investors and nationalities). Finally, it supports FIX protocol.

4-8-1-5 SMARTS

The SMARTS product is a world leading real-time market surveillance system, used as the primary tool for monitoring market abuse, insider trading and other trading anomalies.

The SMARTS product is a series of software modules, including a highly optimized database and the supply of real-time information, which collectively serve as a functionally mature and stable technology framework on which exchanges and regulators can build their real-time surveillance solutions. Initially developed for equity markets, SMARTS is currently strengthening the surveillance of derivative markets.

4-8-1-6 IFSAH

The Company owns a disclosure system that was developed and launched in 2001G. Ifsah captures and publishes all issuer information that must be disclosed, such as company profiles, boards of directors and executives, financial statements, announcements and dividends.

4-8-1-7 RDB, Reporting Database

The reporting database (Reporting Database) is a relational database running on IBM AIX that is used internally within the Group to generate reports for a number of purposes.

4-8-1-8 National Payment System

The integration is intended to ensure an automated, robust and smooth execution of all payment transactions between Muqassa, Edaa, and the market participants.

4-8-2 Strategic Partnerships with Nasdaq and Others

One of the Group's strategic partners is Nasdaq. The Group has had a relationship with Nasdaq since 2006G with a support agreement signed for the next ten years to support its systems including X-stream INET, derivatives and PTPP. Please refer to Section 12-6 ("**Agreements**") for a summary of this agreement. The Group also has relationships/support agreements with other leading global technology providers such as Oracle, IBM, Cisco, HPE and Dell EMC.

4-8-3 Disaster Recovery

Due to the high reliance of the Group's operations on IT security and uptime, disaster recovery is a continuous focus of the Group's IT system. In the case of a primary site crisis, the group will do a site failover to the group DR site and resume its trading services. Both sites (primary & secondary) have a full redundant infrastructure and trading information and both are synced in almost real-time.

4-9 Research and Development, Future Plans, Investments and Initiatives

4-9-1 Technology

The Group's IT strategy is closely intertwined with the Group's business strategies. A large number of technical initiatives were launched in 2020G to support the business requirements, such as upgrading the IT network infrastructure, launching a new data center and increasing storage capacity. Over the next three years, the Group intends to continue executing the remaining planned initiatives. While doing so, the Group will remain open to new opportunities for developing products and services. Given the importance of IT to Group operations, significant capital expenditure and operating expenditure resources are deployed each year. Capital expenditures amounted to SAR 46 million in 2020G, compared to SAR 94 million in 2019G and SAR 57 million in 2018G. Operational expenditures amounted to SAR 58 million in 2020G, compared to SAR 45 million in 2019G and SAR 37 million in 2018G. In the six months ended 30 June 2021G, capital expenditures and operational expenditures amounted to SAR 16 million and SAR 38 million, respectively (compared to SAR 28 million and SAR 20 million, respectively, in the six months ended 30 June 2020G). Over the mid-term, the Group targets a SAR 565 million capital expenditure program to improve infrastructure, software products and services. Main initiatives include new office, as well as post trade technology developments and new out of region data center – amounting to approximately two thirds of the program; with planned software improvements accounting for the remaining third. Thereafter, the Group expects annual capital expenditure amounting to 3-5% of operating revenue, mainly comprising maintenance capex.

Key infrastructure developments in the recent past include:

- New data center project (December 2020G)
 - Built and commissioned a new state-of-the-art network and containment infrastructure, Hyper-Converged computer and Data Center Infrastructure Management solution in KAFD data center.
 - Consolidated Two Datacenter sites and Business Continuity Center into one Tier IV site with higher tier level and availability, which allows the Group to offer hosting and co-location services.

- Database Hardware Replacement (June 2021G)
Modernized database engineered system, that has database specific features and other new technologies, improved database performance by introducing latest advanced technologies (Oracle ExaData), which positively reflects on the Group's applications and services, provides better scalability for the Group's business expansion plans and enhances availability and business continuity.
- Private Cloud Hardware Refresh (February 2021G)
Upgraded the Private Cloud server's hardware infrastructure as it was reaching its End-of-life (EoL) and introduced new value additions such as improved availability, enhancement of performance, increase of capacity and enabling modulate capacity upgrade Developments in Trading which helped sustain the business during COVID-19.

4-9-2 New Products and Services

The Group took another major step in its development when the Exchange launched its first exchange-traded derivative product in August 2020G. The MT30 Index Futures is based on the MSCI Tadawul 30 (MT 30) Index which was launched in 2019G as a primary asset. This is a significant step towards introducing sophisticated market products and making the market more attractive to local and international investors. The Group expects that the introduction of derivatives will provide benefits such as enhanced price discovery, increased liquidity of the cash market as well as optimization of risk management tools and practices. Furthermore, the Exchange has recently listed the first CEF on the Main Market, which represents a further expansion in the asset classes listed on the Exchange. Additional recent developments of the Exchange include the introduction of direct listings (i.e., direct access to the Nomu market by listing shares without undertaking an initial public offering) to the Nomu market in the second half of 2020G.

In settlement and depository services, the Group has launched the repo collateral transfer service to facilitate the transfer of collateral required under repurchase agreements. The repo collateral transfer service was established by Edaa to address the market's need for a safe and secure financing framework where collateral is seamlessly transferred between the parties, while reducing associated credit risks. The service provides borrowers with liquidity while reducing credit exposure for lenders as the collateral would be transferred under their name throughout the transaction period.

In clearing services, the Group has also activated the securities clearing center, Muqassa, which will offer a full spectrum of services related to its central clearing business, including position safekeeping, settlement management supporting straight through processing, account management, risk management, post-trade services (trade management including trade details rectifications, average price trade and trade split functionalities, give-up/take-up arrangements, position transfers etc.), collateral management, diverse membership and client types and options, and reporting.

4-9-3 Market Information and Indices

In collaboration with IHS Markit, the Group has developed two debt-related index series:

- A local currency, Government-focused index, iBoxx Tadawul SAR Government Sukuk Index Series, which is divided into maturity sub-indices; and
- A broader, local currency denominated benchmark index, iBoxx Tadawul SAR Government Sukuk and Bond Index, which is divided into maturity sub-indices.

These index series will provide investors and other participants with insight into the performance of Saudi Government Sukuk and bonds.

4-9-4 Future Plans

The Saudi Exchange Company intends to implement new indices in the future. One is the Sharia Index, which will measure the performance of all Sharia-compliant companies. The Saudi Exchange Company is also considering a variation on the MT30 Index, being the MT30 Tilt Index, which will increase the weight of the companies with the highest dividend yield within the MT30 Index. Finally, the Corporate Governance Index, which is also to be introduced, will give increased weight and significance to companies which adhere to the CMA Corporate Governance Regulations.

The Group is also focused on further developing the cash market through fixed-income securities (bonds and Sukuk), ETFs, and CEFs. The Group is constantly enhancing the value-added services it provides to members to promote trading and connectivity.

Recently, the PIF, in collaboration with the Company, announced their intent to establish a voluntary exchange platform for carbon offsets and credits within the MENA region as part of efforts to combat climate change. The platform will become the primary destination for companies and institutions seeking to reduce, or participate in reducing, their emissions through the trading of verified, approved and high-quality carbon equivalent credits certificates. The platform will be established with a number of

regulatory entities, such as the National Committee for Clean Development Mechanism, and local and international expertise will be utilized to identify business models, the regulatory and technical frameworks and governance models to align with the highest standards and best practices to achieve the desired objectives of establishing this platform. Further announcements will be made in due course.

4-10 Employees, Employee Development and Other Programs

The Company adopted an employment policy aimed at establishing a regulatory framework governing the relationship between the Company and its employees and unifying practices related to human resources management in a manner conducive to an efficient working environment that ensures justice and stability to all employees. This policy sets out the role and duties of the Company's human resources department and covers all aspects of recruitment, working hours, vacations and public holidays, training policies, healthcare, social insurance benefits, salaries and other allowances, including accommodation and transportation allowances and rewards.

4-10-1 Employees

As at 30 June 2021G, the Company employed 227 employees (207 of whom are Saudi nationals) and the Group employed in total 383 employees (349 of whom are Saudi nationals). In addition, the Group has entered into three manpower supply agreements pursuant to which the Company is engaging 18 workers.

The Company entered into employment contracts with all of the Company's Senior Executives and other members of management. The contracts stipulate their salaries and other allowances, according to their qualifications and experience, and include a number of benefits, such as medical insurance for the employees and their families. They are renewable and subject to the Saudi Labor Law. Please refer to Section 5-8-2 ("**Contracts entered into with Senior Executives**") of this Prospectus for summaries of the employment contracts with the Senior Executives.

Below is a table setting out the number of employees of the Company and its Main Subsidiaries by main categories of activity, as at 31 December 2018G, 2019G and 2020G and the end of the first half of 2021G.

Table (4-4): the number of employees of the Company and its Main Subsidiaries by main categories of activity, as at 31 December 2018G, 2019G and 2020G and the end of the first half of 2021G.

As at 31 December 2018G			
Company/Activity		# of Employees	
		Total	Saudi
The Company	Total	296	269
	Chief Executive Office	12	10
	Derivatives	3	2
	Finance & Administration	30	29
	Human Resources	48	48
	Internal Audit	11	9
	Legal	10	10
	Market Information & Indices	5	3
	Marketing	16	16
	Markets	32	30
	Operations & Information Technology	89	74
	Regulatory Oversight & Authorization	9	9
	Risk & Security	23	22
Strategy Office	8	7	

Edaa	Total	51	49
	Business Development	8	6
	Chief Executive Office	11	11
	Operations	32	32
Muqassa	Total	10	8
	Business Development	2	2
	Chief Executive Office	1	1
	Corporate Support	2	2
	Operations	3	2
	Risk Management	2	1
Grand Total		357	326
As at 31 December 2019G			
Company/Activity		# of Employees	
		Total	Saudi
The Company	Total	315	285
	Chief Executive Office	22	20
	Derivatives	6	5
	Finance & Administration	25	24
	Human Resources	21	21
	Internal Audit	15	13
	Legal	16	16
	Market Information & Indices	7	5
	Marketing	22	22
	Markets	36	33
	Operations & Information Technology	96	79
	Regulatory Oversight & Authorization	19	19
	Risk & Security	21	20
	Strategy Office	9	8
Edaa	Total	55	53
	Business Development	12	10
	Chief Executive Office	8	8
	Operations	35	35
Muqassa	Total	21	13
	Business Development	4	3
	Chief Executive Office	2	2
	Corporate Support	2	2
	Operations	7	3
	Risk Management	6	3
Grand Total		391	351

As at 31 December 2020G			
Company/Activity		# of Employees	
		Total	Saudi
The Company	Total	300	274
	Chief Executive Office	6	4
	Board Secretariat & Investors Relations	5	5
	Post Trade Program	9	9
	Derivatives	7	6
	Finance & Administration	25	24
	Human Resources	19	19
	Internal Audit	16	14
	Legal	17	17
	Market Information & Indices	6	5
	Marketing	20	20
	Markets	36	35
	Operations & Information Technology	85	69
	Regulatory Oversight & Authorization	18	18
	Risk & Security	22	21
Strategy Office	9	8	
Edaa	Total	50	49
	Business Development	10	9
	Chief Executive Office	2	2
	Corporate Planning & Control	3	3
	Operations	35	35
Muqassa	Total	25	16
	Business Development	5	4
	Chief Executive Office	2	2
	Corporate Support	2	2
	Operations	9	5
	Risk Management	7	3
WAMID	WAMID	0	0
Grand Total		375	339
As at 30 June 2021G			
Company/Activity		# of Employees	
		Total	Saudi
The Company	Total	227	207
	Group Chief Executive Office	7	6
	Finance	18	17
	Group Operations	93	78
	Human Resources	20	20

The Company	Internal Audit	17	16
	Legal	19	19
	Regulatory Oversight & Authorization	17	17
	Risk & Security	22	21
	Strategy Office	2	1
	Board Secretariat & Investors Relations	5	5
	Post Trade Program	7	7
Saudi Exchange Company	Total	76	70
	Cash Market	5	5
	Chief Executive Office	2	1
	Clients Relations Development	3	3
	Corporate Support	6	6
	Derivatives	8	7
	Listing	21	20
	Market Information & Indices	8	7
	Operations	23	21
Edaa	Total	49	48
	Business Development	11	10
	Chief Executive Office	2	2
	Operations	34	34
	Corporate Planning & Control	2	2
Muqassa	Total	27	20
	Business Development	5	5
	Chief Executive Office	1	1
	Corporate Support	3	3
	Operations	9	5
	Risk Management	9	6
WAMID	Total	4	4
	Business Development	1	1
	Chief Executive Office	2	2
	Corporate Support	1	1
	Venture Development	0	0
Grand Total		383	349

Source: The Company

4-10-2 Saudization

As at the date of the Prospectus, the Group and its Main Subsidiaries have an average Saudization ratio exceeding 90%.

The "Nitaqat" Saudization Program was approved pursuant to the Minister of Human Resources and Social Development ("MHRSD") Resolution No. 4040 issued on 12/10/1432H (corresponding to 10 September 2011G), based on the Council of Ministers Resolution No. 50 issued on 21/05/1415H (corresponding to 27 October 1994G), which was applied as of 12/10/1432H (corresponding to 10 September 2011G). MHRSD established the "Nitaqat" program to provide establishments with incentives to hire Saudi nationals. The program assesses an establishment's performance based on specific ranges, which are platinum and green (which is further divided into three categories low green, middle green and high green), yellow and red. Establishments that are classified within the platinum and green categories are deemed to be compliant with the Saudization requirements and receive certain specified benefits, such as the ability to obtain and renew work visas for foreign employees or the ability to change the profession of foreign employees (except for professions reserved exclusively for Saudi nationals). Establishments that are classified as yellow or red (depending on the extent to which they are noncompliant) are deemed to be noncompliant with the Saudization requirements and are subject to certain punitive measures, such as a limited ability to renew work visas for foreign employees or complete inability to obtain or renew work visas for foreign employees.

The table below shows the number of employees of the Company and its Main Subsidiaries and the achieved Saudization percentages as at 30 June 2021G:

Table (4-5): Number of employees of the Company and its Main Subsidiaries and the achieved Saudization percentages as at 30 June 2021G

Company Name	Total Employees	Saudi Employees	Non-Saudi Employees	Size	Saudization % / Category
The Company	227	207	20	Medium (Category C)	91%/ Platinum
Saudi Exchange Company	76	70	6	Medium (Category C)	92% / Platinum
Edaa	49	48	1	Medium (Category A)	98% / Platinum
Muqassa	27	20	7	Small (Category B)	74% / Middle Green
WAMID	4	4	0	Small (Category A)	100% / Low Green

Source: The Company

4-10-3 Employee Development

A key strategic HR objective is to improve the Organization Health Index (OHI) through focusing on communicating the Group's direction and vision, bringing in a culture of positive reinforcement and greater employee empowerment. As a part of this, employee engagement remains a focus area. The Group has implemented initiatives to engage with employees despite the pandemic, and implemented 21 training programs, with 317 employees participating in 2020G. These programs cover a range of topics from business process management courses to addressing timely issues such as how to lead teams remotely.

As part of Saudi Arabia's Vision 2030 goal of increasing participation in the workforce, the Group has increased its number of female employees over the period 2018G – H1 2021G. It continues to commit to the growth of female employees in the future.

Table (4-6): A more in-depth look at female employees in the Group

Years of service of female employees	H1 2021G	2020G	2019G	2018G
0 – 5 years	86	84	89	73
6 – 10 years	2	3	0	1
11 – 15 years	3	4	4	7
16 – 20 years	0	0	0	0
Total	91	91	93	81

Source: The Company

Looking ahead, the Group intends to develop strategies and initiatives that will enable it to achieve its development objectives. In 2018G, the Group became a member of the United Nations Sustainable Stock Exchanges (SSE). The SSE is a network that provides for stock markets and participants to conduct advocacy and drive performance in relation to ESG issues. The Group has identified six main areas for its long-term plans: (1) ensuring gender equality; (2) promoting economic growth through job creation, entrepreneurship and innovation; (3) improving regulation and monitoring of global financial markets; (4) encouraging companies to adopt sustainable practices; (5) improving education of climate change; and (6) strengthening global partnerships for sustainable development. While the Group has taken some steps regarding the SSE action areas, further steps are planned for following the Listing.

4-10-4 Employee Excellence Programs

The Group is committed to gender equality. Women occupy 18% of the C-Level positions in the Company and 24% of the Company's total workforce. The Group is committed to growing the representation of women and their advancement within the Group. To do so, the Group has implemented several new programs. First, the Group has introduced the Nursing Allowance for female employees. From the date the employee gives birth until her child turns five, the Group provides SAR 15,000 per year per child with a maximum of SAR 30,000 per year. Additionally, the Group has from time to time supported female employees by paying for their driving school and license fees up to SAR 3,000 per employee. Finally, the Group CEO (Eng. Khalid Al-Hussan) signed the Women's Empowerment Principles, being amongst the first Saudi companies to do so. These principles are directed towards strengthening the role of women in the capital market as well as in listed companies. The Saudi Exchange Company also supported several listed companies to sign on as well, thereby committing themselves to empower female employees throughout the Kingdom.

In 2019G, the Group launched the Graduate Development Program with the objective of grooming future leaders. 40% of the Group's employees are under 30 years of age, demonstrating the importance of investing in youth. Through the program, trainees are exposed to practical situations where they can apply their theoretical knowledge. The trainees are given a specific job title and prepared for a specific role, where they will be able to meet expectations after they complete their training.

4-11 Corporate Citizenship/ESG

As the ESG landscape is a constantly evolving subject, the Group continuously keeps abreast of developments by engaging with market participants and global leaders on the subject. The Group thereby intends to adopt the most widely accepted frameworks. The Group continues to structure its ESG activities around four themes: economy, environment, education and community. The Group has held one-to-one discussions with listed companies and other market participants which have helped to take the subject forward.

4-11-1 Economy

One of the Group's main initiatives towards the economic aspect of sustainability is the Invest Wisely Program. This program aims to promote financial literacy and investment awareness. The program is targeted at participants of varying levels who are taken through a comprehensive learning experience, whereby users learn through practical experience in a realistic environment through simulation exercises. The program completed its fourth year during which several workshops on specialized subjects were conducted. Another key initiative under this economic aspect is the continued role played by the Nomu – Parallel Market in supporting SMEs throughout the Kingdom and Middle East region, promoting economic growth and job creation in emerging economies.

The Saudi Exchange Company is also developing ESG Disclosure Guidelines, intended for market participants, particularly issuers. This will communicate the importance of ESG to issuers, and provide guidelines on disclosure and reporting. The Saudi Exchange Company is also committed to support the issuers in their ESG journey by offering assistance related to their disclosures. For example, the Saudi Exchange Company is developing ESG advisory services to help listed issuers publish their ESG disclosures, as well as increase their ratings with international ratings providers. The Saudi Exchange Company also plans to conduct workshops in 2021G with its partners, the public and issuers to increase awareness of ESG issues. In the future, the Saudi Exchange Company aims to launch an ESG index in collaboration of a leading third-party index provider.

4-11-2 Community

In accordance with our commitment to gender equality, the Group hosted "Ring the Bell for Gender Equality" to mark International Women's Day annually, starting from 2019G. The celebration was held in the presence of Princess Moudi bint Khalid bin Abdulaziz the Chairperson of Al Nahdha Foundation, the Company's Chairperson Sarah Al-Suhaimi and the Group CEO Eng. Khalid Al-Hussan. In addition, several senior executives and female leaders from listed companies also graced the occasion. The Saudi Exchange joined over 90 stock exchanges worldwide in participating in this event under the auspices of the UNSSE. This event symbolizes the contribution that business and markets must make in enhancing gender equality.

Internally, the Group lives up to its commitment to gender equality. As at 30 June 2021G, 24% out of the Group's workforce is female and the Group is committed to increase this number. Women also occupy 18% of the C-Level positions in the Group. Two members of the Company's Board including the Chairperson are women. In addition, 40% of the Group's employees are below 30 years of age which demonstrates the importance given to youth in general. The Group was also amongst the first Saudi companies to sign the Women's Empowerment Principles, and has supported several listed companies in doing likewise, in order to strengthen the role of women in the Group and listed companies.

4-11-3 Environment

The Group is also concerned about its impact on the environment and seeks to minimize its impact by reducing consumption. One related initiative is the recycling of paper and plastic waste. The Group is also conducting advocacy in this direction by way of its membership in the Climate Change Advisory Group.

4-11-4 Partnership with SSE

A major development during 2021G was the Saudi Exchange Company joining the SSE Derivatives Exchanges Advisory Group on the invitation of SSE. This initiative is a research project on the role of derivative exchanges in sustainable development. This body has an important role to play given that many exchanges that are members of the SSE provide a platform for derivative trading. Another initiative in which the Group is participating is the SSE Climate Change Exchanges Advisory Group. Climate change today is a global issue of paramount importance. This project aims to facilitate exchanges to provide guidance to issuers on climate change impacts. The objective is to develop a best practice reporting guide for issuers. This project is a joint effort in partnership with UN COP26 Climate Change Conference. The Group also contributes to quarterly calls of the SSE, which links all the members globally.

4-12 Overview of the Selling Shareholder

As at the date of this Prospectus, the Public Investment Fund ("PIF") is the sole shareholder of the Company. PIF was established in 1971G to provide financing support for projects of strategic significance to the national economy, and its role has evolved to incorporate a number of different areas. In March 2015G, the Council of Ministers issued a decree to transfer oversight of PIF to the Council of Economic and Development Affairs (CEDA). As part of this process, a new PIF Board was appointed, chaired by His Royal Highness the Crown Prince Mohammad bin Salman Al-Saud. To help achieve Saudi Arabia's vision of a sustainable, diversified economy, the PIF Board has taken several steps to clearly define the Public Investment Fund's vision, objectives and strategy in line with Saudi Vision 2030.

The PIF is developing a portfolio of high quality domestic and international investments, diversified across sectors, geographies and asset classes. Working alongside global strategic partners and renowned investment managers, PIF acts as the KSA's main investment arm to deliver a strategy focused on achieving attractive financial returns and long-term value for the KSA.

PIF aims to be a global investment powerhouse and the world's most impactful investment fund, enabling the creation of new sectors and opportunities that will shape the future global economy, while driving the economic transformation of Saudi Arabia. Its mission is to actively invest over the long term to maximize sustainable returns, be the investment partner of choice for global opportunities and enable the economic development and diversification of the Saudi economy.

4-13 Principal Properties and Facilities

The Group's headquarters are located in Tawuniya Towers at 6897 King Fahd Road – Al Olaya, Unit Number: 15, Riyadh 12211-3388, where the Group has leased 17 properties to be used as its offices, warehouses and parking spots and which comprise the all the lease agreements the Group has entered into.

As at the date of this Prospectus, there are three real estate properties owned by the Group, or which the Group is in the process of acquiring, for the purposes of its operations.

For more information on the real estate properties owned and leased by the Group, please refer to Section 12-18 ("Real Estate") of this Prospectus.

4-14 Intellectual Property

The Group relies on a wide range of intellectual property, both owned and licensed, that is used in the operation of its electronic platforms and businesses, much of which has been internally developed by its technology team. The Group owns the rights to a large number of trademarks, service marks, domain names and trade names in the Kingdom, Europe, the United States of America and in other parts of the world. In particular, it owns the trademarks to its indices, which include TASI and SF30. The Group has registered all of its trademarks in the Kingdom, the European Union and the majority of its trademarks in other countries. The Group attempts to protect its reputation, goodwill and knowhow by registering and relying on trademarks, patents, copyrights, database rights, trade secrets, restrictions on disclosure and other methods. Please refer to Section 12-10 ("**Intellectual property and intangible assets owned by the Group**") for a summary of the Group's owned and leased intellectual property.

4-15 Material Contracts, Suppliers and Clients

4-15-1 Nasdaq Agreement for Post Trade Technology solution (PTTP)

The Company entered into an agreement with Nasdaq on 30 November 2017G. Under this agreement, Nasdaq provides services to the Group for the installation, development, delivery, implementation, maintenance, testing and support of the trading systems. Please refer to Section 12-6 (“**Agreements**”) for a summary of this agreement.

4-15-2 Nasdaq Services Agreement (ITSA)

The Company entered into an agreement with Nasdaq on 24 September 2013G. Under this agreement, Nasdaq implements the required changes to the X-Stream, INET trading system and SMARTS surveillance systems in order to provide the necessary functionality to operate with the new post trade systems that were planned for PTTP. Please refer to Section 12-6 (“**Agreements**”) for a summary of this agreement.

4-15-3 IHS Markit Master Agreement

The Company and IHS Markit entered into this agreement on 27 January 2020G. This agreement was transferred by the Company to the Saudi Exchange Company with effect from 1 June 2021G and sets out the general terms and conditions under which IHS Markit agrees to provide, and the Company agrees to receive and use, certain IHS Markit products and services. Please refer to Section 12-6 (“**Agreements**”) for a summary of this agreement.

4-15-4 IHS Markit Strategic Partnership

The Company and IHS Markit entered into this agreement on 27 January 2020G. This agreement was also transferred by the Company to the Saudi Exchange Company with effect from 1 June 2021G. Under this agreement Markit Group grants the Saudi Exchange Company a license to access and use the Joint Index Data. Please refer to Section 12-6 (“**Agreements**”) for a summary of this agreement.

4-15-5 MSCI Cooperation Agreement

The agreement dated 17 July 2018G, between the Company and MSCI Limited established an operating and governance framework to collaborate on the design and commercialization of a stock market index, setting up certain principles of collaboration in relation to other Saudi index related projects, initiatives and joint business opportunities. The parties agree to design, create, market, and launch a real time tradeable index to serve as the basis for Index-linked products and derivatives such as ETFs and for listed futures contracts. This agreement was also transferred by the Company to the Saudi Exchange Company with effect from 1 June 2021G. Please refer to Section 12-6 (“**Agreements**”) for a summary of this agreement.

4-16 Overview of the Company’s Departments and Divisions

The functions of the major departments and business units of the Company are described in brief below:

4-16-1 Finance Department

The Finance division is responsible for a range of functions including accounting and reporting in accordance with both internal and international financial and accounting reporting standards; general ledger (GL) structure; reconciliation and control related activities and prepare reconciliation reports; conduct in-depth financial analysis of the Group’s financial statements; measure financial performance against local, regional and international benchmarks; manage external audit reporting requirements; budget management and forecasting; establishing and maintaining effective working relationships with banks and financial institutions; leading the preparation of cash flow projections; ensuring sufficient liquidity and cash to meet the Company obligations; and managing the reconciliation of treasury-related accounts to ensure accurate records are maintained and timely posting.

In addition, and through its Treasury & Investments Department, it manages the investment, banking, and collateral margins management activities of the Group. The Treasury & Investments Department regularly issues performance and attributions reports and continuous screening for further investment opportunities in accordance with the approved policy statement. Furthermore, it organizes proper arrangements for the banking services provided to the Group by related banks and seeks to find best banking solutions that serve the Group the most.

4-16-2 Human Resources Department

The Human Resources division is in charge of developing and maintaining a comprehensive manpower planning model; conducting strategic talent planning in order to adequately plan short- and long-term needs; managing payroll-related activities to ensure accurate and timely processing of employee compensation and benefits disbursements; fostering and maintaining relations with various government bodies; monitoring and enhancing employee engagement; reviewing and approving compensation and benchmarking studies; performance management system implementation and oversight; developing and maintaining the Human Resources Information System to ensure alignment with changes in the processes and operations across the Group; succession planning for key positions; training and development activities; and oversight of career development infrastructure and performance appraisal processes.

4-16-3 Risk & Security

The Risk and Security division is in charge of 3 main functions covering Enterprise Risk Management, Cybersecurity and Business Continuity & Environmental Security.

Through its Enterprise Risk Management (ERM) function, the division develops and maintains the ERM Framework of the Group; facilitates and maintains the Risk Control Self-Assessment (RCSA) process for all business functions in accordance with the Group Risk Appetite; develops, reviews, updates and maintains the Key Risk Indicators (KRIs); facilitates the process of identifying appropriate KRIs and KRI thresholds; develops and maintains the Risk Universe of the Company; maintains the risk registers with a structured and integrated methodology; provides guidance and support to the program/project managers to identify and assess the program/project risks by handling identification and assessment sessions and provides appropriate risk awareness and training sessions for the Group's employees.

Through its Cybersecurity function, the division builds, maintains and improves the cybersecurity policy and procedures; conducts cybersecurity awareness and communicates it across the Group and to the business partners; handles cybersecurity compliance assessments, including penetration testing, vulnerability assessments and code reviews; provides cybersecurity architecture solutions, IT projects engagements and identity and access management issues; handles the cybersecurity operations and integration of relevant systems and processes with the Security Operation Center (SOC); maintains cybersecurity incident handling based on best practice, policies and procedures; conducts a continual optimization of existing IS monitoring tools and processes to ensure protection of the critical information assets and conducts regular reviews on the SOC processes and technologies based on the changes in security landscape as well as internal and external business and technology changes.

Business Continuity & Environmental Security function develops, reviews and maintains plans and procedures to ensure the continuity of the critical services and the safety of the employees. It also performs the required tests with the IT and business teams to ensure the secondary site is fully operational and ready to run the market in case of crisis. Moreover, it sets the minimum BC standards and guidelines for capital market members using the Group's trading platform as per the related regulations and rules.

Part of the function roles is to manage and review the relevant insurance policies and to develop and implement environmental security standards in compliance with applicable local and global safety and security regulations and maintains BC and safety training and awareness program for various levels of employees.

As part of its business continuity planning, the Group is currently developing a new out-of-region data center to enable business continuity in the event of a regional disaster and provide higher availability for mission-critical systems for the Group.

4-16-4 Information Technology

As the backbone of a highly information reliant Group, the IT Division plays a major role as an enabler to the Group through its adoption, maintenance, and enhancement of cutting edge technologies and best practices that contributes to the Group's success and ensures the highest level of reliability and service delivery is maintained. Additionally, the division is a key business partner that empowers the group through the delivery of value-added systems, solutions, and services that increase efficiency and quality of service to internal and external customers through the division's four departments that each have a specific role within the division ecosystem.

4-16-4-1 IT Solutions

The IT Solutions department is responsible for identifying market needs and holds accountability for product strategy, development, and commercialization. In addition, the department is responsible for handling the requirements gathering, all internal developments, solutions UAT management, and Readiness & Transition to ensure E-services and Internal Systems meet the requirements of internal and external clients in a reliable manner.

4-16-4-2 IT Operations

The IT Operations department is responsible for overseeing and managing the Group's Trading, Settlement, and Clearing Applications, the Exchange's Website, Tadawulat, IFSAH, and the Internal Systems. In addition, the department is responsible for providing 24/7 operational coverage including the monitoring of all infrastructure components along with providing the first and second line support for all clients.

4-16-4-3 IT Infrastructure

The IT Infrastructure department is in charge of managing and supporting the Group's IT Infrastructure including Systems, Networks, Databases, Enterprise Storages, Data Backup, Cloud Solutions, and Datacenters, as well as leading the implementation of the latest Infrastructure technologies.

4-16-4-4 IT Governance

The IT Governance department is sole responsible for the optimization of the IT operations and planning including the IT strategy and roadmap, capacity planning, setting standards, policies, quality assurance, optimizing processes, IT contracts and vendors management, budgeting and cost estimations, risk management, projects and portfolio management, and International standards adaptation. The department also acts as the division SPOC with other internal and external parties.

4-16-5 Marketing

As the Group's central communication function, the marketing department is responsible for communication activities across all five companies within the Group's ecosystem. The department is responsible for communications planning and related activations for the Group. It is also responsible for positioning the Group and its senior leadership team effectively across all channels and in alignment with the overarching business objectives. Protecting the reputation of the Group through targeted stakeholder engagement and risk mitigation tactics also falls within the remit of the marketing department. Additionally, the department is focused on strengthening employee engagement, enhancing leadership credibility and building awareness of all milestone achievements from across the Group. The department manages and develops relationships with international, regional and local media, facilitates tailored, one-on-one media training sessions for spokespeople and secures strategic speaking opportunities.

The department creates all the necessary content for multi-channel campaigns (often with advertising, media buying and branding elements incorporated). The team continuously scopes out event opportunities (both for owned and public events) and secures spokesperson participation at events locally and on the global stage.

4-16-6 Customer Experience

The Customer Experience Department is responsible for delivering seamless customer experience for Saudi Tadawul Group through Contact Centre that deliver multi-channels accessibility to all stakeholders and market participants through a mix of best-practice solutions, skills, and original thinking. The department is responsible for optimizing customer journeys across all products and services offered by Group. Additionally, the department is in charge of managing the surveys that foster customer satisfaction for the Group. It is also responsible for managing website and application functionality, testing and support. Furthermore, establishing metrics and KPIs to measure customer satisfaction across all customers' touch points falls within the responsibility of the customer experience department. Besides, it is responsible for building and maintaining trusted, valued, and long-term relationships with stakeholders. Moreover, the department focuses on Identifying business opportunities and reflecting stakeholders' feedback to improve the Group's channels to improve overall customer experience.

4-16-7 Corporate PMO

The Corporate Project Management Office (PMO) main objective is to monitor the implementation of the Group's programs and projects to ensure the successful implementation of the Corporate Strategy. By setting the required Project Management Standards that will foster and support the programs and projects execution. In addition, to providing the required tools such as the Enterprise Project Management (EPM) System, project management coaching and training, and enhancing the Organizational Project Management Maturity.

The Corporate PMO works under the supervision of the PMO Steering Committee which is headed by the Group CEO and the CEOs of the Main Subsidiaries are part of the Committee, in addition to the Support Functions and COO. Where the committee monitors the Projects Portfolio in monthly basis and ensures smooth execution of the initiatives towards achieving the corporate strategy.

The Corporate PMO ensures the required information and reports are provided to the Executives and Stakeholders in the Group continuously. Also, it provides management with the required updates for corrective and preventive actions related to projects.

4-16-8 Procurement & Facility Management

Procurement and Facility department supports the Group through two sections; Procurement and Administration and Facility Management. Procurement is responsible for vendor selection and management following best in class practice. The department is moving away from traditional to strategic procurement by applying category management and strategic sourcing.

Administration and Facility Management is responsible for maintaining and enhancing the well-being of the Group work environment through applying international standards while reemphasizing effective, efficient and innovative work environment. Department responsibilities include office space maintenance, warehouse and logistics support, facility management, catering and event support and cleaning.

4-16-9 Shared Services

The Shared Services department governs the delivery of a diversified portfolio of services to the Group. Department responsibilities include Service Level Management, Service Performance Management and cost allocation. The department thrives to reach Service Excellence through continual monitoring, improvement and optimization in order to enable the Group to achieve their strategic objectives.

4-16-10 Legal Department

The legal department provides legal advice to mitigate and eliminate legal risks, resolve related issues and disputes, and provide legal assistance to support business transactions. This department is also responsible for managing litigation and dispute settlement activities, and leading legal negotiations; developing and reviewing contracts, agreements, and other related legal documents; investigating malpractice, misconduct, or fraudulent activity; and liaising with governmental authorities and reviewing all regulations and instructions issued by governmental authorities in relation to the Group's business and activities. Additionally, the department takes on a Regulatory Role. It is responsible of and that drafting and amending the needed Exchange Rules and procedures and submit it for CMA's approval.

4-16-11 Regulatory Oversight and Authorization Division

This division is divided into three departments, which comprise the Listing Authorization and Issuer Oversight Department, Members Authorization and Oversight Department and the Self-Regulatory Governance and Oversight Unit.

In general, the main responsibilities of the division include:

- Reviewing listing requests and submitting them for approval. The division is also responsible for overseeing issuers' compliance with their continuous obligations in accordance with Listing Rules.
- Membership requests submitted to the Saudi Exchange Company, Edaa and Muqassa are reviewed by this division, which also oversees the members' compliance with their respective continuous obligations in accordance with the rules, regulations and procedures implemented by the Group. It also advises members on matters related to these rules and procedures.
- The division supervises the Group's regulatory framework, services and responsibilities, to ensure its efficiency and fairness.

4-16-12 Internal Audit Division

The Company has an Internal Audit Division that aims to improve the effectiveness of the Company's risk management, control and governance processes. Core role of the Internal Audit Division is, including but not limited to, to understand governance and operational aspects of all business, operational and control processes, projects, functions and relevant systems which are being audited, and accordingly perform risk based audit assignments to identify areas of risk and assess the reliability of internal control measures as well as ensure adherence to the Company's policies and procedures, so that operational efficiency and protection is maximized.

4-16-13 Group Strategy Division

The Strategy Division is tasked with developing the Group's strategy in collaboration with the Subsidiaries, carry out annual planning exercises, perform annual and biannual strategy reviews and conduct performance monitoring activities. The Group retains and updates mid- and long-term strategic business plans to remain strategically competitive. The division leads the development and refinement of the Group's vision and strategy in support of management and acts as an internal consultant and advisors to the Subsidiaries. They identify corporate M&A opportunities and support the entities of the Group in their inorganic growth. The division periodically reviews market intelligence and competitiveness assessments to refine the Group's strategy and business model.

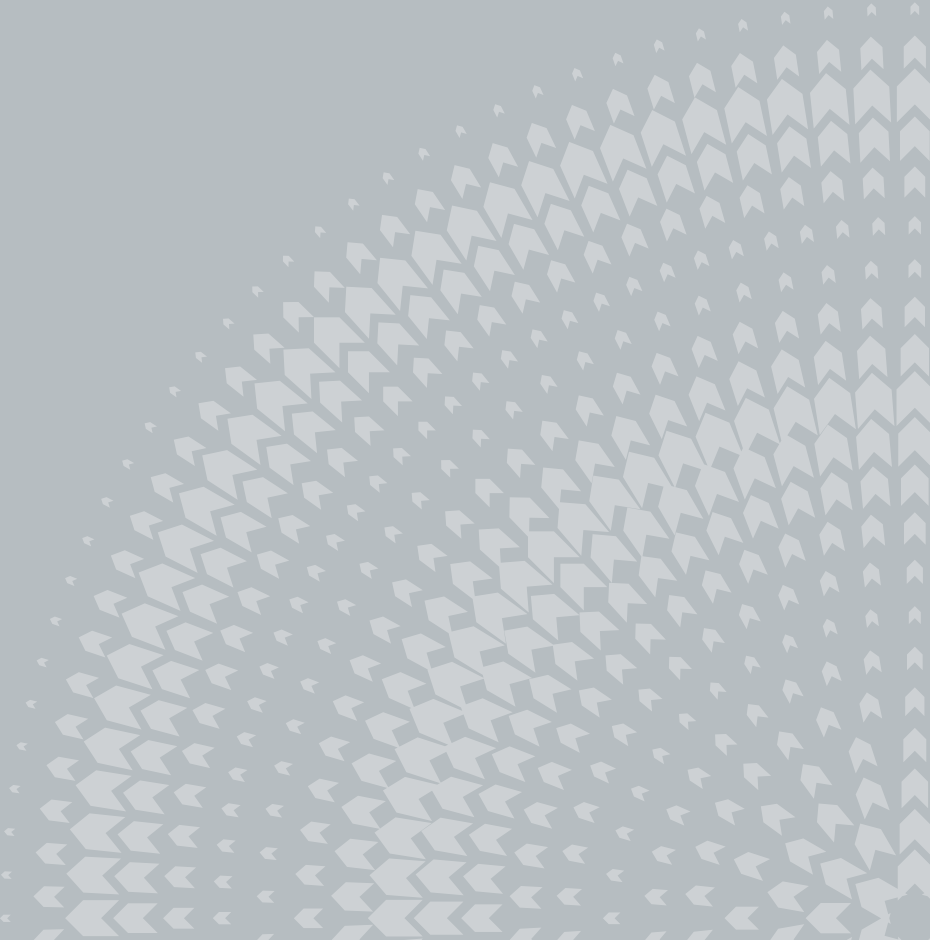
4-17 Overview of any Material changes in the Nature of the Group's Business

As at the date of this Prospectus, no material change in the nature of the business of the Group is contemplated that may, singularly or in the aggregate, have a material impact on the Group's business, financial condition, results of operations or prospects.

4-18 Latest Developments

On 09/01/1443H (corresponding to 17/08/2021G), the Company's Extraordinary General Assembly passed a resolution to cancel the Company's general reserve amounting to SAR 1,114,180,214 and to transfer this amount to the retained earnings.

5- OWNERSHIP AND ORGANIZATIONAL STRUCTURE



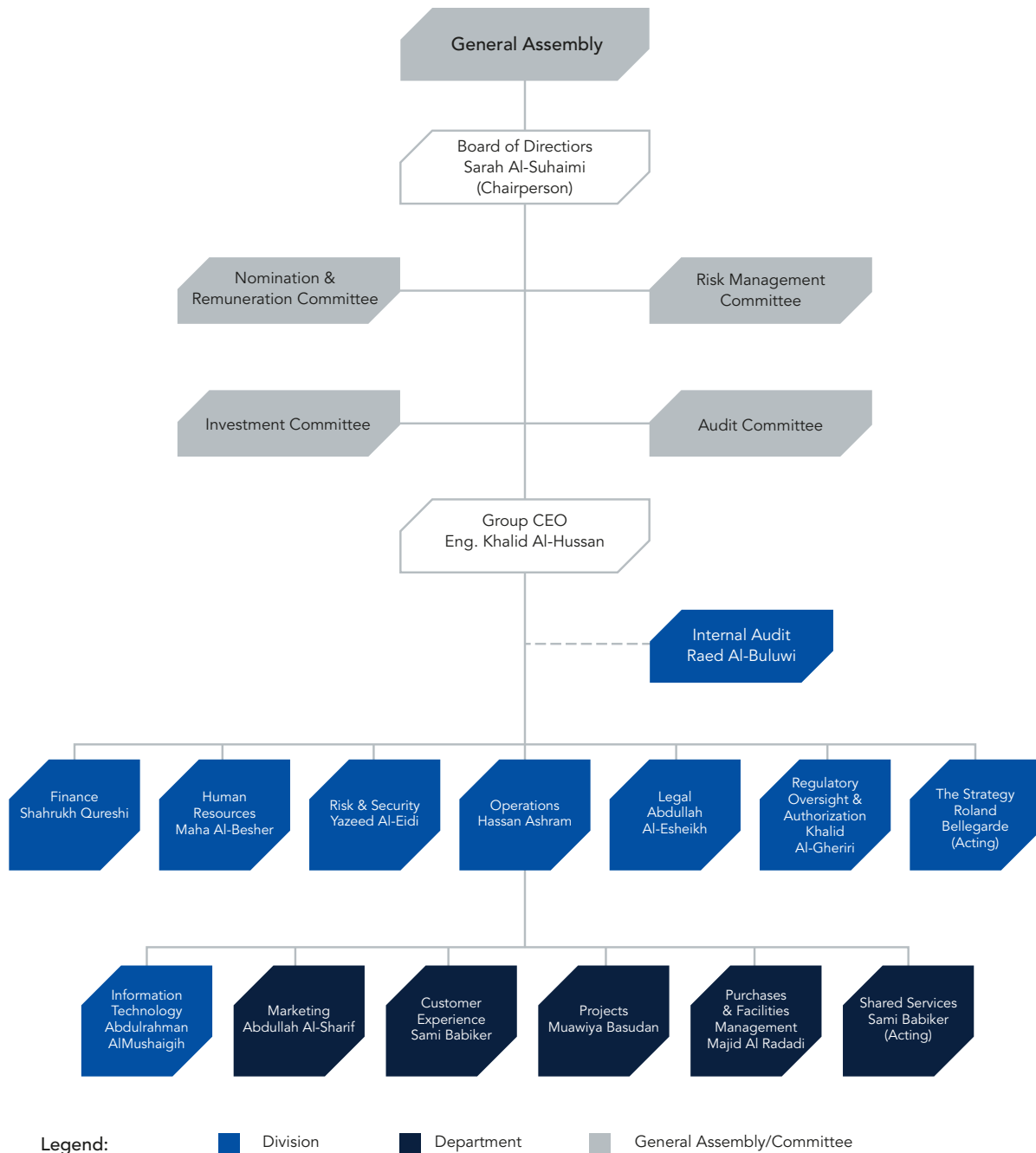
5- Ownership and Organizational Structure

5-1 Organizational Structure

The Company has an organizational structure headed by the Board of Directors (the “**Board of Directors**” or the “**Board**”) and supported by the Executive Management. The Company also has the following committees in place: the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, and the Investment Committee. The Board assumes the ultimate responsibility for the general direction, supervision and control of the Company and the Executive Management.

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

Figure (5-1): Organizational Structure of the Company



Source: The Company

5-2 Current Shareholding Structure

5-2-1 Overview

As at the date of this Prospectus, the Company's capital is one billion, two hundred million Saudi Riyals (SAR 1,200,000,000), divided into one hundred twenty million (120,000,000) fully paid shares, all of which are of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per Share.

Table (5-1): The Company's Direct Ownership Structure Before and After the Offering

Shareholders	Pre-Offering			Post-Offering		
	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)	No. of Shares	Nominal Value (SAR)	Direct Ownership (%)
PIF	120,000,000	1,200,000,000	100%	84,000,000	840,000,000	70%
Public	-	-	-	36,000,000	360,000,000	30%
Total	120,000,000	1,200,000,000	100%	120,000,000	1,200,000,000	100%

Source: The Company

5-2-2 Overview of the Current Shareholder

The Public Investment Fund ("PIF") was established in 1971G under Royal Decree No. M/24 dated 25/06/1391H (corresponding to 14 August 1971G) to provide financing support for projects of strategic significance to the national economy, and its role has evolved to incorporate a number of different areas. In March 2015G, the Council of Ministers issued a decree to transfer the oversight of the PIF to the Council of Economic and Development Affairs (CEDA). As part of this process, a new PIF Board was appointed, chaired by His Royal Highness the Crown Prince Mohammad bin Salman Al-Saud. To help achieve the Kingdom's vision of a sustainable, diversified economy, the PIF Board has taken several steps to clearly define the Public Investment Fund's vision, objectives and strategy in line with Saudi Vision 2030.

The PIF is developing a portfolio of high quality domestic and international investments, diversified across sectors, geographies and asset classes. Working alongside global strategic partners and renowned investment managers, PIF acts as the Kingdom's main investment arm to deliver a strategy focused on achieving attractive financial returns and long-term value for Saudi Arabia.

The PIF aims to be a global investment powerhouse and the world's most impactful investor, enabling the creation of new sectors and opportunities that will shape the future global economy, while driving the economic transformation of Saudi Arabia. Its mission is to actively invest over the long term to maximize sustainable returns, be the investment partner of choice for global opportunities and enable the economic development and diversification of the Saudi economy. In accordance with the Public Investment Fund Law issued by Royal Decree No. M/92 dated 12/08/1440H (corresponding to 18 April 2019G), the PIF aims to invest its funds, whether in cash or in-kind, in accordance with the best standards to achieve returns for the purposes of serving the public interest, promoting economic development in the Kingdom, diversifying its sources of income, and maintaining the interests of future generations. The PIF has the authority to make domestic and international investments, own and dispose of assets, including real estate, in-kind rights, shares, securities, foreign currencies, commodities and financial derivatives of all kinds, and establish and hold shares in companies and other special purposes entities inside and outside the Kingdom, whether individually or jointly with others. The PIF aims to be one of the largest sovereign funds in the world by developing a diversified and pioneering investment portfolio investing in attractive investment opportunities at the local and international levels. For more information, please refer to Section 4 ("The Company") and the website of the current shareholder in the Company through (www.pif.gov.sa/en/Pages/About-PIF.aspx).

5-2-3 The Company's Share Capital Development

The Company's share capital has not undergone any changes from the date of its incorporation to the date of this Prospectus.

5-3 Board of Directors and Secretary of the Board

The Company is managed by a Board of Directors consisting of highly experienced, efficient and reputable members. The Board of Directors is composed of nine (9) members elected by the Ordinary General Assembly for a period of three (3) years, renewable for one or more terms.

In accordance with CMA Board Resolution No. 1-110-2020 and Article 17 of the Company's Bylaws, the names of individuals nominated for membership on the Company's Board must be submitted to the CMA board for approval prior to their election by the Shareholders' Ordinary General Assembly. In its meeting held on 07/05/1441H (corresponding to 2 January 2020G), the Extraordinary General Assembly elected the current members of the Board of Directors for a period of three (3) Gregorian years as of the date of such meeting.

In accordance with the Company's Bylaws, and subject to the powers reserved for the General Assembly, the Board of Directors shall have the broadest powers to manage the Company to achieve its purposes. For more information about the powers of the Board, please refer to Section 5-3-3 ("**Responsibilities and Powers of the Board of Directors**") of this Prospectus.

5-3-1 Board Composition

The following table sets out the names of the Directors as at the date of this Prospectus:

Table (5-2): The Company's Board of Directors

Name	Position	Nationality	Age	Appointment Date*	Direct Ownership (%)		Indirect Ownership (%)		Status
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
Sarah Jammaz Abdullah Al-Suhaimi	Chairperson	Saudi	43	16/02/2017G	N/A	-	N/A	-	Non-executive / Independent
Yazeed Abdulrahman Ibrahim Al-Humaid	Vice Chairman	Saudi	38	02/01/2020G	N/A	-	N/A	-	Non-executive / Non-independent
Youssef Abdullah Mohammed Al-Benyani	Member	Saudi	58	02/01/2020G	N/A	-	N/A	-	Non-executive / Independent
Khalid Abdullah Nasser Al-Hussan	Member	Saudi	45	02/01/2020G	N/A	-	N/A	-	Executive / Non-independent
Rania Mahmoud Abdulwahab Nashar	Member	Saudi	48	02/01/2020G	N/A	-	N/A	-	Non-executive / Non-independent
Sabty Sulaiman Ibrahim Al-Sabty	Member	Saudi	46	02/01/2020G	N/A	-	N/A	-	Non-executive / Non-independent
Mark Stephen Makepeace	Member	British	60	02/01/2020G	N/A	-	N/A	-	Non-executive / Non-independent
Hashem Othman Ibrahim Al-Hekail	Member	Saudi	61	04/09/2018G	N/A	-	N/A	-	Non-executive / Independent
Xavier Robert Rolet	Member	French	61	02/01/2020G	N/A	-	N/A	-	Non-executive / Non-independent

* The dates refer to the beginning of each Director's appointment at the Board

Source: The Company

The Secretary of the Board is Mr. Mohammad Fahad Mohammad Al-Hemaid, who was appointed pursuant to the Board of Directors' Resolution passed by circulation as of 11/11/2020G.

5-3-2 Summary of Biographies of the Company's Directors and Secretary

An overview of the experience, qualifications and current and previous positions of each Director and the Secretary of the Board is provided below.

Table (5-3): Sarah Jammaz Abdullah Al-Suhaimi

Name	Sarah Jammaz Abdullah Al-Suhaimi
Age	43 years
Nationality	Saudi
Current Position	Chairperson
Academic Qualifications	<ul style="list-style-type: none"> Bachelor's Degree in Accounting with honors, King Saud University, KSA, 2001G. Executive Program Certificate in Public Administration, Harvard Business School, USA, 2015G.
Other Current Positions	<ul style="list-style-type: none"> Independent Director, Saudi Telecom Company (STC), a Saudi listed joint stock company, operating in the field of telecommunications, from 2021G to present. Investment Committee Member, Saudi Telecom Company (STC), a Saudi listed joint stock company, operating in the field of telecommunications, from 2021G to present. Independent Director, SAUDIA, a Saudi public institution, operating in the field of aviation, from 2021G to present. Audit Committee Member, SAUDIA, a Saudi public institution, operating in the field of aviation, from 2021G to present. Independent Director, Cultural Development Fund, a governmental fund, operating in the field of cultural development, from 2021G to present. Director, Child Care Association, a private organization, operating in the field of charity, from 2021G to present. Board of Trustees Member, IFRS Foundation, an independent non-profit organization in the UK, operating in the field of accounting, from 2019G to present.
Previous Positions	<ul style="list-style-type: none"> Executive Director, SNB Capital Company, a Saudi closed joint stock company, operating in the field of securities, from 2015G to 2021G. CEO, SNB Capital Company, a Saudi closed joint stock company, operating in the field of securities, from 2014G to 2021G. Advisory Committee Vice Chairperson, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2013G to 2015G. Head of Asset and Wealth Management, Chief Investment Officer, Jadwa Investment, a Saudi closed joint stock company, operating in the field of finance, from 2007G to 2014G.

Source: The Company

Table (5-4): Yazeed Abdulrahman Ibrahim Al Humaid

Name	Yazeed Abdulrahman Ibrahim Al Humaid
Age	38 years
Nationality	Saudi
Current Position	Vice Chairman
Academic Qualifications	<ul style="list-style-type: none"> Bachelor's Degree in Accounting, King Saud University, KSA, 2004G.

Other Current Positions	<ul style="list-style-type: none"> • Non-Executive Vice Chairman, Saudi Telecom Company (STC), a Saudi listed joint stock company, operating in the field of telecommunications, from 2021G to present. • Deputy Governor and Head of MENA Investments, Public Investment Fund (PIF), a government fund, operating in the field of investment, from 2021G to present. • Non-Executive Vice Chairman, Saudi National Bank (SNB), a Saudi listed joint stock company, operating in the field of banking, from 2021G to present. • Non-Executive Vice Chairman, Saudi Egyptian Investment and Finance Company, a Saudi closed joint stock company, operating in the field of investment, from 2021G to present. • Non-Executive Chairman, National Security Services Company (SAFE), a Saudi closed joint stock company, operating in the field of security, from 2019G to present. • Non-Executive Director, Matarat Holding, a Saudi closed joint stock company, operating in the field of aviation, from 2019G to present. • Independent Director, Richard Attias & Associates, a limited liability company in the UAE, operating in the field of exhibition and communications, from 2019G to present. • Non-Executive Director, SAUDIA, a Saudi public institution, operating in the field of aviation, from 2017G to present. • Non-Executive Director, flyadeal, a Saudi closed joint stock company, operating in the field of aviation, from 2017G to present.
Previous Positions	<ul style="list-style-type: none"> • Head of Local Holding Investments, Public Investment Fund (PIF), a government fund, operating in the field of investment, from 2021G to 2021G. • Chief of Staff, Public Investment Fund (PIF), a government fund, operating in the field of investment, from 2016G to 2020G. • Advisor, Public Investment Fund (PIF), a government fund, operating in the field of investment, from 2015G to 2016G. • Manger of M&A Department, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2014G to 2015G. • Chairman Advisor, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2013G to 2014G. • M&A Senior Specialist, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2008G to 2012G.

Source: The Company

Table (5-5): Youssef Abdullah Mohammed Al-Benyan

Name	Youssef Abdullah Mohammed Al-Benyan
Age	58 years
Nationality	Saudi
Current Position	Director
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree in Economics, Imam Muhammad Ibn Saud Islamic University, KSA, 1987G. • Master's Degree in Industrial Management, University of Bridgeport, USA, 1996G. • Executive Certificate, the Sloan School of Business, MIT, 2006G.
Other Current Positions	<ul style="list-style-type: none"> • Non-Executive Director, SABIC Agri-Nutrients Company, a Saudi listed joint stock company, operating in the field of basic materials, from 2020G to present. • Vice Chairman, Saudi Basic Industries Corporation (SABIC), a Saudi listed joint stock company, operating in the field of basic materials, from 2019G to present. • Investment Committee Member, Saudi Basic Industries Corporation (SABIC), a Saudi listed joint stock company, operating in the field of basic materials, from 2019G to present. • Non-Executive Chairman, SABIC Investment and Local Content Development Company (Nusaned Investment), a Saudi closed joint stock company, operating in the field of investment, from 2019G to present. • Non-Executive Director, Saudi Information Technology Company (SITE), a Saudi closed joint stock company, operating in the field of information technology and cyber security, from 2019G to present. • Remuneration and Nomination Committee Chairman, Saudi Information Technology Company (SITE), a Saudi closed joint stock company, operating in the field of information technology and cyber security, from 2019G to present. • CEO, Saudi Basic Industries Corporation (SABIC), a Saudi listed joint stock company, operating in the field of basic materials, from 2015G to present.

Previous Positions	<ul style="list-style-type: none"> • Non-Executive Chairman, Yanbu National Petrochemical Company (Yansab), a Saudi listed joint stock company, operating in the field of basic materials, from 2015G to 2020G. • Non-Executive Chairman, Saudi Iron and Steel Company, a limited liability company, operating in the field of iron and steel manufacturing, from 2017G to 2019G. • Director, Power and Water Utility Company for Jubail and Yanbu (Marafiq), a closed joint stock company, operating in the field of utilities, from 2012G to 2015G. • Executive Vice President of Corporate Finance, Saudi Basic Industries Corporation (SABIC), a Saudi listed joint stock company, operating in the field of basic materials, from 2015G to 2015G. • Executive Vice President of Petrochemicals, Saudi Basic Industries Corporation (SABIC), a Saudi listed joint stock company, operating in the field of basic materials, from 2013G to 2015G. • Chairman, Saudi Yanbu Petrochemical Company (YANPET), a Saudi listed joint stock company, operating in the field of basic materials, from 2012G to 2014G. • Chairman, Al-Jubail Petrochemical Company (Kemya), a limited liability company, operating in the field of basic materials, from 2012G to 2014G. • Human Resources Executive Vice-President, Saudi Basic Industries Corporation (SABIC), a Saudi listed joint stock company, operating in the field of basic materials, from 2008G to 2013G.
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Source: The Company

Table (5-6): Khalid Abdullah Nasser Al-Hussan

Name	Khalid Abdullah Nasser Al-Hussan
Age	45 years
Nationality	Saudi
Current Position	Director & CEO
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree in Industrial Engineering, King Saud University, KSA, 1999G. • Master's Degree in Business Administration, University of Colorado, USA, 2002G.
Other Current Positions	<ul style="list-style-type: none"> • Non-Executive Chairman, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2018G to present. • Regulatory Policy and Oversight Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Non-Executive Chairman, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Regulatory Policy and Oversight Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Non-Executive Chairman, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2017G to present. • Regulatory Policy and Oversight Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Non-Executive Chairman, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2020G to present. • Non-Executive Director, World Federation of Exchanges, a non-profit global federation of capital markets in the UK, operating in the field of finance, from 2017G to present. • Non-Executive Chairman, Arab Federation of Exchanges, a non-profit Arab federation of capital markets in Lebanon, operating in the field of finance, from 2021G to present. • Non-Executive Director, Tadawul Real Estate Company, a Saudi limited liability company, operating in the field of real estate management and development, from 2016G to present.

Previous Positions	<ul style="list-style-type: none"> • Non-Executive Director, Arab Federation of Exchanges, a non-profit Arab federation of capital markets in Lebanon, operating in the field of finance, from 2020G to 2021G. • Audit Committee Member, Tadawul Real Estate Company, a Saudi limited liability company, operating in the field of real estate management and development, from 2017G to 2021G. • Regulatory Policy and Oversight Committee Member, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2015G to 2021G. • Advisory Committee Member, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2016G to 2018G. • Acting Executive Director, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2015G to 2016G. • Chief of Markets, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2015G to 2016G. • Chief of Assets and Deposit, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2013G to 2014G. • Chief of Strategy, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2011G to 2012G. • General Manager of Strategy, Company for Cooperative Insurance (Tawuniya), a Saudi listed joint stock company, operating in the field of insurance, from 2005G to 2006G.
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Source: The Company

Table (5-7): Rania Mahmoud Abdulwahab Nashar

Name	Rania Mahmoud Abdulwahab Nashar
Age	48 years
Nationality	Saudi
Current Position	Director
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree in Computer and Information Sciences, King Saud University, KSA, 1997G.
Other Current Positions	<ul style="list-style-type: none"> • Non-Executive Director, Saudi Telecom Company (STC), a Saudi listed joint stock company, operating in the field of telecommunications, from 2021G to present. • Risk Committee Chairman, Saudi Telecom Company (STC), a Saudi listed joint stock company, operating in the field of telecommunications, from 2021G to present. • Remuneration and Nomination Committee Member, Saudi Telecom Company (STC), a Saudi listed joint stock company, operating in the field of telecommunications, from 2021G to present. • Head of Compliance and Governance, Public Investment Fund (PIF), a government fund, operating in the field of investment, from 2021G to present. • Audit Committee Chairman, Future Investment Initiative Institute, a Saudi non-profit civil institution, operating in the field of investment, from 2020G to present. • Director, The National Center for Performance Measurement (Aadaa), a government entity, operating in the field of supervision, from 2020G to present. • Audit Committee Chairman, The National Center for Performance Measurement (Aadaa), a government entity, operating in the field of supervision, from 2020G to present. • Director, Saudi Space Commission, a government entity, operating in the field of space, from 2019G to present. • Executive Committee Member, Saudi Space Commission, a government entity, operating in the field of space, from 2021G to present. • Remuneration and Nomination Committee Member, Saudi Space Commission, a government entity, operating in the field of space, from 2021G to present. • Audit Committee Member, Saudi Space Commission, a government entity, operating in the field of space, from 2021G to present. • Governor Advisor, Public Investment Fund (PIF), a government fund, operating in the field of investment, from 2021G to present. • Director, Saudi Polo Federation, a polo federation in Saudi Arabia, operating in the field of sports, from 2018G to present.

Previous Positions	<ul style="list-style-type: none"> • Non-Executive Vice Chairman, Samba Capital & Investment Management Company, a Saudi closed joint stock company, operating in the field of financial services, from 2017G to 2021G. • CEO, Samba Financial Group (currently known as Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2017G to 2021G. • Director, Samba Global Markets Limited, a limited liability company in Cayman Islands, operating in the field of banking, from 2017G to 2021G. • Audit Committee Member, Samba Bank Limited, a listed joint stock company in Pakistan, operating in the field of banking, from 2014G to 2017G. • Remuneration and Nomination Committee Member, Samba Bank Limited, a listed joint stock company in Pakistan, operating in the field of banking, from 2014G to 2021G. • Non-Executive Director, Samba Bank Limited, a listed joint stock company in Pakistan, operating in the field of banking, from 2014G to 2017G. • Chief of Audit and Executive Review, Samba Financial Group (currently known as Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2014G to 2017G. • Chief of Compliance, Samba Financial Group (currently known as Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2009G to 2014G.
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Source: The Company

Table (5-8): Sabty Sulaiman Ibrahim Al-Sabty

Name	Sabty Sulaiman Ibrahim Al-Sabty
Age	46 years
Nationality	Saudi
Current Position	Director
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree in Accounting, King Saud University, KSA, 1998G. • Master's Degree in Business Administration, Colorado Technical University, USA, 2001G. • Saudi Associate Accounting Certificate, Saudi Organization for Certified Public Accountants (SOCPA), KSA, 2005G. • US Associate Accounting Certificate, American Institute of Certified Public Accountants (CPA), USA, 2004G.
Other Current Positions	<ul style="list-style-type: none"> • Independent Director, Zakat Tax and Customs Authority, a government entity, operating in the field of legislative regulation and control of Zakat, tax and customs, from 2018G to present. • CEO, Riyadh Capital, a Saudi closed joint stock company, operating in the field of securities, from 2018G to present.
Previous Positions	<ul style="list-style-type: none"> • CMA Deputy for Listed Companies & Investment, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2014G to 2018G.

Source: The Company

Table (5-9): Mark Stephen Makepeace

Name	Mark Stephen Makepeace
Age	60 years
Nationality	British
Current Position	Director
Academic Qualifications	<ul style="list-style-type: none"> • Certificate from the Institute of Certified Secretaries and Administrators, UK, 1984G.

Other Current Positions	<ul style="list-style-type: none"> Vice Chairman and CEO, Monica Top GP (Cayman) (Wilshire Global Advisors), a limited liability company in the Cayman Islands, operating in the field of financial services, from 2021G to present. CEO, Wilshire Global Advisors, a limited liability company in the US and Europe, operating in the field of financial services, from 2021G to present. Independent Director, Singapore Exchange, the capital market of Singapore, operating in the field of financial services, from 2020G to present. Non-Executive Vice Chairman, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2020G to present. Chairman and Owner, M8R LIMITED, a limited liability company in the UK, operating in the field of consultancy, from 2019G to present.
Previous Positions	<ul style="list-style-type: none"> Executive Information Services Director, London Stock Exchange Group, a British securities company in the UK, operating in the field of securities and financial information, from 2011G to 2020G. CEO, FTSE Russell, a limited liability company in UK, operating in the field of stock market index, from 1995G to 2019G.

Source: The Company

Table (5-10): Hashem Othman Ibrahim Al Hekail

Name	Hashem Othman Ibrahim Al Hekail
Age	61 years
Nationality	Saudi
Current Position	Director
Academic Qualifications	<ul style="list-style-type: none"> Bachelor's Degree in Social Work, King Saud University, KSA, 1981G. Professional Diploma in Financial Control, Institute of Public Administration, KSA, 1983G.
Other Current Positions	<ul style="list-style-type: none"> Independent Director, Derayah Financial, a Saudi closed joint stock company, operating in the field of financial services, from 2020G to present. Audit Committee Chairman, Derayah Financial, a Saudi closed joint stock company, operating in the field of financial services, from 2020G to present. Chairman, BWA Information Technology Company, a Saudi closed joint stock company, operating in the field of FinTech, from 2020G to present. Director, HyperPay Inc., a closed joint stock company in the British Virgin Islands, operating in the field of FinTech, from 2020G to present.
Previous Positions	<ul style="list-style-type: none"> Independent Director, Bayan Payments Limited, a limited liability company, operating in the field of FinTech, from 2020G to 2021G. Deputy Governor, Saudi Central Bank, the central bank of the Kingdom of Saudi Arabia, operating in the field of financial and insurance services regulation and supervision, from 2013G to 2020G. Co-Director, Derayah Financial, a Saudi closed joint stock company, operating in the field of financial services, from 2007G to 2013G.

Source: The Company

Table (5-11): Xavier Robert Rolet

Name	Xavier Robert Rolet
Age	61 years
Nationality	French
Current Position	Director
Academic Qualifications	<ul style="list-style-type: none"> Master's Degree in Management and Business Administration, KEDGE Business School, France, 1981G. Master's Degree in International Finance, Columbia Business School, USA, 1984G. Postgraduate Degree, Institute of Advanced Studies in National Defence, France, in 2008G.

<p>Other Current Positions</p>	<ul style="list-style-type: none"> • Chairman and CEO, World Quantum Growth Acquisition Corp., an NYSE-listed special purpose acquisition company in the USA, operating in the field of health, from 2021G to present. • Independent Non-Executive Director, Golden Falcon Acquisition Corp., a NYSE-listed special purpose acquisition company in USA, operating in the field of finance, from 2020G to present. • Non-Executive Director, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2020G to present. • Independent Non-Executive Director, Seplat Petroleum Development Company, a joint stock company listed on the London Stock Exchange and the Nigerian Stock Exchange, operating in the field of oil and gas, from 2020G to present. • Remuneration Committee Chairman, Seplat Petroleum Development Company, a joint stock company listed on the London Stock Exchange and the Nigerian Stock Exchange, operating in the field of oil and gas, from 2020G to present. • Senior Advisory Board Member, Towerbrook Capital Partners, a limited partnership, operating in the field of investment, from 2020G to present. • Chairman, Shore Financial Markets, a limited liability company, operating in the field of brokerage and finance, from 2020G to present. • Corporate Portfolio External Director, Public Investment Fund (PIF), a government fund, operating in the field of investment, from 2019G to present. • Expert advisor, Shanghai Institute of Finance for the Real Economy, a government institute in China, operating in the field of education, from 2018G to present. • Chairman, Phosagro PJSC, a joint stock company listed on the Moscow Exchange and London Stock Exchange, operating in the field of chemicals, from 2018G to present. • Managing Partner, Grayling Centennial LLC, a limited liability company in the USA, operating in the field of the environment, from 2017G to present. • Member, Centennial Valley Association, a non-profit organization in the USA, operating in the field of the environment, from 2017G to present. • Director, SAS La Verriere Company, a simple joint stock company, operating in the field of hospitality, from 2012G to present. • Board of Advisors Member, Ranchlands in the USA, operating in the field of agriculture and livestock, from 2011G to present. • Director, Columbia Business School, a business college in the USA, operating in the field of education, from 2011G to present. • General Manager, SCI La Verriere, a real estate investment company, operating in the field of real estate, from 1994G to present. • General Manager, SCEA Domaine de la Verriere, an agricultural development company, operating in the field of food and beverage, from 1994G to present.
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Previous Positions	<ul style="list-style-type: none"> • CEO, CQS, a limited liability company, operating in the field of asset management, from 2019G to 2020G. • Independent Non-Executive Director, Verseon Company in the USA, operating in the field of pharmaceutical, from 2018G to 2019G. • Expert Advisors Committee Member, Department for International Trade (DIT), a government agency in the UK, operating in the field of international trade, from 2017G to 2019G. • CEO, London Stock Exchange Group, a British securities company in the UK, operating in the field of securities and financial information, from 2009G to 2018G. • Governor's Financial Services Forum, Bank of England, a government entity, operating in the field of finance and banking, from 2014G to 2017G. • Financial Services Trade and Investment Board Member, HM Treasury, a government entity in the UK, operating in the field of finance, from 2013G to 2017G. • Securities and Markets Stakeholders Group Member, European Securities and Markets Authority (ESMA), a European body, operating in the field of securities and capital market, from 2011G to 2014G. • CEO, Lehman Brothers, a bank established in Alabama, USA, operating in the field of banking, from 2007G to 2009G. • Managing Director and Head of European and Asian Securities Department, Lehman Brothers, a bank established in Alabama, USA, operating in the field of banking, from 2001G to 2007G. • Managing Director and Co-Head, Global Equity and Derivatives Trading, Lehman Brothers, a bank established in Alabama, USA, operating in the field of banking, from 2000G to 2001G. • Managing Director and Deputy Head of Equities and Head of Risk and Trading, Dresdner Kleinwort Wasserstein, a bank, operating in the field of banking, from 1997G to 2000G. • Managing Director and Global Head of European Equity Trading, Sales and Research, Credit Suisse, a bank established in Switzerland, operating in the field of banking, from 1994G to 1996G. • CEO and Vice President of European stock Sales and Trading, Goldman Sachs, a joint stock company listed on the New York Stock Exchange in the USA, operating in the field of financial services, from 1990G to 1994G. • Vice President (International Equity Portfolio Speculation), Goldman Sachs Company, a joint stock company listed on the New York Stock Exchange in the USA, operating in the field of financial services, from 1984G to 1990G. • Second Lieutenant and Instructor, École de l'air, French Military Academy for higher education specializing in the training Air Force officers, from 1981G to 1982G. • Director, Marketing Mediterranee, a non-profit institution, operating in the field of market research, from 1979G to 1981G.
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Source: The Company

Table (5-12): Mohammad Fahad Mohammad Al-Hemaid

Name	Mohammad Fahad Mohammad Al-Hemaid
Age	36 years
Nationality	Saudi
Current Position	Board Secretary
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree in Sharia, Imam Muhammad Ibn Saud Islamic University, KSA, 2006G. • Higher Diploma in Commercial Law and Natural Resources, University of Western Australia, Australia, 2010G.
Other Current Positions	N/A
Previous Positions	<ul style="list-style-type: none"> • Head of Legal Department and Secretary, Maarif Education and Training Company, a Saudi closed joint stock company, operating in the field of education, from 2020G to 2020G. • Head of the Executive Office of HE Deputy Minister of Culture, Ministry of Culture, a government entity, operating in the field of culture, from 2018G to 2020G. • Legal Advisor, Misk Foundation, a Saudi non-profit institution, operating in the field of charity, from 2016G to 2018G. • Board Secretary, SNB Capital Company, a Saudi closed joint stock company, operating in the field of securities, from 2013G to 2016G. • Legal Researcher, SNB Capital Company, a Saudi closed joint stock company, operating in the field of securities, from 2010G to 2014G. • Contracts Manager, National Air Services Company (NAS), a Saudi closed joint stock company, operating in the field of air services, from 2009G to 2010G.

Source: The Company

5-3-3 Responsibilities and Powers of the Board of Directors

- a) Subject to the powers reserved for the General Assembly, the Board shall have the widest authority in managing the affairs of the Company in order to achieve its objectives, and the Board shall be responsible for achieving the strategic and operational objectives of the Company. In particular, the Board shall assume the following powers and may delegate some or all of these powers as it sees fit:
- 1) The overall strategy and business plan of the Company.
 - 2) Annual budget.
 - 3) Formation of the Board's sub-committees and providing them with the powers the Board believes are appropriate.
 - 4) Approval of the Company's internal, financial, administrative and technical regulations as well as employee-related policies and regulations and setting the Company's performance standards.
 - 5) Approval of loans and other credit facilities, for any term, from government financing funds and institutions, commercial banks, central banks, credit companies and any other credit body.
 - 6) Investment of Company funds.
 - 7) Approval of the establishment of companies, purchase of shares therein and mergers as well as obtainment and amendment of commercial registers.
 - 8) Appointment of the Company's representatives to boards of companies in which the Company participates and owns shares, the right to attend meetings of shareholder assemblies, general assemblies and board meetings of these companies, signing of minutes and resolutions of these companies, endorsing the approval of annual budgets of these companies and receiving the Company's share of these companies' profits.
- b) The Board shall prepare an annual report on the Company's performance to be presented to the General Assembly.
- c) The Board may, within the limits of its competence, delegate any of its powers to any of its members, to a third party to take a certain action or conduct certain work.

The Board is responsible for the Company's business even if it delegates some of its powers to committees, individuals or other third parties. In any case, the Board may not issue a general or an open-ended delegation.

In addition to what is set out above, the Board enjoys all the responsibilities and duties set out in Chapter II and Chapter III of the CGRs.

5-3-4 Responsibilities and Duties of the Chairperson and Vice Chairman of the Board

According to the Company's Bylaws, the Chairperson shall represent the Company in its relations with others and before government agencies, companies and individuals; all courts; notaries; the Board of Grievances; arbitration panels; chambers of commerce and industry; and committees for the resolution of disputes. To this end, the Chairperson may file pleadings and defenses on behalf of the Company, present evidence and documents, enter into settlements, give releases, deny or admit a charge and request taking of the oath within the scope of the resolutions adopted by the Board. The Chairperson may also receive and execute judgments as well as sign articles of incorporation of companies established by the Company or those in which the Company participated in establishing; other contracts or deeds; and transfers of property before notaries, official and private authorities. The Chairperson may also sign contracts, loan contracts and other financial agreements, mortgages and leases. The Chairperson may delegate or assign certain work(s) within limits of his/her competence to a third party, who may delegate or assign others to conduct such works.

Additionally, the Chairperson shall be responsible for leading the Board and supervising its operations and the effective performance of its duties. The responsibilities and duties of the Chairperson shall in particular include the following:

- 1) ensuring that the Board members obtain complete, clear, accurate and non-misleading information in a timely manner;
- 2) ensuring that the Board effectively discusses all fundamental issues in a timely manner;
- 3) representing the Company before third parties in accordance with the Companies Law and its implementing regulations and the Company's Bylaws;
- 4) encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company;
- 5) ensuring that there are actual communication channels with shareholders and conveying their opinions to the Board;

- 6) encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the Executive, non-executive and independent Directors on the other hand, and creating a culture that encourages constructive criticism;
- 7) preparing agendas of the Board meetings, taking into consideration any matters raised by Board members or the external auditor and consult with the Board members and the CEO upon preparing the Board's agenda;
- 8) convening periodic meetings with the non-executive Directors without the presence of any executive officers of the Company; and
- 9) notifying the ordinary General Assembly when it convenes of the businesses and contracts in which any Board member has a direct or indirect interest. The notification should include the information provided by the member to the Board as per the requirements of the CGRs, and it should also be accompanied by a special report prepared by the Company's external auditor.

The Vice Chairman shall perform the duties and shall exercise the powers of the Chairperson in his/her absence.

The General Assemblies shall be chaired by the Board Chairperson, his/her deputy (if the Chairperson is absent) or whoever is delegated by the Board from among its members (if the Chairperson and his/her deputy are absent).

5-3-5 Responsibilities and Duties of the Board Secretary

The Board shall appoint a Secretary from amongst its members or others. Pursuant to the Bylaws, the Secretary of the Board has the authority to record the minutes of the Board meetings, to record and retain the resolutions issued in these meetings, in addition to exercising the other functions assigned to him or her by the Board, and the Board shall determine the remuneration of the Secretary of the Board pursuant to a Resolution of the Board of Directors. The Corporate Governance Regulations shall also specify additional responsibilities for the Secretary, including but not limited to the following:

- Documenting Board meetings and preparing minutes therefor.
- Retaining the reports submitted to and prepared by the Board of Directors.
- Providing Board members with the agenda of the Board meeting and related worksheets, documents and any additional information, related to the topics included in the agenda items, requested by any Board member.
- Ensuring that Directors comply with the procedures approved by the Board.
- Notifying the Directors of the dates of the Board meetings within sufficient time prior to the date specified for such meeting.
- Presenting the draft of the minutes of the meeting to the Directors to provide their opinions on them before signing the same.
- Ensuring that the Board members receive, fully and promptly, a copy of the minutes of the Board's meetings as well as the information and documents related to the Company.
- Coordinating between the Directors.
- Regulating the Register of Disclosures of the Board and Executive Management as per Article 92 of the CGRs.
- Providing assistance and advice to the Directors.

5-4 Senior Executives

The Executive Management shall consist of both Saudi and non-Saudi qualified members with international and local experience in the Group's business sector.

The Company's Board of Directors shall appoint a CEO from among its members or a third party provided that the CMA's approval of such appointment is obtained in accordance with the requirements of paragraph f(2) of the CMA's decision number (1-11-2020) dated 16/03/1442H (corresponding to 02/11/2020G). The CEO shall implement the Board's Resolutions, run the Company's daily business, and manage its employees under the supervision of the Board of Directors, in addition to such other powers as may be determined by the Board of Directors and stipulated in the Company's Bylaws and its internal regulations. The appointed CEO may not conduct any other governmental or commercial business, or has ownership in, or an interest with any of the members of the Exchange, the SDC or the CCP in which he/she works for. The CEO shall be dismissed from his/her position by a Resolution of the Board of Directors.

Table (5-13): Details of Senior Executives

Name	Position	Nationality	Age	Date of Appointment at the Company	No. of Shares Owned Pre-Offering	No. of Shares Owned Post-Offering
Khalid Abdullah Nasser Al-Hussan	CEO	Saudi	45	21/03/2016G	N/A	N/A
Abdullah Abdullatif Abdulaziz Al-Esh-eikh	Chief Legal Officer	Saudi	38	25/03/2019G	N/A	N/A
Yazeed Hamad Ibrahim Al-Eidi	Chief of Risk and Security	Saudi	38	07/04/2021G	N/A	N/A
Raed Hamoud Suleiman Al-Buluwi	Chief of Internal Audit	Saudi	48	01/12/2015G	N/A	N/A
Khalid Abdulaziz Abdulrahman Al-Gheriri	Chief of Regulatory Oversight and Authorization	Saudi	41	20/11/2018G	N/A	N/A
Hassan Nabil Hassan Ashram	Chief of Operations	Saudi	42	30/05/ 2021G	N/A	N/A
Maha Muhammed Abdulrahman Al-Besher	Chief of Human Resources	Saudi	38	08/05/2018G	N/A	N/A
Shahrukh Waseem Qureshi	Group Chief Financial Officer	Pakistani	46	11/03/2018G	N/A	N/A
Roland Gaston-Bellegarde	Acting Chief of Strategy	French	60	07/04/2021G	N/A	N/A

Source: The Company

Subject to the powers and competencies assigned to the Board of Directors pursuant to the Companies Law, its implementing regulations, the CGRs, the Company's Bylaws and its internal policies, the Executive Management shall implement the Company's plans, policies, strategies and main objectives in order to achieve its purposes.

The summary of the biographies of the Company's Senior Executives is set out below.

Table (5-14): Khalid Abdullah Nasser Al-Hussan

Name	Khalid Abdullah Nasser Al-Hussan
Current Position	CEO
Academic Qualifications	For the biography of Khalid Abdullah Nasser Al-Hussan, please refer to Section 5-3-2 ("Summary of Biographies of the Company's Directors and Secretary") of this Prospectus.

Source: The Company

Table (5-15): Abdullah Abdullatif Abdulaziz Al-Esheikh

Name	Abdullah Abdullatif Al Esheikh
Age	38 years
Nationality	Saudi
Current Position	Chief Legal Officer
Academic Qualifications	<ul style="list-style-type: none"> Bachelor's Degree in Law and Political Science, King Saud University, KSA, 2006G. Diploma in Academic English and Social Sciences, School of Oriental African Studies – University of London, UK, 2009G. Master's Degree in Corporate Finance Law, University of Westminster, UK, 2010G.

Other Current Positions	<ul style="list-style-type: none"> • Audit Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Audit Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present.
Previous Positions	<ul style="list-style-type: none"> • Head of Regulatory Department, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2018G to 2019G. • Manager of Laws and Regulations Department, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2017 to 2018G. • Head of Listed Companies and Investment Products Legislation Unit, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from February 2017G to December 2017G. • Legal Officer in Laws and Regulations Department, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2012G to 2017G. • Consultant, Alwahibi Office for Attorney and advisors (WOAA), a Saudi professional company, operating in the field of attorney, from 2006G to 2007G. • Trainee, Alwahibi Office for Attorney and advisors (WOAA), a Saudi professional company, operating in the field of attorney, from 2005G to 2006G.

Source: The Company

Table (5-16): Yazeed Hamad Ibrahim Al-Eidi

Name	Yazeed Hamad Ibrahim Al-Eidi
Age	38 years
Nationality	Saudi
Current Position	Chief Risk and Security Officer
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree of Computer Science, King Saud University, KSA, 2005G. • Postgraduate Diploma in Business Administration, Al-Yamamah University, KSA, 2011G. • Postgraduate Diploma in Management, Hochschule Furtwangen University, Germany, 2011G. • Postgraduate Diploma in International Financial Management, Washington State University, USA, 2012G. • Executive Master's Degree of Business Administration, Al-Yamamah University, KSA, 2017G.
Other Current Positions	<ul style="list-style-type: none"> • Information Technology Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Audit Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Audit Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Risk Management Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present.

Previous Positions	<ul style="list-style-type: none"> Senior Head of the Business Continuity and Environmental Security, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2018G to 2021G. Head of Business Risk Management, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2016G to 2018G. Risk Management Manger, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2013G to 2016G. Risk Management Senior Officer, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2010G to 2013G. Business Continuity Officer, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2007G to 2010G. Cyber Security Analyst, King Faisal Specialist Hospital and Research Center, a government institution, operating in the field of health and research, from 2005G to 2007G.
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Source: The Company

Table (5-17): Raed Hamoud Suleiman Al-Buluwi

Name	Raed Hamoud Suleiman Al-Buluwi
Age	48 years
Nationality	Saudi
Current Position	Group Chief Internal Audit Officer
Academic Qualifications	Bachelor's Degree of Computer Engineering, King Fahed University, KSA, 2000G.
Other Current Positions	<ul style="list-style-type: none"> Audit Committee Secretary, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2018G to present. Audit Committee Secretary, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2018G to present. Audit Committee Secretary, the Company, a Saudi closed joint stock company, operating in the field of capital market, from 2015G to present. Chief Internal Audit Officer, the Company, a Saudi closed joint stock company, operating in the field of capital market, from 2015G to present.
Previous Positions	<ul style="list-style-type: none"> Head of Information Technology and Operation Audi Department, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2011G to 2015G. Information Technology Audit Manager, Saudi Hollandi Bank (currently Saudi British Bank), a Saudi joint stock company, operating in the field of banking, from 2008G to 2011G. Assistant Information Technology Audit Manager, Saudi Hollandi Bank (currently Saudi British Bank), a Saudi joint stock company, operating in the field of banking, from 2008G to 2011G. Senior Information Technology Auditor, Riyadh Bank, a Saudi joint stock company, operating in the field of banking, from 2002G to 2005G.

Source: The Company

Table (5-18): Khalid Abdulaziz Abdulrahman Al-Gheriri

Name	Khalid Abdulaziz Abdulrahman Al-Gheriri
Age	41 years
Nationality	Saudi
Current Position	Chief Regulatory Oversight and Authorization Officer
Academic Qualifications	Bachelor's Degree of Computer Information Science, University of Minnesota, USA, 2003G.

Other Current Positions	<ul style="list-style-type: none"> • Audit Committee Member, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present.
Previous Positions	<ul style="list-style-type: none"> • Head of Member Relations, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2013G to 2018G. • Membership Assistant Manager, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2008G to 2012G. • Project Management Senior Officer, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2006G to 2008G. • Process Analyst, Samba Financial Group (currently the Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2003G to 2006G.

Source: The Company

Table (5-19): Maha Mohammed Abdulrahman Al-Besher

Name	Maha Mohammed Abdulrahman AlBesher
Age	38 years
Nationality	Saudi
Current Position	Group Chief Human Resources Officer
Academic Qualifications	Bachelor's Degree of Economics, King Saud University, KSA, 2005G. Master's Degree of Human Resources Management, Catholic University of America, USA, 2010G.
Other Current Positions	<ul style="list-style-type: none"> • Audit Committee Member, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Risk Management Committee Member, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Compliance Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Director, Tadawul Real Estate Company, a Saudi limited liability company, operating in the field of real estate management and development, from 2020G to present. • Executive Committee Member, Tadawul Real Estate Company, a Saudi limited liability company, operating in the field of real estate management and development, from 2020G to present.
Previous Positions	<ul style="list-style-type: none"> • Support Services Vice President, Saudi Payments, a Saudi closed joint stock company fully owned by Saudi Central Bank, operating in the field of payments, from 2017G to 2018G. • Human and Administrative Resources Director, SADAD Payment System, a Saudi closed joint stock company fully owned by Saudi Central Bank, operating in the field of payments, from 2015G to 2017G. • Human and Administrative Resources Manager, SADAD Saudi Payments, a closed Saudi joint stock company fully owned by Saudi Central Bank, operating in the field of payments, from 2011G to 2015G.

Source: The Company

Table (5-20): Hassan Nabil Hassan Ashram

Name	Alhassan Nabil Hassan Ashram
Age	42 years
Nationality	Saudi
Current Position	Chief Operations Officer
Academic Qualifications	<ul style="list-style-type: none"> Bachelor's Degree of Computer Engineering, King Fahd University of Petroleum & Minerals, KSA, 2002G. Master's Degree of Engineering Management and Leadership, Santa Clara University, USA, 2006G.
Other Current Positions	<ul style="list-style-type: none"> Risk Management Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. Information Technology Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. Risk Management Committee Member, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. Risk Management Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. Information Technology Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. Information Technology Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. Audit Committee Member, Noon Investment Company, a Saudi closed joint stock company, operating in the field of e-commerce, from 2020G to present.
Previous Positions	<ul style="list-style-type: none"> Chief Technology Officer, Samba Financial Group (currently the Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2019G to 2021G. Risk Management Committee Member, Securities Clearing Company, a Saudi closed joint stock company, operating in the field of capital market, from 2018G to 2019G. Chairman of Cyber Security Resilience Committee, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2018G to 2019G. Chief Risk and Security Officer, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2018G to 2019G. Chief Security Officer, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2015G to 2018G. Chief Information Security Officer and Assistant General Manager, Samba Financial Group (currently the Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2013G to 2015G. Chief Information Security Officer, National Commercial Bank (currently the Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2010G to 2013G. Business Information Technology Senior Manager, National Commercial Bank (currently the Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2009G to 2010G. Business Transformation Manager, National Commercial Bank (currently the Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, 2009G. Software Engineer, Cisco Systems, a joint stock company, USA, operating in the field of technology, from 2006G to 2009G. Senior System Analyst, National Commercial Bank (currently the Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2002G to 2005G. Hardware and Network Engineering Trainee, International Business Machines Corporation (IBM), a US joint stock company, USA, operating in the field of technology, 2001G.

Source: The Company

Table (5-21): Shahrukh Waseem Qureshi

Name	Shahrukh Waseem Qureshi
Age	46 years
Nationality	Pakistani
Current Position	Group Chief Financial Officer
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree of Commerce, University of Pakistan, Pakistan, 1996G. • Master's Degree of Commerce, Equivalence Degree, Higher Education, Pakistan, 2007G. • Public Finance Accountant - Fellow member of Institute of Public Finance Accountants of Pakistan, 2002G • Chartered Accountant - Fellow member of Institute of Chartered Accountants of Pakistan, 2003G
Other Current Positions	<ul style="list-style-type: none"> • Risk Management Committee Member, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present.
Previous Positions	<ul style="list-style-type: none"> • Group Chief Financial Officer, Saudi Fransi Capital, a Saudi closed joint stock company, operating in the of financial services, from 2011G to 2018G. • Chief Financial Officer, Fransi Tadawul LCC, a Saudi limited liability company, operating in the field of brokerage and capital market, from 2007G to 2011G. • Vice President of Finance, Askari Bank Limited, a limited liability company, Pakistan, operating in the field of banking, from 2004G to 2007G. • Senior Auditor and Manger, KPMG Pakistan, financial audit, operating in the field of financial auditing, tax and advisory, from 1998G to 2003G.

Source: The Company

Table (5-22): Roland Gaston-Bellegarde

Name	Roland Gaston-Bellegarde
Age	60 years
Nationality	French
Current Position	Acting Chief Strategy Officer
Academic Qualifications	<ul style="list-style-type: none"> • PhD in Treasury, Finance and Banking, Sorbonne University, France, 1984G.
Other Current Positions	<ul style="list-style-type: none"> • Director, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Audit Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Director, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2018G to present. • Audit Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Director, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2017G to present. • Audit Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Director, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Audit Committee Member, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present.

Previous Positions	<ul style="list-style-type: none"> • Risk Management Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2018G to 2021G. • Audit Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2017G to 2019G. • Management Committee Member, NYSE Euronext, a listed company, operating in the field of capital market, from 2007G to 2014G. • Group Executive Vice President for Securities, Security Derivatives and international listings (excluding USA), NYSE Euronext, a listed company, operating in the field of capital market, from 2007G to 2014G. • Executive Vice-President for Markets, Euronext, a listed company, operating in the field of capital market, from 2000G to 2007G. • Executive Committee Member, Euronext, a listed company, operating in the field of capital market, from 2000G to 2007G. • Senior Vice President for Market Operations, Paris Bourse, operating in the field of capital market, from 1993G to 2000G. • Head of Electronic Trading Department, Paris Bourse, operating in the field of capital market, from 1993G to 1999G. • Second in Command for Computerisation, Paris Bourse, operating in the field of capital market, from 1986G to 1993G.
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Source: The Company

A summary of the Chief Executive Officers' biographies in each of the Main Subsidiaries is stated below.

Table (5-23): Mohammed Sulaiman Abdulrahman Al-Rumaih

Name	Mohammed Sulaiman Abdulrahman Al-Rumaih
Age	39 years
Nationality	Saudi
Current Position	CEO - Saudi Exchange Company
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree of Information Systems Management, King Fahd University of Petroleum & Minerals, KSA, 2004G. • Global MBA, Manchester Business School, UK, 2014G.
Other Current Positions	<ul style="list-style-type: none"> • Director, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Audit Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Audit Committee Member, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Advisory Committee Member, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2021G to present. • Professional Conduct and Ethics Committee Member, Saudi Organization for Certified Public Accountants (SOCPA), a government authority, operating in the field of financial, from 2020G to present.

Previous Positions	<ul style="list-style-type: none"> • Chief of Markets, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2018G to 2021G. • Chief of Sale and Marketing, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2016G to 2018G. • Head of Sales and Customer Relationship, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2015G to 2016G. • Head of Primary Markets, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2013G to 2015G. • Primary Markets Manager, the Company (formerly the Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2011G to 2012G. • Primary Markets Senior Officer, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2009G to 2011G. • Relationships Manager, Al Rajhi Bank, a Saudi listed joint stock company, operating in the field of banking, from 2004G to 2009G.
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Source: The Company

Table (5-24): Raed Ibrahim Mohammed Al-Rashed Al-Humaid

Name	Raed Ibrahim Mohammed Al-Rashed Al-Humaid
Age	43 years
Nationality	Saudi
Current Position	CEO - Securities Depository Center Company
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree of Industrial Engineering, King Saud University, KSA, 2001G. • Master's Degree of Business Administration, University of Hull, UK, 2008G.
Other Current Positions	<ul style="list-style-type: none"> • Director, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Director, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Director, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present.
Previous Positions	<ul style="list-style-type: none"> • CMA Deputy for Market Institutions, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2018G to 2021G. • CMA Deputy Assistant for Market Institutions, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2016G to 2018G. • Compliance and Financial Supervision Manager, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2014G to 2016G. • Head of Capital Adequacy Unit, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2011G to 2014G. • Director of Cause Inspection Unit, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2009G to 2011G. • Inspection Senior Specialist in the Inspection and Compliance Department, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2008G to 2009G. • Energy Senior Specialist in the Energy Sector, Ministry of Investment, a Saudi government authority, operating in the field of foreign investment, from 2006G to 2008G. • Investment Specialist in the Marketing Department, Ministry of Investment, a government authority, operating in the field of foreign investment, from 2005G to 2006G. • Relationship Manager, SAMBA Financial Group (currently Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2003G to 2005G. • SAMBA Gold Officer of Priority Banking, Samba Financial Group (currently Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2001G to 2003G.

Source: The Company

Table (5-25): Wael Abdullah Mohammed Al-Hazzani

Name	Wael Abdullah Mohammed Al-Hazzani
Age	43 years
Nationality	Saudi
Current Position	CEO - Securities Clearing Center Company
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree of Computer Science, King Saud University, KSA, 2001G. • Accredited Coaching Leader, University of Derby, UK, 2013G. • Master's Degree of Business Administration, King Saud University, KSA, 2015G. • Leadership Development Program Certificate, Harvard University, USA, 2019G.
Other Current Positions	<ul style="list-style-type: none"> • Director, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Risk Management Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Risk Management Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Risk Management Committee Member, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2020G to present. • Director, Tadawul Advanced Solutions Company, a Saudi closed joint stock company, operating in the field of capital market, from 2020G to present. • Director, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2018G to present. • Program Director of the Post Trade Transformation Program, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2014G to present.
Previous Positions	<ul style="list-style-type: none"> • Chairman, Eskan Najd Contracting Company, a single-person limited liability company, operating in the field of contracting, from 2018G to 2021G. • Head of Clearing and Settlement, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2014G to 2018G. • Risk Management Manager, the Company (formerly known as Saudi Stock Exchange (Tadawul)), a Saudi closed joint stock company, operating in the field of capital market, from 2007G to 2014G.

Source: The Company

Table (5-26): Mohammed Talal Basheer Al-Nory

Name	Mohammed Talal Basheer Al-Nory
Age	41 years
Nationality	Saudi
Current Position	CEO - Tadawul Advanced Solutions Company
Academic Qualifications	Bachelor's Degree of Marketing, King Fahd University of Petroleum & Minerals, KSA, 2003G.
Other Current Positions	<ul style="list-style-type: none"> • Risk Management Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Securities Depository Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Risk Management Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Audit Committee, Member Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Securities Clearing Center Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Risk Management Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present. • Information Technology Committee Member, Saudi Exchange Company, a Saudi closed joint stock company, operating in the field of capital market, from 2021G to present.

Previous Positions	<ul style="list-style-type: none"> • Managing Director and Head of Securities, SNB Capital Company, a Saudi closed joint stock company, operating in the field of securities, from 2014G to 2021G • Executive Committee Member, Najran Cement Company, a listed joint stock company, operating in the field of basic materials, from 2019G to 2021G. • Head of Savings and Mass Segment, SNB Capital Company, a Saudi closed joint stock company, operating in the field of securities, from 2012G to 2014G. • Head of Affluent Segment for Retail Banking, National Commercial Bank (currently known as Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2008G to 2012G. • Business Development Manager for Corporate Banking, National Commercial Bank (currently known as Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2006G to 2008G. • Service Quality Manager, National Commercial Bank (currently known as Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2004G to 2006G.
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Source: The Company

5-5 Declarations by Directors, Senior Executives and Board Secretary

Each of the Directors, Senior Executives and the Secretary of the Board declares that:

- 1) He/she has not, at any time, been declared bankrupt or been subject to bankruptcy proceedings.
- 2) No insolvency has been declared in the previous five years against a company in which he/she were appointed to a managerial or supervisory position.
- 3) Neither the Directors nor any of the Senior Executives nor the Secretary nor any of their relatives directly or indirectly hold shares or debt instruments or have interest of any kind in the Company or any of the Subsidiaries or any interest in any matters that may have an impact on the Company's operations.

5-6 Remuneration and Compensation of Directors and Senior Executives

Pursuant to the Company's Bylaws, the remuneration of the Directors and all benefits they receive shall be set pursuant to a resolution of the Company's Ordinary General Assembly, in accordance with the official decisions and instructions issued by the competent authorities in this regard and in accordance with the provisions of the Companies Law and its implementing regulations and the CGRs. The Board's report to the General Assembly shall include a comprehensive statement of all remuneration, expense allowances and other benefits received by the Board Directors during the financial year. It shall also include a statement of amounts paid to the Directors as employees or managers or amounts paid to them for technical, administrative or advisory works, if any. In addition, the report shall include a statement of the number of Board meetings as well as the number of meetings attended by each Director from the date of the last meeting of the General Assembly.

The Directors receive an annual remuneration of SAR 250,000 (excluding the attendance allowance) by virtue of their positions as members of the Board and in consideration for their contribution to the business of the Board. The Chairperson receives an additional annual remuneration of SAR 100,000. Attendance and transportation allowances shall be determined in accordance with the applicable laws, decisions and directions specified by the competent authorities of the Kingdom. Each Director shall receive SAR 3,000 as an attendance allowance for each meeting of the Board of Directors, whether the Director attends in person or participates in the meeting through any remote communication channel. In all cases, the total remuneration and benefits that a Director is paid by the Company may not exceed SAR 500,000 annually in accordance with Article 76 of the Companies Law, except for the Director, Khalid Al-Hussan, who receives an additional amount in excess of SAR 500,000 annually given that he holds the position of the Company's CEO.

The table below shows the total remuneration paid by the Company and its Affiliates to the Directors, members of the committees and the top five Senior Executives. These remunerations include salaries, benefits and allowances for the financial years ended 31 December 2018G, 2019G, and 2020G.

Table (5-27): Remuneration of the Board of Directors and Board Committees and the Top Five Senior Executives including the CEO and CFO

SAR	2018G	2019G	2020G
Directors	2,516,394	2,209,110	3,674,858
Members of the Company's Committees	2,738,000	2,900,998	1,249,000
Senior Executives*	17,277,122	19,395,808	26,394,808
Total	22,531,516	24,505,916	31,318,666

* Including the CEO and CFO of the Company.

Source: The Company

None of the Directors receives any in-kind benefits. The Senior Executives and the Board Secretary however receive medical insurance for themselves, and their wives, children, and parents, as well as life insurance.

The Directors and the Senior Executives are prohibited from voting on decisions relating to their own remuneration. The Directors and the Senior Executives are prohibited from borrowing from the Company or voting on a contract or arrangement in which they have an interest.

5-7 Conflicts of Interest

The Company's Bylaws and its internal regulations and policies do not grant a member of the Board of Directors the power to vote on any contract, business or offer in which he has a direct or indirect interest. This is in accordance with Article 71 of the Companies Law, which provides that a Director may not have any direct or indirect interest in the transactions and contracts of the Company except with the authorization of the General Assembly. Additionally, Article 72 of the Companies Law prohibits Directors from engaging in any activity that competes with the Company or its activities unless a General Assembly approval is obtained.

Pursuant to the aforementioned provisions, a member of the Board must disclose and notify the Board of Directors of any personal interest he/she may have in the transactions or contracts to be entered into by the Company or if he/she has an interest that competes with the Company. The Chairperson of the Board of Directors is obliged to notify the General Assembly of the transactions and/or contracts in which a Director has a personal interest, provided that such notification shall be accompanied by a special report from the Company's auditor. A conflicted member of the Board of Directors may not vote on any resolution approving the entry into the transaction and/or contract in which he or she has a direct or indirect interest. Also, the Board member engaging in any activity that competes with, or may compete with, the Company may not vote on any resolution approving such interest whether in the Board or General Assembly meeting.

The Company has developed and implemented a clear written policy to address conflicts of interest and dealings with Related Parties, which accounts for the nature of its size and operations and its internal organization, and to ensure that there is a clear mechanism to identify conflict of interest and competing interest cases and set out the cases in which the General Assembly approval will be sought. Such policy sets out a stringent process that aims to comply with the general principles under the Companies Law and the other requirements included in the Corporate Governance Regulations and the Regulatory Rules and Procedures relating to Listed Joint Stock Companies. The Board approved the policy on 29/12/1442H (corresponding to 08/08/2021G), which was ratified by the General Assembly on its meeting held on 09/01/1443H (corresponding to 17/08/2021G).

5-7-1 Interests of Directors and Senior Executives in Contracts and Agreements Entered into by the Company and its Subsidiaries

5-7-1-1 Contracts and Agreements Entered into by the Company

As at the date of this Prospectus, none of the Directors has an interest, whether direct or indirect, in any of the contracts and agreements entered into by the Company.

5-7-1-2 Contracts and Agreements Entered into with Subsidiaries

Some of the Directors have an indirect interest in some agreements and arrangements entered into between the CMA Authorized Subsidiaries and listed companies and market members, in which the Company's Directors are board members or hold executive positions. The CMA Authorized Subsidiaries enter into these agreements in the course of their ordinary business with listed companies, market members, the SDC or the CCP, where applicable. These agreements are the listed company's shareholder registry management agreement, the information license agreement for licensing the use of the information of a CMA Authorized Subsidiary, applications for memberships in the Exchange, the SDC or the CCP, listing continuation forms and other standard agreements, applications and forms related to the main services provided by the CMA Authorized Subsidiaries. For more information on these agreements, applications and forms, please refer to Section 12-6-1 ("**Standard Forms for Service Agreements and Contracts**").

The details of the interests of the Company's Directors in these agreements and forms are stated below:

- 1) The agreements and forms entered into between the Saudi Telecom Company (STC), as a listed company on the Exchange, and the Saudi Exchange Company and Edaa, in which the Chairperson, Ms. Sarah Jammaz Al-Suhaimi, and the Directors, Mr. Yazeed Abdulrahman Al Humaid and Ms. Rania Mahmoud Nashar, have an interest given that they are members on the board of directors of STC.
- 2) The agreements and forms entered into between Riyadh Capital as a member of the Exchange, the SDC and the CCP, and the Saudi Exchange Company, Edaa and Muqassa, in which the Director, Mr. Sabty Sulaiman Al-Sabty, has an interest given that he is the CEO of Riyadh Capital.
- 3) The agreements and forms entered into between the Saudi Basic Industries Corporation (SABIC) and SABIC Agri-Nutrients Company, as companies listed on the Exchange, and each of the Saudi Exchange Company and Edaa, in which the Director, Mr. Youssef Abdullah Mohammed Al-Benyan has an interest given that he is the Chairman of SABIC Agri-Nutrients Company.
- 4) The agreements and forms entered into between the Saudi National Bank (previously the National Commercial Bank), as a company listed on the Exchange, and each of the Saudi Exchange Company, Edaa and Muqassa, in which the Director, Mr. Yazeed Abdulrahman Al Humaid has an interest given that he is a board member in the Saudi National Bank (holding the position of the vice-chairman of the board).
- 5) The agreements and forms entered into between Derayah Financial Corporation Company as a member of the Exchange, the SDC and the CCP, and the Saudi Exchange Company, Edaa and Muqassa, in which the Director, Mr. Hashem Othman Al Hekail, has an interest given that he is a board member in Derayah Financial Corporation Company.

It should be noted that such agreements and forms are consistent with the standard agreements and application forms used by the CMA Authorized Subsidiaries with all market members and other listed companies in the Exchange and are entered into on appropriate and fair commercial bases.

5-7-2 The Interests of Directors, Senior Executives and the Board Secretary in the Shares and Debt Instruments of the Company or its Subsidiaries

The Directors, Senior Executives and the Board Secretary do not have any direct or indirect interest in the shares of the Company or in the debt instruments of the Company or its Subsidiaries.

5-7-3 Business of Directors that Competes with the Company

As at the date of this Prospectus, the Directors do not conduct any business that competes with or is similar to the business of the Company.

Based on the above, the Board of Directors declares and confirms that each Director shall:

- 1) Comply with Articles 71 and 72 of the Companies Law and Articles 44 and 46 of the Corporate Governance Regulations.
- 2) Refrain from voting on resolutions of the Board of Directors or the General Assembly in respect of businesses, contracts or transactions entered into with Related Parties that are carried out for the account of the Company if they have a direct or indirect interest in such contracts or have a direct or indirect competing interest therein.
- 3) Not participate in any business that would compete, or is competing, with the Company or any of its activities, without authorization of the Ordinary General Assembly pursuant to Article 72 of the Companies Law.
- 4) Ensure that all future businesses and contracts, including those in which a Director has an interest, will be concluded in accordance with the provisions of the CGRs and the Regulatory Rules and Procedures relating to Listed Joint Stock Companies, do not include preferential terms for a Director and are entered into on an arms' length basis similarly to all other ordinary course transactions with others without including any preferential provisions in favor of the relevant Board member.

5-8 Contracts entered into with the Directors and Senior Executives

5-8-1 Contracts entered into with the Directors

None of the Directors has entered into any employment agreements with the Company other than Mr. Khalid Al-Hussan in his capacity as the Chief Executive Officer of the Company.

5-8-2 Contracts entered into with Senior Executives

The Company has entered into employment contracts with the Company's Senior Executives. These contracts set out their responsibilities, duties, salaries and bonuses in accordance with their qualifications and experience. These contracts provide some benefits, such as a monthly transportation and housing allowance, and other allowances such as ticket allowances.

The table below shows a brief overview of the employment contracts concluded with the Company's Senior Executives:

Table (5-28): Summary of Contracts entered into with Senior Executives

Name	Position	Date of Contract	Work Commencement Date	Term of Contract
Khalid Abdullah Nasser Al-Hussan	Chief Executive Officer	06/01/2007G	07/01/2007G	Indefinite
Abdullah Abdullatif Abdulaziz Al-Esheikh	Chief Legal Officer	17/07/2018G	16/09/2018G	One Gregorian year, starting from 16/09/2018G and ending on 15/09/2019G, automatically renewable for one or more terms unless either party notifies the other that it does not intend to renew the contract 90 days prior to the end of the term of the contract.
Yazeed Hamad Ibrahim Al-Eidi	Chief of Risk and Security	06/01/2007G	06/01/2007G	Indefinite
Raed Hamoud Suleiman Al-Buluwi	Chief of Internal Audit	16/04/2011G	16/04/2011G	Indefinite
Khalid Abdulaziz Abdulrahman Al-Gheriri	Chief of Regulatory Oversight and Authorization	29/08/2006G	01/01/2006G	Indefinite
Hassan Nabil Hassan Ashram	Chief of Operations	30/05/2021G	30/05/2021G	One Gregorian year, starting on 30/05/2021G and ending on 29/05/2022G, automatically renewable for one or more terms unless either party notifies the other that it does not intend to renew the contract 90 days prior to the end of the term of the contract.
Maha Muhammed Abdulrahman Al-Besher	Chief of Human Resources	04/03/2018G	08/05/2018G	One Gregorian year, starting on 08/05/2018G and ending on 07/05/2019G, automatically renewable unless either party notifies the other that it does not intend to renew the contract 3 months prior to the end of the term of the contract.
Shahrukh Waseem Qureshi	Chief of Finance	02/01/2018G	11/03/2018G	One Gregorian year, starting from 11/03/2018G and ending on 10/03/2019G, renewable for one or more terms unless either party notifies the other that it does not intend to renew the contract 90 days prior to the end of the term of the contract.
Roland Gaston-Bellegarde	Acting Chief of Strategy	05/02/2015G	08/03/2015G	Two Gregorian years, starting on 08/03/2015G and ending on 07/03/2017G.

Source: The Company

5-9 Board Committees and their Responsibilities

Other than the Audit Committee, which was formed by the Company's General Assembly, the Board of Directors has established a number of committees. 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 discharging the duties of each committee and enabling each committee to properly perform its tasks.

Currently, the Company has four key corporate governance committees being; the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee and the Investment Committee. These committees, according to their respective competencies, shall review the business and operations of the Company and submit proposals and approvals regarding the Company's business to the Board of Directors and shareholders, as the case may be.

Committee meetings are valid if attended by a majority of its members. Resolutions of the committees shall be issued by a majority of the votes present and, in case of a tie, the chairman of the relevant committee shall have the casting vote. Committee meetings shall be documented, and minutes prepared in respect of the discussions and deliberations conducted during such meetings. Recommendations of the committees and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members.

The following is a summary of the structure, responsibilities and current members of each permanent Committee.

5-9-1 Audit Committee

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

In accordance with the Audit Committee's Charter, the Audit committee shall consist of three to five members from among the shareholders or third parties, and shall not include any executive Directors or Senior Executives. The Chairperson may not be a member of the Audit Committee, and any person who works or has worked in the Company's finance department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the Audit Committee. The Audit Committee shall include at least one independent member and a member with experience in financial and accounting matters. Members shall be appointed by the Ordinary General Assembly for a period not exceeding the membership term of the Board, renewable for other terms. The Audit Committee shall meet according to an approved annual schedule, with at least four (4) meetings per year. It must also convene periodically with the Company's external auditor and internal auditor, if any.

The Audit Committee shall monitor the Company's business and verify the integrity and soundness of its reports, financial statements and internal control systems. The responsibilities of the Audit Committee are summarized as follows:

- Financial Statements
 - 1) Examine the interim, quarterly and annual financial statements submitted by the auditor and providing its recommendation to the Board of Directors and to the Ordinary General Assembly.
 - 2) Accurately investigate any issues raised by the Company's CFO or any person assuming his/her duties, the Company's compliance officer or auditor.
 - 3) Consider the Company's applicable accounting policies and provide opinions and recommendations to the Board of Directors thereon.
- Internal Audit
 - 1) Oversee the Internal Audit Division and ensure its independence in the performance of its tasks and verify that there are no restrictions or negative impact on its work.
 - 2) Examine the Company's internal and financial control system and disclosure and information technology systems, ensure their adequacy for the conduct of the Company's business, and submit a recommendation to the Board in this regard.
 - 3) Provide recommendations to the Board on the appointment of the manager of the Internal Audit Unit or Division or the Internal Auditor, and suggest his/her remuneration.
- Compliance
 - 1) Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.

- 2) Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions, including compliance of the employees of the Company, and recommend appropriate procedures in the event of non-compliance.
 - 3) Ensure that the internal control regulations are effectively adopted and applied by the Company to avoid claims and legal proceedings and the risks of non-compliance with the relevant laws and regulations.
 - 4) Reviewing the proposed Related Party transactions, and providing its recommendations to the Board in connection therewith.
 - 5) Regularly review reports by the Director of the Compliance Department and adopt decisions thereon.
- Auditor
 - 1) Provide recommendations to the Board of Directors about the nomination and dismissal of Auditors, determine their fees and evaluate their performance after checking their independence and review their work scope as well as the terms of their contracts, in preparation for submission to the Company's General Assembly.
 - 2) Examine the Auditor's action plan and works and determine their scope, and ensure that they are in line with the management plan.
 - 3) Verify the independence, objectivity and fairness of Auditor and the effectiveness of auditing, taking into account relevant rules and standards.
 - 4) Discuss and inquire with the Auditor when necessary.
 - Reporting
 - 1) Consider reports of the Internal Audit Unit or Division and follow up on implementing corrective actions for the notes contained therein.
 - 2) Examine the Internal Audit Unit or Division reports, performance and recommendations, and submit them to the Board and the Ordinary General Assembly.
 - 3) Submit an annual report to the Board of Directors that includes the Committee's opinion on the adequacy of the internal financial control system and the Company's risk system.

The Audit Committee consists of the following members:

Table (5-29): Members of the Audit Committee

Name	Position
Yazeed Abdulrahman Ibrahim Al Humaid	Chairman – Non-Executive
Hashem Othman Ibrahim Al Hekail	External Non-Board Member
Abdullah Abdulrahman Abdullah Al Shuwaier	External Non-Board Member
Omar Muhammad Hamad Al Hoshan	External Non-Board Member
Abdulrahman Muhammad Abdulrahman Al-Odan	External Non-Board Member

Source: The Company

The following is a brief overview of the members of the Audit Committee members:

Table (5-30): Yazeed Abdulrahman Ibrahim Al Humaid

Name	Yazeed Abdulrahman Ibrahim Al Humaid
Current Position	Chairman of the Audit Committee
Academic Qualifications	
Other Current Positions	For the biography of Yazeed Abdulrahman Ibrahim Al Humaid, please refer to Section 5-3-2 (Summary of Biographies of the Company's Directors) of this Prospectus.
Previous Positions	

Source: The Company

Table (5-31): Hashem Othman Ibrahim Al Hekail

Name	Hashem Othman Ibrahim Al Hekail
Current Position	Audit Committee Member
Academic Qualifications	
Other Current Positions	For the biography of Hashem Othman Ibrahim Al Hekail, please refer to Section 5-3-2 (Summary of Biographies of the Company's Directors) of this Prospectus.
Previous Positions	

Source: The Company

Table (5-32): Abdullah Abdulrahman Abdullah Al-Shuwayer

Name	Abdullah Abdulrahman Abdullah Al-Shuwayer
Age	43 years
Nationality	Saudi
Current Position	Audit Committee Member
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree in Administrative Sciences - Finance, King Saud University, KSA, 2000G. • Master's Degree in Business Administration – Finance and Information Systems, The University of Toledo, USA, 2004G. • Ph.D. in Business Administration - Finance, University of Wisconsin, USA, 2012G. • Certified Financial Analyst (CFA), CFA Institute, 2013G.
Other Current Positions	<ul style="list-style-type: none"> • CEO and Managing Director, Ashmore Investment Saudi Arabia, a Saudi closed joint stock company, operating in the field of asset management, from 2017G to present.
Previous Positions	<ul style="list-style-type: none"> • Secretary-General and CEO, Higher Education Fund, a government fund, operating in the field of education, from 2016G to 2017G. • Advisory Committee Chairman, Capital Markets Authority (CMA), a Saudi government authority, operating in the field of capital market regulation and supervision, from 2016G to 2018G. • Assistant Professor of Investment and Finance in the Department of Finance, College of Business Administration, King Saud University, a public university, operating in the field of education, from 2012G to 2017G. • Minister of Education Advisor, Ministry of Education, a government entity, operating in the field of education, from 2015G to 2016G. • Investment Advisor, Agriculture Development Fund, a government fund, operating in the field of agriculture, from 2014G to 2016G. • Investment Advisor, Supreme Council of Endowments, a public institution, operating in the field of charity, from 2012G to 2016G. • Head of the Finance Department in the College of Business Administration, King Saud University, a public university, operating in the field of education, from 2012G to 2015G. • Finance Lecturer, Lubar School of Business, University of Wisconsin, USA, operating in the field of education, from 2009G to 2010G.

Source: The Company

Table (5-33): Omar Mohammed Hamad Al-Hoshan

Name	Omar Mohammed Hamad Al-Hoshan
Age	63 years
Nationality	Saudi
Current Position	Audit Committee Member
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree in Business Administration and Economics, California State University, Sacramento, USA, 1983G.

Other Current Positions	<ul style="list-style-type: none"> • Director, Abunayyan Holding, a Saudi closed joint stock company, operating in the field of investment, from 2021G to present. • Audit Committee Chairman, Abunayyan Holding, a Saudi closed joint stock company, operating in the field of investment, from 2021G to present. • Governance, Risks and Compliance Committee Member, Saudi Investment Recycling Company (SIRC), a Saudi closed joint stock company, operating in the field of recycling, from 2021G to present. • Director, Saudi Investment Recycling Company (SIRC), a Saudi closed joint stock company, operating in the field of recycling, from 2020G to present. • Audit Committee Member, Red Sea Cruises Company, a Saudi closed joint stock company, operating in the field of tourism, from 2020G to present. • Audit Committee Chairman, Saudi Investment Recycling Company (SIRC), a Saudi closed joint stock company, operating in the field of recycling, from 2019G to present. • Director and then Vice Chairman, Alawwal Invest, a Saudi closed joint stock company, operating in the field of financial services, from 2016G to present. • Member and then Audit Committee Chairman, Alawwal Invest, a Saudi closed joint stock company, operating in the field of financial services, from 2012G to present. • Founder and General Manager, Omar Mohammed Al Hoshan Financial Consulting Office, a professional service company, operating in the field of management consulting, from 1993G to present. • Founder and General Manager, Omar Mohammed Al Hoshan Office (Certified Public Accountants and Auditors), a professional service company, operating in the field of law, from 1993G to present.
Previous Positions	<ul style="list-style-type: none"> • Director, Samba Financial Group (currently known as Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2015G to 2015G. • Strategic Planning Committee Member, Samba Financial Group (currently known as Saudi National Bank), a Saudi listed joint stock company, operating in the field of banking, from 2015G to 2015G. • Director, Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF), a Saudi listed joint stock company, operating in the field of cooperative insurance and reinsurance, from 2016G to 2018G. • Audit Committee Chairman, Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF), a Saudi listed joint stock company, operating in the field of cooperative insurance and reinsurance, from 2016G to 2018G. • Risk Management Committee Member, Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF), a Saudi listed joint stock company, operating in the field of cooperative insurance and reinsurance, from 2016G to 2018G. • Remuneration and Nomination Committee Member, Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF), a Saudi listed joint stock company, operating in the field of cooperative insurance and reinsurance, from 2016G to 2018G. • Investment Committee Member, ANB Invest, a Saudi closed joint stock company, operating in the field of financial services, from 2008G to 2015G. • Remuneration and Nomination Committee Member, Takamol Holding, a limited liability holding company, operating as an empowering arm for the Ministry of Labor and Social Development, from 2016G to 2017G.

Source: The Company

Table (5-34): Abdulrahman Mohammed Abdulrahman Al-Odan

Name	Abdulrahman Mohammed Abdulrahman Al-Odan
Age	62 years
Nationality	Saudi
Current Position	Audit Committee Member
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree in Computer Science, Jacksonville University, USA, 1984G. • Master's Degree in Computer Science, Florida Institute of Technology, USA, 1985G.

Other Current Positions	<ul style="list-style-type: none"> • Founding Committee Member, SME Bank, a bank under establishment, operating in the field of financing SME, from 2020G to present. • Director, Company for Cooperative Insurance (Tawuniya), a Saudi listed joint stock company, operating in the field of insurance, from 2020G to present. • Director, Saudi National Bank (SNB), a Saudi listed joint stock company, operating in the field of banking, from 2021G to present. • President, Kemet Corporation, a limited liability company, operating in the field of industry, from 2015G to present. • Owner and Director, Security House Trading, a sole proprietorship, operating in the field of security monitoring systems, from 2013G to present.
Previous Positions	<ul style="list-style-type: none"> • IT Consultant, Riyadh Bank, a Saudi listed joint stock company, operating in the field of banking, from 2013G to 2014G. • Information Technology Vice CEO, Riyadh Bank, a Saudi listed joint stock company, operating in the field of banking, from 2011G to 2013G. • Transformation and Performance Improvement Program Executive Director, Riyadh Bank, a Saudi listed joint stock company, operating in the field of banking, from 2010G to 2011G. • Solutions and Systems Department Director, Riyadh Bank, a Saudi listed joint stock company, operating in the field of banking, from 2000G to 2009G. • Development Program for Treasury, Investment and Trade Finance Systems Director, Riyadh Bank, a Saudi listed joint stock company, operating in the field of banking, 2000G. • Systems Reengineering Director, United Saudi Bank, a company, operating in the field of banking, from 1997G to 1998G. • Owner and General Manager, Madar Communications Company, a private sole proprietorship, operating in the field of telecommunications, from 1998G to 1999G. • Computer Operations Department Director, Saudi Central Bank, the central bank of the Kingdom of Saudi Arabia, operating in the field of financial and insurance services regulation and supervision, from 1995G to 1997G. • Systems Programmer, Saudi Central Bank, the central bank of the Kingdom of Saudi Arabia, operating in the field of financial and insurance services regulation and supervision, from 1988G to 1995G. • Systems Analyst, Saudi Aramco, a Saudi listed joint stock company, operating in the field of basic materials, from 1986G to 1988G.

Source: The Company

5-9-2 Nomination and Remuneration Committee

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

Pursuant to the charter of the Nomination and Remuneration Committee, the committee consists of three to five members, from amongst the Board's independent members. The Board may appoint non-executive Board members or persons other than Board members either from shareholders or others, provided that the chairman of the committee is an independent Director. The Chairman of the Board of Directors shall not be the Chairman of the Nomination and Remuneration Committee. The members and Chairman of the committee shall be appointed and dismissed by the Board of Directors. The Nomination and Remuneration Committee must meet periodically at least every six months.

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

- Evaluate the strengths and weaknesses of the Board and its committees, as well as Executive Management and its performance in developing and implementing plans to identify and enhance the competencies of the Directors by recommending the necessary actions.
- Assess the organizational structure of the Company and make the necessary recommendations to the Board.
- Propose clear policies and criteria for membership in the Board of Directors, Executive Management and the Company's representatives in the Subsidiaries.
- Make recommendations to the Board of Directors to nominate and re-nominate Directors in accordance with the approved policies and standards.
- Verify on an annual basis that the Chairperson, Directors and those holding any other important administrative positions have no conflict of interest, verify whether a Director is a member of the board of directors of another company and verify the independence of the independent Directors and members of the Board Committees.
- Review the compensation, retirement plan and incentive policies and plans for employees.

- Set performance standards for the Company's CEO, evaluate him/her based on such standards, and submit recommendations to the Board.

The Nomination and Remuneration Committee consists of the following members:

Table (5-35): Members of the Nomination and Remuneration Committee

Name	Position
Youssef Abdullah Mohammed Al-Benyan	Chairman – Independent and non-executive
Mark Stephen Makepeace	Member – Non-executive
Bandar Abdulrahman Abdulmohsen bin Mogrin	External Non-Board Member

Source: The Company

The following is a brief overview of the Nomination and Remuneration Committee members:

Table (5-36): Youssef Abdullah Mohammed Al-Benyan

Name	Youssef Abdullah Mohammed Al-Benyan
Current Position	Chairman of the Remuneration and Nomination Committee
Academic Qualifications	
Other Current Positions	<ul style="list-style-type: none"> • For the biography of Youssef Abdullah Mohammed Al-Benyan, please refer to Section 5-3-2 (Summary of Biographies of the Company's Directors and Secretary) of this Prospectus.
Previous Positions	

Source: The Company

Table (5-37): Mark Stephen Makepeace

Name	Mark Stephen Makepeace
Current Position	Remuneration and Nomination Committee Member
Academic Qualifications	
Other Current Positions	For the biography of Mark Stephen Makepeace, please refer to Section 5-3-2 (Summary of Biographies of the Company's Directors and Secretary) of this Prospectus.
Previous Positions	

Source: The Company

Table (5-38): Bandar Abdulrahman Abdulmohsen bin Mogren

Name	Bandar Abdulrahman Abdulmohsen bin Mogren
Age	46 years
Nationality	Saudi
Current Position	Remuneration and Nomination Committee Member
Academic Qualifications	Bachelor's Degree in Human Resources and Business Administration, Eastern Washington University, USA, 2000G.

<p>Other Current Positions</p>	<ul style="list-style-type: none"> • Head of Shared Services, Public Investment Fund (PIF), a government fund, operating in the field of investments, from 2016G to present. • Director and Nominations and Remunerations Committee Chairman, King Abdullah Financial District Management and Development Company, a Saudi closed joint stock company, operating in the field of commercial real-estate management and development, from 2017G to present. • Director and Nominations Committee Chairman, Saudi Company for Development and Technical Investment (TAQNIA), a Saudi closed joint stock company, operating in the field of technology, from 2017G to present. • Director and Nomination and Remuneration Committee Member, Gulf International Bank in Bahrain and Saudi Arabia, a bank, operating in the field of banking, from 2018G to present. • Human Capital & Compensation Committee Member, Sanabil Investment, a Saudi closed joint stock company, operating in the field of investments, from 2017G to present. • Nominations and Remunerations Committee Member, Noon Investment Company, a Saudi closed joint stock company, operating in the field of e-commerce, from 2017G to present. • Vice Chairman, the Saudi Real Estate Company (Al Akaria), a Saudi listed joint stock company, operating in the field of real estate, from 2017G to present. • Member of the Nominations and Remunerations Committee of the Saudi Real Estate Company (Al Akaria), a Saudi listed joint stock company, operating in the field of real estate, from 2017G to present. • Director and Nominations and Remunerations Committee Member, Jasara Company, a joint venture company between Saudi Aramco, Public Investment Fund (PIF), and Jacobs, operating in the field of social infrastructure program management, from 2019G to present. • Nominations and Remunerations Committee Member, the National Center for Privatization, a governmental entity, operating in the field of privatization, from 2019G to present. • Nominations and Remunerations Committee Member, Qiddiya Investment Company (QIC), a Saudi closed joint stock company, operating in the field of entertainment, from 2020G to present. • Nominations and Remunerations Committee Member, NEOM Company, a Saudi closed joint stock company, operating in the field of development, from 2021G to present. • Director and Nominations and Remunerations Committee Member, Electronic Games Infrastructure Company, a Saudi closed joint stock company, operating in the field of electronics, from 2021G to present. • Nomination and Remuneration and Governance Committee Member at the Saudi Arabian Military Industries company (SAMI), a closed joint stock company owned by the Public Investment Fund, operating in the field of military industries, 2021G to present.
<p>Previous Positions</p>	<ul style="list-style-type: none"> • Nominations and Remunerations Committee Member, Central Arriyadh Development Company, a Saudi closed joint stock company, operating in the field of development, from 2017G to 2020G. • General Manager of Human Resources and Support Services, NCB Capital Company, a Saudi closed joint stock company, operating in the field of securities, from 2014G to 2016G. • Head of Human Resources, Jadwa Investment, a Saudi closed joint stock company, operating in the field of investment, from 2008G to 2014G. • Business Development Manager, Saudi Telecom Company (STC), a Saudi listed joint stock company, operating in the field of telecommunications, from 2006G to 2007G. • Human Resources Planning Manager, Saudi Telecom Company (STC), a Saudi listed joint stock company, operating in the field of telecommunications, from 2005G to 2007G. • Planning and Development Manager, Saudi Telecom Company (STC), a Saudi listed joint stock company, operating in the field of telecommunications, from 2005G to 2006G.

Source: The Company

5-9-3 Risk Management Committee

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

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

- Supervise the work of the Company's Risk and Security Department; evaluate the measures, policies and strategies for monitoring and managing risks; evaluate the mechanisms to address such risks as well as the methods for analyzing and recording them; ensure the adequacy of such methods for the Company's business; follow up on corrective measures; make the necessary recommendations to the Board; review and evaluate the Company's Information Security Policy.

- Ensure the verification of any risk incident as requested by the Board.
- Approve the evaluation criteria of the Risks and Security Department based on the proposal of the CEO of the Company and in accordance with the Company's relevant policies.

The Risk Management Committee consists of the following members:

Table (5-39): Members of the Risk Management Committee

Name	Position
Rania Mahmoud Abdulwahab Nashar	Chairperson – Non-executive
Xavier Robert Rolet	Member – Non-executive
Yahya Ali Ahmed Al-Jabr	External Non-Board Member

Source: The Company

The following is a brief overview of the Risk Management Committee members:

Table (5-40): Rania Mahmoud Abdulwahab Nashar

Name	Rania Mahmoud Abdulwahab Nashar
Current Position	Chairperson of the Risk Management Committee
Academic Qualifications	For the biography of Rania Mahmoud Abdulwahab Nashar, please refer to Section 5-3-2 (Summary of Biographies of the Company's Directors and Secretary) of this Prospectus.
Other Current Positions	
Previous Positions	

Source: The Company

Table (5-41): Xavier Robert Rolet

Name	Xavier Robert Rolet
Current Position	Risk Management Committee Member
Academic Qualifications	For the biography of Xavier Robert Rolet, please refer to Section 5-3-2 (Summary of Biographies of the Company's Directors and Secretary) of this Prospectus.
Other Current Positions	
Previous Positions	

Source: The Company

Table (5-42): Yahya Ali Ahmed Al-Jabr

Name	Yahya Ali Ahmed Al-Jabr
Age	51 years
Nationality	Saudi
Current Position	Risk Management Committee Member
Academic Qualifications	<ul style="list-style-type: none"> • Bachelor's Degree in Accounting, King Saud University, KSA, 1992G. • Master's Degree in Accounting, University of Miami, USA, 1996G. • Certified Public Accountant by the Saudi Organization for Certified Public Accountants (SOCPA), 1996G. • Certified Management Accountant (CMA) by the US Institute of Management Accountants, 2000G. • Certified in Financial Management (CFM) by the US Institute of Management Accountants, 2000G. • PhD in Accounting, University of Melbourne, Australia, 2004G.

Other Current Positions	<ul style="list-style-type: none"> Associate Professor, King Saud University, a public university, operating in the field of education, from 2011G to present. Board of Trustees Member, Takaful Charity Foundation, a charity foundation, operating in the field of charity, from 2020G to present.
Previous Positions	<ul style="list-style-type: none"> Deputy Secretary-General, Saudi Organization for Certified Public Accountants (SOCPA), a government entity, operating in the field of accounting, from 2007G to 2011G. Faculty member, Institute of Public Administration, a government institute, operating in the field of education and training, from 1992G to 2007G.

Source: The Company

5-9-4 Investment Committee

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

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

- Recommend the adoption of the necessary work policies for the Management to the Board.
- Assess the investment strategy and make decisions thereon.
- Supervise the investments of the Group and its Subsidiaries and the approved measures, policies and strategies for investment; ensure their adequacy and make the necessary decisions in this regard; follow up on related procedures and make the necessary recommendations to the Board.
- Examine and evaluate the investment offers proposed by Management, and make decisions thereon.
- Appoint external investment managers, monitor their performance, approve their fees and terminate their service.
- Examine the periodic reports prepared by Management and make decisions thereon.
- Develop an annual report on the activities of the committee, details of investment strategies, performance, and recommendations regarding the tasks assigned thereto, and submit the same to the Board.

The Investment Committee consists of the following members:

Table (5-43): Investment Committee Members

Name	Position
Sarah Jammaz Abdullah Al-Suhaimi	Chairperson – Independent and non-executive
Sabty Suleiman Ibrahim Al-Sabty	Member – Non-executive
Khalid Abdullah Nasser Al-Hussan	Member – Executive

Source: The Company

Following is a brief overview of the Investment Committee members:

Table (5-44): Sarah Jammaz Abdullah Al-Suhaimi

Name	Sarah Jammaz Abdullah Al-Suhaimi
Current Position	Chairperson of the Investment Committee
Academic Qualifications	
Other Current Positions	For the biography of Sarah Jammaz Abdullah Al-Suhaimi, please refer to Section 5-3-2 (Summary of Biographies of the Company's Directors and Secretary) of this Prospectus.
Previous Positions	

Source: The Company

Table (5-45): Sabty Sulaiman Ibrahim Al-Sabty

Name	Sabty Sulaiman Ibrahim Al-Sabty
Current Position	Investment Committee Member
Academic Qualifications	
Other Current Positions	For the biography of Sabty Sulaiman Ibrahim Al-Sabty, please refer to Section 5-3-2 (Summary of Biographies of the Company's Directors and Secretary) of this Prospectus.
Previous Positions	

Source: The Company

Table (5-46): Khalid Abdullah Nasser Al-Hussan

Name	Khalid Abdullah Nasser Al-Hussan
Current Position	Investment Committee Member
Academic Qualifications	
Other Current Positions	For the biography of Khalid Abdullah Nasser Al-Hussan, please refer to Section 5-3-2 (Summary of Biographies of the Company's Directors and Secretary) of this Prospectus.
Previous Positions	

Source: The Company

5-10 Corporate Governance

The Company's policy is to adopt high standards of corporate governance. As such, the Company has developed a governance manual in accordance with the Corporate Governance Regulations (CGRs) issued by the Capital Market Authority (CMA). The CGRs prescribe the rules and standards for the management of the Company in order to ensure that the Company's corporate governance standards are in line with best practices enshrining the rights of shareholders and stakeholders. The provisions of the CGRs shall be mandatory, except for those provisions referred to as guiding provisions.

The Company's internal governance manual that was approved by the Company's Board of Directors on 29/12/1442H (corresponding to 08/08/2021G) includes provisions relating to the following:

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

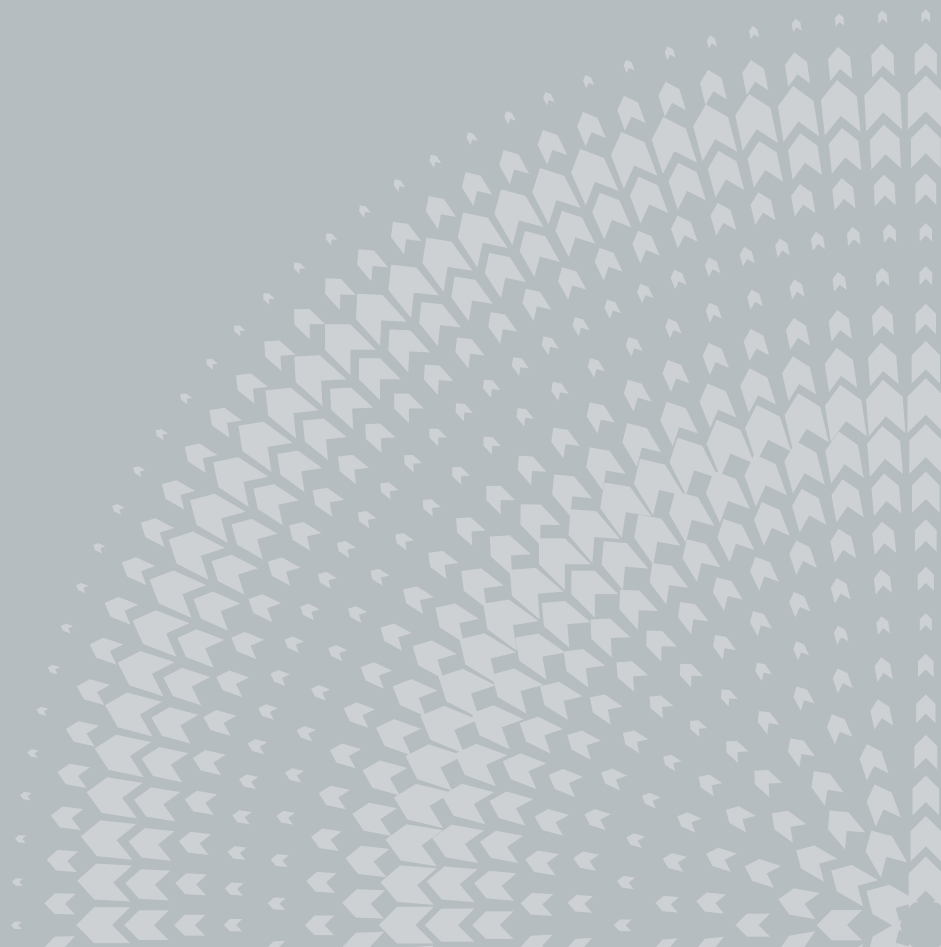
As at the date of this Prospectus, the Board of Directors declare that the Company is compliant with the mandatory provisions of the CGRs, with the exception of the following provisions:

- Article (8)(a) which stipulates that upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board.
- Article (8)(c) which provides that voting in the General Assembly shall be confined to the Board nominees whose information have been announced as per Article (8)(a).
- Article (13)(d) which provides that the invitation to the General Assembly shall be published on the Exchange's website, the Company's websites and in a daily newspaper published in the area where the Company's head office is located.
- Article (13)(h) in relation to recording the data of shareholders who wish to attend General Assembly Meetings.
- Article (14)(c) which provides that the shareholders shall be allowed through the Company's website and the Exchange's website to obtain the information related to the items of the General Assembly's agenda, and to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's report.

- Article (15)(d) in relation to providing the CMA with a copy of the minutes of the General Assembly meeting.
- Article (15)(e) which provides that the Company shall announce to the public and inform the Authority and the Exchange of the results of a General Assembly meeting immediately following its conclusion.
- Article (19)(b) which provides that upon the termination of the membership of a Board member, the Company shall promptly notify the CMA and the Exchange and shall specify the reasons for such termination.
- Article (68) which provides that the Company shall publish the nomination announcement on the websites of the Company and the Exchange; to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month as of the date of the announcement.
- Article (89) which provides the policies and procedure for disclosure.

The Company is not currently in compliance with the aforementioned provisions of the Corporate Governance Regulations, given that the Company is owned by one Shareholder and/or its shares have not yet been listed on the Exchange as at the date of this Prospectus. The Directors declare that the Company shall comply with these provisions as of the date of listing of the Company's shares on the Exchange. The Directors declare that the Company currently complies with all other provisions of the Corporate Governance Regulations and the provisions of the Companies Law.

6- MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS



6- Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("**MD&A**") of the financial results of Saudi Tadawul Group Holding Company (the "**Company**") and its subsidiaries (together referred to as "**the Group**" or "**STG**") for the years ended 31 December 2018G, 2019G and 2020G, in addition to the interim period for the six-months ended 30 June 2020G and 2021G based on the consolidated audited financial statements for the years ended 31 December 2018G ("**FY18G**"), 2019G ("**FY19G**") and 2020G ("**FY20G**") and the reviewed condensed consolidated interim financial statements for the six-month period ended 30 June 2021G, together being the "**Financial Statements**"; and should be read in conjunction with the financial statements referred to above.

The financial information presented in this discussion has been derived from the Financial Statements prepared by the Group and audited in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia for the years ended 31 December 2018G, 2019G and 2020G and reviewed in accordance with the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity that are endorsed in the Kingdom of Saudi Arabia for the six-month period ended 30 June 2021G by the Group's independent auditors KPMG Professional Services ("**KPMG**").

The Group has applied the International Financial Reporting Standards ("**IFRS**") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("**SOCPA**") for the preparation of the financial statements for the years ended 31 December 2018G, 2019G and 2020G.

The Group has applied IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia for the preparation of the condensed consolidated interim financial statements for the six-month period ended 30 June 2021G.

Neither the Auditor (as part of the team working for the Company and its subsidiaries) nor any of their subsidiaries or any of their employees' relatives own any shares or stock of any kind in the Company and its subsidiaries that would impair their independence.

The above mentioned financial statements are an integral part of this Section and it should be read in conjunction with these financial statements and their supplementary notes, and these financial statements are contained in Section 19 ("**Financial Statements and Auditor's Reports**") of this Prospectus.

The figures in this MD&A have been rounded to the nearest SAR in thousands. Therefore, if summed, the numbers may differ to those which are stated in the tables. Annual percentages, margins, expenses and CAGRs are based on the rounded figures.

This Section might include forward-looking statements related to the Group's future capabilities, based on management's plans and prospects as to its growth, results of operations and financial condition that could involve prospective risks and uncertainties. The Group's actual results could differ materially from those anticipated as a result of numerous factors, risks and future events, including those discussed in this Section of the Prospectus or elsewhere thereof, particularly Section 2 ("**Risk Factors**").

6-1 Directors' Declaration for Financial Information

The Board of Directors declares that the financial information presented in this Section is extracted without material adjustment from the consolidated audited financial statements for the years ended 31 December 2018G, 2019G and 2020G and the accompanying notes, which were prepared by the Group in accordance with International Financial Reporting Standards (IFRS) as endorsed in KSA and the reviewed condensed consolidated interim financial statements for the six months ended 30 June 2021G and the accompanying notes, which were prepared by the Group in accordance with IAS 34 Interim Financial Reporting that is endorsed in the Kingdom of Saudi Arabia. They were audited by the Group's independent auditors KPMG for the years ended 31 December 2018G, 2019G and 2020G and reviewed by the Group's independent auditors KPMG for the six-month period ended 30 June 2021G.

The Board of Directors declares that the Group has working capital sufficient for a period of at least 12 months from the date of this Prospectus.

The Board of Directors declares that there have been no reservations in the auditor's report on the issuer's financial statements in the three financial years directly preceding the date of the application for the registration and offer of securities subject to this Prospectus.

The Board of Directors declare that there were no structural changes in the Issuer during the three financial years directly preceding the date of the application for registration and offering of securities subject to this Prospectus.

The Board of Directors declares that there have been no material adverse changes to the issuer's accounting policies within the three financial years directly preceding the date of the application for the registration and offer of securities subject to this Prospectus.

The Board of Directors declares that there have been no material adverse changes to the Group's financial or business position in the three financial years directly preceding the date of the application for the registration and offer of securities subject to this Prospectus, in addition to the end of period covered in the Auditors report until the date of issuing this Prospectus.

The Board of Directors declares that there is no intention to introduce any material changes to the nature of the Group's activity.

The Board of Directors confirms that operations have not discontinued in a way that could affect or has affected the Group's financial position materially during the past 12 months.

The directors declare that all material facts related to the Group and its financial performance have been disclosed in this prospectus, and that there are no other information, documents, or facts, the omission of which would make any statement herein misleading.

The directors declare that the Group has provided comprehensive details in this Section of all fixed assets and investments, including contractual financial securities or other assets, which may be subject to fluctuations in value or may be difficult to estimate (excluding financing portfolios to cover bank financing).

The directors confirm that the Group has provided comprehensive details in this Section of any commissions, discounts, brokerage fees or other non-cash compensation granted by the Issuer or any of its Subsidiaries during the three years directly preceding the date the application for admission and offering of the securities subject to this Prospectus was submitted.

The directors confirm that the Group's capital is not under option.

The directors declare that the properties of the Group are not subject to any mortgages, rights or encumbrances as at the date of this Prospectus.

The Board of Directors declares that as at the date of this Prospectus and as at 30 June 2021G there are no significant fixed assets outside the normal course of business to be purchased or leased by the Group or its Subsidiaries, except as described in this Section in the part related to the commitments and contingencies within the Group's statement of financial position.

The directors declare that the Group has presented comprehensive details in this Section of all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate (excluding finance portfolios to cover bank financing).

The directors declare that the Group has not issued, existing or approved but unissued debt instruments, term loans or secured or unsecured mortgages, and that the Group does not have any borrowing or indebtedness, including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments.

The directors declare that the Group and its subsidiaries have not made any capital adjustments within the three years immediately preceding the date the application for admission and offering of the securities subject to this Prospectus was submitted.

6-2 Group Overview

The Company (together with its Subsidiaries, the "**Group**") is the primary provider of securities trading, clearing, and settlement and innovation services in the Kingdom of Saudi Arabia. As a foundational pillar of the Kingdom's Vision 2030 and Financial Sector Development Program, the Group is helping the Kingdom build a thriving economy with a technologically advanced and integrated capital market at its center.

The Group is well-positioned to act as a bridge between global investors and the region's economies. To fulfil its vision and mission, the Group pursues a strategy of growth and diversification through the development and implementation of new asset classes, products and services, while strengthening inter-connectivity with other financial markets in the MENA region and around the world to facilitate capital formation. In doing so, the Group strives to become increasingly capable and agile to evolve in an increasingly competitive global environment, capitalize on business opportunities, drive greater efficiencies and mitigate risk.

In the six-month period ended 30 June 2021G, Exchange activities were carved-out from the Company to create a fully owned new subsidiary under the name of Saudi Exchange Company.

Table (6-1): Actual ownership of each Subsidiary and Associate as at 31 December 2018G, 2019G and 2020G and 30 June 2021G

Entity name	Level of ownership	31 December 2018G	31 December 2019G	31 December 2020G	30 June 2021G
Saudi Exchange Company ("Exchange")	Subsidiary	N/A	N/A	N/A	100%
Securities Depository Center Company ("Edaa")	Subsidiary	100%	100%	100%	100%
Securities Clearing Center Company ("Muqassa")	Subsidiary	100%	100%	100%	100%
Tadawul Advanced Solutions Company ("WAMID")	Subsidiary	N/A	N/A	100%	100%
Tadawul Real Estate Company ("TREC")	Associate	20%	20%	33.12%	33.12%

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

As at 30 June 2021G, the Group was vertically integrated through wholly-owned subsidiaries that are specialized to perform a specific function, and are largely co-dependent:

- **The Saudi Exchange Company ("Exchange"):** was incorporated on 30 March 2021G as a single shareholder closed joint stock company in Riyadh under Commercial Registration No. 1010697067 dated 17/08/1442H. As at the date of this Prospectus, its authorized and paid-up share capital is SAR 600 million divided into 60 million shares with a par value of SAR 10 per share.

According to its Commercial Registration, the Saudi Exchange Company's activity includes the listing and trading of securities and provision of market information. Its main operations include the management of the Exchange, providing a platform through which trading in securities listed on the Exchange is enabled, and which gives listed companies access to financing and allows investors to invest in the securities listed on the Exchange

- **Securities Depository Center Company ("Edaa"):** was incorporated on 30 August 2016G as a single shareholder closed joint stock company in Riyadh under Commercial Registration No. 1010463866 dated 27/11/1437H. As at the date of this Prospectus, its authorized and paid-up share capital is SAR 400 million divided into 40 million shares with a par value of SAR 10 per share.

According to its Commercial Registration, Edaa's activities include the deposit and settlement of securities. The main operations of Edaa are to provide depository, settlement and ownership registration of listed securities and registry services.

- **The Securities Clearing Center Company ("Muqassa"):** was incorporated on 18 February 2018G as a single shareholder closed joint stock company in Riyadh under Commercial Registration number 1010935131 dated 02/06/1439H. As at the date of this Prospectus, its authorized and paid-up share capital is SAR 600 million divided into 60 million shares with a par value of SAR 10 per share.

According to its Commercial Registration, Muqassa's activity includes the clearing of securities. The main operations of Muqassa are to provide clearing services.

- **Tadawul Advanced Solutions Company ("WAMID"):** was incorporated on 28 September 2020G as a single shareholder closed joint stock company in Riyadh under Commercial Registration number 1010656577 dated 11/02/1442H. As at the date of this Prospectus, its authorized share capital is SAR 300 million divided into 30 million shares and its paid-up capital is SAR 75 million with a par value of SAR 10 per share.

According to its Commercial Registration, WAMID's activities include financial technology solutions, research and development in the field of engineering and technology, market research and opinion polls.

- The Company also invested in an associate, namely **Tadawul Real Estate Company ("TREC")**, owning a 20% stake as at 31 December 2018G and 2019G. TREC underwent a financial restructuring exercise in 2020G, involving conversion of the Company's SAR 130 million Sukuk position in TREC to an equity investment, in addition to a SAR 210 million equity injection performed by the Company in the same year. Accordingly, the Company's ownership in TREC increased to 33.12% as at 31 December 2020G and remaining at 33.12% as at 30 June 2021G. TREC's main activity is to develop the Group's new headquarters in the King Abdullah Financial District, in Riyadh. TREC is treated as an equity-accounted investee on the Group's balance sheet.

6-3 Risk Factors Affecting the Operations of the Group

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

- Market risk;
- Credit risk;
- Operational risk; and
- Liquidity risk.

6-3-1 Market Risk

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

6-3-1-1 Price Risk

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group's price risk exposure relates to its quoted investments in mutual funds, for which values will fluctuate due to changes in market prices.

6-3-1-2 Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

6-3-1-3 Commission Rate Risk

Commission rate risk is represented by the exposure to multiple risks related to the impact of changes in commission rates in the market on the Group's financial position and cash flows. The Group monitors the fluctuations in commission rates and believes that the impact of commission rates risk is not significant as financial instruments held by the Group are not exposed to variable commission rate risk.

6-3-2 Credit Risk

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

6-3-3 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from the Group's operations.

The Group's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness, and to avoid control procedures that restrict initiative and creativity.

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

6-3-4 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

6-4 Basis of Preparation and Summary of Significant Accounting Policies

In 2018G, the first approval of the IFRS issued by the IASB was received in the Kingdom, in addition to other standards and publications issued by SOCPA. The consolidated audited financial statements for the year ended 31 December 2018G were the first financial statements of the Group that were prepared in accordance with approved IFRS issued by IASB.

The new Regulation for Companies issued through Royal Decree M/3 on 10 November 2015G came into force on 2 May 2016G. The Group accordingly amended its Bylaws to align those with provisions of the regulation. Consequently, the Group presented its amended Bylaws to stockholders in their Extraordinary General Assembly meeting for their ratification on 2 January 2020G, in which the amendments were approved.

The following are the principles for preparing and summarizing the most important accounting policies for the audited consolidated financial statements for the financial years ended 31 December 2018G, 2019G and 2020G prepared in accordance with the IFRS issued by IASB and approved in the Kingdom, along with other standards and publications issued by SOCPA. These consolidated financial statements are presented in Saudi Arabian Riyals, which is the functional and presentational currency of the Group. This MD&A has presented these consolidated financial statements in thousands of Saudi Arabian Riyals.

6-4-1 Critical Accounting Estimates and Judgements

The preparation of these consolidated financial statements in conformity with the IFRS requires the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income 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.

6-4-2 Summary of Significant Accounting Policies

6-4-2-1 New Accounting Policies Adopted During the Year 2020G

Deposits with the Saudi Central Bank ("SAMA") - Cash received from the clearing members to cover initial and variation margins and default fund contributions are deposited with the Saudi Central Bank ("SAMA"). Moreover, the Group has also made an initial deposit as required by the Capital Market Authority ("CMA").

Margin deposits from clearing members - The Group receives margin deposits from its clearing members as collateral in connection with the outstanding derivative contracts between the Group and its members. The obligation to refund the margin deposits is recognized and presented as margin deposits from clearing participants under current liabilities. Liabilities held in this category are initially recognized at fair value and subsequently re-measured at amortized cost using the effective interest rate method.

Members' contributions to clearing house funds - This represents a prefunded default arrangement that is composed of assets contributed by the Group's participants that may be used by the Group in certain circumstances to cover losses or liquidity pressures resulting from participant defaults. These balances are included under current liabilities. Liabilities held in this category are initially recognized at fair value and subsequently re-measured at amortized cost using the effective interest rate method.

6-4-2-2 Changes in Accounting Policies

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2020G. The management has assessed that the amendments have no significant impact on the Group's financial statements.

- Amendments to IFRS 3: Definition of a Business;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform – Phase 1

There were also new standards and amendments issued but not yet effective and not early adopted by the Group. The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning on or after 1 January 2021G are listed below. The Group has opted not to early adopt these pronouncements and does not expect these to have significant impact on the consolidated financial statements.

- COVID-19 – Related Rent Concessions (Amendments to IFRS 16);
- IFRS 17 – Insurance contracts, applicable for the period beginning on or after 1 January 2023G;
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, applicable for the period beginning on or after 1 January 2022G;
- Onerous contracts – Cost of Fulfilling a contract (Amendments to IAS 37);
- Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- Reference to Conceptual Framework (Amendments to IFRS 3)

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

6-4-2-3 Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Group is exposed, or has rights to variable returns from its involvement with the investee, where the Group reserves the ability to affect those returns through its power over the investee.

In assessing control, potential voting rights that presently are exercisable are taken into consideration. The financial statements of subsidiaries are included in the IFRS consolidated financial statements from the date that control commences until the date control ceases.

All transactions and resulting balances between the Group and the subsidiaries are eliminated in preparing these consolidated financial statements. Any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

6-4-2-4 Financial Instruments

The Group classified and measured its financial assets as set out below:

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

- Amortized cost;
- Fair value through other comprehensive income (“FVOCI”) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit and 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.

i) Financial assets at amortized cost

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

- it is held within a business model where the 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.

ii) Financial assets at FVTPL

Financial assets at fair value through profit or loss comprise investments in equity securities that do not qualify for measurement at either amortized cost or at FVOCI.

Financial instruments held at FVTPL are initially recognized at fair value, with transaction cost recognized in the statement of profit or loss as incurred. Subsequently, they are measured at fair value and any gains and losses are recognized in the statement of profit or loss as they arise.

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

- **Financial assets at FVTPL** - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the consolidated statement of profit or loss.
- **Financial assets at amortized cost** - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in the consolidated statement of profit or loss.
- **Debt investments at FVOCI** - These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- **Equity investments at FVOCI** - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

iii) Classification and measurement of financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or the Group has opted to measure a liability at fair value through profit or loss.

iv) Derecognition

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

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

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 balance sheet when there is a current legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are not being offset in the income statement 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 expected credit loss ("ECL") model to assess the impairment of financial assets. The impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

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

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

6-4-2-5 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.

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

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

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

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

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

Depreciation methods, useful lives, impairment indicators and residual values are reviewed at each annual reporting date and adjusted, if appropriate. The estimated useful lives for current and comparative periods of different items of property and equipment are as follows:

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

Source: The Financial Statements for the financial years ended 31 December 2020G

6-4-2-6 Intangible Assets

These represent software held for use in the normal course of the business and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to the statement of profit or loss over an estimated useful life of the software using the straight-line method. The estimated useful life of software is 6 years.

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

6-4-2-7 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 assets' recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use or 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 (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs that is expected to benefit from the synergies of the combination.

This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash inflows. 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.

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 the consolidated income statement. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

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

6-4-2-8 Investment in Equity-Accounted Investees

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

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

When the Group's share of losses exceeds its interest in an equity-accounted investee, the 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 consolidated statement of profit and loss.

6-4-2-9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less, if any, which are available to the Group without any restrictions.

6-4-2-10 Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost in the statement of profit or loss.

6-4-2-11 Employees' End-of-Service Benefits Liability

Employees' end-of-service benefits are payable to all employees employed under the terms and conditions of the labor laws applicable to the Group.

The Group's net obligation in respect of employees' end-of-service benefits is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods. That benefit is discounted to determine its present value.

Re-measurements, consisting 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 recognizes the following changes in the defined benefits obligation under 'operating cost' and 'general and administrative expenses' in the profit and loss account:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Interest expense.

The calculation of defined benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

6-4-2-12 Revenue Recognition

The Group recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contract with the 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: Identifying the performance obligations	a performance obligation is a promise in a contract with a customer to transfer a good or 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 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 that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Recognize revenue	the Group recognizes revenue as it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

The trading commission revenue is recognized at the trade date to which the transaction pertains when the obligation to provide trade services has been fulfilled. The Group collects the Authority's share of the total trading commission on behalf of the CMA and then deposits it into CMA's account without recognizing it as revenue or including it in the total commissions. The trading commissions' share related to the Authority is recorded as credit.

The Group charges a listing fee, which represents initial subscription fees of the listed companies in addition to the annual renewal fees.

Listing fee is collected semi-annually and is recorded as unearned revenues (deferred revenue) and is subsequently recognized in the consolidated statement of 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.

Securities depository services include multiple revenue streams which pertain to Edaa. Most significant component of this revenue stream relates to registry services. Registry fee is collected annually at the start of the year and is recorded as unearned revenue. It is subsequently recognized in the consolidated income statement 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.

Dividend income is recognized when the right to receive is established.

Special commission income is recognized in the statement of profit or loss on an effective yield basis.

6-4-2-13 Expenses

General and administrative expenses are those arising from the Group's efforts. Allocations of common expenses between operating costs and general and administrative expenses, are made on a consistent basis and aligned with the cost allocation model.

6-4-2-14 Foreign Currency Transactions

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, in addition to the amortized cost at the end of the reporting year. Non-monetary assets and liabilities denominated in foreign currencies (that are measured at fair value) are retranslated to the functional currency at the exchange rate at the date that 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.

6-4-2-15 Zakat

Based on Royal Decree 35657 issued on 29/6/1442H, the Group is subject to Zakat in accordance with the Zakat regulation issued by the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia effective 1 January 2020G. Zakat is recognized in profit or loss. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

6-4-2-16 Contingent Liabilities

Contingent liabilities are defined as all possible obligations arising from past events that are confirmed only by the occurrence or non-occurrence of uncertain future events not wholly in the Group's control; 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 should be assessed at reporting date and disclosed in the Group's consolidated financial statements under contingent liabilities.

6-4-2-17 Fair Value Measurement

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at a certain 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
- 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 to the Group. The fair value of an asset or a liability is measured using assumptions that market participants would use when pricing it, assuming that the participants act in their best economic 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 it for the same.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. Assets and liabilities measured or disclosed in the financial statements at fair value are categorized within the fair value hierarchy. This is also based on the lowest 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 of 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 at the end of each reporting period.

At each reporting date, the Group analyzes 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 Group verifies the major inputs applied in the latest valuation by aligning the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

6-4-2-18 Right-of-Use Assets and Lease Liabilities

The Group adopted IFRS 16 effective for annual reporting periods beginning on or after 1 January 2019G. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. This is true if the contract conveys the right to control the use of identified assets for a period of time in exchange for consideration.

As a lessee, the Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred at and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of 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 remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value 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.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of 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 Group does not have any contracts in the capacity of lessor.

6-4-2-19 Current Versus Non-Current Classification

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

- it is expected to be realized or intended to sell or consumed in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realized within twelve months after the reporting period; or
- it is considered 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 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.

6-5 Results of operations for the financial years ended 31 December 2018G, 2019G and 2020G

6-5-1 Summary of the Group's financial information and Key Performance Indicators for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-2): Summary of the Group's financial information and Key Performance Indicators for the financial years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G Audited	2019G Audited	2020G Audited	Variance 2018G-2019G	Variance 2019G-2020G	CAGR 2018G-2020G
Statement of Comprehensive Income						
Operating revenue	583,280	564,748	1,079,635	(3.2%)	91.2%	36.1%
Operating costs	(298,504)	(326,128)	(356,484)	9.3%	9.3%	9.3%
Gross profit	284,776	238,620	723,151	(16.2%)	203.1%	59.4%
General and administrative expenses	(210,520)	(196,961)	(180,245)	(6.4%)	(8.5%)	(7.5%)
Operating profit	74,256	41,659	542,906	(43.9%)	1203.2%	170.4%
Investment income	79,212	94,344	38,797	19.1%	(58.9%)	(30.0%)
Share of loss in equity-accounted investee	(6,629)	(1,610)	(2,102)	(75.7%)	30.5%	(43.7%)
Other income	1,348	18,901	4,479	1301.7%	(76.3%)	82.3%
Non-operating profit	73,931	111,635	41,174	51.0%	(63.1%)	(25.4%)
Profit before Zakat	148,187	153,294	584,080	3.4%	281.0%	98.5%
Zakat expense	-	-	(83,561)	N/A	N/A	N/A
Net profit for the year	148,187	153,294	500,519	3.4%	226.5%	83.8%
Remeasurement of employees' end-of-service benefits liability	20,303	(8,548)	(5,302)	(142.1%)	(38.0%)	N/A

SAR in 000s	2018G Audited	2019G Audited	2020G Audited	Variance 2018G-2019G	Variance 2019G-2020G	CAGR 2018G-2020G
Other comprehensive income for the year	20,303	(8,548)	(5,302)	(142.1%)	(38.0%)	N/A
Total comprehensive income for the year	168,489	144,746	495,217	(14.1%)	242.1%	71.4%
Statement of Financial Position						
Total non-current assets	481,878	474,033	700,954	(1.6%)	47.9%	20.6%
Total current assets	3,050,071	3,072,797	3,392,132	0.7%	10.4%	5.5%
Total assets	3,531,949	3,546,830	4,093,085	0.4%	15.4%	7.7%
Total current liabilities	207,799	210,130	362,781	1.1%	72.6%	32.1%
Total non-current liabilities	89,491	77,294	95,682	(13.6%)	23.8%	3.4%
Total liabilities	297,290	287,425	458,463	(3.3%)	59.5%	24.2%
Total equity	3,234,659	3,259,405	3,634,622	0.8%	11.5%	6.0%
Total liabilities and equity	3,531,949	3,546,830	4,093,085	0.4%	15.4%	7.7%
Statement of cash flows summary						
Net cash generated from operating activities	244,910	54,180	633,861	(77.9%)	1069.9%	60.9%
Net cash (used in) Investing activities	(374,789)	(7,286)	(672,975)	(98.1%)	9136.5%	34.0%
Net cash (used in) financing activities	(120,000)	(141,585)	(132,576)	18.0%	(6.4%)	5.1%
Net (decrease) in cash and cash equivalents	(249,879)	(94,691)	(171,689)	(62.1%)	81.3%	(17.1%)
Cash and cash equivalents at the beginning of the year	613,058	363,179	268,488	(40.8%)	(26.1%)	(33.8%)
Cash and cash equivalents at the end of the year	363,179	268,488	96,798	(26.1%)	(63.9%)	(48.4%)
KPIs						
Gross profit margin (%)	48.8%	42.3%	67.0%	(6.6)	24.7	18.2
Profit margin from Operations (%)	12.7%	7.4%	50.3%	(5.4)	42.9	37.6
Profit before Zakat margin (%)	25.4%	27.1%	54.1%	1.7	27.0	28.7
Net profit margin (%)	25.4%	27.1%	46.4%	1.7	19.2	21.0

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G and the percentages derived from the Group's information

6-5-2 Group's Consolidated Statements of Comprehensive Income for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-3): Group's consolidated statements of comprehensive income for the financial years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G Audited	2019G Audited	2020G Audited	Variance 2018G-2019G	Variance 2019G-2020G	CAGR 2018G-2020G
Operating revenue	583,280	564,748	1,079,635	(3.2%)	91.2%	36.1%
Operating costs	(298,504)	(326,128)	(356,484)	9.3%	9.3%	9.3%
Gross profit	284,776	238,620	723,151	(16.2%)	203.1%	59.4%
General and administrative expenses	(210,520)	(196,961)	(180,245)	(6.4%)	(8.5%)	(7.5%)
Operating profit	74,256	41,659	542,906	(43.9%)	1203.2%	170.4%
Investment income	79,212	94,344	38,797	19.1%	(58.9%)	(30.0%)
Share of loss in equity-accounted investee	(6,629)	(1,610)	(2,102)	(75.7%)	30.5%	(43.7%)
Other income	1,348	18,901	4,479	1301.7%	(76.3%)	82.3%
Non-operating profit	73,931	111,635	41,174	51.0%	(63.1%)	(25.4%)
Profit before Zakat	148,187	153,294	584,080	3.4%	281.0%	98.5%
Zakat expense	-	-	(83,561)	N/A	N/A	N/A
Net profit for the year	148,187	153,294	500,519	3.4%	226.5%	83.8%
Other comprehensive income						
Remeasurement of employees' end-of-service benefits liability	20,303	(8,548)	(5,302)	(142.1%)	(38.0%)	N/A
Other comprehensive income for the year	20,303	(8,548)	(5,302)	(142.1%)	(38.0%)	N/A
Total comprehensive income for the year	168,489	144,746	495,217	(14.1%)	242.1%	71.4%

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

6-5-2-1 Operating Revenue

Operating revenue is generated through trading commission, securities depository services, market information services and listing fees among other activities.

Operating revenue increased at a CAGR of 36.1% over the period 2018G - 2020G.

Operating revenue decreased by 3.2% from SAR 583.3 million in 2018G to SAR 564.7 million in 2019G mainly on the back of the decrease in securities depository services (from the Edaa subsidiary) by SAR 14.5 million over the same period due to the Murabaha fees waiver which started as of March 2019G.

Revenue increased significantly in 2020G by 91.2% to reach SAR 1.1 billion driven mainly by an increase in trading commission from SAR 317.8 million in 2019G to SAR 767.0 million in 2020G, on the back of the increase in primary market Average Daily Traded Value ("ADTV") from SAR 3.6 billion to SAR 8.4 billion over the same period. The increase in ADTV is attributable to several economic factors, which include:

- The higher liquidity from increased investor interest in the KSA market mostly driven by Saudi retail and Saudi institutional investors;
- The complete inclusion in MSCI and S&P emerging market indices in 2019G and FTSE Russel emerging market index in 2020G;

- The introduction of services and initiatives by the KSA government to support businesses following the COVID-19 pandemic and offer employment and training support, in addition to certain exemptions for tax and VAT declarations. These include but are not limited to initiatives introduced by several ministries such as the Ministry of Justice, Ministry of Finance, Ministry of Human Resources and Social Development, and the Saudi Arabian Monetary Authority (“SAMA”) among other entities; and
- The general decline in profit rates offered by banks in KSA, in particular to individual investors, which may have led to making Saudi stock and bond market returns more attractive.

In addition, the SABIC and Aramco’s merger in 2020G also contributed to this increase with a total combined value traded in 2020G of SAR 366.7 billion (c.17% of total value traded in the KSA market in that year).

6-5-2-2 Operating Costs

Operating costs include CMA fees, salaries and related benefits, consultancy, maintenance, depreciation and amortization, and data network lines amongst others. Management largely monitors costs on a total basis which are then allocated to operating costs and G&A expenses by the management.

Operating costs increased at a CAGR of 9.3% over the period 2018G - 2020G. Operating costs increased by 9.3% from SAR 298.5 million in 2018G to SAR 326.1 million in 2019G primarily on the back of:

- An increase in salaries and related benefits (+SAR 26.3 million) driven by an increase in headcount allocated to operating costs from 184 to 222 employees over the same period, as the Group positioned itself for future growth; and
- The increase in maintenance and data network line costs by SAR 19.1 million and SAR 15.0 million, respectively, over the same period. These were mainly related to the Group’s data center migration to a new facility located in the King Abdullah Financial District (“KAFD”) tower; partially offset by
- The decrease in CMA fees net of co-funding by SAR 51.0 million in 2019G, due to the financial support received from the CMA to enable the Group to implement its initiatives.

Operating costs increased further by 9.3% from SAR 326.1 million in 2019G to SAR 356.5 million in 2020G mainly due to:

- The increase in credit loss on accounts receivable (+SAR 19.6 million) as a result of a provision booked in 2020G against additional collectible amounts from one customer for market information services in prior years;
- The further increase in salaries and related benefits (+SAR 15.0 million) mainly as a result of the increase in bonuses (+SAR 11.4 million); and
- The increase in maintenance expenses (+SAR 13.2 million) primarily due to the reclassification of a portion of the maintenance expenses previously recorded under G&A expenses to operating costs; partially offset by
- The cost optimization initiatives implemented by the Group in 2020G in order to reduce controllable costs such as consulting expenses, business trips and training fees, amongst others.

6-5-2-3 Gross Profit

Gross profit increased by a CAGR of 59.4% during the period 2018G - 2020G. Gross profit decreased by 16.2% from SAR 284.8 million in 2018G to SAR 238.6 million in 2019G mainly as a result of the decrease in revenue primarily stemming from the securities depository services (-SAR 14.5 million) and the increase in operating costs from SAR 298.5 million in 2018G to SAR 326.1 million in 2019G.

Gross profit increased significantly by 203.1% from SAR 238.6 million in 2019G to SAR 723.2 million in 2020G due to the increase in revenue (+SAR 514.9 million), mainly generated from the increase in trading commission over the same period, in line with the increase in ADTV. This was also coupled with cost optimization initiatives performed by the Group in 2020G, primarily targeted at reducing controllable costs such as consulting expenses, business trips, training fees etc. The increase in revenue, along with the cost optimization initiatives and the Group’s high operating leverage, contributed to improved gross profitability.

6-5-2-4 General and Administrative Expenses

General and administrative expenses include salaries and related benefits, consultancy, maintenance, depreciation and amortization, and board of directors’ remuneration amongst others. Management largely monitors costs on a total basis which are then allocated to operating costs and G&A expenses and are aligned with the cost allocation model.

General and administrative expenses decreased at a CAGR of 7.5% over the period 2018G - 2020G. General and administrative expenses decreased by 6.4% from SAR 210.5 million in 2018G to SAR 197.0 million in 2019G mainly as a result of the decrease in maintenance expenses by SAR 11.1 million, primarily attributable to a reclassification of a portion of these expenses to operating costs. In addition, rent expenses also decreased by SAR 9.5 million upon the implementation of IFRS16 (Leases).

General and administrative expenses decreased further by 8.5% from SAR 197.0 million in 2019G to SAR 180.2 million in 2020G, mainly on the back of the decrease in depreciation and amortization (-SAR 6.1 million), combined with the decrease in consultancy fees (-SAR 6.0 million), as the Group completed various projects in 2019G and expensed their respective costs in the same year.

6-5-2-5 Operating Profit

Operating profit increased at a CAGR of 170.4% over the period 2018G - 2020G. Operating profit decreased by 43.9% from SAR 74.3 million in 2018G to SAR 41.7 million in 2019G mainly due to the decrease in gross profit from SAR 284.8 million in 2018G to SAR 238.6 million over the same period.

Operating profit increased by 1203.2% to SAR 542.9 million in 2020G as a result of the increase in gross profit by 203.1%, in addition to the decrease in general and administrative expenses by SAR 16.7 million over the same period.

6-5-2-6 Investment Income

Investment income decreased at a CAGR of 30.0% over the period 2018G - 2020G. Investment income increased by 19.1% from SAR 79.2 million in 2018G to SAR 94.3 million in 2019G mainly on the back of the increase in unrealized gain on investments in money market funds in line with the generally higher rate-of-return in 2019G, combined with an increase in the number of units.

The subsequent decrease by 58.9% to SAR 38.8 million in 2020G was driven by the decrease in the unrealized gain on investments by SAR 41.4 million due to the deterioration in profit rates of money market funds. The decrease in investment income was also driven by the decline in special commission income by SAR 23.0 million on the back of a decrease in Sukuk and time deposit placements as a result of the Group's strategy approved in 2018G, whereby a decision to stop investing in Sukuk was taken/agreed. This contributed to the further allocation of investments in money market funds ahead of the potential IPO.

6-5-2-7 Share of Loss in Equity-Accounted Investee

Share of loss in equity-accounted investee decreased at a CAGR of 43.7% over the 2018G - 2020G. Share of loss in equity-accounted investee decreased by 75.7% from SAR 6.6 million in 2018G to SAR 1.6 million in 2019G as a result of the decrease in investment losses in the associate, namely Tadawul Real Estate Company. The Company owned 20% of the share capital in 2018G and 2019G of this associate, and increased its ownership to c. 33.12% in 2020G upon converting SAR 130 million of related Sukuk into equity, coupled with an additional SAR 210 million in equity injection. The share of losses from this associate increased slightly by 30.5% to SAR 2.1 million in 2020G, in line with the increased ownership of the Group.

6-5-2-8 Other Income

Other income increased at a CAGR of 82.3% over the period 2018G - 2020G. Other income increased from SAR 1.3 million in 2018G to SAR 18.9 million in 2019G mainly due to income from the release of a provision amounting to SAR 17.4 million in 2019G. The Saudi Share Registration Company ("SSRC") had transferred all rights, assets, liabilities, obligations and records to the Group upon its establishment in December 2007G. Accordingly, the Group booked a provision equal to the amount of net assets transferred from SSRC which was reversed in 2019G as the Group did not anticipate any further claims going forward.

Other income decreased by 76.3% to SAR 4.5 million in 2020G, given the one-off release of the provision in 2019G, as discussed above. Other income in 2020G mainly comprised income from the market information audit case of SAR 1.7 million discussed in further detail later in this Section.

6-5-2-9 Profit before Zakat

Profit before Zakat increased at a CAGR of 98.5% over the period 2018G - 2020G. Profit before Zakat increased by 3.4% from SAR 148.2 million in 2018G to SAR 153.3 million in 2019G mainly on the back of the increase in other income by SAR 17.6 million and investment income by SAR 15.1 million over the same period.

Profit before Zakat increased further by 281.0% from SAR 153.3 million in 2019G to SAR 584.1 million in 2020G primarily as a result of the increase in revenue by SAR 514.9 million and accordingly operating profit by SAR 501.2 million over the same period.

6-5-2-10 Zakat Expense

Zakat expense amounted to SAR 83.6 million in 2020G whereby the Group became subject to Zakat in accordance with the Zakat regulation issued by ZATCA based on Royal Decree 35657 effective 1 January 2020G. The Group was Zakat exempt prior to this date.

6-5-2-11 Net Profit for the Year

Net profit for the year was equal to profit for the year in 2018G and 2019G, given that the Group was Zakat exempt during those years.

Net profit for the year amounted to SAR 500.5 million in 2020G, corresponding to a profit for the year of SAR 584.1 million, net of a Zakat expense of SAR 83.6 million.

6-5-2-12 Remeasurement of Employees' End-of-Service Benefits Liability

Remeasurement of employees' end-of-service benefits liability amounted to an income of SAR 20.3 million in 2018G, and decreased to an expense of SAR 8.5 million in 2019G. The expense decreased to SAR 5.3 million in 2020G. Employees' end-of-service benefits liability is calculated as per IAS 19 by a third party actuarial consultant. To calculate the balance as at 31 December 2020G, a discount rate of 1.85% was applied, with a salary increment rate of 5.0%, and heavy employee turnover.

6-5-2-13 Total Comprehensive Income for the Year

Total comprehensive income for the year increased at a CAGR of 71.4% over the period 2018G - 2020G. Total comprehensive income for the year decreased by 14.1% from SAR 168.5 million in 2018G to SAR 144.7 million in 2019G primarily due to the decrease in re-measurement of employee benefit liability from an income of SAR 20.3 million in 2018G to an expense of SAR 8.5 million in 2019G.

Total comprehensive income for the year increased by 242.1% from SAR 144.7 million in 2019G to SAR 495.2 million in 2020G primarily as a result of the increase in revenue by SAR 514.9 million over the period 2019G - 2020G, and accordingly net profit for the year by SAR 347.2 million over the same period.

6-5-3 KPIs of the Group for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-4): KPIs of the Group for the financial years ended 31 December 2018G, 2019G and 2020G

	2018G	2019G	2020G	Variance 2018G-2019G	Variance 2019G-2020G	CAGR 2018G-2020G
Gross profit margin (%)	48.8%	42.3%	67.0%	(6.6)	24.7	18.2
Profit margin from Operations (%)	12.7%	7.4%	50.3%	(5.4)	42.9	37.6
Profit before Zakat margin (%)	25.4%	27.1%	54.1%	1.7	27.0	28.7
Net profit margin (%)	25.4%	27.1%	46.4%	1.7	19.2	21.0
Accounts receivable days (including related parties)	24	27	19	10.2%	(27.1%)	(10.4%)
Accounts payable days (including related parties)	107	118	98	10.5%	(17.3%)	(4.4%)
Main Market						
Number of transactions (Thousands)	25,012	28,396	76,686	13.5%	170.1%	75.1%
Shares traded (Millions)	38,051	33,801	79,324	(11.2%)	134.7%	44.4%
Value traded (SAR in millions)	870,870	880,139	2,087,800	1.1%	137.2%	54.8%
Number of trading days	249	250	251	0.4%	0.4%	0.4%
Daily average transactions (Thousands)	100	114	306	13.1%	169.0%	74.4%
Daily average of shares traded (Millions)	153	135	316	(11.5%)	133.7%	43.8%
Daily average value traded (SAR in millions)	3,497	3,521	8,318	0.7%	136.3%	54.2%

	2018G	2019G	2020G	Variance 2018G- 2019G	Variance 2019G- 2020G	CAGR 2018G- 2020G
Market capitalization (SAR in millions)	1,858,950	9,025,439	9,101,813	385.5%	0.8%	121.3%
Nomu - Parallel Market						
Number of transactions (Thousands)	42	138	287	228.6%	107.6%	161.2%
Shares traded (Millions)	26	81	109	211.7%	34.2%	104.5%
Value traded (SAR in millions)	412	2,280	7,114	452.7%	212.0%	315.3%
Number of trading days	249	250	251	0.4%	0.4%	0.4%
Daily average transactions (Thousands)	0.2	0.6	1.1	227.3%	106.8%	160.1%
Daily average of shares traded (Millions)	0.1	0.3	0.4	210.4%	33.7%	103.7%
Daily average value traded (SAR in millions)	1.7	9.1	28.3	450.5%	210.8%	313.6%
Market capitalization SAR in millions	2,325	2,542	12,179	9.3%	379.2%	128.9%
Real Estate Investment Trusts (REITs) *						
Number of transactions (Thousands)	590	739	1,729	25.3%	134.1%	71.2%
Shares traded (Millions)	717	955	2,046	33.2%	114.3%	69.0%
Value traded (SAR in millions)	7,116	8,488	19,783	19.3%	133.1%	66.7%
Number of trading days	248	250	251	0.8%	0.4%	0.6%
Daily average transactions (Thousands)	2.4	3.0	6.9	24.3%	133.2%	70.2%
Daily average of shares traded (Millions)	2.9	3.8	8.2	32.2%	113.4%	67.9%
Daily average value traded (SAR in millions)	28.7	34.0	78.8	18.3%	132.1%	65.7%
Market capitalization SAR in millions	12,423	15,103	15,954	21.6%	5.6%	13.3%

* REITs KPIs are part of the Main Market KPI Statistics as well; however, they are also shown separately in this table for illustrative purposes.

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the percentages derived from the Group's information

6-5-4 Revenue by Entity for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-5): Revenue by entity for the financial years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G	2019G	2020G	Variance 2018G- 2019G	Variance 2019G- 2020G	CAGR 2018G- 2020G
	Audited	Audited	Audited			
Saudi Stock Exchange Company	284,960	283,251	567,865	(0.6%)	100.5%	41.2%
Edaa	298,320	281,496	511,328	(5.6%)	81.6%	30.9%
Muqassa	-	-	442	N/A	N/A	N/A

SAR in 000s	2018G	2019G	2020G	Variance 2018G- 2019G	Variance 2019G- 2020G	CAGR 2018G- 2020G
	Audited	Audited	Audited			
Total	583,280	564,748	1,079,635	(3.2%)	91.2%	36.1%
Revenue %	ppt.					
Saudi Stock Exchange Company	48.9%	50.2%	52.6%	1.3	2.4	3.7
Edaa	51.1%	49.8%	47.4%	(1.3)	(2.5)	(3.8)
Muqassa	N/A	N/A	0.0%	N/A	N/A	N/A

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the percentages derived from the Group's information

The Group's revenue is generated through 3 entities: Saudi Stock Exchange Company, Edaa and Muqassa. Muqassa became operational in 2020G. The Group's revenue increased at a CAGR of 36.1% over the period 2018G - 2020G.

6-5-4-1 Saudi Stock Exchange Company

Saudi Stock Exchange Company comprised mostly of revenue from markets, market information, listing and derivatives (launched in FY20).

Markets revenue is mainly driven by trading activity, primarily through trading commission. Markets revenue increased at a CAGR of 42.4% over the period 2018G - 2020G.

Revenue from Markets slightly reduced by 1.0% from SAR 224.2 million in 2018G to SAR 221.9 million in 2019G on the back of the decrease in listing services revenue whereby the number of new listings in 2019G was lower than 2018G.

Markets revenue increased by 104.8% to reach SAR 454.4 million in 2020G mainly due to the increase in trading commission driven by an increase in ADTV by c. SAR 5 billion over the same period mainly attributable to:

- The higher liquidity from increased investor interest in the KSA market mostly driven by Saudi retail and Saudi institutional investors
- The complete inclusion in MSCI and S&P emerging market indices in 2019G and FTSE Russel emerging market index in 2020G; and
- The initiatives offered by the Government in light of COVID-19 pandemic, amongst others.

Market information revenue relates to market data services, indices service, and reference data services. Market information revenue increased at a CAGR of 36.0% over the 2018G - 2020G period.

Market information revenue increased slightly by 0.9% from SAR 60.8 million in 2018G to SAR 61.3 million in 2019G.

Market information revenue increased significantly by 83.4% from SAR 61.3 million in 2019G to SAR 112.5 million in 2020G on the back of:

- The exceptional additional fee collected from a customer that used the market information service pertaining to prior years amounting to SAR 35.5 million in 2020G; and
- An increase in promotional and enterprise packages of c.SAR 16 million over the same period.

Derivatives is a newly operating segment in 2020G with revenue generated from trading and membership. An application was integrated with the Group's website to extract and display the derivative market information. Given that the segment was launched in 2020G, derivatives revenue was nil in 2018G and 2019G, respectively, and amounted to SAR 934 thousand in 2020G.

6-5-4-2 Edaa

Edaa revenue includes clearing and settlement, safekeeping, depository services, registry services and membership fees. Edaa is the largest contributor to the business amounting to c.47% of total revenue being generated from Edaa in 2020G. Edaa revenue increased at a CAGR of 30.9% over the period 2018G - 2020G.

Revenue reduced by 5.6% from SAR 298.3 million in 2018G to SAR 281.5 million in 2019G mainly on the back of the decrease in securities depository services due to the Murabaha fees waiver which started as of March 2019G.

Revenue increased significantly by 81.6% from SAR 281.5 million in 2019G to SAR 511.3 million in 2020G due to the increase in ADTV from SAR 3.5 billion in 2019G to SAR 8.3 billion in 2020G.

6-5-4-3 Muqassa

Muqassa is the only central counterparty in KSA performing securities clearing business. Muqassa started providing derivatives clearing in 2020G, while equity clearing is yet to be commenced. Given that the derivatives clearing segment was only operational in late 2020G, revenue was nil in 2018G and 2019G, respectively, and amounted to SAR 442 thousand in 2020G.

6-5-5 Group's Revenue by Activity for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-6): Group's revenue by activity for the financial years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G	2019G	2020G	Variance 2018G- 2019G	Variance 2019G- 2020G	CAGR 2018G- 2020G
	Audited	Audited	Audited			
Trading commission	321,711	317,831	767,003	(1.2%)	141.3%	54.4%
Securities depository services	137,834	123,287	132,256	(10.6%)	7.3%	(2.0%)
Market information services	60,809	61,345	112,496	0.9%	83.4%	36.0%
Listing fee	61,580	60,615	65,341	(1.6%)	7.8%	3.0%
Clearing Fee	-	-	943	N/A	N/A	N/A
Membership	-	-	417	N/A	N/A	N/A
Other	1,346	1,669	1,180	24.0%	(29.3%)	(6.4%)
Total	583,280	564,748	1,079,635	(3.2%)	91.2%	36.1%
As a % of revenue				ppt.		
Trading commission	55.2%	56.3%	71.0%	1.1	14.8	15.9
Securities depository services	23.6%	21.8%	12.3%	(1.8)	(9.6)	(11.4)
Market information services	10.4%	10.9%	10.4%	0.4	(0.4)	0.0
Listing fee	10.6%	10.7%	6.1%	0.2	(4.7)	(4.5)
Clearing Fee	0.0%	0.0%	0.1%	0.0	0.1	0.1
Membership	0.0%	0.0%	0.0%	0.0	0.0	0.0
Other	0.2%	0.3%	0.1%	0.1	(0.2)	(0.1)

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the percentages derived from the Group's information

The Group's revenue is mainly generated from trading commission (mainly in connection with exchange activities), securities depository services, market information services, and listing fees among others. The Group's revenue increased at a CAGR of 36.1% over the period 2018G - 2020G.

6-5-5-1 Trading Commission

Trading commission revenue related to service charges and commissions is generated from the trading activities and driven mainly by the average daily traded value ("ADTV"). The trading commissions charged to market participants are determined in accordance with the Council of CMA resolution, which determines the commission rates for all parties and based on which the Group collects the financial return entitled to the CMA on their behalf and deposit it into their account.

Trading commission revenue increased at a CAGR of 54.4% over the 2018G - 2020G period.

Trading commission decreased slightly by 1.2% from SAR 321.7 million in 2018G to SAR 317.8 million in 2019G mainly due to the reduction in revenue related to listing services by SAR 3.3 million given the decrease in the number of new listings in 2019G compared to 2018G.

Trading commission income increased significantly by 141.3% to SAR 767.0 million in 2020G driven by the significant increase in ADTV over the 2019G - 2020G period. The increase in ADTV by market amounted to: Main Market (+SAR 4.8 billion), Nomu – Parallel Market (+SAR 19.2 million) and REITs (+SAR 44.9 million) and was attributable to the following:

- The higher liquidity from increased investor interest in the KSA market mostly driven by Saudi retail and Saudi institutional investors;
- The complete inclusion in MSCI and S&P emerging market indices in 2019G and FTSE Russel emerging market index in 2020G;
- The introduction of services and initiatives by the KSA Government to support general business activity during the COVID-19 pandemic. These incentives were mostly in the form of subsidies provided to eligible companies; and
- A lower profit rate environment in KSA, which may have increased investor appetite for stock and bond market generated returns. Moreover, the continued functioning of the market during the quarantine periods added additional activity channels, mainly from individual investors.

Also, Aramco's merger with Sabic in June 2020G contributed to the increase in liquidity, investor appetite and overall increase in ADTV over the historical period. The top 3 listed companies in terms of value traded were SABIC, Aramco and Alinma contributing to a total combined value traded in 2020G of SAR 431.1 billion (c.20.7% of total value traded).

6-5-5-2 Securities Depository Services

Securities depository services revenue mainly related to fees that the Group earns as an intermediary in Murabaha financing transactions where shares are used instead of commodities. Security depository services are performed by the Edaa subsidiary and largely relate to actively maintaining a register of the securities by their respective investors, amongst other activities. Securities depository services revenue decreased at a CAGR of 2.0% over the 2018G - 2020G period.

Securities depository services revenue decreased by 10.6% from SAR 137.8 million in 2018G to SAR 123.3 million in 2019G due to the Murabaha fees waiver which started as of March 2019G.

Securities depository services revenue increased by 7.3% to SAR 132.3 million in 2020G driven by higher revenue generated from safekeeping fees for listed bonds and Sukuk and from independent custody services. Revenue from securities depository services tends to be proportional to the increase in trading activity. Securities depository services revenues represent the majority of Edaa's revenues.

6-5-6 Market Information Services

Market information services revenue is generated mainly from three business lines: Market Data, Indices, and Reference Data, which primarily relate to fees charged for distribution licenses (customers are mainly licensed brokers or vendors such as Bloomberg, Reuters etc.). Market Real-time Access is also offered through desktops or mobile phones, which are available for either private use or business use. Market information services revenue increased at a CAGR of 36.0% over the 2018G - 2020G period. These services remained relatively stable over the 2018G-2019G period at an average of SAR 61.1 million.

In 2020G, the market information services revenue increased significantly by 83.4% to SAR 112.5 million due to:

- An exceptional additional fee charged to a customer for market information services pertaining to prior years, amounting to SAR 35.5 million; and
- An increase in promotional and enterprise packages whereby revenue generated from i) the promotional package of unlimited users increased by SAR 7.0 million, and from ii) 2 main packages for more than 6,000 users increased by SAR 8.6 million.

6-5-6-1 Listing Fee

Listing fee revenue pertains to annual listing fees, delisting and additional fees. Listing fee revenue increased at a CAGR of 3.0% over the 2018G - 2020G period. Listing fee revenue remained relatively stable at an average of c.SAR 61 million over the 2018G - 2019G period, before increasing slightly by 7.8% to SAR 65.3 million in 2020G mainly due to an increase in equity main market annual listing fees by SAR 2.8 million through an increase in market capitalization and number of securities.

6-5-6-2 Clearing Fee and Membership Revenue

Clearing fee and membership revenue are related to derivatives. These services were launched at the end of 2020G and amounted to SAR 943 thousand and SAR 417 thousand, respectively.

6-5-6-3 Other

Other revenue is mainly generated from workstation fees granted to members mainly in connection with trading. Other revenue remained relatively stable at an average of SAR 1.4 million over the 2018G - 2020G period.

6-5-7 Group's Operating Costs by Nature for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-7): Group's operating costs by nature for the financial years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G	2019G	2020G	Variance 2018G - 2019G	Variance 2019G - 2020G	CAGR 2018G - 2020G
	Audited	Audited	Audited			
CMA fees	130,000	79,000	91,000	(39.2%)	15.2%	(16.3%)
Salaries and related benefits	92,756	119,098	134,131	28.4%	12.6%	20.3%
Consultancy	1,129	7,206	3,470	538.3%	(51.9%)	75.3%
Maintenance	21,934	41,061	54,308	87.2%	32.3%	57.4%
Depreciation and amortization	21,218	29,316	31,809	38.2%	8.5%	22.4%
Data network lines	11,086	26,094	11,516	135.4%	(55.9%)	1.9%
Utilities	1,434	1,231	975	(14.2%)	(20.8%)	(17.6%)
Security expense	1,605	1,998	2,071	24.5%	3.6%	13.6%
Hospitality and cleaning	2,006	1,992	1,741	(0.7%)	(12.6%)	(6.8%)
Credit loss on accounts receivable	3,840	148	19,736	(96.1%)	13190.8%	126.7%
SAREE system usage fee	1,162	1,016	1,099	(12.6%)	8.2%	(2.7%)
Communication	694	367	447	(47.2%)	22.0%	(19.7%)
Business Trip	718	352	68	(51.0%)	(80.6%)	(69.2%)
Marketing and sponsorship	1,640	10,206	460	522.4%	(95.5%)	(47.1%)
License fee	860	654	911	(23.9%)	39.2%	2.9%
Training	911	3,911	(72)	329.3%	(101.8%)	N/A
Rent	2,855	-	-	(100.0%)	N/A	(100.0%)
Shareholder relations	1,111	-	-	(100.0%)	N/A	(100.0%)
Others	1,544	2,478	2,816	60.4%	13.6%	35.0%
Total	298,504	326,128	356,484	9.3%	9.3%	9.3%
KPIs			Var.			
Number of employees	184	222	208	20.7%	(6.3%)	6.3%
Average monthly salary per employee (SAR in 000s)	42.0	44.7	53.7	6.4%	20.2%	13.1%
As % of revenue			Ppt.			
CMA fees	22.3%	14.0%	8.4%	(8.3)	(5.6)	(13.9)
Salaries and related benefits	15.9%	21.1%	12.4%	5.2	(8.7)	(3.5)
Consultancy	0.2%	1.3%	0.3%	1.1	(1.0)	0.1
Maintenance	3.8%	7.3%	5.0%	3.5	(2.2)	1.3
Depreciation and amortization	3.6%	5.2%	2.9%	1.6	(2.2)	(0.7)
Data network lines	1.9%	4.6%	1.1%	2.7	(3.6)	(0.8)

SAR in 000s	2018G	2019G	2020G	Variance 2018G - 2019G	Variance 2019G - 2020G	CAGR 2018G - 2020G
	Audited	Audited	Audited			
Utilities	0.2%	0.2%	0.1%	(0.0)	(0.1)	(0.2)
Security expense	0.3%	0.4%	0.2%	0.1	(0.2)	(0.1)
Hospitality and cleaning	0.3%	0.4%	0.2%	0.0	(0.2)	(0.2)
Credit loss on accounts receivable	0.7%	0.0%	1.8%	(0.6)	1.8	1.2
SAREE system usage fee	0.2%	0.2%	0.1%	(0.0)	(0.1)	(0.1)
Communication	0.1%	0.1%	0.0%	(0.1)	(0.0)	(0.1)
Business Trip	0.1%	0.1%	0.0%	(0.1)	(0.1)	(0.1)
Marketing and sponsorship	0.3%	1.8%	0.0%	1.5	(1.8)	(0.2)
License fee	0.1%	0.1%	0.1%	(0.0)	(0.0)	(0.1)
Training	0.2%	0.7%	(0.0%)	0.5	(0.7)	(0.2)
Rent	0.5%	0.0%	0.0%	(0.5)	-	(0.5)
Shareholder relations	0.2%	0.0%	0.0%	(0.2)	-	(0.2)
Others	0.3%	0.4%	0.3%	0.2	(0.2)	(0.0)
Total	51.2%	57.7%	33.0%	6.6	(24.7)	(18.2)

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the KPIs and percentages derived from the Group's information

Operating costs include CMA fees, salaries and related benefits, consultancy, maintenance, depreciation and amortization, and data network lines amongst others. Operating costs increased at a CAGR of 9.3% over the period 2018G - 2020G. Certain expenses were reclassified from General and administrative expenses to Operating costs. This reclassification is to conform with the current year presentation as a result of a more rigorous cost allocation assessment made during 2020G. The allocation was based on the Company's allocation model.

6-5-7-1 CMA Fees

CMA fees related to fees payable to the Capital Market Authority ("CMA") in the KSA in relation to services provided by the Authority in accordance with the decision of the Authority included in Paragraph (A) and that the Authority charges the Group an annual amount of SAR 130 million according to the council of CMA resolution no. (1-3-2017) dated 11/04/1438H corresponding to 09/01/2017G, whereby each year, the CMA and the Group agree to support the initiatives to convert private sector enterprises to listed companies according to resolution no. (1-18-2020). The financial support budget provided by the CMA is netted off against the CMA fees reducing them by the amount of the financial support each year. The allocated budget for each year is not a financial commitment, but rather a deduction on CMA fees upon delivering on initiatives through KPIs. The Group submits bi-annual performance update reports to the CMA regarding the agreed initiatives, and are assessed based on KPIs delivery rather than the amount spent on the initiative. The deduction is only recorded upon receiving approval from the CMA board in relation to the Group attaining the KPI targets.

While the CMA fees remained fixed at SAR 130 million over the 2018G – 2020G period, CMA fees net of the financial support deductions decreased at a CAGR of 16.3% over the 2018G - 2020G period. CMA fees net decreased after fees reduction as a result of the Group achieving the initiatives' goals by 39.2% from SAR 130.0 million in 2018G to SAR 79.0 million in 2019G due to the co-funding initiative that the CMA launched in conjunction with the Group.

CMA fees net of co-funding deductions increased by 15.2% from SAR 79 million in 2019G to SAR 91.0 million in 2020G in line with the annually pre-agreed budget. The funding of such programs will extend to 2023G with a pre-agreed budget amounting to SAR 29 million in 2021G and SAR 8 million in 2022G and 2023G, based on the Group's achievement of the objectives of the Financial Sector Development Program.

6-5-7-2 Salaries and Related Benefits

Salaries and related benefits related to operational departments such as Information Technology, Operations, Markets, and Sales & Marketing amongst others. Salaries and related benefits mainly comprised basic salaries (34.1% of total salaries and related benefits in 2020G) and bonuses (27.3% of total salaries and related benefits in 2020G).

Salaries and related benefits increased at a CAGR of 20.3% over the 2018G - 2020G period. Salaries and related benefits increased by 28.4% from SAR 92.8 million in 2018G to SAR 119.1 million in 2019G, mainly on the back of an increase in headcount in related departments from 184 to 222 respectively, as Tadawul positioned itself for an expansion of service offerings and future growth.

The further increase by 12.6% to SAR 134.1 million in 2020G was driven by an increase in bonuses from SAR 25.2 million in 2019G to SAR 36.6 million in 2020G in line with the increase in net income from SAR 153.3 million in 2019G to SAR 500.5 million in 2020G, whereby the Group implemented a new bonus budgeting and provisioning policy that was more closely linked to profitability levels.

6-5-7-3 Consultancy

Consultancy expenses increased at a CAGR of 75.3% over the 2018G - 2020G period. Consultancy expenses increased by 538.3% from SAR 1.1 million in 2018G to SAR 7.2 million in 2019G as a result of additional financial and legal consulting fees of SAR 5.7 million incurred in 2019G as these expenses were partially related to implementing the co-funding initiatives launched by the CMA.

Consultancy expenses decreased by 51.9% from SAR 7.2 million in 2019G to SAR 3.5 million in 2020G due to the decrease in legal consulting expenses from SAR 3.4 million in 2019G to nil in 2020G in line with the decrease in the budget allocated for the co-funding activities.

6-5-7-4 Maintenance

Maintenance related to annual fees incurred for the maintenance of the facilities, data center, network and technology owned by the Group. This included software maintenance contracts, vendor support contracts and maintenance costs in relation to the derivatives project, amongst others.

Maintenance expenses increased at a CAGR of 57.4% over the 2018G - 2020G period. Maintenance expenses increased by 87.2% from SAR 21.9 million in 2018G to SAR 41.1 million in 2019G as a result of a derivatives project amounting to SAR 9.8 million and onsite support contracts of SAR 7.1 million.

Maintenance increased further by 32.3% from SAR 41.1 million in 2019G to SAR 54.3 million in 2020G as the Group was in the process of relocating its data center to King Abdullah Financial District and incurred additional maintenance fees primarily associated with data network lines of SAR 11.3 million.

6-5-7-5 Depreciation and Amortization

Depreciation and amortization are related to operational fixed assets and intangibles.

Depreciation and amortization increased at a CAGR of 22.4% over the 2018G - 2020G period. Depreciation and amortization increased by 38.2% from SAR 21.2 million in 2018G to SAR 29.3 million in 2019G as a result of the application of IFRS16.

Depreciation and amortization increased further by 8.5% from SAR 29.3 million in 2019G to SAR 31.8 million in 2020G mainly on the back of additions to property, equipment and intangible assets.

6-5-7-6 Data Network Lines

Data network lines expenses related to fees for service providers utilizing internet and information circles.

Data network lines expenses increased at a CAGR of 1.9% throughout the 2018G - 2020G period. The expenses increased by 135.4% from SAR 11.1 million in 2018G to SAR 26.1 million in 2019G on the back of an amount of SAR 12.4 million recorded in 2019G related to the migration of the Group's data center to KAFD.

Data network lines decreased by 55.9% from SAR 26.1 million in 2019G to SAR 11.5 million in 2020G on the back of reclassifying the new data center expense to maintenance in 2020G. This was due to the reclassification exercise performed in 2020G, and the allocation of expenses were aligned as per the cost allocation model.

6-5-7-7 Utilities

Utilities related mainly to electricity and telephone bills. Utilities decreased at a CAGR of 17.6% over the 2018G - 2020G period. The expense decreased by 14.2% from SAR 1.4 million in 2018G to SAR 1.2 million in 2019G, and further by 20.8% to SAR 1.0 million in 2020G on the back of a decline in usage and operating in a more energy efficient manner over the period.

6-5-7-8 Security Expense

Security expenses related to security guard costs. Security expenses increased at a CAGR of 13.6% over the 2018G - 2020G period. Security expenses increased by 24.5% from SAR 1.6 million in 2018G to SAR ue2.0 million in 2019G, and further by 3.6% to SAR 2.1 million in 2020G in line with the general growth in business operations.

6-5-7-9 Hospitality and Cleaning

Hospitality and cleaning decreased by a CAGR of 6.8% over the 2018G - 2020G period. Hospitality and cleaning remained stable at SAR 2.0 million over the 2018G - 2019G period.

The expense decreased slightly by 12.6% from SAR 2.0 million in 2019G to SAR 1.7 million in 2020G on the back of the COVID-19 pandemic, which resulted in periodic lockdowns in KSA and hence lower level of hospitality and cleaning activities.

6-5-7-10 Credit Loss on Accounts Receivable

Credit loss on accounts receivable pertains to the provision expense on accounts receivable as per IFRS 9.

Credit loss on accounts receivable increased at a CAGR of 126.7% over the period 2018G - 2020G. The expense decreased by 96.1% from SAR 3.8 million in 2018G to SAR 0.1 million in 2019G as the Group incurred a one-off expense upon the implementation of IFRS 9 in 2018G. The expense decreased in 2019G as most of the invoices issued in 2018G were collected in 2019G.

Credit loss on accounts receivable increased significantly from SAR 0.1 million in 2019G to SAR 19.7 million in 2020G as a result of a provision booked for additional amounts collectible from one customer for market information services pertaining to prior years from 2016G until 2019G. The Group provisioned for 50% of this additional market information revenue receivable given it pertained to prior periods.

6-5-7-11 SAREE System Usage Fee

SAREE system usage fee related to the platform used for trading settlement by the Edaa subsidiary. The expense remained relatively stable at an average of SAR 1 million over the 2018G -2020G period.

6-5-7-12 Communication

Communication fees related to mobile and telephone expenses. Communication fees averaged SAR 500 thousand over the 2018G - 2020G period.

6-5-7-13 Business Trip

Business trip expenses decreased at a CAGR of 69.2% over the 2018G - 2020G period. Business trip expenses decreased by 51.0% from SAR 718 thousand in 2018G to SAR 352 thousand in 2019G in line with the business requirements. Business trip expenses decreased further by 80.6% to SAR 68 thousand in 2020G due the COVID-19 pandemic, which resulted in travel restrictions.

6-5-7-14 Marketing and Sponsorship

Marketing and sponsorship expenses decreased at a CAGR of 47.1% over the 2018G - 2020G period. Marketing and sponsorship expenses increased significantly by 522.4% from SAR 1.6 million in 2018G to SAR 10.2 million in 2019G due to additional expenses incurred related to the co-funding agreement that the CMA launched in conjunction with the Group.

The expense decreased by 95.5% to SAR 460 thousand in 2020G in light of the COVID-19 pandemic, resulting in fewer marketing and sponsorship activities.

6-5-7-15 License Fee

License fees mainly related to expenses for software licenses. License fees increased at a CAGR of 2.9% over the period 2018G -2020G. License fees slightly decreased by 23.9% from SAR 860 thousand in 2018G to SAR 654 thousand in 2019G. This was due to a higher amount of license renewals in 2018G.

License fees increased by 39.2% to SAR 911 thousand in 2020G in line with the growing business requirements for software licenses. We note, license fees are largely dependent on the related renewals of software licenses.

6-5-7-16 Training

Training expenses increased by 329.2% from SAR 911 thousand in 2018G to SAR 3.9 million in 2019G on the back of events in connection with programs for developing leadership practices for executive team members in 2019G.

Training expenses decreased by 101.8% from SAR 3.9 million in 2019G to almost nil in 2020G as a result of the COVID-19 pandemic resulting in fewer training activities.

6-5-7-17 Rent

Rent expense related to the rental of premises. Rent expense decreased from SAR 2.9 million in 2018G to nil in 2019G and 2020G as a result of the implementation of IFRS16.

6-5-7-18 Shareholder Relations

Shareholder relations related to bulk SMS used by the Edaa team. The expense decreased from SAR 1.1 million in 2018G to nil in 2019G and 2020G due to the reclassification of the corresponding amount to others.

6-5-7-19 Others

Others mainly consisted of other miscellaneous expenses. Others increased at a CAGR of 35.0% over the 2018G -2020G period.

Others increased by 60.4% from SAR 1.5 million in 2018G to SAR 2.5 million in 2019G due to the reclassification of shareholder relations expenses to this account in 2019G. Others increased slightly to SAR 2.8 million in 2020G.

6-5-8 Group's gross profit by activity for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-8): Group's gross profit by activity for the years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G	2019G	2020G	Variance 2018G-2019G	Variance 2019G-2020G	CAGR 2018G-2020G
Trading commission	252,490	226,348	650,525	(10.4%)	187.4%	60.5%
Market information services	50,138	44,317	95,154	(11.6%)	114.7%	37.8%
Listing fees	37,552	29,723	34,442	(20.8%)	15.9%	(4.2%)
Corporates	(36,927)	12,232	279	(133.1%)	(97.7%)	N/A
Securities depository services	1,862	(23,905)	(3,244)	(1384.0%)	(86.4%)	N/A
Clearing fees	(12,394)	(34,462)	(15,352)	178.1%	(55.5%)	11.3%
Membership	(8,002)	(16,452)	(38,069)	105.6%	131.4%	118.1%
Other	57	818	(583)	1341.6%	(171.3%)	N/A
Total	284,776	238,620	723,151	(16.2%)	203.1%	59.4%
Gross margin %	ppt.					
Trading commission	78.5%	71.2%	84.8%	(7.3)	13.6	6.3
Market information services	82.5%	72.2%	84.6%	(10.2)	12.3	2.1
Listing fees	61.0%	49.0%	52.7%	(11.9)	3.7	(8.3)
Corporates	N/A	N/A	N/A	N/A	N/A	N/A
Securities depository services	1.4%	(19.4%)	(2.5%)	(20.7)	16.9	(3.8)
Clearing fees	N/A	N/A	N/A	N/A	N/A	N/A
Membership	N/A	N/A	N/A	N/A	N/A	N/A
Other	4.2%	49.0%	(49.4%)	44.8	(98.4)	(53.7)
Total	48.8%	42.3%	67.0%	(6.6)	24.7	18.2

Source: The Group's information

6-5-8-1 Trading Commission

Trading commission gross profit increased at a CAGR of 60.5% over the 2018G – 2020G period. Trading commission gross margin decreased from 78.5% in 2018G to 71.2% in 2019G. This was driven by the decrease in gross profit by 10.4% from SAR 252.5 million in 2018G to SAR 226.3 million in 2019G, mainly due to the increase in trading commission operating costs (+SAR

22.3 million), coupled with the slight decrease in trading commission revenue (-SAR 3.9 million).

Trading commission gross margin increased significantly to 84.8% in 2020G, mainly due to the increase in gross profit by 187.4% from SAR 226.3 million in 2019G to SAR 650.5 million in 2020G. This was a result of the increase in trading commission revenue (+SAR 449.2 million) driven by the proportionally significant increase in ADTV over the 2019G – 2020G period. This increase was partly offset by a slight increase in trading commission operating costs (+SAR 25.0 million) over the same period.

6-5-8-2 Market Information Services

Market information services increased at a CAGR of 37.8% over the 2018G – 2020G period. Market information services gross margin decreased from 82.5% in 2018G to 72.2% in 2019G. This was in line with the decrease in gross profit by 11.6% from SAR 50.1 million in 2018G to SAR 44.3 million in 2019G primarily due to the increase in market information services operating costs by SAR 6.4 million.

Market information services gross profit subsequently increased by 114.7% to SAR 95.2 million in 2020G in line with the increase in market information services revenue, facilitated by the one-off additional audit related to excess usage from a customer over the 2016G – 2019G period amounting to SAR 35.5 million, in addition to the increase in fees earned from promotional and enterprise packages.

6-5-8-3 Listing Fees

Listing fees decreased at a CAGR of 4.2% over the 2018G – 2020G period. Listing fees gross margin decreased from 61.0% in 2018G to 49.0% in 2019G. This was in line with the decrease in gross profit by 20.8% from SAR 37.6 million in 2018G to SAR 29.7 million in 2019G primarily due to the increase in listing fees operating costs by SAR 6.9 million.

Listing fees gross margin increased to 52.7% in 2020G, in line with the increase in gross profit by 15.9% to SAR 34.4 million in 2020G. This was on the back of the increase in listing fees revenue (+SAR 4.7 million) mainly due to an increase in equity main market annual listing fees by SAR 2.8 million through an increase in market capitalization and number of securities, while listing fees operating costs remained relatively constant.

6-5-8-4 Corporate

Corporate segment relates mainly to operating costs that cannot be allocated to operating segments. Corporate gross profit increased from a gross loss of SAR 36.9 million in 2018G to a gross profit of SAR 12.2 million in 2019G mainly due to the decrease in share of CMA fees booked as corporate cost, amounting to an expense of SAR32.5 million in FY18 to an income of SAR18.5 million in FY19 on the back of co-funding deductions.

Corporate gross profit decreased from SAR 12.2 million in 2019G to SAR 279 thousand in 2020G mainly driven by the decrease in income from co-funding deductions from SAR 18.5 million in FY19 to SAR 6.5m in FY20.

6-5-8-5 Securities Depository Services

Securities depository services gross margin decreased from 1.4% in 2018G to -19.4% in 2019G. This was in line with the decrease in gross profit from SAR 1.9 million in 2018G to a gross loss of SAR 23.9 million in 2019G following the decrease in securities depository services revenue (-SAR 14.5 million), coupled with the increase in securities depository services operating costs (+SAR 11.2 million) on the back of an increase in direct costs related to depository and registry.

Securities depository services gross margin improved to -2.5% in 2020G. This was in line with the decrease in gross loss to SAR 3.2 million in 2020G as a result of the increase in securities depository services revenue (+SAR 9.0 million) in line with the increase in overall business activity, coupled with the decrease in securities depository services operating costs (-SAR 11.7 million).

6-5-8-6 Clearing Fees

Clearing fees gross profit was negative throughout the period under review amounting to a gross loss of SAR 12.4 million and SAR 34.5 million in 2018G and 2019G, respectively, as this service was launched in 2020G, and thus the Group was incurring costs while no revenue was being generated over the 2018G – 2019G period.

Clearing fees gross profit remained negative at SAR 15.4 million in 2020G as the clearing fees operating costs exceeded the revenue generated during the year. Given that this service was launched at the end of 2020G, clearing fees revenue and profitability are expected to increase going forward as the service and product offering matures.

6-5-8-7 Membership

Membership gross profit was negative throughout the period under review amounting to a gross loss of SAR 8.0 million and SAR 16.5 million in 2018G and 2019G, respectively, as this service was launched in 2020G, and thus the Group was incurring costs while no revenue was being generated over the 2018G – 2019G period.

Membership gross profit remained negative at SAR 38.1 million in 2020G as the membership operating costs exceeded the revenue generated during the year. Given that this service was launched at the end of 2020G, membership revenue and profitability are expected to increase going forward as the service and product offering matures.

6-5-8-8 Other

Other gross profit increased from SAR 57 thousand in 2018G to SAR 818 thousand in 2019G primarily due to the slight increase in other revenue (+SAR 323 thousand) coupled with the decrease in other operating costs (-SAR 438 thousand).

Other gross profit decreased to a gross loss of SAR 583 thousand in 2020G primarily due to the increase in other operating costs (+SAR 912 thousand), coupled with the decrease in other revenue (-SAR 490 thousand).

6-5-9 Group's General and Administrative Expenses for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-9): Group's general and administrative expenses for the financial years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G	2019G	2020G	Variance 2018G- 2019G	Variance 2019G- 2020G	CAGR 2018G- 2020G
	Audited	Audited	Audited			
Salaries and related benefits	130,187	123,513	126,096	(5.1%)	2.1%	(1.6%)
Consultancy	18,724	17,098	11,073	(8.7%)	(35.2%)	(23.1%)
Maintenance	14,914	3,793	3,958	(74.6%)	4.4%	(48.5%)
Depreciation and amortization	10,470	22,497	16,405	114.9%	(27.1%)	25.2%
Board of Directors' remuneration	5,963	5,437	6,254	(8.8%)	15.0%	2.4%
Security expense	2,074	1,791	1,864	(13.6%)	4.1%	(5.2%)
Utilities	1,816	1,073	871	(40.9%)	(18.9%)	(30.8%)
Hospitality and cleaning	2,224	1,793	1,862	(19.4%)	3.8%	(8.5%)
Communications	808	948	325	17.2%	(65.7%)	(36.6%)
Business Trip	1,355	438	283	(67.7%)	(35.3%)	(54.3%)
Trading activities insurance contracts	915	657	1,036	(28.2%)	57.7%	6.4%
Training	4,088	5,357	2,562	31.0%	(52.2%)	(20.8%)
Stationery and office supplies	384	378	281	(1.4%)	(25.7%)	(14.4%)
Marketing and sponsorship	393	3,257	2,087	728.5%	(35.9%)	130.4%
License fees	1,758	1,800	2,167	2.4%	20.4%	11.0%
Data network lines	-	12	24	N/A	107.2%	N/A
Rent	9,515	-	-	(100.0%)	N/A	(100.0%)
Others	4,932	7,119	3,096	44.3%	(56.5%)	(20.8%)
Total	210,520	196,961	180,245	(6.4%)	(8.5%)	(7.5%)
KPIs			Var.			
Number of employees	173	169	167	(2.3%)	(1.2%)	(1.7%)
Average monthly salary per employee (SAR in 000s)	62.7	60.9	62.9	(2.9%)	3.3%	0.2%
As % of revenue			Ppt.			
Salaries and related benefits	22.3%	21.9%	11.7%	(0.4)	(10.2)	(10.6)

SAR in 000s	2018G	2019G	2020G	Variance 2018G- 2019G	Variance 2019G- 2020G	CAGR 2018G- 2020G
	Audited	Audited	Audited			
Consultancy	3.2%	3.0%	1.0%	(0.2)	(2.0)	(2.2)
Maintenance	2.6%	0.7%	0.4%	(1.9)	(0.3)	(2.2)
Depreciation and amortization	1.8%	4.0%	1.5%	2.2	(2.5)	(0.3)
Board of Directors' remuneration	1.0%	1.0%	0.6%	(0.1)	(0.4)	(0.4)
Security expense	0.4%	0.3%	0.2%	(0.0)	(0.1)	(0.2)
Utilities	0.3%	0.2%	0.1%	(0.1)	(0.1)	(0.2)
Hospitality and cleaning	0.4%	0.3%	0.2%	(0.1)	(0.1)	(0.2)
Communications	0.1%	0.2%	0.0%	0.0	(0.1)	(0.1)
Business Trip	0.2%	0.1%	0.0%	(0.2)	(0.1)	(0.2)
Trading activities insurance contracts	0.2%	0.1%	0.1%	(0.0)	(0.0)	(0.1)
Training	0.7%	0.9%	0.2%	0.2	(0.7)	(0.5)
Stationery and office supplies	0.1%	0.1%	0.0%	0.0	(0.0)	(0.0)
Marketing and sponsorship	0.1%	0.6%	0.2%	0.5	(0.4)	0.1
License fees	0.3%	0.3%	0.2%	0.0	(0.1)	(0.1)
Data network lines	0.0%	0.0%	0.0%	0.0	0.0	0.0
Rent	1.6%	0.0%	0.0%	(1.6)	-	(1.6)
Others	0.8%	1.3%	0.3%	0.4	(1.0)	(0.6)
Total	36.1%	34.9%	16.7%	(1.2)	(18.2)	(19.4)

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the KPIs and percentages derived from the Group's information

General and administrative expenses include salaries and related benefits, consultancy, maintenance, depreciation and amortization, and Board of Directors' remuneration amongst others. General and administrative expenses decreased at a CAGR of 7.5% over the period 2018G - 2020G. Certain expenses were reclassified from General and administrative expenses to Operating costs. This reclassification is to conform with the current year presentation as a result of a more rigorous cost allocation assessment made during 2020G.

6-5-9-1 Salaries and Related Benefits

Salaries and related benefits decreased at a CAGR of 1.6% over the 2018G - 2020G period. Salaries and related benefits decreased by 5.1% from SAR 130.2 million in 2018G to SAR 123.5 million in 2019G, due to the reduction in period-end headcount (-4 employees) in related departments in line with the regular employee turnover.

Salaries and benefits increased by 2.1% from SAR 123.5 million in 2019G to SAR 126.1 million in 2020G due to an increase in bonuses by 34.4% from SAR 24.5 million in 2019G to SAR 32.9 million in 2020G following the implementation of a new bonus policy in 2020G that is more closely linked to net income and profitability levels.

6-5-9-2 Consultancy

Consultancy expenses decreased at a CAGR of 23.1% over the 2018G - 2020G period. Consultancy expenses decreased by 8.7% from SAR 18.7 million in 2018G to SAR 17.1 million in 2019G, mainly due to a decline in technical consultancy services attributable to an engagement with the security remote team amounting to SAR 2.2 million in 2018G, which was nil in 2019G.

Consultancy expenses decreased further by 35.2% to SAR 11.1 million in 2020G, driven mainly by the decrease in management consultancy expenses (-SAR 8.2 million), primarily related to the decline in Macro advisory services (-SAR 4.9 million) as Macro's 18-month contract expired in March 2020G. As part of Management's cost optimization initiatives, the Group intends to decrease its reliance on consulting activities through building internal capabilities as well as successfully completing projects.

6-5-9-3 Maintenance

Maintenance mainly related to annual fees incurred for the maintenance of security software, CCTV systems, E-Mail gateway, amongst others.

Maintenance expenses decreased at a CAGR of 48.5% over the 2018G - 2020G period. Maintenance decreased by 74.6% from SAR 14.9 million in 2018G to SAR 3.8 million in 2019G mainly due to the reclassification of several maintenance expenses from G&A expenses to operating costs in 2019G due to being directly related to operations, such as SAR 6.7 million related to onsite support contracts, SAR 3.7 million related to software maintenance contracts, and SAR 961 thousand related to a third party support contracts.

Maintenance fees increased slightly by 4.4% to SAR 4.0 million in 2020G mainly due to the increase in costs related to one vendor (+SAR 644 thousand) pertaining to the Group's software security systems.

6-5-9-4 Depreciation and Amortization

Depreciation and amortization increased at a CAGR of 25.2% over the 2018G - 2020G period. Depreciation and amortization increased by 114.9% from SAR 10.5 million in 2018G to SAR 22.5 million in 2019G due to the implementation of IFRS 16 starting 1 January 2019G.

Depreciation and amortization decreased by 27.1% to SAR 16.4 million in 2020G, on the back of elongating the Group's planned stay at its current rented head office following the delay in shifting to Tadawul's new head office in KAFD which was initially planned in 2020G, however was delayed to the end of 2022G or the beginning of 2023G. Accordingly, the right of use assets was depreciated over a longer period, resulting in a lower depreciation expense.

6-5-9-5 Board of Directors' Remuneration

Board of Directors' remuneration increased at a CAGR of 2.4% over the 2018G - 2020G period. Board of Directors' remuneration decreased slightly by 8.8% from SAR 6.0 million in 2018G to SAR 5.4 million in 2019G mainly attributable to the number of meetings held.

Board of Directors' remuneration increased by 15.0% from SAR 5.4 million in 2019G to SAR 6.3 million in 2020G due to a new board compensation scheme requested by the Group's shareholders.

6-5-9-6 Security Expense

Security expense decreased at a CAGR of 5.2% over the 2018G - 2020G period. Security expense decreased by 13.6% from SAR 2.1 million in 2018G to SAR 1.8 million in 2019G, before increasing slightly by 4.1% to SAR 1.9 million in 2020G. This was mainly due to varying allocations between operating cost and G&A. On a total basis, security expense remained stable at an annual average of SAR 3.8 million over the historical period.

6-5-9-7 Utilities

Utilities expenses decreased at a CAGR of 30.8% over the 2018G - 2020G period. Utilities expenses decreased by 40.9% from SAR 1.8 million in 2018G to SAR 1.1 million in 2019G and further by 18.9% to SAR 871 thousand in 2020G. This was primarily due to the decrease in electrical expenses as the Group operated in a more energy efficient manner during and post the COVID-19 pandemic.

6-5-9-8 Hospitality and Cleaning

Hospitality and cleaning expenses decreased at a CAGR of 8.5% over the 2018G - 2020G period. Hospitality and cleaning expenses decreased by 19.4% from SAR 2.2 million in 2018G to SAR 1.8 million in 2019G in line with the business needs of the Group.

Hospitality and cleaning services increased slightly by 3.8% to SAR 1.9 million in 2020G. This was mainly due to an allocation between operating costs and G&A, whereas total hospitality and cleaning expenses decreased to SAR 3.6 million in 2020G. This decrease was mainly due to the COVID-19 pandemic, resulting in periodic lockdowns across the KSA, resulting in a decline in hospitality related activities.

6-5-9-9 Communications

Communications expenses decreased by a CAGR of 36.6% over the 2018G - 2020G period. Communications expenses increased by 17.2% from SAR 808 thousand in 2018G to SAR 948 thousand in 2019G due to recording interactive voice response ("IVR") as part of Muqassa's establishment.

Communications expenses decreased by 65.7% from SAR 948 thousand in 2019G to SAR 325 thousand in 2020G due to the receipt of two services only in 2020G for landlines phones and staff mobiles.

6-5-9-10 Business Trip

Business trip expenses decreased at a CAGR of 54.3% over the 2018G - 2020G period. Business trip expenses decreased by 67.7% from SAR 1.4 million in 2018G to SAR 438 thousand in 2019G in line with business requirements. Business trip expenses decreased further by 35.3% to SAR 283 thousand in 2020G mainly due to the COVID-19 pandemic, resulting in lockdowns and travel restrictions.

6-5-9-11 Trading Activities Insurance Contracts

Trading activities insurance contracts relate to the insurance cost of the Group's assets used in its trading operations, which are managed by the Group's risk department. Trading activities insurance contracts increased at a CAGR of 6.4% over the period 2018G - 2020G.

Trading activities insurance contracts decreased slightly from SAR 915 thousand in 2018G to SAR 657 thousand in 2019G.

Trading activities insurance contracts increased by 57.7% to SAR 1.0 million in 2020G mainly in line with the Group's new trading assets coupled with additional vendor proposals that were accepted.

6-5-9-12 Training

Training fees decreased at a CAGR of 20.8% over the period 2018G - 2020G. Training fees increased by 31.0% from SAR 4.1 million in 2018G to SAR 5.4 million in 2019G on the back of a training session for executive team members held in 2019G (+SAR 1.4 million), intended to enhance the leadership practices and behaviors through coaching, development plans and mentorship. In addition, the Group also held other leadership training programs (+SAR 0.4 million) and incurred additional training costs for its Graduate Development Program (+SAR 0.2 million) targeted at upskilling fresh Saudi graduates.

Training fees decreased by 52.2% to SAR 2.6 million in 2020G, on the back of fewer training activities conducted due to the COVID-19 pandemic.

6-5-9-13 Stationery and Office Supplies

Stationery and office supplies decreased at a CAGR of 14.4% over the 2018G - 2020G period. Stationery and office supplies remained relatively stable at SAR 0.4 million over the 2018G - 2019G period and decreased by 25.7% to SAR 0.3 million in 2020G in line with lower business requirements.

6-5-9-14 Marketing and Sponsorship

Marketing and sponsorship expenses relate mainly to the Group's co-funding activities, which include sponsoring certain events.

Marketing and sponsorship expenses increased at a CAGR of 130.4% over the 2018G - 2020G period. Marketing and sponsorship expenses increased by 728.5% from SAR 393 thousand in 2018G to SAR 3.3 million in 2019G with the commencement of the co-funding agreement with the CMA in 2019G.

Marketing and sponsorship activities decreased by 35.9% to SAR 2.1 million in 2020G through a decrease in CMA co-funding activities, mainly attributable to the COVID-19 pandemic.

6-5-9-15 License Fees

License fees pertain mainly to an allocation of software license expenses, and increased at a CAGR of 11.0% over the 2018G - 2020G period. License fees remained stable at an average of SAR 1.9 million over the 2018G - 2019G period and increased slightly by 20.4% to SAR 2.2 million in 2020G in line with the ongoing technological and software upgrades implemented in 2020G.

6-5-9-16 Data Network Lines

Data network lines expenses related to fees for service providers utilizing internet and information circles. The expenses increased from nil in 2018G to SAR 12 thousand in 2019G, and further to SAR 24 thousand in 2020G.

6-5-9-17 Rent

Rent expenses decreased from SAR 9.5 million in 2018G to nil in 2019G and 2020G, in line with the implementation of IFRS 16 starting 1 January 2019G.

6-5-9-18 Others

Others mainly consisted of other miscellaneous expenses and decreased at a CAGR of 20.8% over the 2018G - 2020G period. Other expenses increased by 44.3% from SAR 4.9 million in 2018G to SAR 7.1 million in 2019G due to Muqassa outsourced contracts. Others decreased by 56.5% to SAR 3.1 million in 2020G mainly due to the decrease in public relation activities.

6-5-10 Group's Investment Income for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-10): Group's investment income for the financial years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G	2019G	2020G	Variance 2018G- 2019G	Variance 2019G- 2020G	CAGR 2018G- 2020G
	Audited	Audited	Audited			
Special commission income	57,919	25,901	2,857	(55.3%)	(89.0%)	(77.8%)
Dividend income	6,860	12,782	11,367	86.3%	(11.1%)	28.7%
Realized gain on sale of investments, net	10,680	5,426	15,752	(49.2%)	190.3%	21.4%
Unrealized gain on investments, net	3,753	50,234	8,818	1238.4%	(82.4%)	53.3%
Commission from SAMA deposits	-	-	4	N/A	N/A	N/A
Total	79,212	94,344	38,797	19.1%	(58.9%)	(30.0%)
As % of revenue			Ppt.			
Special commission income	9.9%	4.6%	0.3%	(5.3)	(4.3)	(9.7)
Dividend income	1.2%	2.3%	1.1%	1.1	(1.2)	(0.1)
Realized gain on sale of investments, net	1.8%	1.0%	1.5%	(0.9)	0.5	(0.4)
Unrealized gain on investments, net	0.6%	8.9%	0.8%	8.3	(8.1)	0.2
Commission from SAMA deposits	0.0%	0.0%	0.0%	0.0	0.0	0.0
Total	13.6%	16.7%	3.6%	3.1	(13.1)	(10.0)

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the percentages derived from the Group's information

Investment income mainly comprised special commission income, dividend income, realized gain on sale of investments, unrealized gain on investments and commission from SAMA deposits. Investment income decreased at a CAGR of 30.0% over the period 2018G -2020G.

6-5-10-1 Special Commission Income

Special commission income decreased at a CAGR of 77.8% over the 2018G - 2020G period. Special commission income decreased by 55.3% from SAR 57.9 million in 2018G to SAR 25.9 million in 2019G following the decrease in Sukuk and time deposit investments as most funds were reallocated to money markets funds that tend to be more liquid.

Special commission income decreased further by 89.0% from SAR 25.9 million in 2019G to SAR 2.9 million in 2020G on the back of the decrease in Sukuk investments, which were used to generate investment income return. The downsizing in time deposits exposure, and the reallocation of investments to money market funds also led to this decrease in special commission income.

6-5-10-2 Dividend Income

Dividend income increased at a CAGR of 28.7% over the 2018G - 2020G period. Dividend income increased by 86.3% from SAR 6.9 million in 2018G to SAR 12.8 million in 2019G as a result of increased dividends from REITs, coupled with the increase in money market fund investments which secured a majority of the rebate payments over the same period.

Dividend income subsequently decreased by 11.1% from SAR 12.8 million in 2019G to SAR 11.4 million in 2020G as the Group exited a REIT investment at the end of 2019G.

6-5-10-3 Realized Gain on Sale of Investments, Net

Realized gain on sale of investments, net increased at a CAGR of 21.4% over the 2018G - 2020G period. Realized gain on sale of investments, net decreased by 49.2% from SAR 10.7 million in 2018G to SAR 5.4 million in 2019G as a result of the shift in investment strategy which was implemented starting 2019G to focus on more liquid money market fund placements, ahead of the planned IPO. As such, the Group exited certain investments during the year such as a REIT investment.

Realized gain on sale of investments, net subsequently increased by 190.3% to SAR 15.8 million in 2020G as a result of the periodic rebalancing of the investment portfolio in an effort to secure better rates in different money market instruments and investment vehicles. The liquidation of several investments (other than money market funds) also contributed to this increase in realized gain.

6-5-10-4 Unrealized Gain on Investments, Net

Unrealized gain on investments, net increased at a CAGR of 53.3% over the 2018G - 2020G period. Unrealized gain on investments, net increased from SAR 3.8 million in 2018G to SAR 50.2 million in 2019G following the increase in money market fund investments with a profit rate reaching approximately 3% during certain periods of the year.

Unrealized gain on investments, net subsequently decreased by 82.4% to SAR 8.8 million in 2020G as profit rates started to deteriorate at the beginning of the year and reached less than 1% towards the end of the year which resulted in lower returns relative to 2019G.

6-5-10-5 Commission from SAMA Deposits

Commission from SAMA deposits amounted to SAR 4 thousand in 2020G and represented commission income on a deposit for the Muqassa subsidiary, which started operations in 2020G.

6-5-11 Group's other Income for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-11): Group's other income for the financial years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G	2019G	2020G	Variance 2018G-2019G	Variance 2019G-2020G	CAGR 2018G-2020G
Revenue of administration	0	6	1,716	N/A	N/A	N/A
Tadawul sponsorship	858	375	1,528	(56.3%)	307.5%	33.4%
Others	490	18,519	1,235	3677.4%	(93.3%)	58.7%
Total	1,348	18,901	4,479	1301.7%	(76.3%)	82.3%
As % of revenue			Ppt.			
Revenue of administration	0.0%	0.0%	0.2%	0.0	0.2	0.2
Tadawul sponsorship	0.1%	0.1%	0.1%	(0.1)	0.1	(0.0)
Others	0.1%	3.3%	0.1%	3.2	(3.2)	0.0
Total	0.2%	3.3%	0.4%	3.1	(2.9)	0.2

Source: The Group's information

Other income mainly consisted of revenue of administration, Tadawul sponsorship and others. Other income increased at a CAGR of 82.3% over the 2018G - 2020G period.

6-5-11-1 Revenue of Administration

Revenue of administration related to a portion of additional revenue (SAR 1.7 million) claimed by the Group from a customer for increased usage of market information services from 2016G until 2019G. The amount was nil in 2018G and 2019G as the audit on the usage of services was conducted in 2020G.

6-5-11-2 Tadawul Sponsorship

Tadawul sponsorship related to non-recurring events managed by the marketing team, and increased at a CAGR of 33.4% over the 2018G - 2020G period. Income from sponsorships decreased by 56.3% from SAR 858 thousand in 2018G to SAR 375 thousand in 2019G due to a decrease in the number of events being sponsored.

Income from Tadawul sponsorships increased by 307.5% to SAR 1.5 million in 2020G on the back of an increase in sponsorship activities, mainly stemming from the sponsors of Listing Guide.

6-5-11-3 Others

Others related to income from reversals of provisions, income from the Tadawul Media Center and exchange rate differences, amongst others.

Others increased at a CAGR of 58.7% over the 2018G - 2020G period. Others increased from SAR 490 thousand in 2018G to SAR 18.5 million in 2019G mainly due to the reversal of a provision amounting to SAR 17.4 million in 2019G. This provision related to outstanding legal matters that were resolved, and was accordingly no longer needed in 2019G.

Others decreased by 93.3% to SAR 1.2 million in 2020G driven mainly by the provision reversal in 2019G. Others largely comprised exchange rate differences, reversal of ECL provisions on investments and other items in 2020G.

6-5-12 Group's Zakat Analysis for the financial year ended 31 December 2020G

Table (6-12): Group's Zakat for the financial year ended 31 December 2020G

SAR in 000s	2020G
	Audited
Share Capital	1,200,000
Statutory reserve	326,912
General reserve	1,114,180
Retained Earnings	618,313
Liabilities and provisions	98,310
Non-current assets	(721,788)
Zakat base	2,635,928
Zakat %	2.5847
	68,131
Adjusted profit	617,218
Zakat %	2.5
	15,430
Zakat charge for the year	83,561

Source: The Financial Statements for the financial year ended 31 December 2020G

Zakat expenses amounted to SAR 83.6 million in 2020G whereby the Group became subject to Zakat in accordance with the Zakat regulation issued by the ZATCA based on Royal Decree 35657 effective 1 January 2020G. The Group was Zakat exempt prior to this date.

The Group's share of the Zakat has been estimated based on the Group's Zakat base and is levied at a fixed rate of 2.5% of the Zakat base as defined in the Zakat regulations. The Group's share of its provision is charged to its consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2020G the Group was yet to file its consolidated Zakat return for the Group and its wholly-owned subsidiaries with ZATCA.

6-6 Group's consolidated statements of financial position as at 31 December 2018G, 2019G and 2020G

Table (6-13): Group's consolidated statements of financial position as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Non-current assets			
Property and equipment	18,321	13,693	21,382
Intangible assets	114,622	176,516	179,552
Equity-accounted investee	42,607	40,997	378,895
Investments	306,328	231,555	101,268
Right of use assets	-	11,271	19,857
Total non-current assets	481,878	474,033	700,954
Current assets			
Investments	2,616,338	2,660,289	3,103,519
Accounts receivable	38,594	41,180	57,365
Prepaid expenses and other current assets	31,960	102,841	102,272
Deposits with Saudi Central Bank ("SAMA")	-	-	32,178
Cash and cash equivalents	363,179	268,488	96,798
Total current assets	3,050,071	3,072,797	3,392,132
Total assets	3,531,949	3,546,830	4,093,085
Equity and liabilities			
Equity			
Share capital	1,200,000	1,200,000	1,200,000
Statutory reserve	311,582	326,912	376,964
General reserve	1,114,180	1,114,180	1,114,180
Retained earnings	608,897	618,313	943,479
Total equity	3,234,659	3,259,405	3,634,622
Non-current liabilities			
Employees' end-of-service benefits liability	72,060	77,294	91,024
Lease liability	-	-	4,658
Provision for specific obligations	17,431	-	-
Total non-current liabilities	89,491	77,294	95,682
Current liabilities			
Margin deposits from clearing participants	-	-	19,030
Members' contribution to clearing house funds	-	-	3,147
Lease liability	-	4,263	9,129

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Accounts payable	87,268	105,384	95,315
Balance due to Capital Market Authority	56,661	22,330	32,759
Deferred revenue	4,733	3,135	3,223
Accrued expenses and other current liabilities	59,137	75,018	116,616
Zakat payable	-	-	83,561
Total current liabilities	207,799	210,130	362,781
Total liabilities	297,290	287,425	458,463
Total equity and liabilities	3,531,949	3,546,830	4,093,085
KPIs			
Days sales outstanding ("DSO") (in days)	24	27	19
Days payable outstanding ("DPO") (in days)	107	118	98
Return on average assets ("ROAA")	4.3%	4.3%	13.1%
Return on average equity ("ROAE")	4.6%	4.7%	14.5%
Current ratio	14.7	14.6	9.4

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, and the KPIs derived from the Group's information

6-6-1 Group's Non-Current Assets as at 31 December 2018G, 2019G and 2020G

Table (6-14): Group's non-current assets as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Property and equipment	18,321	13,693	21,382
Intangible assets	114,622	176,516	179,552
Equity-accounted investee	42,607	40,997	378,895
Investments	306,328	231,555	101,268
Right of use assets	-	11,271	19,857
Total non-current assets	481,878	474,033	700,954

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Non-current assets comprised property and equipment, intangible assets, equity-accounted investee, investments and the right-of-use assets.

Non-current assets decreased from SAR 481.9 million as at 31 December 2018G to SAR 474.0 million as at 31 December 2019G primarily due to the decrease in investments following the reclassification of the Savola Group Company Sukuk amounting to SAR 75.0 million to current investments, given the maturity date fell within 1 year. This decrease was partly offset by additions to intangible assets and the increase in right of use assets as a result of the change in classification under IFRS 16.

Following adoption of IFRS 16, companies were required to recognize assets and liabilities for all leases with a term of more than 12 months. Accordingly, in accordance with the requirements of IFRS 16, the right-of-use assets are recognized under non-current assets in the statement of financial position, and the lease liabilities are recognized under current and non-current liabilities in the statement of financial position.

Non-current assets increased from SAR 474.0 million as at 31 December 2019G to SAR 701.0 million as at 31 December 2020G mainly driven by the increase in equity-accounted investee as the Group converted SAR 130 million in Sukuk (related to the investment in TREC) to equity, coupled with an additional investment in TREC amounting to SAR 210 million.

6-6-2 Group's Property and Equipment Schedule as at 31 December 2018G, 2019G and 2020G

Table (6-15): Group's property and equipment schedule as at 31 December 2018G, 2019G and 2020G

SAR in 000s	Land	Building	Furniture and fixtures	Computers	Office equipment	Vehicles	Total
Cost							
Balance at 1 January 2018G	2,311	618	21,785	152,110	18,395	1,656	196,876
Additions	-	-	692	1,636	318	-	2,646
Disposal	-	-	(2,216)	(48,803)	(803)	-	(51,822)
As at 31 December 2018G	2,311	618	20,261	104,943	17,911	1,656	147,701
Balance as at 1 January 2019G	2,311	618	20,261	104,943	17,911	1,656	147,701
Additions	-	-	1,751	531	871	-	3,153
As at 31 December 2019G	2,311	618	22,012	105,474	18,782	1,656	150,854
Balance as at 1 January 2020G	2,311	618	22,012	105,474	18,782	1,656	150,854
Additions	-	142	35	12,455	325	-	12,957
Disposal	-	-	-	(154)	-	-	(154)
As at 31 December 2020G	2,311	760	22,047	117,776	19,107	1,656	163,657
Accumulated depreciation							
Balance at 1 January 2018G	-	48	17,073	136,326	16,102	1,190	170,739
Charge for the year	-	21	839	8,464	880	209	10,413
Disposals	-	-	(2,171)	(48,800)	(801)	-	(51,772)
Balance as at 31 December 2018G	-	69	15,741	95,989	16,181	1,399	129,379
Balance as at 1 January 2019G	-	69	15,741	95,989	16,181	1,399	129,379
Charge for the year	-	21	669	6,247	711	134	7,781
Balance as at 31 December 2019G	-	89	16,410	102,236	16,893	1,533	137,160
Balance as at 1 January 2020G	-	89	16,410	102,236	16,893	1,533	137,160
Charge for the year	-	21	611	3,958	555	124	5,269
Disposals	-	-	-	(154)	-	-	(154)
Balance as at 31 December 2020G	-	110	17,020	106,041	17,448	1,656	142,275
Net book value							
At 31 December 2018G	2,311	550	4,520	8,953	1,730	257	18,321
As at 31 December 2019G	2,311	529	5,602	3,238	1,889	124	13,693
As at 31 December 2020G	2,311	650	5,027	11,735	1,659	-	21,382

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Property and equipment include computers, furniture and fixtures, land, office equipment, building and vehicles.

6-6-2-1 Land

Land amounted to SAR 2.3 million over the 2018G - 2020G period and mainly related to a plot of land purchased by the Group in 2015G. The Group owns a warehouse which is constructed on this land.

6-6-2-2 Building

Building mainly related to a warehouse constructed on the Group's owned land. Building decreased from SAR 550 thousand as at 31 December 2018G to SAR 529 thousand as at 31 December 2019G as a result of depreciation for the year amounting to SAR 21 thousand.

Building increased from SAR 529 thousand as at 31 December 2019G to SAR 650 thousand as at 31 December 2020G primarily due to additions amounting to SAR 142 thousand in connection with a fit-out of the Group's new head office, which were partly offset by depreciation for the year amounting to SAR 21 thousand over the same period.

6-6-2-3 Furniture and Fixtures

Furniture and fixtures mainly related to tables, workstations, chairs and sofas for the Group's offices amongst other fixtures.

Furniture and fixtures increased from SAR 4.5 million as at 31 December 2018G to SAR 5.6 million as at 31 December 2019G in connection with setup costs for the Muqassa subsidiary, in addition to replacement capital expenditure for fully depreciated furniture and fixtures in its existing premises.

Furniture and fixtures decreased from SAR 5.6 million as at 31 December 2019G to SAR 5.0m as at 31 December 2020G as a result of depreciation for the year amounting to SAR 611 thousand, slightly offset by minor additions amounting to SAR 35 thousand.

6-6-2-4 Computers

Computers mainly related to laptops, servers, desktop computers, hard disks, routers, and switches amongst others.

Computers decreased from SAR 9.0 million as at 31 December 2018G to SAR 3.2 million as at 31 December 2019G mainly due to depreciation for the year amounting to SAR 6.2 million, slightly offset by additions amounting to SAR 531 thousand. In 2018G, the Group disposed of SAR 48.8 million of computers that were fully depreciated, pertaining mainly to old servers (SAR 24.7 million) and stand-alone storage (SAR 22.6 million).

Computers increased from SAR 3.2 million as at 31 December 2019G to SAR 11.7 million as at 31 December 2020G due to additions amounting to SAR 12.5 million. This was mostly in relation to the purchase of hardware supplies in connection with the IT network infrastructure upgrade project and Tadawul's data center migration to new premises in King Abdullah Financial District, in addition to general upgrades in light of the anticipated expansion in the Group's service offerings and business activity. Other necessary hardware supplies were also purchased to facilitate remote working following the start of the COVID-19 pandemic, however, the respective cost was minimal.

6-6-2-5 Office Equipment

Office equipment mainly related to printers, copy machines, shredder machines, projectors, scanners and telephones amongst others.

Office equipment increased slightly from SAR 1.7 million as at 31 December 2018G to SAR 1.9 million as at 31 December 2019G due to additions amounting to SAR 871 thousand, which were partly offset by the depreciation charge for the year amounting to SAR 711 thousand.

Office equipment decreased from SAR 1.9 million as at 31 December 2019G to SAR 1.7 million as at 31 December 2020G mainly due to depreciation charge for the year amounting to SAR 555 thousand, slightly offset by additions amounting to SAR 325 thousand.

6-6-2-6 Vehicles

Vehicles mainly comprised the transportation vehicles of key Group employees for corporate affairs.

Vehicles decreased from SAR 257 thousand as at 31 December 2018G to SAR 124 thousand as at 31 December 2019G as a result of the depreciation charge for the year amounting to SAR 134 thousand, combined with no additions made during the same period.

Vehicles decreased further from SAR 124 thousand as at 31 December 2019G to a nil balance as at 31 December 2020G as the vehicles became fully depreciated. Management indicated that the vehicles were still in a relatively good condition, in addition to the fact that the Group signed an agreement with a third-party provider to supply transportation as needed to employees going forward.

6-6-3 Group's Intangible Assets as at 31 December 2018G, 2019G and 2020G

Table (6-16): Group's intangible assets as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Cost			
Balance at beginning of the year	251,257	305,732	396,690
Additions	55,296	90,959	32,719
Disposals/ write off	(821)	-	-
Balance at end of the year	305,732	396,690	429,410
Accumulated amortization			
Balance at beginning of the year	170,073	191,110	220,174
Charge for the year	21,858	29,065	29,683
Disposals/ write off	(821)	-	-
Balance at end of the year	191,110	220,174	249,857
Net book value as at 31 December	114,622	176,516	179,552

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Intangible assets are related to software primarily in connection with the Group's electronic trading platform, in addition to several other software used for day-to-day operations, and are stated at cost less accumulated amortization. Amortization is recognized on a straight-line basis over their estimated useful life of 6 years.

Intangible assets increased from SAR 114.6 million as at 31 December 2018G to SAR 176.5 million as at 31 December 2019G mainly driven by additions made during that year amounting to SAR 91.0 million relating to licenses from third parties, software in connection with the phase 2 and phase 3 of the IT network infrastructure upgrade project, post-trade platform setup, and derivatives setup and delivery as the Group prepared to launch its new Derivatives service offering in 2020G, amongst others.

Intangible assets further increased to SAR 179.6 million as at 31 December 2020G mainly due to additions amounting to SAR 32.7 million in connection with licenses and support from third party vendors for IT services. Additions also pertained to the Derivatives Early Start Agreement related to the launch of the new derivatives service offering in 2020G and also included software in connection with phase 3 of the IT network infrastructure upgrade project which was completed during the year, amongst others. The Group has also strategized to implement a post-trade technology platform in line with international standards and prepared the infrastructure across the value chain for international integration. These increases were partly offset by amortization charges.

6-6-4 Group's Equity Accounted Investee Analysis as at 31 December 2018G, 2019G and 2020G

Table (6-17): Group's equity accounted investee as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Balance at beginning of the year	49,236	42,607	40,997
Additional investment during the year	-	-	340,000
Share of loss for the year	(6,629)	(1,610)	(2,102)
Balance at the end of the year	42,607	40,997	378,895

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Equity accounted investee related to the Group's share of capital in Tadawul Real Estate Company, the main activity of which is the construction and development of a commercial office tower in the King Abdullah Financial District where the Group intends to be headquartered.

Equity accounted investee decreased from SAR 42.6 million as at 31 December 2018G to SAR 41.0 million as at 31 December 2019G primarily due to the Group's share of investee's loss amounting to SAR 1.6 million in 2019G.

Equity accounted investee increased from SAR 41.0 million as at 31 December 2019G to SAR 378.9 million as at 31 December 2020G as the Group converted SAR 130 million in Sukuk placement to equity, coupled with an additional equity investment in TREC amounting to SAR 210 million. Accordingly, the Group's share of investment in TREC increased from 20% in 2019G to 33.12% in 2020G.

6-6-5 Group's Investments as at 31 December 2018G, 2019G and 2020G

Table (6-18): Group's Investments as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Non-current			
Investment at amortized cost	306,328	231,555	101,268
Current			
Investment at amortized cost	1,312,562	75,000	-
Investment at FVTPL	1,303,776	2,585,289	3,103,519
Balance at end of the year	2,616,338	2,660,289	3,103,519

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

6-6-5-1 Non-current Investment at Amortized Cost

Table (6-19): Non-current investment at amortized cost as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
		Audited	Audited
General Authority of Civil Aviation Sukuk	100,000	100,000	100,000
Tadawul Real Estate Company Sukuk	130,000	130,000	-
Savola Group Company Sukuk	75,000	-	-
Accrued income	2,799	2,675	1,312
Impairment loss on investments at amortized cost	(1,471)	(1,120)	(44)
Total	306,328	231,555	101,268

Source: The Financial Statements for the financial years ended 31 December 2019G and 2020G and the Group's information for the financial years ended 31 December 2018G

Non-current investment at amortized cost mainly comprised Sukuk, accrued income from Sukuk and any impairment loss on these Sukuk investments.

Non-current investments decreased from SAR 306.3 million as at 31 December 2018G to SAR 231.6 million as at 31 December 2019G mainly due to the reclassification of the Savola Group Company Sukuk amounting to SAR 75.0 million to current investments, given the maturity date was within 1 year.

Non-current investments decreased further from SAR 231.6 million as at 31 December 2019G to SAR 101.3 million as at 31 December 2020G primarily as a result of converting SAR 130.0 million Sukuk in TREC to equity, in line with the financial restructuring activities of TREC in 2020G. As at 31 December 2020G, the total non-current investment at amortized cost balance amounting to SAR 101.3 million was primarily comprised of a Sukuk in the General Authority of Civil Aviation for an amount of SAR 100.0 million, which is expected to mature in January 2022G, accrued income amounting to SAR 1.3 million and impairment loss on investment at amortized cost amounting to a negative balance of SAR 44 thousand.

6-6-5-2 Current Investment at Amortized Cost

Table (6-20): Current investment at amortized cost as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Sukuk	426,926	75,000	-
Murabaha placements	885,636	-	-
Total	1,312,562	75,000	-

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Current investments at amortized cost are mainly comprised of:

- 1) Sukuk which represents investment in Sukuk issued by various counterparties domiciled in KSA earning an average special commission rate of 4.28% and 3.14% per annum for the years ended 31 December 2018G and 31 December 2019G, respectively; and
- 2) Murabaha placements which represent short-term placements with counterparties domiciled in KSA with maturities between three months and one year earning an average special commission rate of 3.23% and 3.78% per annum for the years ended 31 December 2018G and 31 December 2019G, respectively.

Current investments at amortized cost decreased from SAR 1.3 billion as at 31 December 2018G to SAR 75.0 million as at 31 December 2019G primarily due to the decrease in Murabaha placements from SAR 885.6 million as at 31 December 2018G to a nil balance as at 31 December 2019G as these short-term placements matured during the year and the related funds were reinvested in domestic money market funds (accounted for in current investment at FVTPL). In addition, Sukuk decreased to SAR 75.0 million as at 31 December 2019G due to the maturity of several Sukuk during the year, except for Savola Group Company Sukuk which amounted to SAR 75.0 million (reclassified from non-current investment at amortized cost).

Investments at amortized cost decreased from SAR 75.0 million as at 31 December 2019G to a nil balance as at 31 December 2020G as the Savola Group Company Sukuk matured in January 2020G, and investments were accordingly focused in money market funds.

6-6-5-3 Current Investment at FVTPL

Table (6-21): Current investment at FVTPL as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Money market funds	1,228,320	2,548,345	3,074,347
Real estate funds	75,456	36,944	29,172
Total	1,303,776	2,585,289	3,103,519

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Investments at FVTPL which mainly comprised money market funds and real estate funds, represent investments in units of mutual funds, which are governed by the regulations issued by CMA. Money market funds represented approximately 99% of total investments at FVTPL and are mutual funds that invest in short-term instruments with a high liquidity and a low level of risk. This was also in line with the Group's adopted investment strategy ("**Liquid and Secure**"), whereby allocation to market funds increased accordingly.

Investments at FVTPL increased from SAR 1.3 billion as at 31 December 2018G to SAR 2.6 billion as at 31 December 2019G mainly driven by the increase in money market funds from SAR 1.2 billion as at 31 December 2018G to SAR 2.5 billion as at 31 December 2019G as Management rebalanced the investment portfolio into lower risk liquid investments with the proceeds of matured Sukuk. The increase in investments at FVTPL was partially offset by the decline in real estate funds from SAR 75.5 million as at 31 December 2018G to SAR 36.9 million as at 31 December 2019G as the Group liquidated its position in one fund, in line with the strategy to increase allocation of investments in money market funds.

Investments at FVTPL increased further from SAR 2.6 billion as at 31 December 2019G to SAR 3.1 billion as at 31 December 2020G following the increase in money market funds from SAR 2.5 billion as at 31 December 2019G to SAR 3.1 billion as at 31 December 2020G. This was also in line with the Group's strategy to increase allocation of investments in money market funds. This increase in investments in FVTPL was partially affected by the decline in real estate funds from SAR 36.9 million as at 31

December 2019G to SAR 29.2 million as at 31 December 2020G. The decline was mainly due to a deterioration in fair value due to difficulties in continuing the construction and operations of certain projects. These difficulties were a result of unexpectedly low sales (off-plan sales) due to the adverse economic environment during the lifetime of the project. Accordingly, a portion of the cash flow proceeds required to continue the operations of these construction companies were not generated, thus resulting in extended financial difficulties, including funding operational and business activities of the projects.

6-6-6 Group's right of use analysis as at 31 December 2019G and 2020G

Table (6-22): Group's right of use as at 31 December 2019G and 2020G

SAR in 000s	31 December 2019G	31 December 2020G
	Audited	Audited
Balance at beginning of the year	25,698	11,271
Additions	-	21,847
Depreciation charge for the year	(14,427)	(13,262)
Balance at end of the year	11,271	19,857

Source: The Financial Statements for the financial years ended 31 December 2019G and 2020G

Right of use assets pertained to the rented offices of the Group. Right-of-use assets related to operating leases in compliance with IFRS 16 effective for annual reporting periods beginning on or after 1 January 2019G.

Right of use assets increased from SAR 11.3 million as at 31 December 2019G to SAR 19.9 million as at 31 December 2020G as the Group extended the lease contract for their existing head office following the delay in moving to STG's new headquarters in KAFD. The move was initially planned for 2020G, however has been delayed to the end of 2022G or the beginning of 2023G. These additions were partly offset by the depreciation of the leased assets amounting to SAR 13.3 million over the same period.

6-6-7 Group's current assets as at 31 December 2018G, 2019G and 2020G

Table (6-23): Group's current assets as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Investments	2,616,338	2,660,289	3,103,519
Accounts receivable	38,594	41,180	57,365
Prepaid expenses and other current assets	31,960	102,841	102,272
Deposits with Saudi Central Bank ("SAMA")	-	-	32,178
Cash and cash equivalents	363,179	268,488	96,798
Total current assets	3,050,071	3,072,797	3,392,132

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

6-6-8 Accounts receivable analysis, aging by category, and provisions for doubtful debt as at 31 December 2018G, 2019G and 2020G

Table (6-24): Accounts receivable as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Accounts receivable:			
Related parties	12,682	10,136	7,218
Others	32,641	37,921	76,761
Less: Allowance for credit losses	(6,729)	(6,878)	(26,614)
Total	38,594	41,180	57,365

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Accounts receivable increased from SAR 38.6 million as at 31 December 2018G to SAR 41.2 million as at 31 December 2019G primarily due to the increase in post trade receivables by SAR 2.2 million and trading receivables by SAR 1.6 million over the same period.

Accounts receivable increased further from SAR 41.2 million as at 31 December 2019G to SAR 57.4 million as at 31 December 2020G in line with the increased business activity driven mainly by the higher trading volumes witnessed during the period, coupled with the increase in market information receivables by SAR 32.9 million (recorded within others). This receivable pertained to an audit that was performed on usage of market data services, resulting in the discovery of services that were overutilized by one customer during prior years, however the corresponding fees were not charged during that period, and only recorded in 2020G.

Table (6-25): Accounts receivable aging as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
0 – 30 days	33,285	33,544	72,287
31 - 60 days	1,555	1,261	519
61 – 90 days	310	2,393	160
91 – 120 days	251	436	74
121 - 180 days	856	2,571	308
181 – 360 days	5,104	2,078	2,013
More than 360 days	3,963	5,775	8,617
Total	45,324	48,058	83,978

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Accounts receivable represented receivables from third parties (approximately 91% of total gross receivables as at 31 December 2020G) and related parties (approximately 9%) relating to services for which performance obligations have been satisfied and therefore an invoice has been billed, mainly in connection with market information, post trade, trading, and listing services, among others. While the average credit terms granted to counterparties in connection with market information, post trade, listing and derivatives services were typically 30 days, trading receivables should be settled immediately on a cash basis.

The majority of balances as at 31 December 2020G were outstanding for less than 90 days. Balances outstanding for more than 180 days amounted to SAR 10.6 million, out of which SAR 8.6 million were outstanding for over 360 days. The receivable balance outstanding for more than 360 days pertained largely to post trade receivables (SAR 3.3 million), listing receivables (SAR 3.0 million), and market information receivables (SAR 2.3 million).

Table (6-26): Allowance for credit losses as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Balance at the beginning of the year	2,864	6,729	6,878
Effect on the adoption of IFRS 9 at 1 January 2018	26	-	-
Charge for the year	3,840	148	19,736
Balance at the end of the year	6,729	6,878	26,614

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

As at 1 January 2018G, the Group adopted IFRS 9 which uses the expected credit loss ("ECL") model to assess for impairment of financial assets. Accordingly, allowance for credit losses are recorded against their respective asset balances by applying the ECL model.

Allowance for credit losses increased slightly from SAR 6.7 million as at 31 December 2018G to SAR 6.9 million as at 31 December 2019G.

Allowance for credit losses amounted to SAR 26.6 million as at 31 December 2020G, of which SAR 20.6 million were related to market information receivables, SAR 3.7 million were related to post trade receivables, and SAR 2.3 million were related to listing receivables. Allowance for credit losses increased from SAR 6.9 million as at 31 December 2019G to SAR 26.6 million as at 31 December 2020G mainly due to a 50% provision booked against the receivables resulting from the market information audit case relating to the market information revenue.

6-6-9 Group's prepaid expenses and other current assets analysis as at 31 December 2018G, 2019G and 2020G

Table (6-27): Group's prepaid expenses and other current assets as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Advance against purchase of property	-	77,500	77,500
Prepaid insurance expenses	7,673	7,767	7,770
Prepaid rent expenses	5,301	-	-
Accrued operational revenue	5,710	5,551	10,108
Advance to employees	4,378	6,233	2,876
Prepaid maintenance expenses	624	1,328	1,419
Value-added tax (VAT) receivable, net	1,748	746	-
Other receivables	6,526	3,716	2,599
Total	31,960	102,841	102,272

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Prepaid expenses and other current assets mainly consisted of an advance against purchase of property, prepaid insurance expenses, prepaid rent expenses, accrued operational revenue, advance to employees, prepaid maintenance expenses, and value-added tax receivable, net.

6-6-9-1 Advance Against Purchase of Property

Advance against purchase of property amounted to SAR 77.5 million as at 31 December 2019G and as at 31 December 2020G and related to an advance payment for the purchase of a property in relation to the Group's new data center in King Abdullah Financial District.

6-6-9-2 Prepaid Insurance Expenses

Prepaid insurance expenses related to annual prepaid amounts in connection with the medical insurance for the Group's employees. Prepaid insurance expenses remained relatively constant amounting to SAR 7.7 million, SAR 7.8 million and SAR 7.8 million as at 31 December 2018G, 31 December 2019G, and 31 December 2020G, respectively.

6-6-9-3 Prepaid Rent Expenses

Prepaid rent expenses related to the Group's rented office. Prepaid rent expenses decreased from SAR 5.3 million as at 31 December 2018G to a nil balance as at 31 December 2019G and 31 December 2020G following the adoption of IFRS 16, effective for annual reporting periods beginning on or after 1 January 2019G.

6-6-9-4 Accrued Operational Revenue

Accrued operational revenue related to unbilled balances in connection with the depository services and market information segments. The balances are in connection with services that are delivered but are yet to be invoiced as they go through the Group's internal approval process as per the standard policies and procedures.

Accrued operational revenue remained relatively constant amounting to SAR 5.7 million and SAR 5.6 million as at 31 December 2018G and 31 December 2019G, respectively.

Accrued operational revenue increased from SAR 5.6 million as at 31 December 2019G to SAR 10.1 million as at 31 December 2020G primarily due to the increase in unbilled balances in connection with the transfer of ownership services provided. The amount was subsequently billed in January 2021G.

6-6-9-5 Advance to Employees

Advance to employees mainly comprised employee advances in relation to employee loans, travel, insurance, salaries, and telephone expenses, amongst others.

Advances to employees increased from SAR 4.4 million as at 31 December 2018G to SAR 6.2 million as at 31 December 2019G mainly driven by the increase in employee loans from SAR 1.7 million as at 31 December 2018G to SAR 3.2 million as at 31 December 2019G through additional employee loans granted.

Advances to employees subsequently decreased to SAR 2.9 million as at 31 December 2020G on the back of the decline in employee loans to SAR 1.1 million as at 31 December 2020G due to lower employee advances disbursed. This was coupled with a decrease in other advances from SAR 1.5 million as at 31 December 2019G to SAR 0.2 million as at 31 December 2020G pertaining to employee education allowances.

6-6-9-6 Prepaid Maintenance Expenses

Prepaid maintenance expenses related to advance payments mainly in connection with the Group's IT system maintenance contracts. Prepaid maintenance expenses increased from SAR 0.6 million as at 31 December 2018G to SAR 1.3 million as at 31 December 2019G and SAR 1.4 million as at 31 December 2020G as one of the IT suppliers' license agreement and maintenance renewal contract, which is usually paid in December of every year, was settled after the year-end in January 2020G and January 2021G, respectively.

6-6-9-7 Value-added Tax (VAT) Receivable, Net

VAT receivable, net, which mainly comprised VAT amounts receivable by the Group from counterparties, is netted off against VAT amounts payable.

VAT receivable, net decreased from SAR 1.7 million as at 31 December 2018G to SAR 746 thousand as at 31 December 2019G primarily due to the increase in output VAT from SAR 2.6 million as at 31 December 2018G to SAR 8.6 million as at 31 December 2019G.

VAT receivable, net amounted to nil as at 31 December 2020G following the significant change in the net VAT balance from a receivable of SAR 746 thousand as at 31 December 2019G to a liability of SAR 10.2 million as at 31 December 2020G. Given that VAT is recorded as a net balance, the liability incurred as at 31 December 2020G has been recorded as part of accrued expenses and other current liabilities.

6-6-9-8 Other Receivables

Other receivables decreased from SAR 6.5 million as at 31 December 2018G to SAR 3.7 million as at 31 December 2019G primarily due to the decline in receivable from a promotional package offered by the Group limited to 2000 users promotion package from SAR 2.8 million as at 31 December 2018G to SAR 376 thousand as at 31 December 2019G due to timing of collections prior to year-end, coupled with the decrease in prepaid expenses for internal vendors from SAR 2.0 million as at 31 December 2018G to SAR 645 thousand as at 31 December 2019G due to timing of invoicing and collecting payments.

Other receivables further decreased to SAR 2.6 million as at 31 December 2020G mainly due to a decrease in receivables pertaining to Muqassa's pre-operational business activities from SAR 1.7 million as at 31 December 2019G (a majority of which pertained to a joint project between Abu Dhabi Securities Exchange ("ADX") and Muqassa) to SAR 34 thousand as at 31 December 2020G.

6-6-10 Deposits with Saudi Central Bank ("SAMA") as at 31 December 2018G, 2019G and 2020G

Table (6-28): Deposits with Saudi Central Bank ("SAMA") as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Deposits with Saudi Central Bank ("SAMA")	-	-	32,178
Total	-	-	32,178

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Deposits with Saudi Central Bank ("SAMA") represent cash collateral received from the clearing members in the form of an initial margin, a variation margin and a default fund. It is also comprised of an initial SAR 10 million deposit made by the Group, as per CMA's requirements. Commission is earned on such deposits; part of which is recorded by the Group through a commission-sharing agreement with clearing members, with their allocation added to their respective collateral accounts. Deposits with SAMA amounted to SAR 32.2 million as at 31 December 2020G.

6-6-11 Group's Cash and cash equivalents analysis as at 31 December 2018G, 2019G and 2020G

Table (6-29): Group's Cash and cash equivalents as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Cash at banks – current accounts	68,823	142,141	96,798
Short-term Murabaha placements	294,356	126,347	-
Total	363,179	268,488	96,798

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Cash and cash equivalents consist of cash at banks deposited in current accounts and short term Murabaha placements with original maturities of three months or less and which are available to the Group without any restriction.

Cash and cash equivalent decreased from SAR 363.2 million as at 31 December 2018G to SAR 268.5 million as at 31 December 2019G following the decline in short-term Murabaha placements (-SAR 168.0 million) as some of these placements matured during the year, partly offset by the increase in cash deposited in current accounts (+SAR 73.3 million). The short-term Murabaha placements carried an average special commission rate of 2.70% and 2.45% per annum in 2018G and 2019G, respectively.

Cash and cash equivalents further decreased to SAR 96.8 million as at 31 December 2020G as the short-term Murabaha placements matured in January 2020G. This was also in line with the Group's strategy to further increase placements in money market funds.

6-6-12 Group's Equity

Table (6-30): Group's equity as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Share capital	1,200,000	1,200,000	1,200,000
Statutory reserve	311,582	326,912	376,964
General reserve	1,114,180	1,114,180	1,114,180
Retained earnings	608,897	618,313	943,479
Total	3,234,659	3,259,405	3,634,622

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

The share capital of the Group was SAR 1.2 billion divided into 120 million shares of SAR 10 each as at 31 December 2018G, 2019G and 2020G which are fully owned by the Public Investment Fund ("PIF").

In accordance with the Group's Bylaws and the Saudi Arabian Regulations for Companies, the Group is required to transfer annually 10% of its net income for the year to the statutory reserve which may be stopped at 30% of the share capital after obtaining approval at the Annual General Meeting. The reserve is not available for distribution to the shareholder of the Group.

General reserve amounted to SAR 1.1 billion over the 2018G - 2020G period and related to transfers from retained earnings in 2007 for the purpose of financing the construction of the Group's headquarters in the King Abdullah Financial District and any other future purposes to be decided by the Board of Directors.

Retained earnings increased from SAR 608.9 million as at 31 December 2018G to SAR 618.3 million as at 31 December 2019G and further to SAR 943.5 million as at 31 December 2020G. These increases were attributed to net profits of SAR 153.3 million and SAR 500.5 million in 2019G and 2020G, respectively.

6-6-13 Group's non-current liabilities as at 31 December 2018G, 2019G and 2020G

Table (6-31): Group's non-current liabilities as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Employees' end-of-service benefits liability	72,060	77,294	91,024
Lease liability	-	-	4,658
Provision for specific obligations	17,431	-	-
Total non-current liabilities	89,491	77,294	95,682

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

6-6-14 Group's Employees' end of service benefits liability as at 31 December 2018G, 2019G and 2020G

Table (6-32): Group's employees' end of service benefits liability as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Balance at beginning of the year	91,825	72,060	77,294
Current service cost	11,442	7,942	9,028
Interest cost	2,976	3,025	2,272
Amount recognized in profit or loss	14,418	10,966	11,300
Re-measurement loss recognized in other comprehensive income	(20,303)	8,548	5,302
Benefits paid during the year	(13,881)	(14,280)	(2,872)
Benefits at the end of the year	72,060	77,294	91,024

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

End of service benefits' ("EOSB") calculation is based on the Group's policy in accordance with IAS 19 requirements, assuming future growth in salary of 5% and using a discount rate of 1.85%, with heavy turnover and a retirement age of 64. The actuarial valuation has been performed as at 31 December 2018G, 2019G and 2020G by qualified actuarial services companies.

Employees' end of service benefits liability increased from SAR 72.1 million as at 31 December 2018G to SAR 77.3 million as at 31 December 2019G, and further to SAR 91.0 million as at 31 December 2020G. The increase in EOSB was due to the higher salary increments and increase in number of employees and their respective tenures over the historical period.

6-6-15 Group's lease liabilities analysis as at 31 December 2019G and 2020G

Table (6-33): Group's lease liabilities as at 31 December 2019G and 2020G

SAR in 000s	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	4,412	149	4,263
As at 31 December 2019G	4,412	149	4,263
Current	9,382	253	9,129
Non-current	5,038	380	4,658
As at 31 December 2020G	14,420	633	13,787

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Lease liabilities related to right of use of operating leases in compliance with IFRS 16 effective for annual periods beginning on or after 1 January 2019G and amounted to SAR 4.3 million as at 31 December 2019G and increased to SAR 13.8 million as at 31 December 2020G in line with additions to right-of-use assets related to the extension of the lease contract for the Group's current headquarters.

6-6-16 Provision for Specific Obligations

Table (6-34): Provision for specific obligations as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Provision for specific obligations	17,431	-	-
Total	17,431	-	-

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Provision for specific obligations mainly relates to a provision in connection with Saudi Share Registration Company ("SSRC"). SSRC had transferred all rights, assets, liabilities, obligations and records to the Company upon its establishment in December 2007G. The Group accordingly took over SSRC's obligations. Accordingly, the Company had booked a provision equal to the amount of net assets transferred from SSRC.

The balance decreased from SAR 17.4 million as at 31 December 2018G to nil as at 31 December 2019G and 31 December 2020G given that the provision was reversed during the year ended 31 December 2019G as the Group did not anticipate any further claims going forward.

6-6-17 Group's current liabilities as at 31 December 2018G, 2019G and 2020G

Table (6-35): Group's current liabilities as at 31 December 2018G, 2019G and 2020G

As at 31 December 2020G, the Group's current liabilities mainly comprised accrued expenses and other current liabilities (32.1% of total current liabilities), accounts payable (26.2% of total current liabilities), Zakat payable (23.0% of total current liabilities), amongst others.

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Margin deposits from clearing participants	-	-	19,030
Members' contribution to clearing house funds	-	-	3,147
Lease liability	-	4,263	9,129
Accounts payable	87,268	105,384	95,315
Balance due to Capital Market Authority	56,661	22,330	32,759
Deferred revenue	4,733	3,135	3,223
Accrued expenses and other current liabilities	59,137	75,018	116,616
Zakat payable	-	-	83,561
Total current liabilities	207,799	210,130	362,781

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

6-6-18 Margin deposits from clearing participants

Table (6-36): Margin deposits from clearing participants as at 31 December 2020G

SAR in 000s	31 December 2020G
	Audited
Clearing members' house collateral	1,001
Clearing members' client collateral	16,540
Clearing members' initial margin	1,489
Total	19,030

Source: The Financial Statements for the financial year ended 31 December 2020G

Margin deposits from clearing participants are received by the Group as collateral in connection with outstanding derivative contracts between the members and the Group, and amounted to SAR 19.0 million as at 31 December 2020G. This primarily comprised the following:

- Clearing members' house collateral, which amounted to SAR 1.0 million as at 31 December 2020G and pertained to cash collateral received from clearing members on their own account;
- Clearing members' client collateral, which amounted to SAR 16.5 million as at 31 December 2020G and pertained to cash collateral received from clearing members on account of their customers; and
- Clearing members' initial margin, which amounted to SAR 1.5 million as at 31 December 2020G and pertained to cash collateral received from clearing members, highlighting values with position.

6-6-19 Members' contribution to clearing house funds

Table (6-37): Members' contribution to clearing house funds as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Members' contribution to clearing house funds	-	-	3,147
Total	-	-	3,147

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Members' contribution to clearing house funds amounted to SAR 3.1 million as at 31 December 2020G, and represented prefunded default arrangements that comprised assets contributed by clearing members that may be used by the Group in certain circumstances to cover the losses or liquidity pressure resulting from potential participant defaults.

6-6-20 Accounts payable as at 31 December 2018G, 2019G and 2020G

Table (6-38): Accounts payable as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Trade payables:			
Others	80,314	96,877	81,667
Related parties	6,954	8,506	13,647
Total	87,268	105,384	95,315

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Accounts payable represented payables due to third parties (approximately 86% of total accounts payable balance as at 31 December 2020G) and related parties (approximately 14% of total accounts payable balance as at 31 December 2020G) and mainly related to balances due in respect of the Group's various vendors, mainly telecommunications providers, information technology vendors and professional services firms.

Accounts payable increased from SAR 87.3 million as at 31 December 2018G to SAR 105.4 million as at 31 December 2019G primarily on the back of amounts due to vendors in connection with the new data center and the derivatives setup and delivery.

Accounts payable subsequently decreased to SAR 95.3 million as at 31 December 2020G due to the timing of settlement of some invoices prior to year-end.

Management accrued for its accounts payable to vendors based on services delivered, rather than invoicing. Accordingly, a large portion of accounts payable relate to vendors that are yet to submit an invoice to the Group. Accounts payable balances that were fully invoiced amounted to SAR 25.3 million at 31 December 2018G, SAR 8.5 million at 31 December 2019G and SAR 6.0 million at 31 December 2020G.

6-6-21 Balance due to Capital Market Authority as at 31 December 2018G, 2019G and 2020G

Table (6-39): Balance due to Capital Market Authority as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Balance due to Capital Market Authority	56,661	22,330	32,759
Total	56,661	22,330	32,759

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Balance due to Capital Market Authority related to the Group's collection of CMA's share of trading commission. The CMA's share of trading revenue is only collected by the Group before disbursing to the CMA, and not recorded as a revenue or as an expense on the Group's books. The flat fee however is booked as an expense in operating expenses.

The annual CMA fee (SAR 130 million) represents the fees charged by the CMA for the services provided by the Authority to the Group, in relation to other trading services. The Group settles balances with the CMA on an ongoing and frequent basis.

Balance due to CMA decreased from SAR 56.7 million as at 31 December 2018G to SAR 22.3 million as at 31 December 2019G driven by a different timing of disbursement to the CMA regarding the annual flat fee of SAR 130 million in 2018G, as the fees due for the last quarter of 2018G amounting to SAR 32.5 million were settled after the year-end in January 2019G.

Balances due to CMA subsequently increased to SAR 32.8 million as at 31 December 2020G as some of the trading commission invoices were not yet collected from clients as at 31 December 2020G. As such, the corresponding commission income due to the CMA was not disbursed. Additionally, the increase in balances due to CMA was facilitated by the increase in payables to the CMA in connection with post-trade services, primarily driven by a decline in support from the authority activities in 2020G. Instead of direct payment to the company, the annual fee is reduced gradually according to a timetable within five years, based on the decision of the Council of the CMA. This represents a support from the Authority for the initiatives related to the development of the financial sector, the implementation of which is the responsibility of the Group.

6-6-22 Deferred revenue as at 31 December 2018G, 2019G and 2020G

Table (6-40): Deferred revenue as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Deferred revenue	4,733	3,135	3,223
Total	4,733	3,135	3,223

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Deferred revenue related to fees received in advance in respect of listing and basic registry.

Deferred revenue decreased from SAR 4.7 million as at 31 December 2018G to SAR 3.1 million as at 31 December 2019G in line with the decrease in unlisted companies' basic registration from SAR 2.5 million as at 31 December 2018G to SAR 1.0 million as at 31 December 2019G.

Deferred revenue slightly increased to SAR 3.2 million as at 31 December 2020G following the increase in unlisted companies' basic registration (+SAR 731 thousand), which was partly offset by the decrease in the basic registration of Sukuk and bonds (-SAR 622 thousand). The fluctuation in this balance was primarily due to the timing of the services purchased by investors.

6-6-23 Accrued expenses and other current liabilities as at 31 December 2018G, 2019G and 2020G

Table (6-41): Accrued expenses and other current liabilities as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Accrued employee expenses	39,599	67,465	94,647
Accrued employee vacation expenses	13,729	-	-
Accrued social insurance - General Organization for Social Insurance	1,410	2,008	2,108
Value-added tax (VAT), net	-	-	10,196
BOD payables	-	-	5,470
Other payables	4,399	5,546	4,194
Total	59,137	75,018	116,616

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Accrued expenses and other current liabilities mainly consisted of accrued employee expenses, accrued employee vacation expenses, accrued social insurance, value-added tax net, and Board of directors ("BOD") payables amongst others.

6-6-23-1 Accrued Employee Expenses

Accrued employee expenses relate to employee benefits such as housing, bonuses and vacation allowances. Employee expenses are accrued monthly and disbursed as lump sums during the year as per the Group's policy.

Accrued employee expenses increased from SAR 39.6 million as at 31 December 2018G to SAR 67.5 million as at 31 December 2019G as the accrued employees' vacation expenses balance was reclassified to accrued employee expenses starting 2019G, coupled with the increase in bonus payments accrued during the year (+SAR 9.7 million).

Accrued employee expenses increased further from SAR 67.5 million as at 31 December 2019G to SAR 94.6 million as at 31 December 2020G in line with the increase in bonus payments accrued during the year (+SAR 19.8 million) following the new bonus accrual policy which was implemented in 2020G and which is more closely linked to net income and profitability.

6-6-23-2 Accrued Employee Vacation Expenses

Accrued employee vacation expenses amounted to SAR 13.7 million as at 31 December 2018G, and was reclassified to accrued employee expenses starting 2019G, as also mentioned above.

6-6-23-3 Accrued Social Insurance - General Organization for Social Insurance

Accrued social insurance – General Organization for Social Insurance increased from SAR 1.4 million as at 31 December 2018G to SAR 2.0 million as at 31 December 2019G and SAR 2.1 million as at 31 December 2020G in line with the increase in headcount over the historical period.

6-6-23-4 Value-added Tax (VAT), Net

Value-added tax (VAT), net which mainly comprises VAT amounts payable by the Group, is netted off against VAT amounts collectible from counterparties.

Value-added tax (VAT), net amounted to nil as at 31 December 2018G and 31 December 2019G as the net VAT balance was a receivable amounting to SAR 1.7 million and SAR 746 thousand as at 31 December 2018G and 31 December 2019G, respectively. Value-added tax (VAT), net amounted to a payable of SAR 10.2 million as at 31 December 2020G. Given that VAT is recorded as a net balance, the receivable balances as at 31 December 2018G and 31 December 2019G have been recorded as part of prepaid expenses and other current assets.

6-6-23-5 Board of Directors Payables

BOD payables pertain mainly to board compensation and amounted to SAR 5.5 million as at 31 December 2020G. BOD payables were previously classified under others as at 31 December 2018G and 31 December 2019G. BOD payable for PIF-nominated members are usually released in December of every year to PIF, whereby the latter allocates the payments to those respective directors.

BOD payables were higher as at 31 December 2020G, amounting to SAR 5.5 million (as compared to SAR 1.4 million as at 31 December 2018G and SAR 1.0 million as at 31 December 2019G classified under others) as new guidelines were implemented in 2020G by PIF. As such, the Group was in coordination with PIF in order to receive more clarity on the new guidelines and updated calculations prior to releasing the payments. The payments were subsequently released in 2021G.

6-6-23-6 Others

Others mainly comprised of unapplied receipts that primarily pertain to unearned revenue, withholding tax provision, and unidentified receipts, amongst others.

Others increased from SAR 4.4 million as at 31 December 2018G to SAR 5.5 million as at 31 December 2019G primarily due to the increase in unapplied receipts (+SAR 1.8 million).

Others subsequently decreased from SAR 5.5 million as at 31 December 2019G to SAR 4.2 million as at 31 December 2020G mainly driven by the decrease in BOD payable from SAR 1.0 m as at 31 December 2019G to a nil balance as at 31 December 2020G following the reclassification of BOD payable as a separate account starting 2020G, coupled with the decline in employees accounts payable from SAR 652 thousand as at 31 December 2019G to a nil balance as at 31 December 2020G as payments, which related to payroll, were settled in 2020G prior to year-end.

6-6-24 Payable as at 31 December 2020G

Table (6-42): Zakat payable as at 31 December 2020G

SAR in 000s	31 December 2020G Audited
Balance at the beginning of the year	-
Charge for the year	83,561
Balance at the end of the year	83,561

Source: The Financial Statements for the financial years ended 31 December 2020G

Zakat payable amounted to SAR 83.6 million as at 31 December 2020G as the Group is subject to Zakat in accordance with the Zakat regulation issued by Zakat, Tax and Customs Authority in KSA ("ZATCA") effective 1 January 2020G. The Group was Zakat exempt prior to this date.

The Group's share of the zakat has been estimated based on the Group's zakat base and is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulation. The Group's share of its provision for the year is charged to its consolidated statement of profit or loss and other comprehensive income.

6-7 Group's contingencies and commitments as at 31 December 2018G, 2019G and 2020G

Table (6-43): Group's contingencies and commitments as at 31 December 2018G, 2019G and 2020G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G
	Audited	Audited	Audited
Purchase of assets	26,172	13,594	21,652
Committed expenditure	10,291	9,839	24,838
Letter of guarantee	11,300	11,300	11,300
Total	47,763	34,733	57,790

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

Contingencies and commitments, which were recorded off-balance sheet over the historical period, were primarily categorized as committed capex (purchase of assets), committed expenditures and letters of guarantee.

Total contingencies and commitments decreased from SAR 47.8 million as at 31 December 2018G to SAR 34.7 million as at 31 December 2019G mainly due to the decline in committed capex (-SAR 12.6 million).

Total contingencies and commitments increased from SAR 34.7 million as at 31 December 2019G to SAR 57.8 million as at 31 December 2020G through an increase in committed expenditures (+SAR 15.0 million) and committed capex (+SAR 8.1 million). Fluctuations in capex and expenditures committed were largely due to timing of invoicing and milestones reached.

Letters of guarantee amounted to SAR 11.3 million over the 2018G - 2020G period and pertained to credit agreements with a local bank, out of which SAR 10.0 million related to a standby facility to cover shortfalls in cash flow. The Group maintains this letter of guarantee for compliance with its internal risk and quality procedures, and does not intend to utilize this facility.

6-8 Group's consolidated statements of cash flow for the financial years ended 31 December 2018G, 2019G and 2020G

Table (6-44): Group's consolidated statements of cash flow for the years ended 31 December 2018G, 2019G and 2020G

SAR in 000s	2018G	2019G	2020G
	Audited	Audited	Audited
Cash flows from operating activities			
Profit before zakat	148,187	153,294	584,080
Adjustments to reconcile net profit for the period to net cash generated from operating activities:			
Depreciation and amortization	32,271	51,273	48,214
Charge for credit losses on accounts receivable	3,840	148	19,736
Reversal for impairment on investments held at amortized cost	(66)	(343)	(1,076)
Loss on sale of property and equipment	49	-	-
Provision for employees' end-of-service benefits	14,418	10,966	11,300
Realized gain on sale of investments	(10,680)	(5,426)	(15,752)
Unrealized gain on investments	(3,753)	(50,234)	(8,818)
Share of loss in equity-accounted investee	6,629	1,610	2,102
Interest expense on lease liability	-	149	253
Reversal of provision for specific obligation	-	(17,431)	-
Changes in operating assets and liabilities			
Deposits with Saudi Arabian Monetary Authority	-	-	(32,178)
Accounts receivable	(15,544)	(2,734)	(35,921)
Prepaid expenses and other current assets	(7,020)	(70,881)	569
Margin deposits from clearing participants	-	-	19,030
Members' contribution to clearing house funds	-	-	3,147
Accounts payable	36,151	18,116	(10,069)
Balance due to Capital Market Authority	44,780	(34,331)	10,429
Deferred revenue	(1,097)	(1,598)	88
Accrued expenses and other current liabilities	10,626	15,881	41,598
Cash generated from operations	258,791	68,460	636,734
Employees' end-of-service benefits paid	(13,881)	(14,280)	(2,872)
Net cash generated from operating activities	244,910	54,180	633,861
Cash flows used in investing activities			
Purchase of investments	(1,224,839)	(1,219,358)	(2,558,201)
Additional investment in equity-accounted investee	-	-	(210,000)

SAR in 000s	2018G	2019G	2020G
	Audited	Audited	Audited
Proceeds from disposal of investments	907,992	1,306,183	2,065,903
Proceeds from maturity of Sukuk	(57,467)	-	75,000
Purchase of intangible assets and property and equipment	(475)	(94,112)	(45,676)
Net cash used in investing activities	(374,789)	(7,286)	(672,975)
Cash flows used in financing activities			
Dividends paid	(120,000)	(120,000)	(120,000)
Lease rentals paid	-	(21,585)	(12,576)
Net cash used in financing activities	(120,000)	(141,585)	(132,576)
Net (decrease) in cash and cash equivalents	(249,879)	(94,691)	(171,689)
Cash and cash equivalents at the beginning of the period	613,058	363,179	268,488
Cash and cash equivalents at the end of the period	363,179	268,488	96,798

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G

6-8-1 Net Cash Generated from Operating Activities

Net cash generated from operating activities decreased significantly from SAR 244.9 million as at 31 December 2018G to SAR 54.2 million as at 31 December 2019G mainly due to an increase in working capital requirements as a result of the decrease in balance payable to the CMA by SAR 79.1 million and the increase in prepaid expenses and other current assets by SAR 63.9 million mostly due to an advance paid against a purchase of property amounting to SAR 77.5 million. The increase in working capital requirements was coupled with the increase in unrealized gain on investments by SAR 46.5 million between 2018G and 2019G.

Net cash generated from operating activities subsequently increased from SAR 54.2 million as at 31 December 2019G to SAR 633.9 million as at 31 December 2020G on the back of the significant increase in profit before zakat as a result of the increase in revenue driven by the increase in ADTV, coupled with the decrease in working capital requirements mainly as a result of the decrease in prepaid expenses and other current assets by SAR 71.5 million and the increase in balance due to CMA by SAR 44.8 million.

6-8-2 Net Cash used in Investing Activities

Net cash used in investing activities decreased from SAR 374.8 million as at 31 December 2018G to SAR 7.3 million as at 31 December 2019G driven by higher proceeds from disposal of investments than payments for the purchase of investments in 2019G.

Net cash used in investing activities increased from SAR 7.3 million as at 31 December 2019G to SAR 673.0 million as at 31 December 2020G driven by higher purchases of investments than proceeds from the disposal of investments coupled with the additional investment in equity-accounted investee of SAR 210 million.

6-8-3 Net Cash used in Financing Activities

Net cash used in financing activities increased from SAR 120.0 million as at 31 December 2018G to SAR 141.6 million as at 31 December 2019G primarily due to the additions in lease rentals paid amounting to SAR 21.6 million pertaining to right of use assets.

Net cash used in financing activities decreased from SAR 141.6 million as at 31 December 2019G to SAR 132.6 million as at 31 December 2020G on the back of lower lease rental additions paid during the year.

6-9 Summary of significant accounting policies as presented in the condensed consolidated interim financial statements for the six-month period ended 30 June 2021G

6-9-1 Basis of Preparation

6-9-1-1 Statement of Compliance

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020G.

6-9-1-2 Basis of Measurement

These condensed consolidated interim financial statements have been prepared on historical cost basis, except for financial assets measured at fair value through profit and loss, and employees' end-of-service benefits which are measured using the projected unit credit method, using accrual basis of accounting and the going concern concept.

6-9-1-3 Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Saudi Arabian Riyals ("**SAR**"), which is the functional and presentation currency of the Group. All amounts have been rounded to the nearest SAR. This MD&A has presented these consolidated financial statements in thousands of Saudi Arabian Riyals.

6-9-1-4 Critical Accounting Estimates and Judgments

The preparation of these condensed consolidated interim financial statements in conformity with International Financial Reporting Standards ("**IFRS**") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income 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.

6-9-2 Basis of Consolidation

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

In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the IFRS consolidated financial statements from the date that control commences until the date control ceases.

All transactions and resulting balances between the Company and the subsidiaries are eliminated in preparing these condensed consolidated interim financial statements. Any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

6-9-3 New Standards and Amendments issued

6-9-3-1 Amendments and Interpretations Adopted in Preparation of these Consolidated Financial Statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021G. The management has assessed that these amendments have no significant impact on the Group's condensed consolidated interim financial statements:

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021G (Amendment to IFRS 16)

6-9-3-2 New Standards and Amendments Issued but not yet Effective and not Early Adopted

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

- Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- IFRS 17 Insurance Contracts
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)

6-10 Results of operations for the six month period ended 30 June 2020G and 2021G

6-10-1 Summary of the Group's financial information and Key Performance Indicators for the six-month period ended 30 June 2020G and 2021G

Table (6-45): Summary of the Group's financial information and Key Performance Indicators for the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Statement of Comprehensive Income			
Operating revenue	435,422	645,908	48.3%
Operating costs	(152,046)	(175,674)	15.5%
Gross profit	283,377	470,234	65.9%
General and administrative expenses	(93,641)	(98,541)	5.2%
Operating profit	189,736	371,693	95.9%
Investment income	24,020	17,167	(28.5%)
Share of loss in an equity-accounted investee	(741)	(1,623)	119.0%
Other income	948	157	(83.5%)
Non-operating profit	24,227	15,700	(35.2%)
Profit before Zakat	213,963	387,393	81.1%
Zakat expense	-	(25,349)	N/A
Net profit for the period	213,963	362,044	69.2%
Other comprehensive income for the period	-	-	N/A
Total comprehensive income for the period	213,963	362,044	69.2%
Statement of Financial Position			
	As at 31 December 2020G	As at 30 June 2021G	
Total non-current assets	700,954	640,691	(8.6%)
Total current assets	3,392,132	2,697,875	(20.5%)
Total assets	4,093,085	3,338,566	(18.4%)
Total current liabilities	362,781	369,936	2.0%

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Total non-current liabilities	95,682	91,963	(3.9%)
Total liabilities	458,463	461,899	0.7%
Total equities	3,634,622	2,876,667	(20.9%)
Total liabilities and equities	4,093,085	3,338,566	(18.4%)
Statement of cash flows summary			
Net cash generated from operating activities	274,033	369,073	34.7%
Net cash generated from investing activities	181,860	864,882	375.6%
Net cash used in financing activities	(3,706)	(1,127,443)	N/A
Net increase in cash and cash equivalents	452,187	106,512	(76.4%)
Cash and cash equivalents at the beginning of the period	268,488	96,798	(63.9%)
Cash and cash equivalents at end of the period	720,674	203,311	(71.8%)
KPIs			
Gross profit margin (%)	65.1%	72.8%	7.7
Profit margin from Operations (%)	43.6%	57.5%	14.0
Profit before Zakat margin (%)	49.1%	60.0%	10.8
Net profit margin (%)	49.1%	56.1%	6.9

Source: Reviewed interim financial statements for the six-month period ended 30 June 2021G and the percentages derived from the Group's information

6-10-2 Group's consolidated statements of comprehensive income for the six-month period ended 30 June 2020G and 2021G

Table (6-46): Group's consolidated statements of comprehensive income for the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Operating revenue	435,422	645,908	48.3%
Operating costs	(152,046)	(175,674)	15.5%
Gross profit	283,377	470,234	65.9%
General and administrative expenses	(93,641)	(98,541)	5.2%
Operating profit	189,736	371,693	95.9%
Investment income	24,020	17,167	(28.5%)
Share of loss in an equity-accounted investee	(741)	(1,623)	119.0%
Other income	948	157	(83.5%)
Non-operating profit	24,227	15,700	(35.2%)
Profit before Zakat	213,963	387,393	81.1%
Zakat expense	-	(25,349)	N/A

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Net profit for the period	213,963	362,044	69.2%
Other comprehensive income for the period	-	-	N/A
Total comprehensive income for the period	213,963	362,044	69.2%

Source: Reviewed interim financial statements for the six-month period ended 30 June 2021G and the percentages derived from the Group's information

6-10-2-1 Operating Revenue

Operating revenue increased by 48.3% from SAR 435.4 million in the six-month period ended 30 June 2020G to SAR 645.9 million in the six-month period ended 30 June 2021G driven by:

- The increase in post trade revenue (+SAR 105.0 million) mostly related to Edaa on the back of an increase in clearing and settlement (+SAR 62.2 million) and safekeeping services (+SAR 35.5 million), coupled with the increase in trading commission revenue (+SAR 93.6 million). Post trade and trading commission activities are both correlated with ADTV and, accordingly, the increase in their respective revenue reflected a similar increase in ADTV from SAR 6.6 billion to SAR 10.7 billion over the same period. The increase in ADTV was largely attributable to the continued higher liquidity from increased investor interest in the KSA market, the services and initiatives by the KSA Government to support general business activity during the COVID-19 pandemic, and the continued low profit rate environment which may have increased investor appetite for Stock Market generated returns; and
- The increase in market information revenue (+SAR 11.1 million) which mainly resulted from higher monthly individual access fees (+SAR 10.8 million) stemming from an increase in the number of real-time users.

6-10-2-2 Operating Costs

Operating costs increased by 15.5% from SAR 152.0 million in the six-month period ended 30 June 2020G to 175.7 million in the six-month period ended 30 June 2021G mainly as a result of:

- The increase in maintenance, network and access costs by SAR 11.9 million over the same period. These were mainly related to Management Central Clearing Program ("MCCP") costs (+SAR 5.0 million) which represent the costs charged by Nasdaq for the outsource of the derivatives clearing back-office function, the increase in software maintenance contracts (+SAR 3.4 million) and in one of the suppliers' support contracts (+SAR 3.3 million);
- The increase in depreciation and amortization by SAR 6.1 million on the back of capitalization of assets related to hardware and software;
- The increase in CMA fees by SAR 5.0 million on the back of a lower co-funding credit amount (SAR 29.0 million in 2021G vs. SAR 39.0 million in 2020G) as part of the co-funding agreement with CMA; and
- The increase in marketing and sponsorship fees by SAR 4.8 million on the back of a project related to fees for public relation agencies across 3 major continents (+SAR 3.7 million) and international advertising campaigns (+SAR 1.0 million); partially offset by
- The decrease in salaries and related benefits by SAR 4.6 million as a result of the decrease in the number of employees whose costs are allocated to operating costs from 220 in the six-month period ended 30 June 2020G to 208 in the six-month period ended 30 June 2021G attributable to preserving vacant positions.

6-10-2-3 Gross Profit

Gross profit increased by 65.9% from SAR 283.4 million in the six-month period ended 30 June 2020G to SAR 470.2 million in the six-month period ended 30 June 2021G mainly as a result of the increase in revenue (+SAR 210.5 million) primarily stemming from the post trade services (+SAR 105.0 million) and trading commission (+SAR 93.6 million), versus a slower increase in operating costs over the same period.

6-10-2-4 General and Administrative Expenses

General and administrative expenses increased by 5.2% from SAR 93.6 million in the six-month period ended 30 June 2020G to SAR 98.5 million in the six-month period ended 30 June 2021G mainly as a result of the increase in maintenance, network and access expenses by SAR 5.5 million related to the Group's data center migration and the increase in consultancy expenses by SAR 2.2 million attributable to the fees for a creative agency's activities and the Group's branding.

6-10-2-5 Operating Profit

Operating profit increased by 95.9% from SAR 189.7 million in the six-month period ended 30 June 2020G to SAR 371.7 million in the six-month period ended 30 June 2021G mainly due to the increase in gross profit from SAR 283.4 million to SAR 470.2 million over the same period (+SAR 186.9 million), slightly offset by an increase in general and administrative expenses (+SAR 4.9 million).

6-10-2-6 Investment Income

Investment income decreased by 28.5% from SAR 24.0 million in the six-month period ended 30 June 2020G to SAR 17.2 million in the six-month period ended 30 June 2021G due to:

- The decrease in realized gain on sale of investments by SAR 6.8 million driven by rebalancing the investment portfolio as well as maturing time deposits towards higher yielding investments in light of a declining interest rate environment. This led to higher realized gains during the six-month period ended 30 June 2020G; and
- The decrease in dividend income by SAR 2.6 million was due to time processing of new accounts opening and rebates agreement finalization for new subsidiaries, as well as amounts redeemed from the Group to be held at bank to issue "paid up" capital certificates for the subsidiaries, thus leading to delays in receiving rebates from money market funds after the restructuring process; partially offset by
- An increase in unrealized gain on investments by SAR 2.6 million as a result of the increased investment in money market instruments.

6-10-2-7 Share of Loss in an Equity-Accounted Investee

Share of loss in an equity-accounted investee increased by 119.0% from SAR 0.7 million in the six-month period ended 30 June 2020G to SAR 1.6 million in the six-month period ended 30 June 2021G as the Group increased its ownership in an associate, Tadawul Real Estate Company ("TREC"), as at 31 December 2020G which resulted in a higher share of loss recorded in the six-month period ended 30 June 2021G.

6-10-2-8 Other Income

Other income decreased by 83.5% from SAR 948 thousand in the six-month period ended 30 June 2020G to SAR 157 thousand in the six-month period ended 30 June 2021G due to higher sponsorship invoices issued for the listed companies in the six-month period ended 30 June 2020G.

6-10-2-9 Profit before Zakat

Profit before Zakat increased by 81.1% from SAR 214.0 million in the six-month period ended 30 June 2020G to SAR 387.4 million in the six-month period ended 30 June 2021G primarily as a result of the increase in revenue by SAR 210.5 million and accordingly operating profit by SAR 182.0 million over the same period.

6-10-2-10 Zakat Expense

Zakat expenses amounted to SAR 25.3 million in the six-month period ended 30 June 2021G whereby the Group became subject to Zakat in accordance with the Zakat regulation issued by ZATCA based on Royal Decree 35657 effective 1 January 2020G. The Group was Zakat exempt prior to this date. The Group did not record any Zakat expense in the six-month period ended 30 June 2020G as the Zakat provision was computed only for year-end as at 31 December 2020G given that the notification from ZATCA regarding the Zakat exemption was received in March 2021G.

6-10-2-11 Net Profit for the Period

Net profit for the period was equal to the profit before Zakat in the six-month period ended 30 June 2020G given that the Zakat expense was nil.

Net profit for the period amounted to SAR 362.0 million in the six-month period ended 30 June 2021G, corresponding to a profit before Zakat of SAR 387.4 million, net of a Zakat expense of SAR 25.3 million.

6-10-3 KPIs of the Group for the six-month period ended 30 June 2020G and 2021G

Table (6-47): KPIs of the Group for the six-month period ended 30 June 2020G and 2021G

	Six-month period ended 30 June 2020G	Six-month period ended 30 June 2021G	Variance 30 June 2020G-30 June 2021G
Gross profit margin (%)	65.1%	72.8%	7.7
Profit margin from Operations (%)	43.6%	57.5%	14.0
Profit before Zakat margin (%)	49.1%	60.0%	10.8
Net profit margin (%)	49.1%	56.1%	6.9
Accounts receivable days (including related parties)	19	26	33.3%
Accounts payable days (including related parties)	98	121	24.1%
Main market			
Number of transactions (Thousands)	25,618	52,194	103.7%
Shares traded (Millions)	28,786	42,638	48.1%
Value traded (SAR in millions)	825,205	1,339,260	62.3%
Number of trading days	125	125	0.0%
Daily average transactions (Thousands)	205	418	103.7%
Daily average of shares traded (Millions)	230	341	48.1%
Daily average value traded (SAR in millions)	6,602	10,714	62.3%
Market capitalization (SAR in millions)	8,233,154	9,722,227	18.1%
Nomu - Parallel Market			
Number of transactions (Thousands)	136	137	0.7%
Shares traded (Millions)	51	47	(7.9%)
Value traded (SAR in millions)	2,758	4,842	75.5%
Number of trading days	125	125	0.0%
Daily average transactions (Thousands)	1	1	0.7%
Daily average of shares traded (Millions)	0.4	0.4	(7.9%)
Daily average value traded (SAR in millions)	22	39	75.5%
Market capitalization (SAR in millions)	3,259	11,861	264.0%
Real Estate Investment Trusts (REITs)*			
Number of transactions (Thousands)	598	1,599	167.2%
Shares traded (Millions)	625	1,861	197.8%
Value traded (SAR in millions)	5,398	22,049	308.5%
Number of trading days	125	125	0.0%
Daily average transactions (Thousands)	5	13	167.2%
Daily average of shares traded (Millions)	5	15	197.8%

	Six-month period ended 30 June 2020G	Six-month period ended 30 June 2021G	Variance 30 June 2020G-30 June 2021G
Daily average value traded (SAR in millions)	43	176	308.5%
Market capitalization (SAR in millions)	13,578	19,002	40.0%

* REITs KPIs are part of the Main Market KPI Statistics as well; however, they are also shown separately in this table for illustrative purposes.

Source: The Group's information

6-10-4 Group's revenue by entity for the six-month period ended 30 June 2020G and 2021G

Table (6-48): Group's revenue by entity for the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Six-month period ended 30 June 2020G	Six-month period ended 30 June 2021G	Variance 30 June 2020G-30 June 2021G
Saudi Tadawul Group Holding	222,370	260,666	17.2%
Saudi Exchange Company	N/A	67,001	N/A
Edaa	213,052	318,144	49.3%
Muqassa	-	97	N/A
Total	435,422	645,908	48.3%
As % of revenue			ppt.
Tadawul Holding	51.1%	40.4%	(10.7)
Saudi Exchange Company	0.0%	10.4%	10.4
Edaa	48.9%	49.3%	0.3
Muqassa	0.0%	0.0%	0.0

Source: Reviewed interim financial statements for the six-month period ended 30 June 2021G and the percentages derived from the Group's information

6-10-4-1 Saudi Tadawul Group Holding

Saudi Tadawul Group Holding revenue mainly consisted of the revenue generated from the Exchange subsidiary prior to its carve-out. Following the restructuring process, Saudi Tadawul Group Holding does not generate any operating revenue and its income is primarily comprised of dividend income from subsidiaries and investment income. Saudi Tadawul Group Holding revenue increased by 17.2% from SAR 222.4 million in the six-month period ended 30 June 2020G to SAR 260.7 million in the six-month period ended 30 June 2021G in line with the increase in trading commission revenue. Subsequent to 1 June 2021G and following the carve-out, revenue became primarily comprised of dividend income from subsidiaries.

6-10-4-2 Saudi Exchange Company

Saudi Exchange Company revenue comprised revenue primarily from markets, market information, listing and derivatives (launched in 2020G). Saudi Exchange Company revenue amounted to SAR 67.0 million in the six-month period ended 30 June 2021G as the latter was incorporated on 30 March 2021G after the exchange activities were carved-out from the Saudi Tadawul Group Holding to create a fully owned new subsidiary.

6-10-4-3 Edaa

Edaa was the largest contributor to the business representing approximately 49.3% of total revenue generated in the six-month period ended 30 June 2021G.

Edaa revenue increased by 49.3% from SAR 213.1 million in the six-month period ended 30 June 2020G to SAR 318.1 million in the six-month period ended 30 June 2021G mainly due to:

- The increase in clearing and settlement (+SAR 62.2 million) on the back of the increase in ADTV from SAR 6.6 billion to SAR 10.7 billion over the same period;
- The increase in safekeeping services (+SAR 35.5 million) in line with the increase in ADTV from SAR 6.6 billion to SAR 10.7 billion over the same period, coupled with higher revenue generated from independent custody services (+SAR 3.4 million) and safekeeping of bonds and Sukuk (+SAR 1.0 million); and
- The increase in depository services (+SAR 7.4 million) as a result of the increase in revenue generated from the transfer of ownership related to investments (+SAR 8.1 million), partially offset by the decrease in revenue generated from personal transfer of ownerships (-SAR 1.4 million).

6-10-4-4 Muqassa

Muqassa started providing derivatives clearing in 2020G while cash markets clearing is yet to be commenced. Given that the derivatives clearing segment was only operational in late 2020G, revenue was nil in the six-month period ended 30 June 2020G, and amounted to SAR 97 thousand in the six-month period ended 30 June 2021G.

6-10-5 Group's revenue by activity for the six-month period ended 30 June 2020G and 2021G

Table (6-49): Group's revenue by activity for the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Trading commission	149,864	243,505	62.5%
Derivatives	226	579	155.9%
Market information services	36,465	47,545	30.4%
Listing services	36,633	37,006	1.0%
Post trade	212,234	317,273	49.5%
Total	435,422	645,908	48.3%
	As % of revenue		ppt
Trading commission	34.4%	37.7%	3.3
Derivatives	0.1%	0.1%	0.0
Market information services	8.4%	7.4%	(1.0)
Listing services	8.4%	5.7%	(2.7)
Post trade	48.7%	49.1%	0.4

Source: Reviewed interim financial statements for the six-month period ended 30 June 2021G and the percentages derived from the Group's information

6-10-5-1 Trading Commission

Trading commission revenue increased by 62.5% from SAR 149.9 million in the six-month period ended 30 June 2020G to SAR 243.5 million in the six-month period ended 30 June 2021G driven by the proportionally significant increase in ADTV over the same period. The increase in ADTV by platform amounted to SAR 4.1 billion for TASI, SAR 17 million for Nomu and SAR 133 million for REITs. The increase in ADTV was attributable to:

- The continued higher liquidity from increased investor interest in the KSA market which is mostly driven by Saudi retail and Saudi institutional investors;
- The services and initiatives by the KSA Government to support general business activity during the COVID-19 pandemic; and
- The continued low profit rate environment which may have increased investor appetite for Stock Market generated returns.

6-10-5-2 Derivatives

Derivatives revenue increased by 155.9% from SAR 226 thousand in the six-month period ended 30 June 2020G to SAR 579 thousand in the six-month period ended 30 June 2021G as this service was launched in 2020G and accordingly the respective revenue is expected to ramp up.

6-10-5-3 Market Information Services

Market information services revenue increased by 30.4% from SAR 36.5 million in the six-month period ended 30 June 2020G to SAR 47.5 million in the six-month period ended 30 June 2021G due to higher monthly individual access fees (+SAR 10.8 million) stemming from an increase in the number of real-time users and higher audit fees (+SAR 0.4 million).

6-10-5-4 Listing Services

Listing services revenue remained relatively stable at an average of approximately SAR 37 million over the six-month period ended 30 June 2020G and 2021G primarily due to an increase in equity main market listing fees (+SAR 1.8 million) and Nomu listing fees (+SAR 0.2 million), offset by a decrease in tradable right management fees (-SAR 1.8 million).

6-10-5-5 Post Trade

Post Trade revenue is generated from Edaa subsidiary and related mainly to clearing and settlement services (approximately 51% of total post trade revenue in the six-month period ended 30 June 2021G), safekeeping services (approximately 31%), and registry fees (approximately 14%) among others.

Post trade revenue increased by 49.5% from SAR 212.2 million in the six-month period ended 30 June 2020G to SAR 317.3 million in the six-month period ended 30 June 2021G mainly on the back of the increase in clearing and settlement services by SAR 62.2 million and the increase in safekeeping services by SAR 35.5 million. Both activities were driven by the increase in ADTV from SAR 6.6 billion in the six-month period ended 30 June 2020G to SAR 10.7 billion in the six-month period ended 30 June 2021G. Additionally, safekeeping services recorded an increase in revenue from independent custody services (+SAR 3.4 million).

6-10-6 Group's operating costs for the six-month period ended 30 June 2020G and 2021G

Table (6-50): Group's operating costs for the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
CMA fees	45,500	50,500	11.0%
Salaries and related benefits	67,857	63,221	(6.8%)
Consultancy	568	787	38.5%
Maintenance, network and access	17,959	29,891	66.4%
Depreciation and amortization	14,576	20,679	41.9%
Utilities	354	504	42.5%
Security expense	875	774	(11.5%)

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Hospitality and cleaning	1,012	834	(17.6%)
Charge for credit losses on accounts receivables	1,262	1,056	(16.3%)
SAREE system usage fees	340	412	21.2%
Marketing and sponsorship	(87)	4,751	N/A
License fees	728	358	(50.7%)
Communication	215	223	3.7%
Shareholder relations	60	379	531.9%
Training	69	5	(93.5%)
Stationery and office supplies	-	0	N/A
Business trip	63	-	(100.0%)
Others	694	1,300	87.4%
Total	152,046	175,674	15.5%
As % of revenue		ppt.	
CMA fees	10.4%	7.8%	(2.6)
Salaries and related benefits	15.6%	9.8%	(5.8)
Consultancy	0.1%	0.1%	(0.0)
Maintenance, network and access	4.1%	4.6%	0.5
Depreciation and amortization	3.3%	3.2%	(0.1)
Utilities	0.1%	0.1%	(0.0)
Security expense	0.2%	0.1%	(0.1)
Hospitality and cleaning	0.2%	0.1%	(0.1)
Charge for credit losses on accounts receivables	0.3%	0.2%	(0.1)
SAREE system usage fees	0.1%	0.1%	(0.0)
Marketing and sponsorship	(0.0%)	0.7%	0.8
License fees	0.2%	0.1%	(0.1)
Communication	0.0%	0.0%	(0.0)
Shareholder relations	0.0%	0.1%	0.0
Training	0.0%	0.0%	(0.0)
Stationery and office supplies	0.0%	0.0%	0.0
Business trip	0.0%	0.0%	(0.0)
Others	0.2%	0.2%	0.0
Total	34.9%	27.2%	(7.7)

Source: Reviewed interim financial statements for the six-month period ended 30 June 2021G and the percentages derived from the Group's information

6-10-6-1 CMA Fees

CMA annual fees increased by 11.0% from SAR 45.5 million in the six-month period ended 30 June 2020G to SAR 50.5 million in the six-month period ended 30 June 2021G as the agreed deduction as part of the CMA co-funding agreement was approximately SAR 39 million in 2020G and approximately SAR 29 million in 2021G. Considering the lower annual budgeted deduction in 2021G, total CMA fees increased over the six-month period ended 30 June 2021G.

6-10-6-2 Salaries and Related Benefits

Salaries and related benefits decreased by 6.8% from SAR 67.9 million in the six-month period ended 30 June 2020G to SAR 63.2 million in the six-month period ended 30 June 2021G mainly on the back of a decrease in headcount whose costs are allocated to operating costs from 220 to 208 attributable to preserving vacant positions.

6-10-6-3 Consultancy

Consultancy expenses increased by 38.5% from SAR 568 thousand in the six-month period ended 30 June 2020G to SAR 787 thousand in the six-month period ended 30 June 2021G due to the fees incurred for the implementation of IOSCO principles for the financial benchmarks project.

6-10-6-4 Maintenance, Network and Access

Maintenance, network and access expenses increased by 66.4% from SAR 18.0 million in the six-month period ended 30 June 2020G to SAR 29.9 million in the six-month period ended 30 June 2021G. These were mainly related to MCCP costs (+SAR 5.0 million), the increase in software maintenance contracts (+SAR 3.4 million) and in one of the suppliers' support contracts (+SAR 3.3 million).

6-10-6-5 Depreciation and Amortization

Depreciation and amortization increased by 41.9% from SAR 14.6 million in the six-month period ended 30 June 2020G to SAR 20.7 million in the six-month period ended 30 June 2021G mainly on the back of capitalization of assets related to hardware and software amounting to SAR 5.5 million in relation to the reclassification of assets from intangible assets to property and equipment which occurred in the six-month period ended 30 June 2021G.

6-10-6-6 Utilities

Utilities expenses increased by 42.5% from SAR 354 thousand in the six-month period ended 30 June 2020G to SAR 504 thousand in the six-month period ended 30 June 2021G due to lower usage in the six-month period ended 30 June 2020G following the periodic lockdowns in KSA.

6-10-6-7 Security Expense

Security expenses decreased by 11.5% from SAR 875 thousand in the six-month period ended 30 June 2020G to SAR 774 thousand in the six-month period ended 30 June 2021G and is computed based on the number of security guards and their overtime costs, if any.

6-10-6-8 Hospitality and Cleaning

Hospitality and cleaning expenses decreased by 17.6% from SAR 1.0 million in the six-month period ended 30 June 2020G to SAR 834 thousand in the six-month period ended 30 June 2021G based on the frequency of the services received.

6-10-6-9 Charge for Credit Losses on Accounts Receivables

Charge for credit losses on account receivables decreased by 16.3% from SAR 1.3 million in the six-month period ended 30 June 2020G to SAR 1.1 million in the six-month period ended 30 June 2021G as a result of higher collections of receivables.

6-10-6-10 SAREE System Usage Rees

SAREE system usage fee increased by 21.2% from SAR 340 thousand in the six-month period ended 30 June 2020G to SAR 412 thousand in the six-month period ended 30 June 2021G due to timing of the services received (the cost as per the issued purchase orders was the same in 2020G and 2021G).

6-10-6-11 Marketing and Sponsorship

Marketing and sponsorship expenses increased significantly from -SAR 87 thousand in the six-month period ended 30 June 2020G to SAR 4.8 million in the six-month period ended 30 June 2021G. Marketing and sponsorship expenses were minimal in the first half of 2020G due to the reduced activities during the COVID-19 pandemic. In the first half of 2021G, marketing and sponsorship expenses increased significantly to SAR 4.8 million on the back of a project related to fees for public relations agencies across 3 major continents (+SAR 3.7 million) and international advertisement campaigns (+SAR 1.0 million).

6-10-6-12 License Fees

License fees decreased by 50.7% from SAR 728 thousand in the six-month period ended 30 June 2020G to SAR 358 thousand in the six-month period ended 30 June 2021G on the back of the reclassification of these fees to sponsorship costs.

6-10-6-13 Communication

Communication fees remained stable at SAR 0.2 million over the six-month periods ended 30 June 2020G and 2021G.

6-10-6-14 Shareholder Relations

Shareholder relations expenses increased by 531.9% from SAR 60 thousand in the six-month period ended 30 June 2020G to SAR 379 thousand in the six-month period ended 30 June 2021G as a result of the different timing in receiving the services during the year and between the two periods.

6-10-6-15 Training

Training expenses decreased by 93.5% from SAR 69 thousand in the six-month period ended 30 June 2020G to SAR 5 thousand in the six-month period ended 30 June 2021G due to lower training activities as a result of the COVID-19 pandemic.

6-10-6-16 Stationery and Office Supplies

Stationery and office supplies increased from a nil balance in the six-month period ended 30 June 2020G to SAR 448 in the six-month period ended 30 June 2021G.

6-10-6-17 Business Trip

Business trip expenses decreased from SAR 63 thousand in the six-month period ended 30 June 2020G to a nil balance in the six-month period ended 30 June 2021G as business trips were suspended as a result of the COVID-19 pandemic.

6-10-6-18 Others

Others related to various miscellaneous expenses and it increased by 87.4% from SAR 694 thousand in the six-month period ended 30 June 2020G to SAR 1.3 million in the six-month period ended 30 June 2021G mainly on the back of the timing during the year of receipt of services related to MSCI – annual fees.

6-10-7 Group's gross profit by activity for the six-month period ended 30 June 2020G and 2021G

Table (6-51): Group's gross profit by activity for the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G- 30 June 2021G
Trading commission	124,908	216,232	73.1%
Derivatives	(15,570)	(31,648)	103.3%
Market information services	28,411	38,846	36.7%
Listing services	20,669	23,806	15.2%
Post trade	124,453	224,713	80.6%
Other	505	(1,716)	(440.0%)
Total	283,377	470,234	65.9%
As % of revenue		ppt.	
Trading commission	83.3%	88.8%	5.5
Derivatives	N/A	N/A	N/A
Market information services	77.9%	81.7%	3.8
Listing services	56.4%	64.3%	7.9
Post trade	58.6%	70.8%	12.2
Other	N/A	N/A	N/A
Total	65.1%	72.8%	7.7

Source: Reviewed interim financial statements for the six-month period ended 30 June 2021G and the percentages derived from the Group's information

6-10-7-1 Trading Commission

Trading commission gross margin increased from 83.3% in the six-month period ended 30 June 2020G to 88.8% in the six-month period ended 30 June 2021G, mainly due to the increase in gross profit by 73.1% from SAR 124.9 million in the six-month period ended 30 June 2020G to SAR 216.2 million in the six-month period ended 30 June 2021G. This was a result of the increase in trading commission revenue (+SAR 93.6 million) driven by the proportionally significant increase in ADTV between the six-month period ended 30 June 2020G and the six-month period ended 30 June 2021G, coupled with a slower increase in trading commission operating costs (+SAR 2.3 million) over the same period.

6-10-7-2 Derivatives

Derivatives gross profit was negative throughout the period under review amounting to a gross loss of SAR 15.6 million and SAR 31.6 million in the six-month period ended 30 June 2020G and 30 June 2021G, respectively, as this service was launched in 2020G, and thus the Group was incurring costs while minimal revenue was being generated over the period under review. Given that this service was launched at the end of 2020G, derivatives revenue and profitability are expected to increase going forward as the service and product offering ramp up.

6-10-7-3 Market Information Services

Market information services gross margin increased from 77.9% in the six-month period ended 30 June 2020G to 81.7% in the six-month period ended 30 June 2021G. This was in line with the increase in gross profit by 36.7% from SAR 28.4 million in the six-month period ended 30 June 2020G to SAR 38.8 million in the six-month period ended 30 June 2021G, attributable to the increase in revenue as the Group earned higher monthly individual access fees (+SAR 10.8 million).

6-10-7-4 Listing Services

Listing services gross margin increased from 56.4% in the six-month period ended 30 June 2020G to 64.3% in the six-month period ended 30 June 2021G. This was in line with the increase in gross profit by 15.2% from SAR 20.7 million in the six-month period ended 30 June 2020G to SAR 23.8 million in the six-month period ended 30 June 2021G primarily due to the decrease in listing services operating costs by SAR 2.8 million. This decrease was largely due to the decline in direct operating employee costs in line with the decrease in the number of employees supporting the listing services.

6-10-7-5 Post Trade

Post Trade gross margin increased from 58.6% in the six-month period ended 30 June 2020G to 70.8% in the six-month period ended 30 June 2021G. This was driven by the increase in gross profit by 80.6% from SAR 124.5 million in the six-month period ended 30 June 2020G to SAR 224.7 million in the six-month period ended 30 June 2021G mainly due to the increase in post trade revenue (+SAR 105.0 million) driven by the proportionate increase in ADTV (+SAR 4.1 billion), coupled with a slower increase in post trade operating costs (+SAR 4.8 million) over the same period.

6-10-7-6 Other

Other gross profit decreased by 440.0% from SAR 0.5 million in the six-month period ended 30 June 2020G to negative SAR 1.7 million in the six-month period ended 30 June 2021G primarily due to the increase in other operating costs related to corporate fees over the same period.

6-10-8 Group's general and administrative expenses for the six-month period ended 30 June 2020G and 2021G

Table (6-52): Group's general and administrative expenses for the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Salaries and related benefits	71,627	66,931	(6.6%)
Consultancy	1,517	3,708	144.4%
Maintenance, network and access	2,455	7,948	223.7%
Depreciation and amortization	9,829	7,872	(19.9%)
Board of Directors' remuneration	2,397	3,989	66.4%

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Security expense	855	761	(11.1%)
Utilities	346	496	43.2%
Hospitality and cleaning	1,011	898	(11.2%)
Communications	174	244	40.5%
Trading activities insurance contracts	297	1,584	433.7%
Training	735	268	(63.6%)
Stationery and office supplies	290	536	84.7%
Marketing and sponsorship	478	1,247	160.9%
License fees	823	1,165	41.5%
Charge for impairment investment	-	14	N/A
Business trip	287	-	(100.0%)
Others	519	882	69.8%
Total	93,641	98,541	5.2%
As % of revenue		ppt.	
Salaries and related benefits	16.4%	10.4%	(6.1)
Consultancy	0.3%	0.6%	0.2
Maintenance, network and access	0.6%	1.2%	0.7
Depreciation and amortization	2.3%	1.2%	(1.0)
Board of Directors' remuneration	0.6%	0.6%	0.1
Security expense	0.2%	0.1%	(0.1)
Utilities	0.1%	0.1%	(0.0)
Hospitality and cleaning	0.2%	0.1%	(0.1)
Communications	0.0%	0.0%	(0.0)
Trading activities insurance contracts	0.1%	0.2%	0.2
Training	0.2%	0.0%	(0.1)
Stationery and office supplies	0.1%	0.1%	0.0
Marketing and sponsorship	0.1%	0.2%	0.1
License fees	0.2%	0.2%	(0.0)
Charge for impairment investment	0.0%	0.0%	0.0
Business trip	0.1%	0.0%	(0.1)
Others	0.1%	0.1%	0.0
Total	21.5%	15.3%	(6.2)

Source: WReviewed interim financial statements for the six-month period ended 30 June 2021G and the percentages derived from the Group's information

6-10-8-1 Salaries and Related Benefits

Salaries and related benefits decreased by 6.6% from SAR 71.6 million in the six-month period ended 30 June 2020G to SAR 66.9 million in the six-month period ended 30 June 2021G, driven mainly by some modifications implemented to employees' incentives.

6-10-8-2 Consultancy

Consultancy expenses increased by 144.4% from SAR 1.5 million in the six-month period ended 30 June 2020G to SAR 3.7 million in the six-month period ended 30 June 2021G mainly driven by the creative agency's activities performed in connection with the Group's branding.

6-10-8-3 Maintenance, Network and Access

Maintenance, network and access expenses increased by 223.7% from SAR 2.5 million in the six-month period ended 30 June 2020G to SAR 7.9 million in the six-month period ended 30 June 2021G primarily due to the data center facility fees incurred in the six-month period ended 30 June 2021G amounting to SAR 5.0 million and pertaining to the Group's data center migration.

6-10-8-4 Depreciation and Amortization

Depreciation and amortization decreased by 19.9% from SAR 9.8 million in the six-month period ended 30 June 2020G to SAR 7.9 million in the six-month period ended 30 June 2021G primarily due to lower lease computations as per IFRS 16.

6-10-8-5 Board of Directors' Remuneration

Board of Directors' remuneration increased by 66.4% from SAR 2.4 million in the six-month period ended 30 June 2020G to SAR 4.0 million in the six-month period ended 30 June 2021G as a result of hiring new board members along with their related committees following the restructuring.

6-10-8-6 Security Expense

Security expense decreased by 11.1% from SAR 855 thousand in the six-month period ended 30 June 2020G to SAR 761 thousand in the six-month period ended 30 June 2021G and is computed based on the number of security guards and their overtime costs, if any.

6-10-8-7 Utilities

Utilities expenses increased by 43.2% from SAR 346 thousand in the six-month period ended 30 June 2020G to SAR 496 thousand in the six-month period ended 30 June 2021G and are mainly related to electrical expenses.

6-10-8-8 Hospitality and Cleaning

Hospitality and cleaning expenses decreased by 11.2% from SAR 1.0 million in the six-month period ended 30 June 2020G to SAR 898 thousand in the six-month period ended 30 June 2021G. The decrease in this balance was attributed to the difference in the timing of the services received during the year.

6-10-8-9 Communications

Communications fees increased by 40.5% from SAR 174 thousand in the six-month period ended 30 June 2020G to SAR 244 thousand in the six-month period ended 30 June 2021G. The increase in this balance was attributed to the difference in timing of the services received during the year.

6-10-8-10 Trading Activities Insurance Contracts

Trading activities insurance contracts expenses increased by 433.7% from SAR 297 thousand in the six-month period ended 30 June 2020G to SAR 1.6 million in the six-month period ended 30 June 2021G. The increase in this balance was attributed to the difference in timing of the services received during the year.

6-10-8-11 Training

Training expenses decreased by 63.6% from SAR 735 thousand in the six-month period ended 30 June 2020G to SAR 268 thousand in the six-month period ended 30 June 2021G as a result of lower training activities, in light of Management's cost optimization initiatives and travel restrictions due to the COVID-19 pandemic.

6-10-8-12 Stationery and Office Supplies

Stationery and office supplies, which represent stationery and publication contracts based on requests, increased by 84.7% from SAR 290 thousand in the six-month period ended 30 June 2020G to SAR 536 thousand in the six-month period ended 30 June 2021G.

6-10-8-13 Marketing and Sponsorship

Marketing and sponsorship expenses increased by 160.9% from SAR 478 thousand in the six-month period ended 30 June 2020G to SAR 1.2 million in the six-month period ended 30 June 2021G mainly due to the fees incurred in connection with the GEI program.

6-10-8-14 License Fees

License fees increased by 41.5% from SAR 823 thousand in the six-month period ended 30 June 2020G to SAR 1.2 million in the six-month period ended 30 June 2021G mainly due to the reclassification of subscriptions fees from recruitment fees (within salaries and related benefits) to license fees.

6-10-8-15 Charge for Impairment Investment

Charge for impairment investment increased from a nil balance in the six-month period ended 30 June 2020G to SAR 14 thousand in the six-month period ended 30 June 2021G in connection with a new Sukuk which started in April 2021G.

6-10-8-16 Business Trip

Business trip expenses decreased from SAR 287 thousand in the six-month period ended 30 June 2020G to a nil balance in the six-month period ended 30 June 2021G as business trips were suspended as a result of the COVID-19 pandemic.

6-10-8-17 Others

Others included miscellaneous expenses and increased by 69.8% from SAR 519 thousand in the six-month period ended 30 June 2020G to SAR 882 thousand in the six-month period ended 30 June 2021G mainly due to the reclassification of Corporate Social Responsibility ("CSR") costs from marketing and sponsorship to others coupled with an increase in organization membership costs.

6-10-9 Group's investment income for the six-month period ended 30 June 2020G and 2021G

Table (6-53): Group's investment income for the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Special commission income	1,579	1,552	(1.7%)
Dividend income	6,172	3,577	(42.0%)
Realized gain on sale of investments, net	11,253	4,421	(60.7%)
Unrealized (loss) / gain on investments, net	5,016	7,610	51.7%
Commission from SAMA deposits	-	7	N/A
Total	24,020	17,167	(28.5%)
As % of revenue		ppt.	
Special commission income	0.4%	0.2%	(0.1)
Dividend income	1.4%	0.6%	(0.9)
Realized gain on sale of investments, net	2.6%	0.7%	(1.9)
Unrealized (loss) / gain on investments, net	1.2%	1.2%	0.0
Commission from SAMA deposits	0.0%	0.0%	0.0
Total	5.5%	2.7%	(2.9)

Source: Reviewed interim financial statements for the six-month period ended 30 June 2021G and the percentages derived from the Group's information

6-10-9-1 Special Commission Income

Special commission income remained relatively constant at SAR 1.6 million over the historical period. Special commission income included minor time deposits commission income and larger fixed-income position coupons which matured in 2020G.

6-10-9-2 Dividend Income

Dividend income decreased by 42.0% from SAR 6.2 million in the six-month period ended 30 June 2020G to SAR 3.6 million in the six-month period ended 30 June 2021G due to the delay in receiving rebates allocated to subsidiaries from money market funds after the restructuring process.

6-10-10 Realized Gain on Sale of Investments, Net

Realized gain on sale of investments, net decreased by 60.7% from SAR 11.3 million in the six-month period ended 30 June 2020G to SAR 4.4 million in the six-month period ended 30 June 2021G as a result of the restructuring process and periodic rebalancing of the investment portfolio.

6-10-10-1 Unrealized (Loss) / Gain on Investments, Net

Unrealized (loss) / gain on investments, net increased by 51.7% from SAR 5.0 million in the six-month period ended 30 June 2020G to SAR 7.6 million in the six-month period ended 30 June 2021G primarily due to higher investments in money market instruments in the six-month period ended 30 June 2021G as compared to the six-month period ended 30 June 2020G, which were partly offset by the decrease in the average profit rates on money market funds from approximately 1.45% in the six-month period ended 30 June 2020G to approximately 0.79% in the six-month period ended 30 June 2021G.

6-10-10-2 Commission from SAMA Deposits

Commission from SAMA deposits increased from a nil balance in the six-month period ended 30 June 2020G to SAR 7 thousand in the six-month period ended 30 June 2021G as it represents commission income on a deposit for the Muqassa subsidiary, which was made in the second half of 2020G.

6-11 Group's consolidated statements of financial position as at 31 December 2020G and 30 June 2021G

Table (6-54): Group's consolidated statements of financial position as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Non-current assets		
Property and equipment	21,382	44,695
Intangible assets	179,552	149,968
Equity-accounted investee	378,895	377,272
Investments	101,268	55,274
Right of use assets	19,857	13,482
Total non-current assets	700,954	640,691
Investments	3,103,519	2,280,743
Accounts receivable	57,365	91,462
Prepaid expenses and other current assets	102,272	95,564
Deposits with SAMA	32,178	26,795
Cash and cash equivalents	96,798	203,311
Total current assets	3,392,132	2,697,875
Total assets	4,093,085	3,338,566
Equity and liabilities		
Equity		

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Share capital	1,200,000	1,200,000
Statutory reserve	376,964	376,964
General reserve	1,114,180	1,114,180
Retained earnings	943,479	185,523
Total equity	3,634,622	2,876,667
Non-current liabilities		
Employees' end-of-service benefits	91,024	90,475
Lease liability	4,658	1,487
Total non-current liabilities	95,682	91,963
Current liabilities		
Margin deposits from clearing participants	19,030	13,969
Members' contribution to clearing house funds	3,147	2,825
Lease liability	9,129	5,000
Accounts payable	95,315	116,555
Balance due to Capital Market Authority	32,759	63,314
Deferred revenue	3,223	52,160
Accrued expenses and other current liabilities	116,616	90,324
Zakat payable	83,561	25,789
Total current liabilities	362,781	369,936
Total liabilities	458,463	461,899
Total equity and liabilities	4,093,085	3,338,566
KPIs		
Days sales outstanding ("DSO") (in days)	19	26
Days payables outstanding ("DPO") (in days)	98	121
Return on average assets ("ROAA")	13.1%	9.7%
Return on average equity ("ROAE")	14.5%	11.1%
Current ratio	9.4	7.3

Source: Audited financial statements for the year ended 31 December 2020G, Reviewed interim financial statements for the six-month period ended 30 June 2021G and the KPIs derived from the Group's information

6-11-1 Group's non-current assets as at 31 December 2020G and 30 June 2021G

Table (6-55): Group's non-current assets as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Property and equipment	21,382	44,695
Intangible assets	179,552	149,968
Equity-accounted investee	378,895	377,272
Investments	101,268	55,274
Right of use assets	19,857	13,482
Total non-current assets	700,954	640,691

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Non-current assets decreased from SAR 701.0 million as at 31 December 2020G to SAR 640.7 million as at 30 June 2021G primarily due to:

- The decrease in investments (-SAR 46.0 million) following the reclassification of the General Authority of Civil Aviation ("GACA") Sukuk amounting to SAR 100.0 million to current investments, given the maturity date fell within 1 year, partially offset by the investment in Albilad Sukuk amounting to SAR 55.0 million and expected to mature in April 2031G; coupled with
- The decrease in intangible assets (-SAR 29.6 million) which was partly offset by the increase in property and equipment (+SAR 23.3 million) mainly driven by reclassifications from intangible assets to property and equipment, as Management conducted a detailed exercise at the beginning of 2021G to reassess the classification of some of its assets.

6-11-2 Group's property and equipment schedule as at 31 December 2020G and 30 June 2021G

Table (6-56): Group's property and equipment schedule as at 31 December 2020G and 30 June 2021G

SAR in 000s	Land	Building	Furniture and fixtures	Computers	Office equipment	Vehicles	Total
Cost							
Balance as at 1 January 2020G	2,311	618	22,012	105,474	18,782	1,656	150,854
Additions	-	142	35	12,455	325	-	12,957
Disposal	-	-	-	(154)	-	-	(154)
Balance as at 31 December 2020G	2,311	760	22,047	117,776	19,107	1,656	163,657
Balance as at 1 January 2021G	2,311	760	22,047	117,776	19,107	1,656	163,657
Reclassification impact	(0)	(142)	(2,062)	36,886	(363)	-	34,320
Transferred to intangible assets	-	-	-	(5,672)	-	-	(5,672)
Balance as at 30 June 2021G	2,311	618	19,985	148,990	18,744	1,656	192,305
Accumulated depreciation							
Balance as at 1 January 2020G	-	89	16,410	102,236	16,893	1,533	137,160
Charge for the year	-	21	611	3,958	555	124	5,269
Disposals	-	-	-	(154)	-	-	(154)
Balance as at 31 December 2020G	-	110	17,020	106,041	17,448	1,656	142,275
Balance as at 1 January 2021G	-	110	17,020	106,041	17,448	1,656	142,275
Reclassification impact	-	0	1	(7)	3	-	(3)
Charge for the year	-	10	333	4,733	260	-	5,336
Balance as at 30 June 2021G	-	120	17,355	110,767	17,711	1,656	147,609
Net book value							
At 31 December 2020G	2,311	650	5,027	11,735	1,659	-	21,382
As at 30 June 2021G	2,311	498	2,631	38,223	1,033	-	44,695

Source: Audited financial statements for the year ended 31 December 2020G and the Group's information for the six-month period ended 30 June 2021G

6-11-2-1 Land

Land amounted to SAR 2.3 million as at 31 December 2020G and 30 June 2021G and mainly related to a plot of land purchased by the Group in 2015G. The Group owns a warehouse which is constructed on this land.

6-11-2-2 Building

Building decreased from SAR 650 thousand as at 31 December 2020G to SAR 498 thousand as at 30 June 2021G as a result of the reclassification impact amounting to a negative balance of SAR 142 thousand as Management conducted a detailed exercise to re-assess the classification of some of its assets between property and equipment and intangible assets in the first quarter of 2021G, coupled with a depreciation charge of SAR 10 thousand.

6-11-2-3 Furniture and Fixtures

Furniture and fixtures decreased from SAR 5.0 million as at 31 December 2020G to SAR 2.6 million as at 30 June 2021G as a result of the reclassification impact amounting to a negative balance of SAR 2.1 million coupled with a depreciation charge of SAR 333 thousand.

6-11-2-4 Computers

Computers increased from SAR 11.7 million as at 31 December 2020G to SAR 38.2 million as at 30 June 2021G as a result of the reclassification impact amounting to a positive balance of SAR 36.9 million, partly offset by the transfer from property and equipment to intangible assets of SAR 5.7 million coupled with a depreciation charge of SAR 4.7 million.

6-11-2-5 Office Equipment

Office equipment decreased from SAR 1.7 million as at 31 December 2020G to SAR 1.0 million as at 30 June 2021G as a result of the reclassification impact amounting to a negative balance of SAR 363 thousand coupled with a depreciation charge of SAR 260 thousand.

6-11-2-6 Vehicles

Vehicles were nil as at 31 December 2020G and as at 30 June 2021G as the vehicles were fully depreciated. Management indicated that the vehicles were still in a relatively good condition, in addition to the fact that the Group signed an agreement with a third-party provider to supply transportation as needed to employees going forward.

6-11-3 Group's intangible assets as at 31 December 2020G and 30 June 2021G

Table (6-57): Group's intangible assets as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G
Cost		
Balance at beginning of the period / year	396,690	429,410
Reclassification impact	-	(34,326)
Additions	32,719	21,577
Balance at the end of the period / year	429,410	416,660
Accumulated amortization		
Balance at beginning of the period / year	220,174	249,857
Reclassification impact	-	(4)
Charge for the period / year	29,683	16,840
Balance at the end of the period / year	249,857	266,693
Net book value	179,552	149,968

Source: Audited financial statements for the Period ended 31 December 2020G and the Group's information for the six-month period ended 30 June 2021G

Intangible assets decreased from SAR 179.6 million as at 31 December 2020G to SAR 150.0 million as at 30 June 2021G mainly driven by reclassifications from intangible assets to property and equipment, as Management conducted a detailed exercise at the beginning of 2021G to reassess the classification of some of its assets between property and equipment and intangible assets. This decrease was partially offset by additions made during the period amounting to SAR 21.6 million relating to licenses and upgrades (SAR 9.0 million), software (SAR 8.9 million), and technical support (SAR 3.7 million).

6-11-4 Group's equity accounted investee analysis as at 31 December 2020G and 30 June 2021G

Table (6-58): Group's equity accounted investee analysis as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Balance at beginning of the period / year	40,997	378,895
Additional investment during the period / year	340,000	-
Share of loss for the period / year	(2,102)	(1,623)
Balance at end of the period / year	378,895	377,272

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Equity accounted investee related to the Group's 33.12% share of capital in Tadawul Real Estate Company as at 30 June 2021G. Equity accounted investee decreased from SAR 378.9 million as at 31 December 2020G to SAR 377.3 million as at 30 June 2021G primarily due to the Group's share of investee's loss amounting to SAR 1.6 million in the six-month period ended 30 June 2021G.

6-11-5 Group's investments as at 31 December 2020G and 30 June 2021G

Table (6-59): Group's investments as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Non-current		
Investments at amortized cost	101,268	55,274
Current		
Investments at amortized cost	-	101,261
Investments at FVTPL	3,103,519	2,179,482
Total	3,103,519	2,280,743

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

6-11-6 Non-current investment at amortized cost

Table (6-60): Group's non-current investments at amortized cost as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
General Authority of Civil Aviation	100,000	-
Albilad	-	55,000
Accrued income	1,312	332
Impairment loss on investments at amortized cost	(44)	(58)
Total	101,268	55,274

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Non-current investments decreased from SAR 101.3 million as at 31 December 2020G to SAR 55.3 million as at 30 June 2021G mainly due to the reclassification of the GACA Sukuk amounting to SAR 100 million to current investments, given the maturity date was within 1 year. This decrease was partially offset by the investment in Albilad Sukuk amounting to SAR 55 million expected to mature in April 2031G.

Accrued income fluctuated largely in line with the Sukuk balance, as Management accrues for the coupon payments expected to be received.

6-11-7 Current investment at amortized cost

Table (6-61): Group's current investments at amortized cost as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Sukuk	-	101,261
Total	-	101,261

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Current investments at amortized cost were mainly comprised of Sukuk which represent investment in Sukuk issued by various counterparties domiciled in KSA earning an average special commission rate of 2.4% - 2.5% per annum in 2021G.

Current investments at amortized cost increased from a nil balance as at 31 December 2020G to SAR 101.3 million as at 30 June 2021G mainly due to the reclassification of the GACA Sukuk amounting to SAR 100 million from non-current investments to current investments, given that it is expected to mature in January 2022G.

6-11-8 Current investment at FVTPL

Table (6-62): Group's current investments at FVTPL as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Money market funds	3,074,347	2,153,901
Real estate funds	29,172	25,581
Total	3,103,519	2,179,482

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Money market funds represented approximately 99% of total investments at FVTPL and are mutual funds that invest in short-term instruments with a high liquidity and a low level of risk.

Investments at FVTPL decreased from SAR 3.1 billion as at 31 December 2020G to SAR 2.2 billion as at 30 June 2021G mainly driven by the decline in money market funds from SAR 3.1 billion as at 31 December 2020G to SAR 2.2 billion as at 30 June 2021G as some of these investments were liquidated in order to pay a special dividend to PIF amounting to SAR 1.0 billion. This decrease was coupled with the decline in real estate funds from SAR 29.2 million as at 31 December 2020G to SAR 25.6 million as at 30 June 2021G primarily due to the provision recorded during the period amounting to SAR 4.5 million pertaining to one of the two close-ended funds, which was partially offset by the increase in unrealized gain by SAR 920 thousand. The Group had booked a 50% loss provision as a precautionary measure, however, has worked with the above-mentioned fund's board of directors and fund manager to increase efforts to optimize fund performance while enhancing construction works and operations with the project company of the underlying assets.

6-11-9 Group's right of use analysis as at 31 December 2020G and 30 June 2021G

Table (6-63): Group's right of use analysis as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Balance at beginning of the period / year	11,271	19,857
Additions	21,847	-
Depreciation charge for the period / year	(13,262)	(6,374)
Balance at end of the period / year	19,857	13,482

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Right of use assets decreased from SAR 19.9 million as at 31 December 2020G to SAR 13.5 million as at 30 June 2021G due to the depreciation of the leased assets over the same period.

6-11-10 Group's current assets as at 31 December 2020G and 30 June 2021G

Table (6-64): Group's current assets as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Investments	3,103,519	2,280,743
Accounts receivable	57,365	91,462
Prepaid expenses and other current assets	102,272	95,564
Deposits with SAMA	32,178	26,795
Cash and cash equivalents	96,798	203,311
Total current assets	3,392,132	2,697,875

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

6-11-11 Accounts receivable analysis, aging by category, and provisions for doubtful debt as at 31 December 2020G and 30 June 2021G

Table (6-65): Group's accounts receivable as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Accounts receivable:		
Related parties	7,218	13,724
Others	76,761	105,407
Less: Allowance for credit losses	(26,614)	(27,670)
Total	57,365	91,462

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Accounts receivables increased from SAR 57.4 million as at 31 December 2020G to SAR 91.5 million as at 30 June 2021G. This was primarily due to the increase in trading related receivables by SAR 21.0 million and market information related receivables by SAR 9.1 million.

6-11-12 Accounts receivable increased from SAR 57.4 million as at 31 December 2020G to SAR 91.5 million as at 30 June 2021G mainly driven by the increase in trading (+SAR 21.0 million) and market information (+SAR 9.1 million) receivable balances.

Table (6-66): Group's gross accounts receivable ageing as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
0 – 30 days	72,287	57,445
31 - 60 days	519	3,422
61 – 90 days	160	1,584
91 – 120 days	74	4,666
121 - 180 days	308	42,937
181 – 360 days	2,013	518
More than 360 days	8,617	8,559
Total	83,978	119,132

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Accounts receivable represented receivables from third parties (approximately 88% of total gross receivables as at 30 June 2021G) and related parties (approximately 12%) relating to services on which performance obligations have been satisfied and therefore an invoice has been billed, mainly in connection with market information, post trade, trading, and listing services provided, among others. While the average credit terms granted to counterparties in connection with market information, post trade, listing and derivatives services remain at 30 days, trading receivables still should be settled immediately on a cash basis.

The majority of balances as at 30 June 2021G (approximately 52% of total) were outstanding for less than 90 days. Balances outstanding over 180 days amounted to SAR 9.1 million, out of which SAR 8.6 million were outstanding for over 360 days. The receivable balance outstanding for more than 360 days pertained largely to post trade receivables (SAR 3.8 million), listing receivables (SAR 2.7 million), and market information receivables (SAR 2.1 million).

Table (6-67): Group's allowance for credit losses as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Balance at the beginning of the period / year	6,878	26,614
Charge for the period / year	19,736	1,056
Balance at the end of the period / year	26,614	27,670

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Allowance for credit losses increased slightly from SAR 26.6 million as at 31 December 2020G to SAR 27.7 million as at 30 June 2021G. As at 30 June 2021G, allowance for credit losses amounted to SAR 27.7 million, of which SAR 20.6 million were related to market information receivables, SAR 4.7 million were related to post trade receivables, and SAR 2.4 million were related to listing receivables. Allowance for credit losses for market information related to the 50% provision booked against the exceptional audit fees in connection with the market information revenue.

6-11-13 Group's prepaid expenses and other current assets analysis as at 31 December 2020G and 30 June 2021G

Table (6-68): Group's prepaid expenses and other current assets analysis as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Advance against purchase of property	77,500	77,500
Prepaid insurance expenses	7,770	1,447
Accrued operational revenue	10,108	8,867
Advance to employees	2,876	3,359
Prepaid maintenance expenses	1,419	519
Other receivables	2,599	3,872
Total	102,272	95,564

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

6-11-13-1 Advance Against Purchase of Property

Advance against purchase of property amounted to SAR 77.5 million as at 31 December 2020G and as at 30 June 2021G and related to an advance payment for the purchase of a property in relation to the Group's new data center in King Abdullah Financial District.

6-11-13-2 Prepaid Insurance Expenses

Prepaid insurance expenses decreased from SAR 7.8 million as at 31 December 2020G to SAR 1.4 million as at 30 June 2021G largely due to the difference in timing of invoicing and collecting payments as the payments are expected to be released in August 2021G.

6-11-13-3 Accrued Operational Revenue

Accrued operational revenue decreased from SAR 10.1 million as at 31 December 2020G to SAR 8.9 million as at 30 June 2021G primarily due to the decrease in unbilled balances in connection with the transfer of ownership services related to investment accounts.

6-11-13-4 Advance to Employees

Advances to employees increased from SAR 2.9 million as at 31 December 2020G to SAR 3.4 million as at 30 June 2021G mainly driven by the increase in employee loans from SAR 1.1 million as at 31 December 2020G to SAR 1.6 million as at 30 June 2021G (+SAR 506 thousand) through additional employee loans granted.

6-11-13-5 Prepaid Maintenance Expenses

Prepaid maintenance expenses decreased from SAR 1.4 million as at 31 December 2020G to SAR 519 thousand as at 30 June 2021G largely due to a difference in timing of invoicing and collecting payments.

6-11-13-6 Other Receivables

Other receivables increased from SAR 2.6 million as at 31 December 2020G to SAR 3.9 million as at 30 June 2021G primarily due to the increase in receivables from a promotional package offered by the Group limited to 2000 users from SAR 1.1 million as at 31 December 2020G to SAR 2.4 million as at 30 June 2021G which was also largely due to a difference in timing of invoicing and collecting payments.

6-11-14 Deposits with Saudi Central Bank ("SAMA") as at 31 December 2020G and 30 June 2021G

Table (6-69): Deposits with Saudi Central Bank ("SAMA") as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Deposits with Saudi Central Bank ("SAMA")	32,178	26,795
Total	32,178	26,795

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Deposits with SAMA decreased from SAR 32.2 million as at 31 December 2020G to SAR 26.8 million as at 30 June 2021G following the withdrawal of a participants' collateral account in Muqassa.

6-11-15 Group's cash and cash equivalents as at 31 December 2020G and 30 June 2021G

Table (6-70): Group's cash and cash equivalents as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Cash at banks – current accounts	96,798	203,311
Total	96,798	203,311

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Cash and cash equivalents, which consisted solely of cash at banks deposited in current accounts, increased from SAR 96.8 million as at 31 December 2020G to SAR 203.3 million as at 30 June 2021G mainly due to higher proceeds from disposal of investments than the purchase of investments in the six-month period ended 30 June 2021G resulting in a net cash inflow of SAR 880.8 million (as compared to a net cash outflow of SAR 209.6 million in the six month period ended 30 June 2020G). This increase was partly offset by the special dividend amounting to SAR 1.0 billion paid to PIF in June 2021G in addition to the annual dividend amounting to SAR 120.0 million paid in May 2021G.

6-11-16 Group's equity as at 31 December 2020G and 30 June 2021G

Table (6-71): Group's equity as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Share capital	1,200,000	1,200,000
Statutory reserve	376,964	376,964
General reserve	1,114,180	1,114,180
Retained earnings	943,479	185,523
Total equity	3,634,622	2,876,667

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

The Share capital of the Group was SAR 1.2 billion divided into 120 million shares of SAR 10 each as at 31 December 2020G and 30 June 2021G which are fully owned by the Public Investment Fund ("PIF").

In accordance with the Group's Bylaws and the Saudi Arabian Regulations for Companies, the Group is required to transfer annually 10% of its net income for the year to the statutory reserve until the reserve reaches 30% of the share capital at which time the transfers can be stopped after obtaining approval at the Annual General Meeting. The transfer to the statutory reserve occurs at both the Group and the subsidiary levels. The reserve is not available for distribution to the shareholders of the Group. Subsequent to the period ended 30 June 2021G, the Shareholder in the Extraordinary General Assembly held in August 2021G has approved to discontinue setting aside 10% of its net income by limiting the statutory reserve at 30% of share capital of the Group.

General reserve amounted to SAR 1.1 billion as at 31 December 2020G and 30 June 2021G and related to transfers from retained earnings in 2007 for the purpose of financing the construction of the Group's headquarters in the King Abdullah Financial District and any other future purposes to be decided by the Board of Directors. Subsequent to the period ended 30 June 2021G, the shareholder in the Extraordinary General Assembly held in August 2021G has approved to transfer the SAR 1.1 billion from general reserve to retained earnings.

Retained earnings decreased from SAR 943.5 million as at 31 December 2020G to SAR 185.5 million as at 30 June 2021G as the accumulated profits of the Group were partially distributed through a special dividend paid in June 2021G to the PIF amounting to SAR 1.0 billion and the annual dividend paid in May 2021G amounting to SAR 120.0 million.

6-11-17 Group's non-current liabilities as at 31 December 2020G and 30 June 2021G

Table (6-72): Group's non-current liabilities as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Employees' end-of-service benefits	91,024	90,475
Lease liability	4,658	1,487
Total non-current liabilities	95,682	91,963

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

6-11-18 Group's employees' end of service benefits liability as at 31 December 2020G and 30 June 2021G

Table (6-73): Group's employees' end of service benefits liability as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Balance at beginning of the period / year	77,294	91,024
Current service cost	9,028	4,846
Interest cost	2,272	869
Amount recognized in profit or loss	11,300	5,715
Re-measurement loss recognized in other comprehensive income	5,302	-
Benefits paid during the period / year	(2,872)	(6,264)
Balance at the end of the period / year	91,024	90,475

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Employees' end of service benefits liability decreased from SAR 91.0 million as at 31 December 2020G to SAR 90.5 million as at 30 June 2021G and related to the provision made for the estimated gratuity to employees upon termination. The calculation is based on the Group's policy in accordance with IAS 19 requirements.

6-11-19 Group's lease liabilities analysis as at 31 December 2020G and 30 June 2021G

Table (6-74): Group's lease liabilities analysis as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Current	9,129	5,000
Non-current	4,658	1,487
Total	13,787	6,487

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Lease liabilities related to the right of use of operating leases in compliance with IFRS 16 effective for annual periods beginning on or after 1 January 2019G and represented the estimated present value of payments for the Group's operating leases. It decreased from SAR 13.8 million as at 31 December 2020G to SAR 6.5 million as at 30 June 2021G based on Management's expectations in connection with the rent of Tawuniya tower, the Group's current office location.

6-11-20 Group's current liabilities as at 31 December 2020G and 30 June 2021G

Table (6-75): Group's current liabilities as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Margin deposits from clearing participants	19,030	13,969
Members' contribution to clearing house funds	3,147	2,825
Lease liability	9,129	5,000
Accounts payable	95,315	116,555
Balance due to Capital Market Authority	32,759	63,314
Deferred revenue	3,223	52,160
Accrued expenses and other current liabilities	116,616	90,324
Zakat payable	83,561	25,789
Total current liabilities	362,781	369,936

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

As at 30 June 2021G, the Group's current liabilities mainly comprised accounts payable (31.5% of total current liabilities), accrued expenses and other current liabilities (24.4% of total current liabilities), balance due to CMA (17.1% of total current liabilities), and deferred revenue (14.1% of total current liabilities), amongst others.

6-11-20-1 Margin Deposits from Clearing Participants as at 31 December 2020G and 30 June 2021G

Table (6-76): Margin deposits from clearing participants as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Clearing members house collateral	1,001	1,002
Clearing members client collateral	16,540	11,479
Clearing members initial margin	1,489	1,489
Total	19,030	13,969

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Margin deposits from clearing participants decreased from SAR 19.0 million as at 31 December 2020G to SAR 14.0 million as at 30 June 2021G due to the decrease in the clearing members client collateral (-SAR 5.1 million) as a result of the withdrawal of a participant's collateral account in Muqassa.

6-11-20-2 Members' Contribution to Clearing House Funds as at 31 December 2020G and 30 June 2021G

Table (6-77): Members' contribution to clearing house funds as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Members' contribution to clearing house funds	3,147	2,825
Total	3,147	2,825

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Members' contribution to clearing house funds decreased from SAR 3.1 million as at 31 December 2020G to SAR 2.8 million as at 30 June 2021G primarily due to the withdrawal of a participant's collateral account in Muqassa.

6-11-20-3 Accounts Payable as at 31 December 2020G and 30 June 2021G

Table (6-78): Accounts payable as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Trade payables:		
Others	81,667	102,909
Related parties	13,647	13,645
Total	95,315	116,555

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Accounts payable represented payables due to third parties (approximately 88% of total accounts payable balance as at 30 June 2021G) and related parties (approximately 12%).

Accounts payable increased from SAR 95.3 million as at 31 December 2020G to SAR 116.6 million as at 30 June 2021G largely due to new purchase orders issued during the six-month period ended 30 June 2021G in addition to timing of payments disbursed.

Management accrued for its accounts payable to vendors based on services delivered, rather than invoicing. Accordingly, a large portion of accounts payable relate to vendors that are yet to submit an invoice to the Group. Accounts payable balances that were fully invoiced amounted to SAR 6.0 million at 31 December 2020G and SAR 16.4 million at 30 June 2021G.

6-11-20-4 Balance Due to Capital Market Authority as at 31 December 2020G and 30 June 2021G

Table (6-79): Balance due to Capital Market Authority as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Balance due to Capital Market Authority	32,759	63,314
Total	32,759	63,314

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Balance due to CMA increased from SAR 32.8 million as at 31 December 2020G to SAR 63.3 million as at 30 June 2021G as the payments due to the CMA for the 27th, 28th, 29th, and 30th of June were not yet transferred to the CMA.

6-11-20-5 Deferred Revenue as at 31 December 2020G and 30 June 2021G

Table (6-80): Deferred revenue as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Deferred revenue	3,223	52,160
Total	3,223	52,160

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Deferred revenue increased from SAR 3.2 million as at 31 December 2020G to SAR 52.2 million as at 30 June 2021G mainly driven by the increase in basic registry services (+SAR 36.5 million) as the annual invoices are issued for the whole year in advance at the beginning of the year for all listed clients, coupled with the increase in REITs basic registry services (+SAR 3.5 million) amongst others.

6-11-20-6 Accrued Expenses and other current liabilities as at 31 December 2020G and 30 June 2021G

Table (6-81): Accrued expenses and other current liabilities as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Accrued employees' expenses	94,647	66,676
Accrued social insurance – General Organization for Social Insurance	2,108	2,192
Value added tax (VAT), net	10,196	13,656
BOD payables	5,470	3,977
Other payables	4,194	3,824
Total	116,616	90,324

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

6-11-20-7 Accrued Employees' Expenses

Accrued employees expenses decreased from SAR 94.6 million as at 31 December 2020G to SAR 66.7 million as at 30 June 2021G following the release of bonus payments.

6-11-20-8 Accrued Social Insurance – General Organization for Social Insurance

Accrued social insurance – GOSI increased slightly from SAR 2.1 million as at 31 December 2020G to SAR 2.2 million as at 30 June 2021G. These increases were generally in line with the increase in headcount over the historical period in addition to the GOSI annual contribution update, which occurred in the six-month period ended 30 June 2021G.

6-11-20-9 Value added tax (VAT), net

VAT, net increased from SAR 10.2 million as at 31 December 2020G to SAR 13.7 million as at 30 June 2021G in line with the increase in ADTV.

6-11-20-10 BOD Payables

BOD payables decreased from SAR 5.5 million as at 31 December 2020G to SAR 4.0 million as at 30 June 2021G following the release of the BOD payments at the beginning of 2021G after Management received more clarity on the new guidelines implemented in 2020G by PIF.

6-11-20-11 Other Payables

Other payables decreased from SAR 4.2 million as at 31 December 2020G to SAR 3.8 million as at 30 June 2021G primarily due to the release of the withholding tax payments (-SAR 1.8 million).

6-11-20-12 Zakat Payable as at 31 December 2020G and 30 June 2021G

Table (6-82): Zakat payable as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Balance at the beginning of the period / year	-	83,561
Provision for zakat for the period / year	83,561	25,349
Zakat paid during the period	-	(83,121)
Balance at the end of the period / year	83,561	25,789

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Zakat payable decreased from SAR 83.6 million as at 31 December 2020G to SAR 25.8 million as at 30 June 2021G as the zakat payments for the year ended 2020G amounting to SAR 83.1 million were made at the beginning of the six-month period ended 30 June 2021G and that the provision for the six-month period ended 30 June 2021G amounted to SAR 25.3 million. The provision expense amounting to SAR 83.6 million in 2020G represented the provision for the full year ended 31 December 2020G whereas the provision expense amounting to SAR 25.3 million represented the provision for the six-month period ended 30 June 2021G only.

6-11-21 Group's contingencies and commitments as at 31 December 2020G and 30 June 2021G

Table (6-83): Group's contingencies and commitments as at 31 December 2020G and 30 June 2021G

SAR in 000s	31 December 2020G Audited	30 June 2021G Reviewed
Purchase of assets	21,652	27,083
Committed expenditure	24,838	55,346
Letter of guarantee	11,300	1,148
Total	57,790	83,576

Source: Audited financial statements for the year ended 31 December 2020G and Reviewed interim financial statements for the six-month period ended 30 June 2021G

Table (6-84): Purchase of assets as at 30 June 2021G

SAR in 000s	30 June 2021G
Software	17,503
Building	6,172
Hardware	3,250
Vehicles	103

SAR in 000s	30 June 2021G
Technical support	44
Electrical equipment	9
Furniture	2
Total	27,083

Source: The Group's information

Table (6-85): Committed expenditure as at 30 June 2021G

SAR in 000s	30 June 2021G
Maintenance, network and access	22,994
Consultancy	8,225
Salaries and related benefits	7,460
Marketing and sponsorship	6,488
Security guards	2,149
Hospitality and cleaning	1,830
Utilities	1,350
Training	1,240
License fees	1,026
SAREE system usage fees	893
Communications	742
Stationery and supplies	258
Shareholder relations	120
Others	570
Total	55,346

Source: The Group's information

Total contingencies and commitments increased from SAR 57.8 million as at 31 December 2020G to SAR 83.6 million as at 30 June 2021G mainly due to the increase in committed expenditures (+SAR 30.5 million) and committed capex (+SAR 5.4 million). The increases in capex and expenditures committed were largely due to reclassifications performed in the six-month period ended 30 June 2021G. In the reviewed interim financial statements for the six-month period ended 30 June 2021G, the balances for committed expenditures and committed capex as at 31 December 2020G were restated from SAR 24.8 million to SAR 46.3 million and from SAR 21.7 million to SAR 13.2 million, respectively, to further improve the accuracy of reporting.

Letters of guarantee amounted to SAR 11.3 million as at 31 December 2020G and pertained to credit agreements with a local bank, out of which SAR 10.0 million related to a standby facility to cover shortfalls in cash flow, which matured at the beginning of the six-month period ended 30 June 2021G. Accordingly, letters of guarantee decreased to SAR 1.1 million as at 30 June 2021G. The Group maintained this Letter of guarantee for risk and quality procedures historically and did not utilize this facility.

6-12 Group's consolidated statements of cash flow for the six-month period ended 30 June 2020G and 2021G

Table (6-86): Group's consolidated statements of cash flow for the six-month period ended 30 June 2020G and 2021G

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed
Cash flows from operating activities		
Profit before zakat for the period	213,963	387,393

SAR in 000s	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed
Adjustments to reconcile net profit for the period to net cash generated from operating activities:		
Depreciation and amortization	24,406	28,550
Charge for credit losses on accounts receivable	1,262	1,056
Charge for impairment on investments held at amortized cost	-	14
Provision for employees' end-of-service benefits	5,650	5,715
Realized gain on sale of investments	(11,253)	(4,421)
Unrealized gain on investments	(5,016)	(7,610)
Share of loss in equity-accounted investee	741	1,623
Interest expense on lease liability	870	143
Dividends income	(6,172)	-
Changes in operating assets and liabilities		
Deposits with SAMA	-	5,383
Accounts receivable	(15,857)	(35,153)
Prepaid expenses and other current assets	(5,502)	6,708
Margin deposits from clearing participants	-	(5,061)
Members' contribution to clearing house funds	-	(322)
Accounts payable	(6,794)	21,240
Balance due to Capital Market Authority	24,133	30,555
Deferred revenue	48,312	48,937
Accrued expenses and other current liabilities	7,286	(26,292)
Cash generated from operations	276,038	458,458
Employees' end-of-service benefits paid	(2,005)	(6,264)
Zakat paid	-	(83,121)
Net cash generated from operating activities	274,033	369,073
Cash flows from investing activities		
Purchase of investments	(1,103,663)	(1,596,054)
Proceeds from disposal of investments	1,313,327	2,476,841
Purchase of intangible assets and property and equipment	(27,805)	(15,905)
Net cash generated from investing activities	181,860	864,882
Cash flows in financing activities		
Dividends paid	-	(1,120,000)
Lease rental paid	(3,706)	(7,443)
Net cash used in financing activities	(3,706)	(1,127,443)
Net increase in cash and cash equivalents	452,187	106,512
Cash and cash equivalents at the beginning of the period	268,488	96,798
Cash and cash equivalents at end of the period	720,674	203,311

Source: Reviewed interim financial statements for the six-month period ended 30 June 2021G

6-12-1 Net cash generated from operating activities

Net cash generated from operating activities increased significantly from SAR 274.0 million in the six-month period ended 30 June 2020G to SAR 369.1 million in the six-month period ended 30 June 2021G mainly due to the increase in profit before zakat (+SAR 173.4 million), partly offset by the zakat paid during the period amounting to SAR 83.1 million.

6-12-2 Net cash generated from investing activities

Net cash generated from investing activities increased from SAR 181.9 million in the six-month period ended 30 June 2020G to SAR 864.9 million in the six-month period ended 30 June 2021G mainly driven by higher proceeds from disposal of investments than the purchase of investments in the six-month period ended 30 June 2021G resulting in a net cash inflow of SAR 880.8 million.

6-12-3 Net cash used in financing activities

Net cash used in financing activities increased from SAR 3.7 million in the six-month period ended 30 June 2020G to SAR 1.1 billion in the six-month period ended 30 June 2021G primarily due to the special dividend paid to PIF in June 2021G amounting to SAR 1.0 billion coupled with the annual dividend paid in May 2021G amounting to SAR 120 million.

6-13 Management discussion and analysis in relation the Securities Depository Center Company (Edaa) and the results of its operations

The following Management's Discussion and Analysis ("MD&A") of the financial results relates to Securities Depository Center Company ("Edaa"), a material subsidiary, for the years ended 31 December 2018G, 2019G and 2020G, in addition to the interim period for the six-months ended 30 June 2020G and 2021G. Our analysis was based on the consolidated audited financial statements for the years ended 31 December 2018G ("FY18G"), 2019G ("FY19G") and 2020G ("FY20G") and the reviewed condensed consolidated interim financial statements for the six-month period ended 30 June 2021G. The financial statements have been prepared in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other standards and statements approved by the Saudi Organization for Auditors and Accountants (SOCPA).

6-13-1 Edaa's consolidated statements of comprehensive income for the financial years ended 31 December 2018G, 2019G and 2020G, in addition to the interim period for the six-months ended 30 June 2020G and 30 June 2021G

Table (6-87): Edaa's consolidated statements of comprehensive income for the financial years ended 31 December 2018G, 2019G and 2020G and the six months ended 30 June 2020G and 2021G

SAR in 000s	2018G Audited	2019G Audited	2020G Audited	CAGR 2018G-2020G	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Operating revenue	298,320	281,496	511,328	30.9%	213,052	318,144	49.3%
Operating costs	(127,113)	(130,958)	(133,560)	2.5%	(68,626)	(66,815)	(2.6%)
Gross profit	171,208	150,538	377,769	48.5%	144,426	251,329	74.0%
General and administrative expenses	(75,881)	(74,886)	(104,451)	17.3%	(48,361)	(55,010)	13.7%
Operating profit	95,327	75,652	273,318	69.3%	96,065	196,319	104.4%
Investment income	13,047	16,061	6,340	(30.3%)	2,310	5,448	135.9%
Other income	9	(1)	2	(57.2%)	2	4	109.0%
Non-operating profit	13,057	16,060	6,342	(30.3%)	2,311	5,452	135.8%
Profit for the year/period	108,384	91,712	279,660	60.6%	98,377	201,771	105.1%

SAR in 000s	2018G Audited	2019G Audited	2020G Audited	CAGR 2018G-2020G	Six-month period ended 30 June 2020G Reviewed	Six-month period ended 30 June 2021G Reviewed	Variance 30 June 2020G-30 June 2021G
Remeasurement of employees' end-of-service benefits liability	(1,229)	(1,872)	(1,222)	(0.3%)	-	-	N/A
Other comprehensive income for the year/ period	(1,229)	(1,872)	(1,222)	(0.3%)	-	-	N/A
Total comprehensive income for the year/ period	107,155	89,840	278,438	61.2%	98,377	201,771	105.1%

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, in addition to the reviewed interim financial statements for the six-month period ended 30 June 2021G.

Operating Revenue

Edaa's main operating activities include clearing and settlement, safekeeping, depository services, registry services and membership fees. Edaa is the Group's largest subsidiary, contributing c.47% of total Group revenue in 2020G. Edaa's revenue increased at a CAGR of 30.9% over the period 2018G - 2020G. Operating revenue decreased by 5.6% from SAR 298.3 million in 2018G to SAR 281.5 million in 2019G, mainly due to the decrease in securities' depository services driven by the exemption on Murabaha fees that took effect as at March 2019G. Operating revenue increased by 81.6% from SAR 281.5 million in 2019G to SAR 511.3 million in 2020G, mainly due to the increase in ADTV from SAR 3.5 billion in 2019G to SAR 8.3 billion in 2020G.

Operating revenue increased by 49.3% from SAR 213.1 million in the six-month period ended 30 June 2020G to SAR 318.1 million in the six-month period ended 30 June 2021, mainly due to the increase in ADTV from SAR 6.6 billion in the six-month period ended 30 June 2020G to SAR 10.7 billion in the six-month period ended 30 June 2021G, in addition to the increase in revenue from the securities transfer service.

Operating Costs

Operating costs increased slightly by 3.0%, or by SAR 3.8 million, from SAR 127.1 million in 2018G to SAR 131.0 million in 2019G. Operating costs increased slightly by 2.0%, or SAR 2.6 million, to SAR 133.6 million in 2020G. The increases in 2019G and 2020G were mainly due to the increase in salaries and related benefits.

Operating costs decreased by 2.6% from SAR 68.6 million in the six-month period ended 30 June 2020G to SAR 66.8 million in the six-month period ended 30 June 2021G.

Gross Profit

Gross profit decreased by 12.1%, or by SAR 20.6 million, from SAR 171.2 million in 2018G to SAR 150.5 million in 2019G, due to the increase in operating revenue. Gross profit increased by 150.9%, or SAR 227.2 million, to SAR 377.8 million in 2020G. The increases in gross profit were driven by the increase in operating revenue, mainly due to the increase in the ADTV.

Gross profit increased by 74.0% from SAR 144.4 million in the six-month period ended 30 June 2020G to SAR 251.3 million for the six-month period ended 30 June 2021G, due to the increase in operating revenue.

General and Administrative Expenses

General and administrative expenses decreased slightly by 1.3%, or by SAR 1.0 million, from SAR 75.9 million in 2018G to SAR 74.9 million in 2019G, due to the slight increase in shared services costs in line with the agreement between Tadawul and Edaa.

General and administrative expenses increased by 39.5%, or by SAR 29.6 million, to SAR 104.5 million in 2020G mainly due to the increase in shared services costs under the agreement between Tadawul and the Edaa.

General and administrative expenses increased by 13.7% from SAR 48.4 million in the six-month period ended 30 June 2020G to SAR 55.0 million for the six-month period ended 30 June 2021G. This increase was also mainly due to the increase in shared services costs under the agreement between Tadawul and Edaa.

Operating Profit

Operating profit decreased by 20.6%, or SAR 19.7 million, from SAR 95.3 million in 2018G to SAR 75.7 million in 2019G due to the decrease in operating income. Operating profit increased by 261.3%, or SAR 197.7 million, to SAR 273.3 million in 2020G. The increase in operating profit was a result of the increase in operating revenue.

Operating profit increased by 104.4% from SAR 96.1 million in the six-month period ended 30 June 2020G to SAR 196.3 million for the six-month period ended 2021G, driven by the increase in operating revenue.

Investment Income

Investment income increased by 23.1%, or by SAR 3.0 million, from SAR 13.0 million in 2018G to SAR 16.1 million in 2019G, before decreasing by 60.5%, or by SAR 9.7 million, to SAR 6.3 million in 2020G. The increase in 2019G was mainly due to the favourable profit rates on money market instruments, which also comprised the largest share of Edaa's investment portfolio by asset class. The decline in 2020G was due to the accelerated decline in profit rates, driven by the COVID-19 pandemic.

Investment income increased by 135.8% from SAR 2.3 million in the six-month period ended 30 June 2020G to SAR 5.5 million for the six-month period ended 2021G. This was due to the improvement in the performance of certain existing investment assets and the increased investment in fixed income instruments.

Other Income

Other income decreased from SAR 9.0 thousand in 2018G to a loss of SAR 1.0 thousand in 2019G, and increased to an income of SAR 2.0 thousand in 2020G. Other income increased from SAR 2.0 thousand in the six-month period ended on 30 June 2020G to SAR 4.0 thousand in the six-month period ended 30 June 2021G.

Profit from Non-Operating Activities

The profit from non-operating activities increased by 23.0%, or by SAR 3.0 million, from SAR 13.1 million in 2018G to SAR 16.1 million in 2019G. Profit from non-operating activities decreased by 60.5%, or SAR 9.7 million, to SAR 6.3 million in 2020G. The increases in 2019G and 2020G were mainly driven by the increase in investment income during the same period.

Profit from non-operating activities increased by 135.8% from SAR 2.3 million in the six-month period ending 30 June 2020G to SAR 5.4 million for the six-month period ending 30 June 2021G. This was also due to the increase in investment income during the same period.

Profit for the year/period

Profit for the year decreased by 15.4%, or by SAR 16.7 million, from SAR 108.4 million in 2018G to SAR 91.7 million in 2019G. Profit for the year increased further by 204.9%, or by SAR 188.0 million, to SAR 279.7 million in 2020G. The decline in 2019G was mainly due to the decrease in operating revenue, whereas the increase in profit for the year in 2020G was due to the increase in operating revenue.

Profit for the period increased by 105.1% from SAR 98.4 million in the six-month period ended 30 June 2020G to SAR 201.8 million in the six-month period ended 30 June 2021G, due to the increase in operating revenue.

6-13-2 Edaa's statement of financial position as at 31 December 2018G, 2019G, 2020G and 30 June 2021G

Table (6-88): List of financial position for Edaa as at 31 December 2018G, 2019G and 2020G, and 30 June 2021G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G	30 June 2021G
	Audited	Audited	Audited	Reviewed
Non-current assets	10,718	9,745	8,793	21,795
Current assets	555,705	538,935	767,364	748,787
Total assets	566,423	548,680	776,156	770,582
Current liabilities	30,143	18,383	43,985	88,142
Non-current liabilities	17,372	21,074	25,179	24,149

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G	30 June 2021G
	Audited	Audited	Audited	Reviewed
Total liabilities	47,515	39,457	69,164	112,292
Total equity	518,908	509,223	706,992	658,291
Total liabilities and equity	566,423	548,680	776,156	770,582

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, in addition to the reviewed interim financial statements for the six-month period ended 30 June 2021G

Total Assets

Total assets decreased by 3.1% or by SAR 17.7 million from SAR 566.4 million as at 31 December 2018G to SAR 548.7 million as at 31 December 2019G. Total assets increased by 42.4% or by SAR 228.4 million to reach SAR 776.2 million as at 31 December 2020.

Non-current assets decreased gradually by 9.1%, or by SAR 1.0 million, from SAR 10.7 million as at 31 December 2018G to SAR 9.7 million as at 31 December 2019G. Non-current assets decreased by 9.8%, or by SAR 1.0 million, to SAR 8.8 million as at 31 December 2020G. The decrease was attributed to depreciation of fixed assets during the period. Non-current assets increased by 147.9%, or by SAR 13.0 million, to SAR 21.8 million as at 30 June 2021G as a result of an increase in non-current investments.

Current assets decreased by 3.0%, or by SAR 16.8 million, from SAR 555.7 million as at 31 December 2018G to SAR 538.9 million as at 31 December 2019G. This decrease was due to the decline in cash and cash equivalents. Current assets increased by 42.4%, or by SAR 228.4 million, to SAR 767.4 million as at 31 December 2020 due to the increase in current investments. Current assets decreased slightly by 0.7%, or by SAR 5.6 million, to SAR 770.6 million as at 30 June 2021G mainly due to the decline in current investments.

Total Liabilities

Total liabilities decreased by 17.0%, or by SAR 8.1 million, from SAR 47.5 million as at 31 December 2018G to SAR 39.5 million as at 31 December 2019G. Total liabilities increased by 75.3%, or by SAR 29.7 million, to SAR 69.2 million as at 31 December 2020G. Total liabilities then increased by 62.4% to reach SAR 112.3 Million as of June 30,2021.

Non-current liabilities increased by 21.3%, or by SAR 3.7 million, from SAR 17.4 million as at 31 December 2018G to SAR 21.1 million as at 31 December 2019G due to the increase in end of service benefits. Non-current liabilities increased by 19.5%, or by SAR 4.1 million, to SAR 25.2 million as at 31 December 2020G due to the increase in the end of service benefits for employees. Non-current liabilities decreased by 4.2% to SAR 24.1 million as at 30 June 2021G, also driven by the decrease in employees' end of service benefits. End of service benefits is calculated according to the measurement approved by the actuarial consultant of the company in accordance with the treatment approved in international standards.

Current liabilities decreased by 39.0%, or by SAR 11.8 million, from SAR 30.1 million as at 31 December 2018G to SAR 18.4 million as at 31 December 2019G. This decrease was due to the decrease in the balance owed to Tadawul. Current liabilities increased by 139.3%, or by SAR 25.6 million, to SAR 44.0 million as at 31 December 2020G. The reason for the increase is due to the increase in the balance due to Tadawul in line with the agreement signed between Tadawul and Edaa. Current liabilities increased by 100.4%, or by SAR 44.2 million, to SAR 88.1 million as at 30 June 2021G on the back of an increase in deferred revenue.

6-13-3 Edaa's cash flow statement for the year ended 31 December 2018G, 2019G and 2020G and the six-month period ending on 30 June 2021G

Table (6-89): Edaa's cash flow statement for the year ending on 31 December 2018G, 2019G and 2020G and the six-month period ending on 30 June 2021G

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G	30 June 2021G
	Audited	Audited	Audited	Reviewed
Profit for the year/ period	108,384	91,712	279,660	201,771
Net cash generat- ed from operating activities	115,596	66,372	311,245	227,351

SAR in 000s	31 December 2018G	31 December 2019G	31 December 2020G	30 June 2021G
	Audited	Audited	Audited	Reviewed
Net cash (used in) / generated from investing activities	(103,039)	(61,562)	(222,788)	56,264
Net cash used in financing activities	(76,573)	(101,656)	(82,436)	(250,926)
Net change in cash and cash equivalents	(64,016)	(96,846)	6,021	32,689
Cash and cash equivalents at the beginning of the year/period	181,741	117,724	20,879	26,900
Cash and cash equivalents the end of the year/period	117,724	20,879	26,900	59,589

Source: The Financial Statements for the financial years ended 31 December 2018G, 2019G and 2020G, in addition to the reviewed interim financial statements for the six-month period ended 30 June 2021G

Cash and cash equivalents decreased by 82.3%, or by SAR 96.8 million, from SAR 117.7 million on 31 December 2018G to SAR 20.9 million on 31 December 2019G, before increasing by 28.8%, or by SAR 6.0 million, to SAR 26.9 million as at 31 December 2020G. Cash and cash equivalents increased by 121.5%, or by SAR 32.7 million, to SAR 59.6 million as at 30 June 2021G.

Net Cash Generated from Operating Activities

Net cash generated from operating activities decreased by 42.6%, or by SAR 49.2 million, from SAR 115.6 million in 2018G to SAR 66.4 million in 2019G due to the decrease in profit for the year in addition to the change in balances due from/to Tadawul. Net cash generated from operating activities increased by 367.9%, or by SAR 244.9 million, to SAR 311.2 million in 2020G, mainly due to the increase in profit for the year.

Net cash generated from operating activities decreased from SAR 311.2 million in 2020G to SAR 227.3 million in the six-month period ended 30 June 2021G mainly due to the decrease in net profit during the same period.

Net Cash (used in) / Generated from Investing Activities

The net cash used in investing activities decreased by 40.3%, or by SAR 41.5 million, from SAR 103.0 million in 2018G to SAR 61.6 million in the 2019G, and increased by 261.9%, or by SAR 161.2 million to SAR 222.8 million in 2020G. The decrease in 2019G, as well as the increase in 2020G was due to the change in investment balances.

Net Cash used in Financing Activities

Net cash used in financing activities increased by 32.8%, or by SAR 25.1 million, from SAR 76.6 million in 2018G to SAR 101.7 million in the 2019G, and decreased by 18.9% or SAR 19.2 million, to SAR 82.4 million in 2020G.

The reason for the increase in 2019G was the increase in dividends paid, while the reason for the decrease in the 2020G was the decrease in dividends paid.

Net cash used in financing activities increased from SAR 82.4 million in 2020G to SAR 250.9 million in the six-month period ended 30 June 2021G mainly due to dividends paid amounting to SAR 250.5 million in the six-month period ended 30 June 2021G.

7- DIVIDEND DISTRIBUTION POLICY



7- Dividend Distribution Policy

Pursuant to Article 110 of the Companies Law, each Shareholder acquires the rights attached to the Company's Shares, including the right to receive a portion of the net dividends declared. The declaration and payment of any dividends will be recommended by the Board prior to the approval by the Shareholders at a General Assembly meeting. However, there are no guarantees as to the actual distribution of dividends or the amounts of dividends that will be paid in any year. Any dividends declared will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's Zakat position as well as legal and regulatory considerations.

After deducting all expenses, the Company's profits shall be allocated as follows:

- 1) Ten percent (10%) of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by a resolution of the Ordinary General Assembly when the statutory reserve reaches thirty percent (30%) of the Company's paid up share capital.
- 2) The Ordinary General Assembly may, upon the Board of Directors' recommendation, set aside a certain percentage of the annual net profits to form an additional voluntary reserve to be allocated for one or more specific purposes as determined by the Ordinary General Assembly.
- 3) The Ordinary General Assembly may establish other reserves provided it is in the interest of the Company or it guarantees to the extent possible regular distribution of fixed dividends to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social pensions for the Company's employees, or to support existing pensions of such kind.
- 4) The Board of Directors may recommend distributing a certain percentage of the remaining profits to the Shareholders.
- 5) The Company is entitled to distribute quarterly and semi-annual profits after fulfilling the requirements of the relevant authorities.

The following is a summary of the dividends declared and distributed by the Company since the beginning of 2018G:

Table (7-1): Dividends Declared or Distributed for the Financial Years ended 31 December 2018G, 2019G, and 2020G and the six-months ended 30 June 2021G

SAR'000s	31 December 2018G	31 December 2019G	31 December 2020G	30 June 2021G
Dividends declared during the period	120,000	120,000	120,000	1,120,000
Dividends distributed during the period	120,000	120,000	120,000	1,120,000
Net income for the distribution period	148,187	153,294	500,519	362,044
The ratio of dividends declared to net income for the distribution period	80.98%	78.28%	23.98%	309.35%

Source: The audited financial statements for the financial years ended 31 December 2018G, 2019G, and 2020G, the consolidated audited interim financial statements for the six-month period ended 30 June 2021G and the Company's information.

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

The Offer Shares are not entitled to any dividends announced prior to the date of this Prospectus. The Offer Shares shall be entitled to dividends announced by the Company from the date of this Prospectus and for the subsequent financial years. As at the date of this Prospectus, the Directors declare that there are no declared or outstanding dividends for said periods except as set out above.

8- USE OF THE OFFERING PROCEEDS

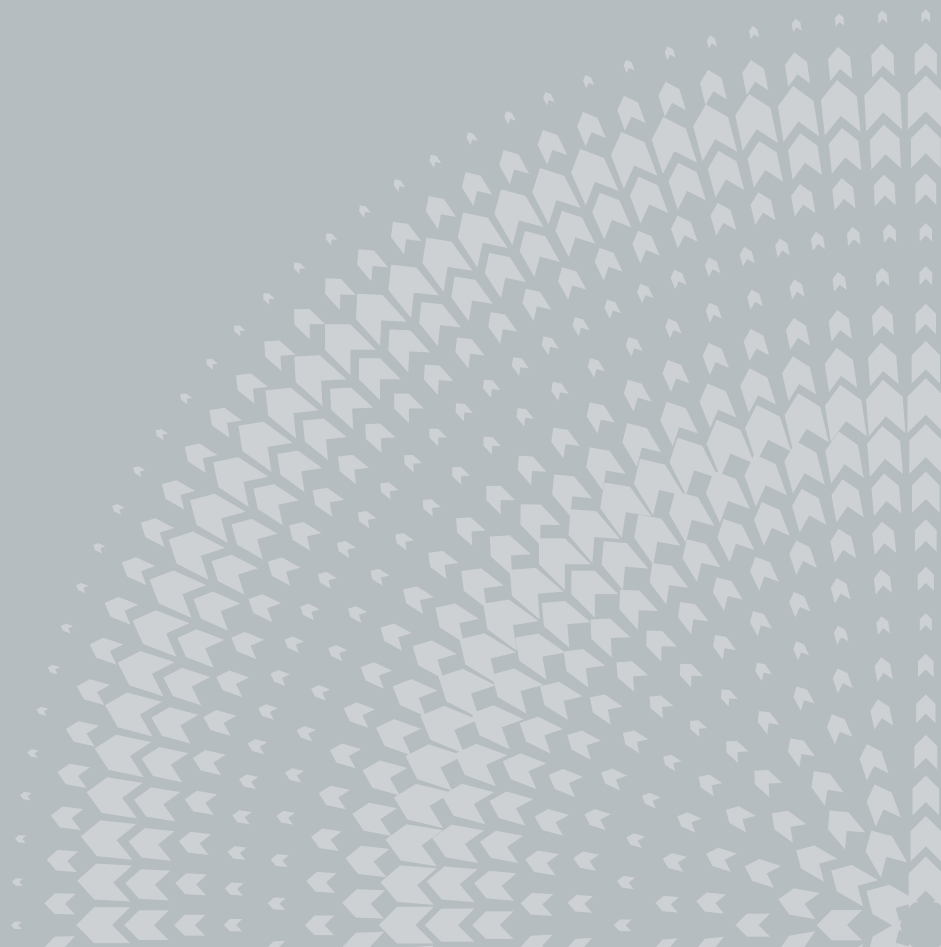


8- Use of the Offering Proceeds

The total proceeds of the Offering are estimated at SAR 3,780,000,000, of which about SAR 80 million will be used to settle all expenses related to the Offering, which include the fees of the Financial Advisors, Lead Manager, Underwriters, Legal Advisor, Accountants, and Receiving Agents, as well as other fees related to the Offering.

The total proceeds of approximately SAR 3,780,000,000 net of expenses related to the Offering (estimated to be SAR 80 million) (the "Net Offering Proceeds") will be distributed to the Selling Shareholder pro-rata to the number of Offer Shares sold by it in the Offering. The Company will not receive any part of the Offering proceeds. The Selling Shareholder will bear all fees, expenses and costs related to the Offering.

9- CAPITALIZATION AND INDEBTEDNESS



9- Capitalization and Indebtedness

Prior to the Offering, the current Shareholder owned the entire share capital of the Company. Upon completion of the Offering, the current Shareholder will own 70% of the shares in the Company.

The table below sets out the capitalization of the Company as derived from the Company's audited financial statements for the financial years ended 31 December 2018G, 2019G, and 2020G and the six-months ended 30 June 2021G, and should be read and interpreted in conjunction with the relevant financial statements set out in Section 19 ("Financial Statements and Auditor's Reports").

Table (9-1): Capitalization and Indebtedness of the Company

SAR'000s	31 December 2018G	31 December 2019G	31 December 2020G	Six months ended 30 June 2021G
Non-current portion of lease liabilities	-	-	4,658	1,487
Current portion of lease liabilities	-	4,263	9,129	5,000
Total loans*	-	4,263	13,787	6,487
Equity				
Capital	1,200,000	1,200,000	1,200,000	1,200,000
Statutory reserve	311,582	326,912	376,964	376,964
General reserve	1,114,180	1,114,180	1,114,180	1,114,180
Retained earnings	608,897	618,313	943,479	185,523
Total equity	3,234,659	3,259,405	3,634,622	2,876,667
Total capitalization (total loans* + total Shareholders' equity)	3,234,659	3,263,668	3,648,409	2,883,154
Total loans*/total capitalization	0.0%	0.1%	0.4%	0.2%

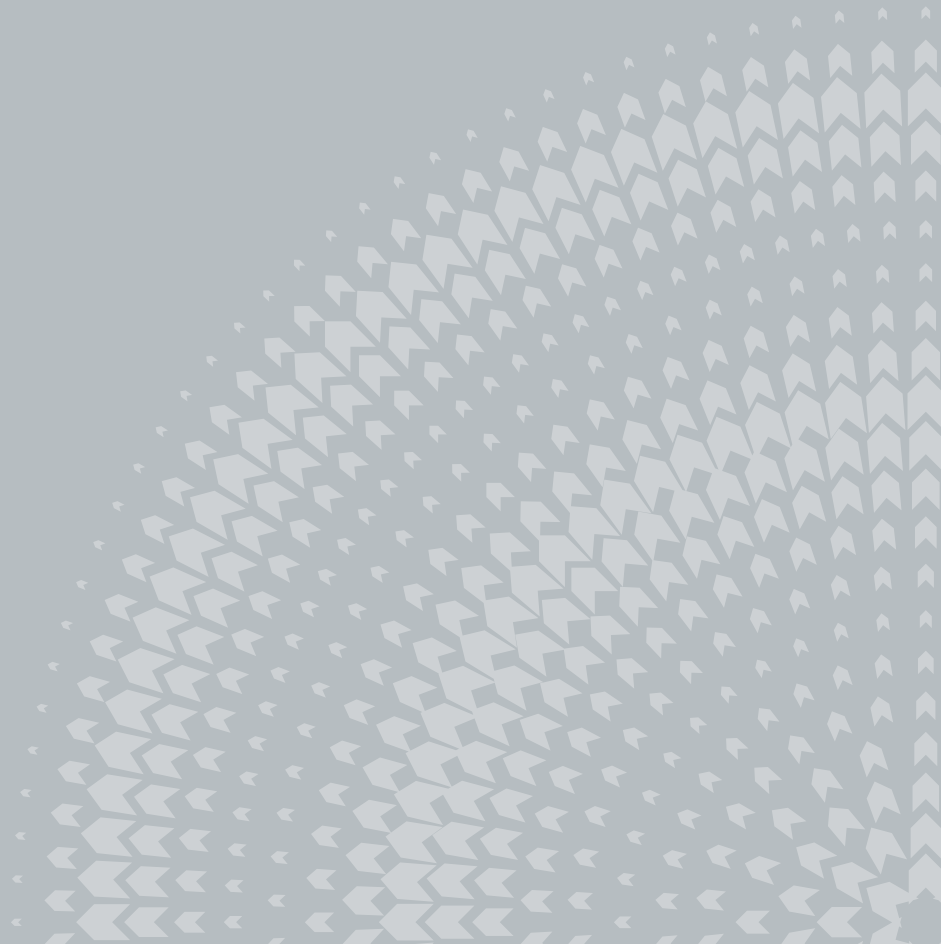
* Includes lease liabilities only, as the Company has no loans.

Source: The audited financial statements for the financial years ended 31 December 2018G, 2019G, and 2020G, the consolidated audited interim financial statements for the six-month period ended 30 June 2021G and the Company's information.

The Directors declare that:

- 1) None of the Company's shares are under option.
- 2) The Company does not have any debt instruments as at the date of this Prospectus.
- 3) The Company's balance and cash flows are sufficient to meet its expected cash and working capital requirements for at least twelve (12) months after the date of this Prospectus.

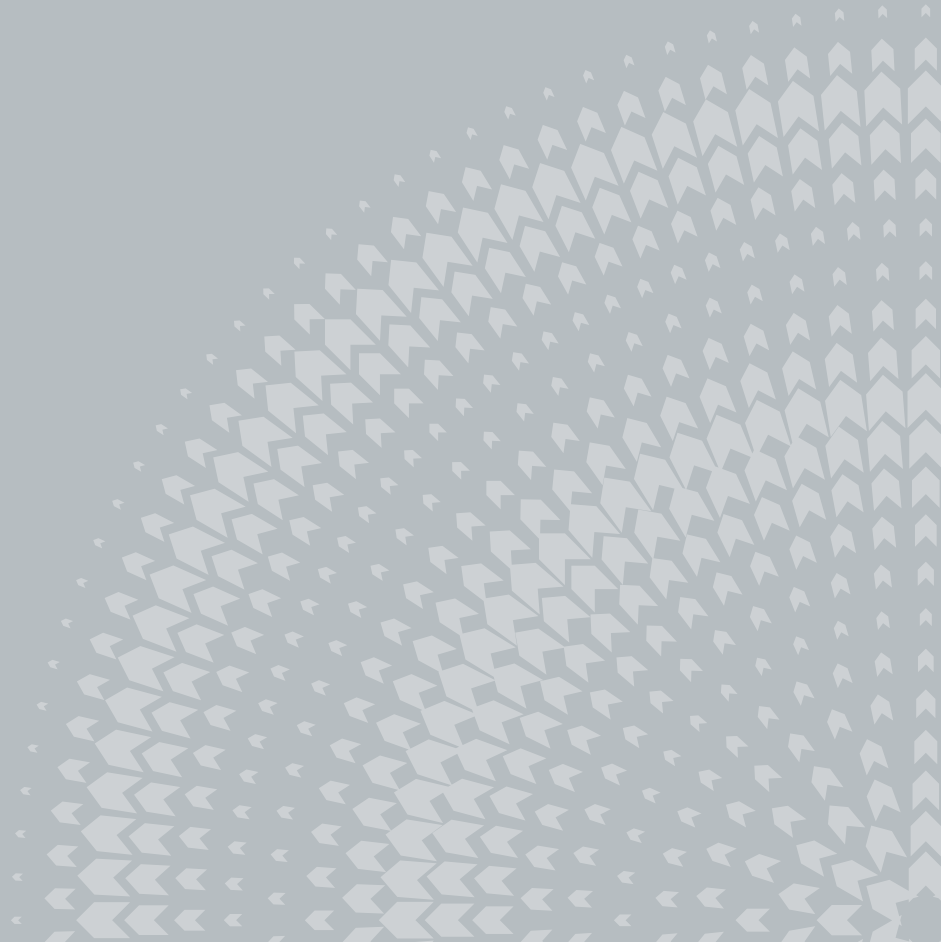
10- EXPERT STATEMENTS



10- Expert Statements

All of the Advisors, whose names are listed on pages (vi) and (vii) of this Prospectus, have given and, as at the date of this Prospectus, not withdrawn their written consent to the publication of the names, addresses, logos and statements attributed to each of them in this Prospectus, and do not, themselves, nor their employees who form part of the team serving the Company, or any of their relatives, have any shareholding or interest of any kind in the Company or its Subsidiaries as at the date of this Prospectus which would impair their independence.

11- DECLARATIONS



11- Declarations

As at the date of this Prospectus, the Directors declare that:

- 1) There has not been any interruption in the business of the Company or any of the Subsidiaries which may have or has had a significant effect on the financial position in the last 12 months.
- 2) No commissions, discounts, brokerages or other non-cash compensation have been granted within the three years immediately preceding the application for registration and offer of securities that are the subject of this Prospectus in connection with the issue or offer of any securities by the Company or any of the Subsidiaries.
- 3) Other than what has been mentioned in Section 2 (“**Risk Factors**”) of this Prospectus, there has not been any material adverse change in the financial or trading position of the Company or any of its Subsidiaries in the three financial years preceding the application for registration and offer of securities that are subject to this Prospectus and during the period from the end of the period covered in the Auditor’s report up to and including the date of approval of the Prospectus.
- 4) None of the Directors or their Relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries.
- 5) The Company - individually or jointly with its Subsidiaries – has a working capital sufficient for a period of at least 12 months immediately following the date of publication of the Prospectus.
- 6) None of the Directors, Senior Executives or the Secretary has ever been declared bankrupt or subject to bankruptcy proceedings.
- 7) No insolvency or bankruptcy has been declared during previous years for a company in which any of the members of the Board of Directors, any of the Senior Executives, or the Secretary of the Board of Directors was appointed to an administrative or supervisory position. .
- 8) Except as described in Section 5-7-1 (“**Interests of Directors and Senior Executives in Contracts and Agreements Entered into by the Company and its Subsidiaries**”), none of the Directors, Senior Executives, the Secretary or any of their Relatives have any interest in any existing written or oral contract or arrangement or contracts under consideration or to be concluded by the Company or its Subsidiary up to the date of this Prospectus.
- 9) Except as stated in this Prospectus, there is no intention to materially change the nature of the business of the Company or its Subsidiaries.
- 10) The Directors will not participate in voting on decisions related to business and contracts in which they have a direct or indirect interest.
- 11) There are no employee share programs entitling employees to participate in the Company’s share capital, and there are no other similar arrangements in place.
- 12) The Company does not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect its financial position.
- 13) Except as disclosed in Section 2 (“**Risk Factors**”), the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have or may have a material impact (directly or indirectly) on its business and the business of its Subsidiaries.
- 14) Except as disclosed in Section 2 (“**Risk Factors**”), the Company is not aware of any seasonal factors or economic cycles related to the business that may have an effect on the Company’s businesses or its financial position.
- 15) The statistical information included in Section 3 (“**Market and Industry Overview**”) which was obtained from external sources represents the latest information available from the relevant source.
- 16) Except as disclosed in Section 2 (“**Risk Factors**”), the insurance policies of the Company and its Subsidiaries sufficiently cover the Company’s performance of its business. The Company and its Subsidiaries periodically renew their insurance policies and contracts in order to ensure continued insurance coverage.
- 17) The Board of Directors has included all the information required to be included in this Prospectus pursuant to the OSCOs, and there are no other facts that could affect the securities registration and offering application which have not been included in this Prospectus.
- 18) All contracts and agreements that the Company believes to be significant or material or which may affect investors’ decisions to invest in the Offer Shares have been disclosed. There are no other material agreements that have not been disclosed.

- 19) All terms and conditions that may affect investors' decisions to invest in the Offer Shares have been disclosed.
- 20) They have developed procedures, controls and systems to enable the Company to meet the requirements of relevant laws, regulations and instructions, including the Companies Law, CML and its implementing regulations, and the Rules on the Offer of Securities and Continuing Obligations and Listing Rules.
- 21) All of the Company's non-Saudi staff is under its sponsorship.
- 22) As at the date of this Prospectus, the PIF is the legal and beneficial owner of the Company's Shares.
- 23) Other than as disclosed in Section 2 ("**Risk Factors**"), and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares.
- 24) Except as disclosed in Section 2 ("**Risk Factors**") the Company has obtained all the essential licenses and approvals to carry out its activities.
- 25) Except as disclosed in Section 12-11 ("**Claims and Litigation**"), the Company and its Subsidiaries are not party to any outstanding disputes, claims, lawsuits or investigation proceedings that may have a material impact on the Company's operations or financial position.
- 26) The Company and its Subsidiaries have not issued any debt instruments or received any term loans or have any outstanding loans or debts.
- 27) As at the date of this Prospectus, there are no mortgages, rights and encumbrances on the properties of the Company or its Subsidiaries.
- 28) None of the Shares of the Company or the shares of its Subsidiaries are subject to any options.
- 29) Except as disclosed in Section 4-9 ("**Research and Development, Future Plans, Investments and Initiatives**"), neither the Company nor its Subsidiaries have a research and development policy.
- 30) The Company is capable of preparing the necessary reports in a timely manner according to the implementing regulations issued by the CMA.
- 31) All necessary approvals for offering and listing the Company's shares in the market have been obtained.
- 32) As at the date of this Prospectus, there are no material transactions or agreements with Related Parties that have a material impact on the Company's business other than those set out in Section 12-6-3 ("**Summary of Material Agreements with Related Parties**") , and the Company confirms that it will comply with laws and regulations that govern transactions with Related Parties, and obtain all required approvals, in respect of any agreements and transactions entered into after the date of this Prospectus.

In addition to the declarations set out above, the Directors declare that:

- 1) Third party information and data included in this Prospectus, including the information derived from the market study report, is reliable and there is no reason for the Company to believe that such information is materially inaccurate.
- 2) The Company has prepared appropriate internal control systems, including a written policy to regulate conflicts of interest and address any possible conflicts, which include the misuse of the Company's assets and abuse resulting from transactions with Related Parties. In addition, the Company has verified the integrity of financial and operational systems and the application of appropriate risk management controls, as required by the CGRs. The Directors also review the Company's internal control procedures on an annual basis.
- 3) The accounting and internal control systems and the information technology systems are adequate and convenient.
- 4) As at the date of this Prospectus, none of the Directors has participated in any activity similar to or competitive with that of the Company or its Subsidiaries. The Directors undertake to comply with this regulatory requirement in the future in accordance with Article 72 of the Companies Law and the CGRs.
- 5) The Directors are not permitted to have any direct or indirect interest in the Company's transactions and contracts except with authorization from the General Assembly.
- 6) The Directors shall notify the Board of Directors of any direct or indirect personal interest they have in the transactions and contracts entered into by the Company, and this notification will be recorded in the Board of Directors' meeting minutes.
- 7) Except for the management and support services agreements entered into with the Main Subsidiaries, all transactions with Related Parties disclosed in Section 12-6-3 ("**Summary of Material Agreements with Related Parties**"), including specifying the consideration, have been entered into in a legal manner and on an arm's length basis similarly to agreements with third parties.

- 8) All transactions with Related Parties shall be entered into on a commercial basis, and all business and contracts with Related Parties shall be approved by the Board of Directors and, and if required by law, the Company's General Assembly. Directors may not vote on any decision related to the business and contracts of the Company in which they hold a direct or indirect interest, whether at the level of the Board of Directors or the General Assembly, in accordance with Article 71 of the Companies Law and Chapter 6 of Part 3 of the CGRs.
- 9) The Directors and CEO shall not have the right to vote on decisions relating to fees and remuneration granted to them.
- 10) Neither the Directors nor any of its Senior Executives may obtain a loan from the Company or its Subsidiaries, and the Company shall not guarantee any loan entered into by any of the Directors.
- 11) The Company is complaint with all terms and conditions under the agreements entered into with the entities that have granted loans, facilities and financing, and the Company has not received any notice from lenders stating that it has breached any of its covenants and obligations under the financing agreements up to the date of this Prospectus.
- 12) As at the date of this Prospectus, the Company is not engaged in any business activity outside the Kingdom, nor does any material part of its assets or the assets of its Subsidiaries located outside the Kingdom.

The Directors undertake to:

- 1) Record all Board resolutions and deliberations in written minutes signed thereby.
- 2) Disclose the details of any Related Party transactions in accordance with the Companies Law, the CGRs and the Regulatory Rules and Procedures relating to Listed Joint Stock Companies.
- 3) Comply with Articles 71, 72, 73 of the Companies Law, and Chapter 6 of Part 3 of the CGRs, and the Regulatory Rules and Procedures relating to Listed Joint Stock Companies.

12- LEGAL INFORMATION



12- Legal Information

12-1 Declarations Related to Legal Information

The Directors declare that:

- The issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
- The issuance does not constitute a breach of any contract/agreement entered into by the Issuer.
- All material legal issues concerning the issuer have been disclosed in the Prospectus.
- Except as disclosed under Section 12-11 (“**Claims and Litigation**”) of this Prospectus, the Issuer and its Subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position.
- The Directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position.

12-2 The Company

Saudi Tadawul Group Holding Company (the “**Company**” or the “**Issuer**”) is a Saudi closed joint stock company wholly owned by the PIF and registered under Commercial Registration No. 1010241733 dated 02/12/1428H (corresponding to 12/12/2007G). The Company was established by Royal Decree No. M/15 dated 01/03/1428H (corresponding to 20/03/2007G), and Ministry of Commerce Resolution No. 320/K dated 01/12/1428H (corresponding to 11/12/2007G), with its Head Office located at 6897 Tawuniya Towers, King Fahd Road, Olaya District - Riyadh 12211 P.O. Box 60612, Kingdom of Saudi Arabia. The Company's current capital is one billion two hundred million Saudi Riyals (SAR 1,200,000,000), divided into one hundred twenty million (120,000,000) fully paid ordinary shares of equal value with a nominal value of ten Saudi Riyals (SAR 10) per share. The Company's principal 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' other companies. For more information about the Company and its activities, please refer to Section 4 (“**The Company**”) of this Prospectus.

12-3 Shareholding Structure

The Public Investment Fund (PIF) owns one hundred percent (100%) of the Company's share capital from the date of its incorporation until the date of this Prospectus.

The following table shows the Company's shareholding structure before and after the Offering:

Table (12-1): The Company's Shareholding Structure Before and After the Offering

Shareholder Name	Pre-Offering	Post-Offering	Direct Ownership (%)	No. of Shares	Nominal value (SAR)	Direct Ownership (%)
	No. of Shares	Nominal Value (SAR)				
PIF	120,000,000	1,200,000,000	100%	84,000,000	840,000,000	70%
Public	N/A	N/A	N/A	36,000,000	360,000,000	30%
Total	120,000,000	1,200,000,000	100%	120,000,000	1,200,000,000	100%

Source: The Company

12-4 Subsidiaries

The Company owns direct interests in the following Subsidiaries:

#	Name of Subsidiary	Commercial Registration No.	Date of Issue	Company's Ownership Percentage
1.	The Saudi Exchange Company	1010697067	17/08/1442H (corresponding to 30/03/2021G)	100%
2.	The Securities Depository Center Company (Edaa)	1010463866	27/11/1437H (corresponding 30/08/2016G)	100%
3.	The Securities Clearing Center Company (Muqassa)	1010935131	02/06/1439H (corresponding to 18/02/2018G)	100%
4.	Tadawul Advanced Solutions Company (WA-MID)	1010656577	11/02/1442H (corresponding to 28/09/2020G)	100%
5.	Tadawul Real Estate Company (TREC)	1010325813	23/02/1433H (corresponding to 17/01/2012G)	33.12%

Source: The Company

For more information on the Company's Subsidiaries and their ownership, please refer to Section 4-2 ("The Structure of the Group") of this Prospectus.

12-5 Government Consents, Licenses and Certificates

The Company and its Subsidiaries have obtained several regulatory and operating licenses and certificates from the competent authorities. Licenses and certificates that require renewal or updating are periodically renewed or updated in a timely manner. The Directors declare that the Company and its Subsidiaries have obtained all necessary licenses and approvals required to conduct their business. The following is a summary of the key licenses, approvals and details of the commercial registration certificates obtained by the Company and its Subsidiaries:

Table (12-2): Summary of Key Licenses, Approvals and Details of the Company's Commercial Registration Certificates

License Type	Purpose	License No.	Date of Issue	Expiration Date	Issuing Authority
Key licenses and approvals issued to the Company					
Commercial Registration	Registration of the Company in the Commercial Register	1010241733	02/12/1428H	01/07/1443H	Riyadh Commercial Register Office
Zakat certificate	Company's compliance with Zakat requirements for the period ended 12/31/2020G	1110842085	27/11/1442H	29/09/1443H	ZATCA
VAT Registration Certificate	Registration of the Company and its Main Subsidiaries under VAT	3020078098	14/04/2021G	Undefined	ZATCA
Saudization Certificate	Company's compliance with Saudization requirements	20002105011651	13/10/1442H	17/01/1443H	Ministry of Human Resources and Social Development
GOSI certificate	Company's compliance with GOSI requirements	38839417	13/10/1442H	13/11/1442H	GOSI

Source: The Company

Table (12-3): Summary of Key Licenses, Approvals and Details of the Commercial Registration Certificates of the Subsidiaries

License Type	Purpose	License No.	Date of Issue	Expiration Date	Issuing Authority
Saudi Exchange Company					
Commercial Registration	Registration of the Company in the Commercial Register	1010697067	17/08/1442H	17/08/1443H	Riyadh Commercial Register Office
CMA License	A license to trade in securities in the Kingdom	20004-10	16/03/1442H (corresponding to 2/11/2020G) ⁶	Undefined	CMA
Zakat certificate	The Company's compliance with Zakat requirements	102210002913346	25/08/1442H	01/01/1444H	ZATCA
Saudization Certificate	Company's compliance with Saudization requirements	20002107002189	28/11/1442H	02/03/1443H	Ministry of Human Resources and Social Development
GOSI certificate	Company's compliance with GOSI requirements	39768650	01/12/1442H (corresponding to 11/07/2021G)	01/01/1443H (corresponding to 08/09/2021G)	GOSI
Edaa					
Commercial Registration	Registration of the Company in the Commercial Register	1010463866	27/11/1437H	27/11/1443H	Riyadh Commercial Register Office
CMA License	A license to deposit, transfer, settle and register ownership of traded securities	19002-20	21/01/1441H (corresponding to 20/09/2019G)	The license shall be valid until the effective date of the Implementing Regulations for licensing of depository centers.	CMA
Zakat certificate	The Company's compliance with Zakat requirements	1020843284	24/11/1442H	29/09/1443H	ZATCA
Saudization Certificate	Company's compliance with Saudization requirements	20002105012936	15/10/1442H	19/01/1443H	Ministry of Human Resources and Social Development
GOSI certificate	Company's compliance with GOSI requirements	38880989	15/10/1442H	15/11/1442H	GOSI
Muqassa					
Commercial Registration	Registration of the Company in the Commercial Register	1010935131	02/06/1439H	02/06/1444H	Riyadh Commercial Register Office

⁶ Note: This license is effective as of 20/10/1442H (corresponding to 1 June 2021G), pursuant to Capital Market Authority letter No. R/7/6/4383/21 dated 14/10/1442H (corresponding to 26 May 2021G).

CMA License	A license to practice securities clearing operations in the Kingdom	20003-30	17/05/1441H (corresponding to 12/01/2020G)	Undefined	CMA
Zakat certificate	The Company's compliance with Zakat requirements	1020843300	24/11/1442H	29/09/1443H	ZATCA
Saudization Certificate	Company's compliance with Saudization requirements	20002105011647	13/10/1442H	17/01/1443H	Ministry of Human Resources and Social Development
GOSI certificate	Company's compliance with GOSI requirements	38840419	13/10/1442H	13/11/1442H	GOSI
WAMID					
Commercial Registration	Registration of the Company in the Commercial Register	1010656577	11/02/1442H	11/02/1443H	Riyadh Commercial Register Office
Zakat certificate	The Company's compliance with Zakat requirements	102200002452602	17/03/1442H	25/06/1443H	ZATCA
Saudization Certificate	Company's compliance with Saudization requirements	20002105011652	13/10/1442H	17/01/1443H	Ministry of Human Resources and Social Development
GOSI certificate	Company's compliance with GOSI requirements	38842356	13/10/1442H	13/11/1442H	GOSI
TREC					
Commercial Registration	Registration of the Company in the Commercial Register	1010325813	23/02/1433H	23/02/1443H	Riyadh Commercial Register Office

Source: The Company

12-6 Agreements

The Company and its Subsidiaries enter into a number of contractual arrangements in the ordinary course of their business, including contracts and agreements with third parties, as well as contracts and agreements between the Group's companies. These agreements include (i) contracts and agreements that the Group enters into on a frequent and regular basis for the main services provided by the Group and for which the Group adopts a number of standard form agreements; (ii) contracts and agreements related to the Group's operations; and (iii) contracts and agreements entered into with Related Parties. Accordingly, this Section has been divided into three main sub-sections as follows:

- 1) Section 12-6-1 ("**Standard Forms for Service Agreements and Contracts**") below provides an overview of the standard forms for the key agreements and contracts entered into by the Subsidiaries on a frequent and regular basis to provide their main services. None of these agreements is material due to the nature of such agreements, which are part of the ordinary course of business of the Group. The Company's Subsidiaries therefore are not materially dependent on any one of such agreements individually.
- 2) Section 12-6-2 ("**Summary of Material Agreements**") provides a summary of the material contracts and agreements entered into by the Company and its Subsidiaries.
- 3) Section 12-6-3 ("**Summary of Material Agreements with Related Parties**") provides a summary of the material contracts and agreements entered into by the Company with Related Parties.

12-6-1 Standard Forms for Service Agreements and Contracts

The Company and its Subsidiaries have adopted a number of standard forms for service agreements and contracts that the Group enters into on a frequent and regular basis for the main services it provides, such as listing and trading services, market information, settlement, clearing and membership in each of the Exchange, the SDC and the CCP, in addition to the standard application forms to be submitted by those wishing to benefit from such services, which comprise in aggregate thirteen (13) different standard forms (shown in the table below).

All of these forms, by their nature, contain the customary terms, conditions and information that the applicant must provide to the Company or its Subsidiaries, including but not limited to: the applicant's information, information of the relevant securities, the applicant's obligations and undertakings, the financial consideration to be paid by the applicant for the service, terms and conditions of termination of the service or the agreement, confidentiality provisions, intellectual property rights, rights and method to amend the submitted service application form, the documents to be attached to the application (if any) and other relevant terms and conditions. All agreements stated in the table below are governed by the applicable laws of the Kingdom of Saudi Arabia. In the event that a dispute or a disagreement arises, it shall be resolved amicably between the two parties. In the event that an amicable settlement cannot be reached, disputes that may arise thereof shall be referred to and settled by a competent court in the Kingdom of Saudi Arabia.

Pursuant to Article 6(8) of CML, amongst the powers of the Capital Market Authority is the ability to approve the fees, financial consideration and other commissions to be charged by the CMA Authorized Subsidiaries. Accordingly, the Board of Directors of each CMA Authorized Subsidiary shall propose the fees to be charged for its services and submit the same to the CMA for approval.

The following table shows a summary of the number and size of the key contracts, agreements, and forms entered into by the Subsidiaries on a frequent and regular basis pursuant to their nature. It should be noted however that this is not a summary of all contracts and agreements entered into by the Subsidiaries, and it does not include all the terms and conditions and cannot be considered as a substitute for the terms and conditions of such agreements and contracts.

Table (12-4): Summary of the number and size of the key contracts and agreements entered into by the Company and its Subsidiaries by nature:

#	Nature of Contract or Agreement	Purpose of Contract or Agreement	Service provided	Fees (SAR)	Type of Fees	Total Annual Income 2020G (SAR)	Number as at 30 June 2021G
Forms of the Saudi Exchange Company Service							
1	Saudi Exchange membership application form and agreement	A service whereby the Saudi Exchange Company grants the applicant membership in the Exchange to be able to benefit from the trading services, by connecting the member to the exchange system.	Primary exchange membership	60,000	One-time fee	1,544,660	32
			Annual exchange membership	30,000	Annual		
			License to use trading terminals for primary members	11,700	One-time fee		
			License to use trading terminals for annual members	3,650	Annual		
			Additional communication lines and	6,000	Monthly		
			Capacity of communication lines	2 to 5 messages per second: 2,500	Monthly		
				Up to 10 messages per second: 4,500			
Up to 30 messages per second: 6,500							
Up to 50 messages per second: 9,500							
	Up to 100 messages per second: 12,000						
	Up to 500 messages per second: 20,000						
	Up to 1,000 messages per second: 40,000						

#	Nature of Contract or Agreement	Purpose of Contract or Agreement	Service provided	Fees (SAR)	Type of Fees	Total Annual Income 2020G (SAR)	Number as at 30 June 2021G	
2	Securities listing agreement and application form	A service whereby the Saudi Exchange Company lists the issuer's securities on the Exchange.	Main Market				9,476,090	53
			Initial listing fees	50,000	One-time fee			
			Examination of the listing application	20,000	One-time fee			
			Fees for listing securities of a tradable rights	According to the issue size	One-time fee			
			Fees for managing the subscription process and regulating tradable rights	According to the issue size	One-time fee			
			Nomu - Parallel Market					
			Initial listing fees	50,000	One-time fee			
			Examination of the listing application	5,000	One-time fee			
			Real estate traded funds - Main Market					
			Initial listing fees	50,000	One-time fee			
			Examination of the listing application	20,000	One-time fee			
			Exchange traded funds (ETFs)					
			Initial listing fees	50,000	One-time fee			
			Examination of the listing application	20,000	One-time fee			
			Closed-ended traded funds - Main Market					
			Initial listing fees	50,000	One-time fee			
Examination of the listing application	20,000	One-time fee						
Sukuk and Bonds								
		Examination of the Sukuk and bonds listing application	20,000	One-time fee				
3	Derivative exchange membership application addendum	A service whereby the Saudi Exchange Company grants the applicant membership in the derivative market to be able to benefit from the trading services, by connecting the member to the trading system.	Primary derivative market membership fee	30,000	One-time fee	930,526	8	
			Annual derivative market membership fee	10,000	Annual			
			License to use trading terminals for primary members	11,700	One-time fee			
			License to use trading terminals for annual members	3,650	Annual			

#	Nature of Contract or Agreement	Purpose of Contract or Agreement	Service provided	Fees (SAR)	Type of Fees	Total Annual Income 2020G (SAR)	Number as at 30 June 2021G
4	Continuing listing application form and agreement	The Saudi Exchange Company continues to provide the service of listing of securities of the issuer in the Exchange.	Annual fees for listing in the Main Market	One (1) basis point of the paid-up capital, plus half a basis point (0.5) of the total market value of the company (up to SAR 1,000,000).	Annual	63,765,966	140
			Annual fees for listing in the Nomu - Parallel Market	50,000	Annual		
			Annual fees of the listing of real estate traded funds in the Main Market	3 basis points or (0.0003) of the market value of the fund (up to SAR 300,000 and at least SAR 50,000).	Annual		
			Annual fees of the listing of closed-end traded funds in the Main Market	3 basis points or (0.0003) of the market value of the fund (Up to SAR 300,000 and at least SAR 50,000)	Annual		
			Annual fees of the listing of Sukuk and bonds	According to the issue size	Annual		
5	Index creation agreement	An agreement whereby the Saudi Exchange Company grants the licensee a non-exclusive, non-transferable license to use the Saudi Exchange Company's capital market data in the Kingdom, including indices, to create and distribute financial indices.	Various services	According to the service	Annual	1,827,938	13
6	Issuer information feed agreement	An agreement whereby the Saudi Exchange Company grants the licensee a non-exclusive, non-transferable license to display the issuer's information only on its website.	Enabling the issuer to display the information	15,000	Annual	907,576	56
7	Tadawul information license agreement	An agreement whereby the Saudi Exchange Company grants its clients a non-exclusive, non-assignable license to receive, use and display information to its respective clients.	Market data distribution licenses	According to service and demand	Annual	71,079,324	86
			Single access	According to service and demand	Monthly		
8	Agreement to display investment funds information on Tadawul's website	An agreement whereby the Saudi Exchange Company displays the information of investment funds on Tadawul's website.	Display of information of investment funds on Tadawul's website	5,000	Annual	1,298,702	1

Forms of Edaa Service

#	Nature of Contract or Agreement	Purpose of Contract or Agreement	Service provided	Fees (SAR)	Type of Fees	Total Annual Income 2020G (SAR)	Number as at 30 June 2021G
1	Securities Depository Center Membership Application Form and Agreement	A service whereby Edaa grants the applicant membership in the SDC to be able to benefit from the systems and services related to deposit and settlement of securities.	Initial fee for membership in the SDC for custody services	60,000	One-time Fee	1,538,219	28
			Initial fees of the membership of the SDC for clearing and settlement services	60,000	One-time Fee		
			Continuing membership of the SDC for custody services	30,000	Annual		
			Continuing the membership of the center for clearing and settlement services	30,000	Annual		
2	Creation of securities ownership register services application form	A service whereby Edaa deposits the applicant's securities in the DSS and establishes and manages its ownership register after the applicant fulfils all the requirements specified by Edaa.	Managing the shareholder register for joint stock companies listed on the Main Market	Fees vary according to the paid-up capital of the company and range between SAR 180,000 and SAR 700,000	Annual	86,758,074	242
			Managing the shareholder register for joint stock companies listed on the Parallel Market	75,000	Annual		
			Managing the unitholder register for real estate traded funds	Fees vary according to the paid-up capital of the real estate traded fund and range between SAR 180,000 and SAR 700,000	Annual		
			Custody and registration of unlisted joint stock companies	Fees vary according to the paid-up capital of the company and range between SAR 50,000 and SAR 90,000	Annual		
			Shareholder register management service for unlisted companies - primary package	30,000	Annual		
			Shareholder register management service for unlisted companies - premium package	50,000	Annual		
			Annual fee for managing the register of unlisted Sukuk and bonds	100,000	Annual		
			Annual fee for managing the register of listed Sukuk and bonds	20,000	Annual		
			Management service of government debt instruments	1,000,000	Annual		

#	Nature of Contract or Agreement	Purpose of Contract or Agreement	Service provided	Fees (SAR)	Type of Fees	Total Annual Income 2020G (SAR)	Number as at 30 June 2021G
			ETF Registration	An annual financial consideration of (0.06%) and not more than (0.08%) of the net asset value of any fund - (with a minimum of SAR 50,000)	Annual		
			Initial share offering record creation service – fixed fees	50,000	One-time Fee		
			Initial share offering record creation service – variable fees	SAR 2 for each subscriber, with a maximum of SAR 500,000	One-time Fee		
			Initial real estate investment funds offering record creation service – fixed fees	50,000	One-time Fee		
			Initial real estate investment funds offering record creation service – variable fees	SAR 2 for each subscriber, with a maximum of SAR 500,000	One-time Fee		
			Initial closed-ended funds offering record creation service – fixed fees	50,000	One-time Fee		
			Initial closed-ended funds offering record creation service – variable fees	SAR 2 for each subscriber, with a maximum of SAR 500,000	One-time Fee		
			Government debt instruments record creation service	10,000	One-time Fee		
			Listed Sukuk and bonds record creation service	10,000	One-time Fee		
			Listed government debt instruments record creation service	10,000	One-time Fee		
			Private debt instruments with a capital above SAR 500,000,000 record creation service – fixed fees	50,000	One-time Fee		
			Private debt instruments with a capital above SAR 500,000,000 record creation service – variable fees	SAR 2 for each subscriber, with a maximum of SAR 500,000	One-time Fee		

#	Nature of Contract or Agreement	Purpose of Contract or Agreement	Service provided	Fees (SAR)	Type of Fees	Total Annual Income 2020G (SAR)	Number as at 30 June 2021G
			Private debt instruments with a capital below SAR 500,000,000 record creation service	10,000	One-time Fee		
			Private debt instruments of three or more issuances record creation service	10,000	One-time Fee		
Forms of Muqassa Service							
1	Securities Clearing Center Company (Muqassa) membership application form and agreement	A service whereby Muqassa grants the applicant membership in the CCP to be able to benefit from securities clearing systems and services.	CCP membership	60,000	One-time Fee	416,967	17
			Continuation of the CCP membership	30,000	Annual		
2	Membership request form for a non-clearing member with the Securities Clearing Center Company (Muqassa)	A service whereby Muqassa grants persons who are not members of the CCP to benefit from the systems and services of securities clearing through a general clearing member.	Obtaining membership of a member who is unauthorized to provide clearing services	This form does not require individual members who are not members of the CCP to pay any amount to Muqassa.	-	-	16
Forms of WAMID Service							
1	Co-location services agreement	An agreement whereby WAMID leases designated spaces to beneficiaries in its data center at the King Abdullah Financial District (KAFD) and provides other additional services, upon request.	Cabin leasing	360,000	Annual	-	No services have been provided under this agreement as at the date of this Prospectus
			Cabin configuration	30,000	One-time Fee (per cabin)		
			Link with the trading center	180,000 for new link 90,000 for additional link	Annual		
			Link with the Exchange's data center	180,000 for new link 90,000 for additional link	Annual		
			Cross Connect	30,000 (per link)	Annual		
			Timing (NTP)	18,000	Annual		

12-6-2 Summary of Material Agreements

The Company and its Subsidiaries have entered into several agreements for purposes related to their commercial and regulatory business. This Section provides summaries of the agreements that the Company considers to be material, important or likely to influence the decision to invest in the Offer Shares. In this Section, the Company provides a summary of the key provisions of these agreements. All material agreements entered into in the ordinary course of the Company's business are disclosed in this Section (except for the material agreements entered into with Related Parties summarized in Section 12-6-3) ("**Summary of Material Agreements with Related Parties**"), credit facilities and loans summarized in Section 12-7 ("**Credit Facilities and Loans**") and agreements relating to the Group's real estate properties summarized in Section 12-8 ("**Real Estate**"). The summaries of agreements and contracts referred to below do not include all their terms and conditions and cannot be considered as substitutes for the terms and conditions of such agreements and contracts.

The following table shows the material agreements entered into by the Company and its Subsidiaries:

Table (12-5): List of Material Agreements Summarized in this section

	Prospectus Reference	Agreement Type	Parties to Agreement	Date of Agreement	Term of Agreement	Value
1	12-6-2-1	Information Technology Services Agreement	The Company and Nasdaq Technology AB	24/09/2013G	The agreement is effective as of 24/09/2013G and is valid until 20/09/2030G	Please refer to the summary below
2	12-6-2-2	Escrow Agreement	The Company, Nasdaq Technology AB, and NCC Group Escrow Limited	30/09/2015G	The agreement is effective as of 30/09/2015G and valid until it is terminated in accordance with the provisions of the agreement	USD 1,530 per annum (approximately SAR 5,737), net of tax
3	12-6-2-3	Post-Trade Technology Solution Agreement	The Company and Nasdaq Technology AB	30/11/2017G	The agreement is effective as of 30/11/2017G and valid for ten (10) years, starting from the date of the guarantee period for the first phase, if the project phases are completed on the agreed dates.	Please refer to the summary below
4	12-6-2-4	Master agreement between the Saudi Exchange Company and IHS Markit	Saudi Exchange Company (after the Company waived the agreement) and IHS Markit	01/06/2021G	The agreement is effective as of 27 January 2020G and valid for the periods specified in the purchase orders or related appendices	It has no value as the Company has not issued any purchase order for any of the services and products in accordance with this agreement.
5	12-6-2-5	Strategic Partnership Agreement with IHS Markit	Saudi Exchange Company (after the Company waived the agreement on 1 June 2021G) and IHS Markit	27/01/2020G	The agreement is effective as of 27/01/2020G and valid for five years from the launch date (24/02/2020G).	The value of the agreement is the revenue generated therefrom in accordance with the payment mechanism clause.
6	12-6-2-6	GICS License and Distribution Agreement between the Saudi Exchange Company and MSCI	Saudi Exchange Company (after the Company waived the agreement on 1 June 2021G) and MSCI	03/04/1438H (corresponding to 01/01/2017G)	The agreement is effective as of 03/04/1438H (corresponding to 01/01/2017G) and valid for a period of one year, automatically renewable.	Agreed fixed annual fee.

	Prospectus Reference	Agreement Type	Parties to Agreement	Date of Agreement	Term of Agreement	Value
7	12-6-2-7	Cooperation Agreement between Saudi Exchange Company and MSCI Limited	Saudi Exchange Company (after the Company waived the agreement on 1 June 2021G) and MSCI Limited.	17/07/2018G	The agreement is effective as of 17/07/2018G and valid for a period of 13 years	The value of the agreement is represented by the revenue generated in each quarter in accordance with the payment mechanism clause.
8	12-6-2-8	Agreement regulating the responsibilities of the operation and provision of technical support for the market surveillance system (SMARTS) and the powers to access the system	The Company and the Capital Market Authority	06/05/1441H (corresponding to 01/01/2020G), which replaced the Memorandum of Understanding concluded between the Company and the Capital Market Authority on 01/09/1432H (corresponding to 01/08/2011G)	The agreement is effective as of 01/01/2020G and remains valid for one (1) year automatically renewable unless either party notifies the other of its intention not to renew as per the agreement.	SAR 2,500,000
9	12-6-2-9	Agreement for regulating the provision of control system services to Capital Market Institutions	The Company and the Capital Market Authority	18/06/1442H (corresponding to 31/01/2021G)	The term of the agreement is five (5) years	SAR 19,137,500

12-6-2-1 Information Technology Services Agreement with Nasdaq Technology AB

Information Technology Services Agreement with Nasdaq Technology AB	
Agreement Overview	On 24/09/2013G, the Company entered into a technical services agreement for the Company's systems with Nasdaq Technology AB ("Nasdaq"), which sets out the rights of the parties in relation to a number of systems for trading, depository, registration and monitoring of the Saudi market developed by Nasdaq for the Company. These systems include a set of software and applications including X-Stream INET, SMARTS, Gemium FIX, TIP GW, Equator Fix, Equator and Nagios System Monitoring (collectively, "Systems"), in addition to the support services for those systems.
Agreement Term and Renewal	The agreement is effective as of 24/09/2013G and valid for five years unless it is terminated in accordance with the provisions of the agreement. The Company has the right to extend this agreement for an additional period of five (5) years upon its expiry date. The Company extended the period until 21/09/2020G, and the parties also concluded an extension agreement on 28/07/2020G, pursuant to which the term of this services agreement was extended until 20/09/2030G.
Termination of the Agreement	<ol style="list-style-type: none"> 1. Termination for cause: <ul style="list-style-type: none"> • Either party may terminate this agreement if the other party fails to pay any material amounts due which are not disputed in good faith, within a period of 45 days from the date the payment is due, and the defaulting party does not settle this payment within 30 days from the date it receives written notification of the violation. • Either party may terminate the agreement if the other party commits a material breach of the agreement and, if the breach can be remedied, the defaulting party fails to remedy the same within 30 days from the date it receives written notification of the breach. 2. Termination for insolvency: 3. This agreement may be terminated immediately upon written notice by either party if the other party is bankrupt or is declared bankrupt, enters into liquidation or is subject to similar events. 4. Termination by the Company: 5. The Company has the right to terminate the agreement at its discretion, by written notice to Nasdaq 30 days prior to the date of termination, provided that the Company pays the contract termination fee specified in the agreement, which is based on the termination date and the remaining period and fees of the agreement. Assuming the agreement is terminated on 20 September 2021G, an amount of USD 2,622,817 (approximately SAR 9,835,563) would be payable. 6. Termination for change of control: 7. The Company has the right to terminate the agreement upon a change of control of Nasdaq, provided that the Company pays the relevant termination fee specified in the agreement for a change of control, which is based on the termination date and the remaining term and fees of the agreement in addition to a fixed amount of USD 600,000 (approximately SAR 2,250,000). Assuming the agreement is terminated on 20 September 2021G, an amount of USD 1,311,408.5 (approximately SAR 4,917,781.88) would be payable. The Company shall provide a written notice to Nasdaq 30 days before the date of termination, provided that the written notice shall be sent to Nasdaq within three months from the date Nasdaq notifies the Company of the change of control event.
Key Obligations	<p>Nasdaq shall:</p> <ul style="list-style-type: none"> • Develop, download, implement, test and connect the Systems in accordance with the requirements set forth in the agreement. • Implement the agreed upon quality assurance procedures, including conducting all types of tests to ensure that the Systems meet the requirements in the agreement. • Provide support services for the launch of the System products, address technical issues and provide the Company with an on-site support team to work directly with the Company's employees. • Perform its obligations under the agreement with due care and diligence. • Provide the Company with the necessary information in a timely fashion, in order to enable the Company to comply with its obligations under the agreement. • Carry out, and ensure that its employees comply with, the obligations relating to support services in accordance with the provisions of the agreement. <p>The Company shall:</p> <ul style="list-style-type: none"> • Perform its obligations under the agreement with due care and diligence. • Provide the information requested from Nasdaq in a timely fashion in order to comply with its obligations under the agreement. • Grant Nasdaq access to the Company's designated premises, as may be reasonably required by Nasdaq to perform its obligations under this agreement.

Information Technology Services Agreement with Nasdaq Technology AB	
Liability and Indemnity	<ul style="list-style-type: none"> Nasdaq shall indemnify the Company for any losses it incurs due to any third-party claims that the Systems infringe their intellectual property rights. The Company shall indemnify Nasdaq for any losses it incurs arising from the claims of any of the Company's customers or market participants. Except in certain cases (such as breach of confidentiality, breach of the software product license or fraud), the total liability of either party under this agreement may not exceed an aggregate amount equal to the fixed program fee plus a one-year license fee and a one-year service fee.
Intellectual Property Rights	<p>Nasdaq shall be the owner of:</p> <ul style="list-style-type: none"> The Systems. Documents submitted or prepared by Nasdaq for the Company, in order to perform Nasdaq's obligations under this agreement. <p>The Company is the owner of any intellectual property rights in the documents submitted or prepared by the Company or any reports issued through the use of the Systems.</p>
Value of Agreement	<p>Nasdaq shall be paid a fee by the Company for its provision of services under the agreement, including:</p> <ul style="list-style-type: none"> A program fee of USD 7,865,784 (approximately SAR 29,496,690). Annual service fees of USD 2,454,737 (approximately SAR 9,205,263), which is subject to change.* Annual fees for systems license of USD 488,235 (approximately SAR 1,830,881) subject to change.*
Assignment and Subcontracting	<ul style="list-style-type: none"> Neither party shall have the right to assign or transfer this agreement or any of the rights or obligations thereunder without the written consent of the other party. However, both parties may assign or transfer the agreement or any of the rights and obligations thereunder to another company in the same group for tax or regulatory reasons. In the event that this agreement is transferred, the transferor shall be still liable to perform the obligations of the assignee under the agreement. Subject to the provisions of the agreement, the Company may not assign, transfer or sublicense any of the rights and obligations relating to the software license subject to the agreement without the written consent of Nasdaq.
License	<p>Nasdaq has granted the Company a non-exclusive, non-transferable and non-sublicensable right to use the software and applications relating to the trading, depository and settlement systems within the Company's systems throughout the term of the agreement in accordance with its terms. The license to use the Equator is perpetual.</p>
Payment Mechanism	<p>Invoices shall be paid within a period of 30 days from the date of their issuance, except where the invoice is disputed in good faith. An interest of 4% per annum may be charged after the due date for any amounts not paid within 60 days after their due date, unless they are disputed in good faith.</p>
Governing Law	<p>The provisions of this agreement shall be governed and construed in accordance with the laws of the Kingdom of Saudi Arabia. Disputes arising from the agreement (which have not been amicably settled) shall be referred to arbitration in accordance with the Dubai International Arbitration Centre rules.</p>

* These fees shall be paid until the earlier of the launch date of the Post-Trade Technology Project ("PTTP") under the Post-Trade Technology Agreement (outlined in Section 12-6-2-3) below or 01 January 2024G. After the launch of the PTTP, the above-mentioned systems license fees and annual service fees shall be replaced by an annual support fee of USD 1,875,789 (approximately SAR 7,034,208) inclusive of all types of fees.

12-6-2-2 Escrow Agreement

Escrow Agreement between the Company, Nasdaq Technology AB and NCC Group Escrow Limited	
Agreement Overview	The Company entered into an escrow agreement with Nasdaq Technology AB (“Nasdaq”) and NCC Group Escrow Limited (“NCC Group”). The Escrow Agreement governs the delivery by the Company and Nasdaq of certain information and documents to NCC Group to hold in escrow in accordance with the terms and conditions of this escrow agreement until the termination of the license granted by Nasdaq to the Company under the above-mentioned services agreement.
Agreement Term and Renewal	The term of the agreement starts on 30/09/2015G and remains valid until it is terminated in accordance with the provisions of the agreement.
Termination of the Agreement	<ul style="list-style-type: none"> • NCC Group shall have the right to terminate the agreement in the event that its fees are not paid by the Company or Nasdaq in accordance with the terms of the agreement. It shall also have the right to terminate the agreement at any time upon written notice of thirty (30) days. • The Company shall have the right to terminate the agreement at any time upon written notice to NCC Group. • Nasdaq may not terminate the agreement without the Company’s written consent unless the license agreement between the Company and Nasdaq is terminated.
Key Obligations	NCC Group shall deliver the relevant information and documents to the Company as soon as it is notified in accordance with the agreement.
Liability and Indemnity	Nasdaq shall indemnify NCC Group for any losses it incurs due to any third-party claims that the information and documents held by NCC Group infringe upon the intellectual property rights of such third party.
Intellectual Property Rights	Nasdaq owns the intellectual property rights in the information and documents held by NCC Group throughout the term of the agreement.
Value of Agreement	USD 1,530 per annum (approximately SAR 5,737), exclusive of tax.
Assignment and Subcontracting	Neither the Company nor Nasdaq may assign this agreement to a third party without the prior consent of the other parties. NCC Group may assign the agreement to third parties upon written notice to the Company and Nasdaq.
Payment Mechanism	The parties shall pay a fee to NCC Group for its safekeeping of information and documents under the agreement.
Governing Law	The agreement shall be governed by the laws of England and Wales. Any disputes arising out of the agreement shall be referred to arbitration in London under the Arbitration Rules of the London Court of International Arbitration (“LCIA”).

12-6-2-3 Post-Trade Technology Solution Agreement (PTTP)

Post-Trade Technology Solution Agreement between the Company and Nasdaq Technology AB	
Agreement Overview	The Company entered into an agreement with Nasdaq Technology AB (“Nasdaq”) on 30 November 2017G, pursuant to which Nasdaq will develop the technology used in post-trade services (the “PTTP”), including registration, filing and risk management systems. The agreement also includes cash and derivative clearing systems to align the Company’s infrastructure with the structure of global capital markets.
Agreement Term and Renewal	This agreement is effective as of 30 November 2017G, and valid for ten (10) years from the end of the warranty period of phase 1, which is expected to take place in the future, if the project phases are completed on the agreed dates. The Company may renew the agreement for an additional five (5) years to continue to receive the services.

Post-Trade Technology Solution Agreement between the Company and Nasdaq Technology AB	
Termination of the Agreement	<ul style="list-style-type: none"> • Either party may terminate the agreement by written notice in the event that the other party commits a material breach of the agreement and does not remedy such breach within the periods specified in the agreement. • The Company may terminate this agreement, in whole or in part, at any time and without cause, after providing Nasdaq with no less than forty-five (45) days' notice. In this case, the Company shall pay the termination fee specified in the agreement based on the termination date and the remaining term and fees of the contract. Assuming the agreement is terminated on 02 August 2021G, an amount of USD 8,132,500 (approximately SAR 30,496,875) would be payable. • The Company also has the right to terminate the agreement where Nasdaq is subject to a change of control by more than fifty percent (50%) of its capital. In this case, the Company shall pay fifty percent (50%) of the above-mentioned early termination fee (as applicable at the time of termination).
Key Obligations	<p>Nasdaq shall:</p> <ul style="list-style-type: none"> • Provide, deliver and implement the software and systems described in the agreement, perform the services in accordance with the agreement, ensure the physical presence of its personnel to support the Company in the production and backup locations as described in the agreement, and integrate the software and systems with Nasdaq Systems including X-Stream INET and SMARTS. • Develop software and systems according to the specifications set forth in the agreement. • Verify the market's readiness in accordance with the provisions of the agreement. • Conduct tests for the software and systems during the project period. <p>The Company shall:</p> <ul style="list-style-type: none"> • Make the payments specified in the agreement. • Participate in training the employees of the relevant establishments in accordance with the agreement. • Provide Nasdaq with original reference data. • Grant Nasdaq access to the Company's facilities.
Liability and Indemnity	<ul style="list-style-type: none"> • Each party shall indemnify the other party for losses arising from certain events that are customary in agreements of this nature, including infringement of third-party intellectual property rights. • Except in certain cases (such as breach of confidentiality, breach of system license or fraud), the total liability of either party under this agreement may not exceed an amount equal to the fixed project fee plus a one-year license fee and a one-year service fee.
Intellectual Property Rights	<ul style="list-style-type: none"> • Nasdaq shall own all intellectual property rights in and to the software, systems, and materials prepared by Nasdaq under the agreement. • The Company shall own all intellectual property rights in any information or documents provided or prepared by the Company for the benefit of Nasdaq regarding connection with the agreement.
License	<p>Nasdaq has granted the Company an exclusive license to use the software and systems in accordance with the terms and conditions of the agreement throughout the initial and additional term of the agreement. The Company shall have the right to sub-license to companies of which it owns fifty percent (50%) or more, and service providers of the Company, provided that they comply with the provisions of the agreement related to confidentiality and information security.</p>
Value of Agreement	<p>Nasdaq shall be paid certain fees by the Company for its provision of services under the agreement, which include:</p> <ul style="list-style-type: none"> • Project fees of USD 21,150,000 (approximately SAR 79,312,500). • Annual license fees of USD 406,000 (approximately SAR 1,522,500). • Annual service fees of USD 2,847,000 (approximately SAR 10,676,250).
Payment Mechanism	<p>The Company shall pay the specified fees to Nasdaq in installments according to the payment schedule agreed upon between the parties, within a period of no more than thirty (30) days from the date the Company receives the relevant invoice.</p>
Assignment	<ul style="list-style-type: none"> • Neither party may assign or transfer the agreement without the prior consent of the other party. The Company may transfer this agreement or any of the rights or duties thereunder to its Affiliates or third parties pursuant to a sale, merger or similar transaction. • The parties may assign the rights and obligations under the agreement to a fully owned subsidiary for regulatory or other purposes. The transferor shall be still liable to the transferee's due performance of the duties under this agreement.

Post-Trade Technology Solution Agreement between the Company and Nasdaq Technology AB	
Governing Law	The agreement shall be governed by the laws of the Kingdom of Saudi Arabia. In case of a dispute, it shall be resolved amicably. If such dispute cannot be resolved amicably in accordance with the provisions of the agreement, it shall be referred to arbitration in Dubai in accordance with the Rules of Commercial Conciliation and Arbitration of the Dubai Chamber of Commerce and Industry.
12-6-2-4 Master Agreement between the Saudi Exchange Company and IHS Markit	
Master Agreement between the Saudi Exchange Company and IHS Markit	
Agreement Overview	The Company entered into the Master Agreement with Markit Group Limited (“IHS”) for specific products and services. The agreement was assigned by the Company to the Saudi Exchange Company on 1 June 2021G with the consent of all parties. IHS shall provide and license the services and products pursuant to purchase orders or addendums to be concluded under the terms and conditions of this Master Agreement.
Agreement Term and Renewal	This agreement is effective as from 27 January 2020G and valid for the periods specified in the purchase orders or related addendums.
Termination of the Agreement	<p>IHS may terminate any purchase order or withdraw or cancel any products or services as follows:</p> <ul style="list-style-type: none"> • By written notice to the Saudi Exchange Company, if it reasonably determines that the data used to provide the products or services is not commercially satisfactory or becomes illegal (as the case may be), provided that any such termination applies to IHS clients in general. • In the event of a material breach of the agreement by the Saudi Exchange Company, which is not remedied within certain amount of days as agreed. • Upon the bankruptcy or liquidation of the Saudi Exchange Company or any other similar event. • Upon a change of control of the Saudi Exchange Company or its relevant affiliates (whether by merger, stock transfer or otherwise) or any sale, lease or other transfer of all or substantially all of the assets of the Saudi Exchange Company or its relevant Subsidiaries. <p>The Saudi Exchange Company may terminate certain purchase orders as follows:</p> <ul style="list-style-type: none"> • If IHS commits a material breach of any provision of the relevant purchase order and such breach is not remedied within certain amount of days as agreed from the date it receives written notice to that effect. • Upon written notice to IHS at any time that the use of IHS products or services has become unlawful pursuant to a judgment of a competent court or decision of a regulatory agency. • Upon the bankruptcy or liquidation of IHS or any other similar event. <p>IHS may suspend with immediate effect any license to use the services or products, or any part thereof, for late or non-payment by the Saudi Exchange Company, or if IHS considers in its reasonable opinion that (a) the Saudi Exchange Company has breached the terms of the agreement or any of the licenses granted thereunder, or (b) it is required to suspend it for the purpose of complying with any material change in the contractual requirements imposed by a third party intellectual property owner regarding any materials that constitute a part of the services or products, or any applicable laws.</p>
Liability and Indemnity	<p>Except in cases where intellectual property rights owned by third parties related to the services and products are breached which result in damages to the Saudi Exchange Company (pursuant to a court decision), IHS or any of its affiliates shall not be liable to the Saudi Exchange Company for any loss or damage incurred by the Saudi Exchange Company or any of its affiliates or clients arising out of or in relation to any of the following:</p> <ul style="list-style-type: none"> • Inaccuracy or defects of any services or products. • Any advice, opinion or any other act of the Saudi Exchange Company or any of its affiliates or clients made or taken in reliance of or based on any services or products. <p>The Saudi Exchange Company shall indemnify IHS in the event that it provides any data or software that violates the intellectual property rights of third parties related to the services and products which results in damages to IHS (pursuant to a court decision).</p>
Intellectual Property Rights	<ul style="list-style-type: none"> • IHS shall own all intellectual property rights to the services and products. The Saudi Exchange Company shall own all of its information provided to IHS under the agreement. • The Saudi Exchange Company shall make commercially reasonable efforts to protect the proprietary rights of IHS and its affiliates and/or the rights of third parties related to the services and products.
Value of Agreement	The Agreement has not set out any value as any value relating to products and services are set out under purchase order.

Master Agreement between the Saudi Exchange Company and IHS Markit	
Payment Mechanism	All fees and charges payable shall be invoiced by IHS to the Saudi Exchange Company, and payment shall be made in the currency specified in the relevant purchase order.
Assignment	<ul style="list-style-type: none"> The Saudi Exchange Company may not, directly or indirectly, assign this agreement, any purchase order, or any of its rights or delegate any of its duties under this agreement without the prior written consent of IHS, which may be subject to an additional fee. Any assignment or transfer in violation of this agreement shall be deemed void.
Governing Law	The agreement shall be governed by the laws of England and Wales. Any disputes arising out of the agreement shall be referred to arbitration in London under the London Court of International Arbitration Rules.

12-6-2-5 Strategic Partnership Agreement with IHS Markit

Strategic Partnership Agreement with IHS Markit	
Agreement Overview	The Company entered into a strategic partnership agreement with Markit Group Limited ("IHS") regarding the cooperation of the parties on the creation of a joint index (consisting of the iBoxx Tadawul SAR Government Sukuk Index (an index to track the performance of government Sukuk) and the iBoxx Tadawul SAR Government Sukuk and Bonds Index) (the "Joint Index") and its use for the benefit of the Company. This agreement is an addendum to the Master Agreement stated in Section 12-6-2 above. The agreement was assigned by the Company to the Saudi Exchange Company on 1 June 2021G with the consent of all parties.
Agreement Term and Renewal	The agreement is effective as of 27 January 2020G, and valid for five years from the launch date (which was on 24 February 2020G, to be automatically renewed for similar periods unless either party notifies the other of its intention not to renew with at least 180 days' prior notice.
Termination of the Agreement	<p>IHS may terminate the agreement as follows:</p> <ul style="list-style-type: none"> By written notice to the Saudi Exchange Company, if it reasonably determines that the data used to provide the products or services is not commercially satisfactory or becomes illegal (as the case may be, provided that any such termination applies to HIS' clients in general). In the event of a material breach of the agreement by the Saudi Exchange Company, which is not remedied within certain amount of days as agreed. Upon the bankruptcy or liquidation of the Saudi Exchange Company or any other similar event. When there is a change of control of the Saudi Exchange Company or its relevant affiliates (except for its initial public offering). <p>The Saudi Exchange Company may terminate the agreement as follows:</p> <ul style="list-style-type: none"> If IHS commits a material breach of any provision of the agreement and such breach is not remedied within certain number of days as agreed . Upon written notice to IHS at any time that the use of IHS products or services has become unlawful pursuant to a judgment of a competent court or decision of a regulatory agency. Upon the bankruptcy or liquidation of IHS or any other similar event. <p>IHS may suspend with immediate effect any license to use the services or products, or any part thereof, for late or non-payment by the Saudi Exchange Company, or if IHS considers in its reasonable opinion that (a) the Saudi Exchange Company has breached the terms of the agreement or any of the licenses granted thereunder, or (b) it is required to suspend it for the purpose of complying with any material change in the contractual requirements imposed by a third party intellectual property owner regarding any materials that constitute a part of the services or products, or any applicable laws.</p> <p>The rights of the parties to use the Joint Index shall survive the termination of the agreement.</p>
Key Obligations	<ol style="list-style-type: none"> Among other things, The Saudi Exchange Company shall deliver certain ongoing daily securities pricing data, reference data and corporate actions data on an ongoing basis, and provide IHS with access to Saudi Exchange Company's research team upon request, in order to assist them in developing, completing and maintaining the index rules, trading and other documentation related to the Joint Index. The Saudi Exchange Company shall also assist IHS in responding to customers' inquiries regarding the Joint Index. IHS shall create, design, develop, launch, publish and manage the Joint Index and use the information and data provided by the Saudi Exchange Company to create, develop and launch the EVB service for SAR securities ("EVB SAR Service") of the denominated bonds with respect to securities denominated in the Saudi local currency (SAR-denominated Sukuk and bonds). No party shall have the right to create and promote a third-party index that is substantially similar, or a functional substitute, to the Joint Index during the term of this agreement.

Strategic Partnership Agreement with IHS Markit	
Liability and Indemnity	The Saudi Exchange Company has agreed to indemnify IHS for losses arising from certain events that are customary in agreements of this nature, including the infringement of the intellectual property rights of third parties through the use of data and information provided by the Saudi Exchange Company.
Intellectual Property Rights	<ul style="list-style-type: none"> The Intellectual Property in the name and methodologies of the Joint Index and the Joint Index Levels arising from the cooperation activities of the Saudi Stock Exchange Company and IHS (excluding any Intellectual Property owned or licensed by a Party or any third party) shall be owned by the Saudi Stock Exchange Company and IHS jointly. IHS shall have the proprietary rights to IHS Indices, the EVB SAR Service of the denominated bond pricing services with regard to securities denominated in the local Saudi currency The Saudi Exchange Company may not use the trademark of the Joint Index for any purpose other than the marketing of the Joint Index, without the prior consent of IHS. IHS shall have the sole and exclusive right to sell the Joint Index with respect to its uses related to financial products and the right to distribute the Joint Index data inside and outside the Kingdom of Saudi Arabia.
License	<p>The Saudi Exchange Company shall grant IHS an exclusive, worldwide, non-transferable license to use the trademarks of the Saudi Exchange Company for the purposes of promoting the Joint Index and license its use under the terms of the agreement.</p> <p>IHS shall grant the Saudi Exchange Company a worldwide, non-exclusive, non-transferable, non-sub-licensable license to access and use the Joint Index data during the term of this agreement for the purposes set out in the agreement.</p>
Value of Agreement	The value of the agreement is based on the revenues generated from it in accordance with the payment mechanism clause below.
Payment Mechanism	Each party shall be entitled to an agreed percentage of the revenues arising from the use of the Joint Index, in accordance with the terms and conditions of the agreement.
Governing Law	The agreement shall be governed by the laws of England and Wales. Any disputes arising out of the agreement shall be referred to arbitration in London under the London Court of International Arbitration Rules.

12-6-2-6 GICS License and Distribution Agreement between the Saudi Exchange Company and MSCI Inc.

GICS Licensing and Distribution Agreement between the Saudi Exchange Company and MSCI Inc.	
Agreement Overview	On 03/04/1438H (corresponding to 01/01/2017G), the Company entered into an agreement with MSCI, whereby the Company is granted a license to receive, use and distribute products of the GICS Direct, which classifies the companies listed in the market using the systems of S&P and MSCI based on the GICS. The agreement was assigned by the Company to the Saudi Exchange Company on 1 June 2021G with the consent of all parties.
Agreement Term and Renewal	The term of this agreement is one (1) year starting from 30/03/1438H (corresponding to 29/12/2016G), automatically renewed for similar periods unless it is terminated by either party upon written notice of no less than sixty (60) days from the expiry date of the term.
Termination of the Agreement	<ul style="list-style-type: none"> The agreement may be terminated as follows: By the Saudi Exchange Company upon written notice of no less than thirty (30) days from the date it receives a notice of the increase in annual service fees. By MSCI in the event that the Saudi Exchange Company does not pay the amounts owed by it under the agreement within ninety (90) days after MSCI's request. Upon ninety (90) days' notice by either party where the other party breaches the terms of the agreement. Upon sixty (60) days' prior notice by MSCI to the Saudi Exchange Company where MSCI ceases to offer the same services, subject of the agreement, to non-affiliated third parties.

Liability and Indemnity	<ul style="list-style-type: none"> None of MSCI, S&P, their affiliates or information providers make any warranties or representations whatsoever to the Saudi Exchange Company regarding the services, the results of their use, or otherwise. MSCI shall indemnify the Saudi Exchange Company for any loss or damage resulting from any violation of third party intellectual property rights due to the use of the services under the terms of the agreement. The Saudi Exchange Company shall indemnify MSCI, S&P, or any of their affiliates for any loss or damage resulting from the breach of the agreement by the Saudi Exchange Company or from the use of the services (except in cases of violation of third party intellectual property rights).
Intellectual Property Rights	MSCI and S&P shall own all intellectual property rights in the services and products subject of the agreement. Pursuant to the agreement, the Saudi Exchange Company is granted a limited, temporary, non-exclusive, non-sublicensable and non-transferable license to use the services in accordance with the terms and conditions of the agreement.
Value of Agreement	MSCI shall charge the Saudi Exchange Company a fixed annual fee for its services under the agreement. MSCI may change these fees from time to time upon prior notice to the Saudi Exchange Company.
Payment Mechanism	<ul style="list-style-type: none"> The amounts due shall be paid within thirty (30) days from the date the Saudi Exchange Company receives the relevant invoice. In case of delay in payment for more than thirty (30) days, the Saudi Exchange Company shall pay a late payment fee of one percent (1%) per month for any due and unpaid amounts.
Assignment	This agreement may not be assigned or transferred by the Saudi Exchange Company without the prior written approval of MSCI. MSCI may perform any of its obligations under this agreement either directly or through its distributors or agents.
Governing Law	This agreement shall be governed by the laws of the State of New York. Any dispute arising out of the agreement shall be settled by the Saudi Center for Commercial Arbitration in accordance with its Arbitration Rules as long as the Company is owned by the government of the Kingdom. Otherwise, disputes shall be settled by the London Court of International Arbitration in accordance with its rules.

12-6-2-7 Cooperation Agreement between Saudi Exchange Company and MSCI Limited

Cooperation Agreement between Saudi Exchange Company and MSCI Limited	
Agreement Overview	The Company entered into a cooperation agreement with MSCI Limited ("MSCI") to create a real-time tradeable index to serve as the basis for index-linked financial products and derivatives such as ETFs and futures contracts listed on the Exchange. The agreement was assigned by the Company to the Saudi Exchange Company on 1 June 2021G with the consent of all parties.
Agreement Term and Renewal	The agreement is effective as of 17/07/2018G and valid for thirteen (13) years, to be automatically renewed for consecutive periods of no more than one (1) year each unless either party notifies the other of its intention not to renew it with 12 months' prior notice.
Termination of the Agreement	<p>This agreement may be terminated by either party upon a 60-day written notice to the other party where:</p> <ul style="list-style-type: none"> The other party commits a material breach of the provisions of this agreement and such breach is not remedied within thirty (30) days from the date the other party receives written notification of the breach. The other party is subject to bankruptcy or financial insolvency. The party considers that its reputation is threatened or may suffer serious damage if it continues to implement this agreement. A change in any law, regulation or legislative instrument occurs, which it determines in its reasonable judgement materially impairs its ability to implement this agreement. A litigation or proceeding is initiated or threatened to be initiated and the party reasonably believes that such litigation or proceeding would have a material and adverse impact on the tradeable index or on the performance of its obligations under this agreement.
Key Obligations	Neither party shall have the right to create – or participate in creating – another index that would compete with the tradeable index throughout the term of the agreement.
Liability and Indemnity	Each party shall indemnify the other party for losses arising from certain events pursuant to the customary provisions of agreements of this kind, including the infringement of third party intellectual property rights.

Cooperation Agreement between Saudi Exchange Company and MSCI Limited	
Intellectual Property Rights	<ul style="list-style-type: none"> The parties shall jointly own the property rights related to the data of the tradeable index, which shall be used only in accordance with the agreement. The joint trademark arising from this project and related to the tradeable index shall not be owned by either party. It may not be registered or applied for registration except upon the written consent of the other party, whether during or after the effective period of this agreement. Such trademark may be used only in accordance with this agreement.
License	MSCI shall have the exclusive right to license the use of the tradeable index to all users and distributors so that they must enter into agreements with MSCI directly to use the index. MSCI shall also have the exclusive right to engage in sales generating activities outside the Kingdom (including within the GCC countries).
Value of Agreement	The value of the agreement is represented by the revenue generated in each quarter.
Assignment and Subcontracting	Neither party may assign this agreement without the consent of the other party. In the event that the assignment is made to one of the parties' affiliates, the approval of the assignment may not be withheld or delayed without reasonable cause.
Payment Mechanism	<p>MSCI shall pay the Saudi Exchange Company as a quarterly payment the agreed percentage of its revenues in such quarter for its use of the Saudi Exchange Company's trademarks under the agreement.</p> <p>The Saudi Exchange Company shall pay MSCI as a quarterly payment the agreed percentage of its revenues in such quarter in return for MSCI's construction, calculating, administration and maintenance of the tradeable index and the Saudi Exchange Company's use of the trademarks of MSCI under the agreement.</p>
Governing Law	The agreement shall be governed by the laws of England and Wales. Any disputes arising out of the agreement shall be referred to arbitration in London under the LCIA Arbitration Rules.

12-6-2-8 Agreement regulating the responsibilities of the operation and provision of technical support for the Trading Control System (SMARTS) and the powers to access the system

Agreement regulating the responsibilities of the operation and provision of technical support for the Trading Control System (SMARTS) and the powers to access the system entered into between the Company and the CMA	
Agreement Overview	<p>The Company entered into an agreement regulating the responsibilities related to the operation and provision of technical support for the Trading Control System ("SMARTS") and the powers to access the system with the Capital Market Authority ("CMA") on 06/05/1441H (corresponding to 01/01/2020G). Such agreement replaced and superseded the Memorandum of Understanding entered into between the Company and the CMA on 01/09/1432H (corresponding to 01/08/2011G).</p> <p>This agreement aims to set a clear and specific framework regulating the relationship between the CMA and the Company in respect of regulating the responsibilities related to operating and providing technical support for the market surveillance system ("SMARTS"), the Company's powers to access the system and the compensation mechanism for the Company's expenses related to the license, operation and maintenance of SMARTS in accordance with the agreement. It was agreed to separate and define the powers and regulatory responsibilities between the CMA and the Company related to the supervision and control over trading in relation to the market surveillance system. This system is owned by the CMA which has full powers to grant and determine the authority to enter into and develop and make the necessary design and technical modifications thereto.</p>
Agreement Term and Renewal	The term of the agreement begins on 01/01/2020G and is valid for one (1) year, automatically renewed unless either party notifies the other of its intention not to renew it with a 30-day prior notice.
Termination of the Agreement	Not specified in the agreement.

Agreement regulating the responsibilities of the operation and provision of technical support for the Trading Control System (SMARTS) and the powers to access the system entered into between the Company and the CMA	
Key Obligations	<p>The Company shall, among other things:</p> <ol style="list-style-type: none"> 1. Provide and deliver technical support services for the market surveillance system, carry out preventive maintenance, and ensure the efficiency and accuracy of all associated systems. 2. Ensure the protection and security of the market surveillance system against risks of technical penetration and viruses. 3. Set procedures and mechanisms to address all aspects related to protecting information and maintaining data confidentiality, following approval by the CMA. 4. Establish procedures and a working mechanism to link the Company's IT Department with the CMA's IT Department. 5. Coordinate with the CMA and the supplier of the market surveillance system whenever required to conduct a comprehensive review of the system, provided that no modification is made without the approval of the CMA. <p>The CMA shall, among other things:</p> <ol style="list-style-type: none"> 1. Review and audit the SMARTS system on a regular basis or when required in accordance with the relevant policies. 2. Coordinate with the Company in the event of any technical issues or malfunctions of SMARTS to address them efficiently and carefully. 3. Participate when needed in meetings and discussions related to the technical support services for SMARTS provided by the Company.
Liability and Indemnity	The Company shall be compensated by the CMA for the direct expenses paid to the SMARTS provider and the service providers in accordance with the agreement, provided that the Company submits a claim for these expenses including copies of the provider's invoices and contracts that contain the service description and date and attach the payment notice.
License	Under this agreement, the CMA granted the Company access to some programs and applications that fall under the market surveillance system, including the FACTS, Reports, and ARC after it obtains the approval of the CMA and fills out the relevant form.
Intellectual Property Rights	The CMA shall own the rights under the SMARTS license (provided by the supplier of this system) and the full powers to grant and specify the powers of entry, approve development and make the necessary technical and design modifications thereto.
Agreement Value and Payment Mechanism	The annual value of this agreement is SAR 2,500,000 (subject to change according to inflation and any increase in the license and support value based on the agreement of the parties) to be paid by the CMA to the Company.
Assignment and Subcontracting	Not specified in the agreement.
Governing Law	Not specified in the agreement.

12-6-2-9 Agreement for regulating the provision of control system services to Capital Market Institutions

Agreement for regulating the provision of control system services to Capital Market Institutions entered into between the Company and the CMA	
Agreement Overview	The Company entered into an agreement with the Capital Market Authority ("CMA") on 18/06/1442H (corresponding to 31/01/2021G) to regulate the provision of control system services to Capital Market Institutions. Under this agreement, the Company provides the control system services to Capital Market Institutions wishing to obtain this service in order to enable them to monitor their clients' trading conducted on the Exchange to achieve the purposes of the CMA.
Agreement Term and Renewal	The term of the agreement is five (5) years.
Termination of the Agreement	The CMA or the Company shall have the right to cancel and terminate this agreement upon thirty (30) days' written notice prior to the date of termination if one of the parties breaches any of its obligations under this agreement.

Agreement for regulating the provision of control system services to Capital Market Institutions entered into between the Company and the CMA	
Key Obligations	<p>The Company shall, among other things:</p> <ol style="list-style-type: none"> 1. Provide and deliver the control system services to Capital Market Institutions wishing to obtain it and have access to and use the service to monitor the trading of their clients on the Exchange. 2. Ensure the protection and security of the Control System against risks of unauthorized access and viruses. 3. Set procedures and mechanisms to address all aspects related to information protection and maintain data confidentiality, provided that they are approved by the CMA. 4. Ensure the adherence to national legislative and regulatory requirements related to cyber security. 5. Manage access rights relating to the system and provide support to the same, according to the CMA's procedures and controls. 6. Determine the number of the Capital Market Institutions' users. <p>The CMA shall, among other things:</p> <ol style="list-style-type: none"> 1. Pay for the development of the control system and the permanent license provided by the supplier and bear the costs of annual support for the system and the annual operating costs of the Company for five years from the date the Capital Market Institutions benefit from the system according to the agreed upon schedule of expenses under this agreement. 2. Coordinate with the Company on an ongoing basis regarding the service provided.
Liability and Indemnity	The CMA shall indemnify the Company for direct expenses incurred by the supplier of the control system and service providers by virtue of a claim for these expenses.
Licensing and Intellectual Property Rights	The rights over the licenses under the agreement shall belong to the CMA which shall have full power to grant and set the rights of access, approve development and make the necessary technical and design modifications thereto. The Company shall have the right to operate and use the control system by obtaining service provision fees from financial market institutions wishing to obtain the same after the end of the forbearance period stated in the agreement.
Agreement Value and Payment Mechanism	The value of this agreement is SAR 19,137,500 to be paid by the CMA to the Company.
Assignment and Subcontracting	The Company may assign the agreement or any of the rights and obligations thereunder or transfer it to third parties in whole or in part after obtaining the CMA's approval.
Governing Law	The agreement shall be governed by the applicable laws of the Kingdom of Saudi Arabia. Where a dispute arises, it shall be resolved amicably between the two parties within thirty (30) days. In the event that an amicable settlement cannot be reached, disputes that may arise shall be referred to and settled by a competent court in the Kingdom of Saudi Arabia.

12-6-3 Summary of Material Agreements with Related Parties

The Company entered into a number of agreements to provide management and support services with its Main Subsidiaries. These agreements were entered into in order to implement the necessary arrangements to ensure the flow of daily business in a manner that achieves the protection and optimal use of the assets of the Company and its Subsidiaries, including providing administrative, financial, legal, technical, information security, human resource, marketing and other services as required for the business. The Company adopted a standard form of the agreement to provide administrative and support services when entering into those agreements with its Subsidiaries, as shown in the table below.

The Company also entered into some material agreements with other Related Parties, which are summarized in this Section below.

The Directors declare that all other contracts and agreements entered into with Related Parties are entered into on an arms' length basis, do not include any preferential terms and were made in a regular and legal manner and on appropriate and fair commercial bases.

The Directors also declare that Articles 71 and 72 of the Companies Law and the instructions under Article 46 of the CGRs issued by the CMA have been taken into consideration in relation to contracts and agreements entered into with Related Parties in which any of the Directors have an interest. For more information about these contracts and agreements, please refer to Section 5-7-1 (“**Interests of Directors and Senior Executives in Contracts and Agreements Entered into by the Company and its Subsidiaries**”) of this Prospectus. The General Assembly has approved all transactions and contracts with Related Parties in which Directors have an interest for the financial years 2018G, 2019G, and 2020G. The total value of transactions with Related Parties was SAR 160,224,418 as at the end of the financial year 2018G, SAR 444,047,607 as at the end of the financial year 2019G, and SAR 1,163,704,908 as at the end of the financial year 2020G, according to the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The total value of administrative and support services agreements was SAR 154,139,493 for the financial year 2018G, SAR 178,216,605 for the financial year 2019G, and SAR 228,772,391 for the financial year 2020G.

The following table shows a summary of the material agreements entered into by the Company with Related Parties as at the date of this Prospectus:

Table (12-6): Summary of Material Agreements entered into by the Company with Related Parties as at the Date of this Prospectus:

	Name of Agreement	Parties	Brief Description of the Agreement	Value	Date and Term of the Agreement and Renewal Mechanism	Termination of the Agreement
1	Administrative and Support Services Agreement	The Company and the Saudi Exchange Company	The Administrative and Support Services Agreement was entered into for the purpose of implementing the necessary arrangements to ensure the flow and conduct of daily business in a manner that achieves the protection and optimal use of the assets of the Company and its Subsidiaries. This includes the provision of administrative, financial, legal, technical, information security, human resources, marketing and other services as required by the business. Under the agreement, the Company provides such services to the Saudi Exchange Company (upon request).	The Saudi Exchange Company shall pay a sum of money to the Company for each service provided to the Saudi Exchange Company. The fee of each service shall be calculated as determined by the Joint Services Committee (an administrative committee formed by the Company to organize the joint services provided to the Subsidiaries). The fee calculation mechanism shall be adopted by the Company’s Board of Directors on an annual basis.	The term is one year starting on 04 May 2021G, automatically renewable for a similar period.	The Company and the Saudi Exchange Company have the right to terminate the agreement at any time by a written notice of no less than sixty (60) days prior to the date of the termination of the agreement.

	Name of Agreement	Parties	Brief Description of the Agreement	Value	Date and Term of the Agreement and Renewal Mechanism	Termination of the Agreement
2	Administrative and Support Services Agreement	The Company and Edaa	The Administrative and Support Services Agreement was entered into for the purpose of implementing the necessary arrangements to ensure the flow and conduct of daily business in a manner that achieves the protection and optimal use of the assets of the Company and its Subsidiaries. This includes the provision of administrative, financial, legal, technical, information security, human resources, marketing and other services as required by the business. Under the agreement, the Company provides such services to Edaa (upon request).	Edaa shall pay a sum of money to the Company for each service provided to Edaa. The fee of each service shall be calculated as determined by the Joint Services Committee (an administrative committee formed by the Company to organize the joint services provided to the Subsidiaries). The fee calculation mechanism shall be adopted by the Company's Board of Directors on an annual basis.	The term is one year starting on 31 August 2016G, automatically renewable for a similar period.	The Company and Edaa have the right to terminate the agreement by a written notice of no less than sixty (60) days prior to the date of the termination of the agreement.
3	Administrative and Support Services Agreement	The Company and Muqassa	The Administrative and Support Services Agreement was entered into for the purpose of implementing the necessary arrangements to ensure the flow and conduct of daily business in a manner that achieves the protection and optimal use of the assets of the Company and its Subsidiaries. This includes the provision of administrative, financial, legal, technical, information security, human resources, marketing and other services as required by the business. Under the agreement, the Company provides such services to Muqassa (upon request).	Muqassa shall pay a sum of money to the Company for each service provided to Muqassa. The fee of each service shall be calculated as determined by the Joint Services Committee (an administrative committee formed by the Company to organize the joint services provided to the Subsidiaries). The fee calculation mechanism shall be adopted by the Company's Board of Directors on an annual basis.	The term is one year starting on 18 July 2018G, automatically renewable for a similar period.	The Company and Muqassa have the right to terminate the agreement by a written notice of no less than sixty (60) days prior to the date of the termination of the agreement.

	Name of Agreement	Parties	Brief Description of the Agreement	Value	Date and Term of the Agreement and Renewal Mechanism	Termination of the Agreement
4	Administrative and Support Services Agreement	The Company and WAMID	The Administrative and Support Services Agreement was entered into for the purpose of implementing the necessary arrangements to ensure the flow and conduct of daily business in a manner that achieves the protection and optimal use of the assets of the Company and its Subsidiaries. This includes the provision of administrative, financial, legal, technical, information security, human resources, marketing and other services as required by the business. Under the agreement, the Company provides such services to WAMID (upon request).	WAMID shall pay a sum of money to the Company for each service provided to WAMID. The fee of each service shall be calculated as determined by the Joint Services Committee (an administrative committee formed by the Company to organize the joint services provided to the Subsidiaries). The fee calculation mechanism shall be adopted by the Company's Board of Directors on an annual basis.	The term is one year starting on 29 September 2020G, automatically renewable for a similar period.	The Company and WAMID have the right to terminate the agreement by a written notice of no less than sixty (60) days prior to the date of the termination of the agreement.
5	Articles of Association of TREC	The Company, the PIF, and the Public Pension Agency	The articles of association were entered into to incorporate TREC, a limited liability company established to carry out real estate activities. The articles of association include customary provisions of the articles of association approved by the Ministry of Commerce. There are no preferential provisions for any shareholder. TREC's Board of Directors consists of six (6) members, according to the articles of association, and the PIF, the Public Pension Agency, and the Company each shall appoint two members.	The capital of TREC is SAR 1,280,000,000. The Company owns 424,000 shares in TREC, amounting to SAR 424,000,000.	Pursuant to its articles of association, TREC shall have a term of ninety-nine (99) years as of the date of its registration in the Commercial Register (23/02/1433H (corresponding to 17/01/2021G)). The term of TREC may be extended prior to its expiry for another period by a decision of the General Assembly through any number of shareholder who own half of the share capital or the majority of the shareholders. If no decision to extend the term of the company is issued and the company continues to carry out its business, the articles shall be extended for a similar period under the conditions of the articles of association.	A shareholder who does not wish to invest in TREC may withdraw therefrom in accordance with Article 161 of the Companies Law.

	Name of Agreement	Parties	Brief Description of the Agreement	Value	Date and Term of the Agreement and Renewal Mechanism	Termination of the Agreement
6	Transactions related to the purchase of a property located in KAFD	KAFD Management and Development Company	TREC is currently completing the procedures to own a plot of land in King Abdullah Financial District ("KAFD") from the KAFD Management and Development Company.	SAR 42,579,464	N/A. No contract was entered into in relation to this property as at the date of this Prospectus, as described in Section 12-8-2 ("KAFD Tadawul Tower") below.	N/A

Source: The Company

12-7 Credit Facilities and Loans

The following is a summary of the material facility and loan agreements entered into by the Group:

Table (12-7): Facility Agreement with Saudi British Bank (SABB)

Facility Agreement with Saudi British Bank (SABB)	
Date of Agreement	16/08/1442H (corresponding to 29/03/2021G)
Borrower	TREC
Facility type/purpose/amount	Renewal of the facilities previously extended under Facility Letter No. SABB APA-181353 on 09/10/2018G for a period ending on 30/06/2021G
Term	A period ending on 30/06/2021G
Facility value	400,000,000
Borrowed amount	400,000,000
Payment Date	30/06/2021G
Profit margin/commission	SAIBOR +1.1% per annum
Guarantee documents	<ol style="list-style-type: none"> 1. Islamic Facilities Agreement and Letter. 2. Promissory note of SAR 400,000,000 by the Company. 3. Facility agreement and letter – general terms and conditions. 4. Shareholders' resolution /board of managers' resolution approving the banking facilities and specifying the persons authorized to sign the facilities guarantee documents on behalf of the TREC, with a copy of the relevant documents.

Table (12-8): Main Facility Letter with Banque Saudi Fransi

Main Facility Letter with Banque Saudi Fransi	
Date of Agreement	11/03/1442H (corresponding to 28/10/2020G)
Borrower	TREC

Facility type/purpose/amount	<p>Various facilities including:</p> <ol style="list-style-type: none"> 1. Credit card overdraft 2. Overdraft facility 3. Short term loan facilities 4. Medium term loan facilities 5. Progress payment facility 6. Payment guarantee facility 7. Multi-purpose import 8. Letters of guarantee for lack of import documents 9. L/C payment 10. Check facility deduction 11. (Short term) bill of exchange deduction 12. (Long term) bill of exchange deduction (Tawarruq) 13. Standby letter of credit 14. Facilities related to treasury products
Existing obligations	As provided for in individual financing agreements
Term	Not specified. They are specified in the standalone financing agreement under these Main Facilities

Table (12-9): Facility Letter with Banque Saudi Fransi

Facility Letter with Banque Saudi Fransi	
Date of Agreement	11/03/1442H (corresponding to 28/10/2020G)
Borrower	TREC
Facility type/purpose/amount	Metal tawarruq financing facility of SAR 550,000,000 with a profit margin of SAIBOR +1.2% per annum
Borrowed amount	SAR 550,000,000
Payment Date	364 days from the borrowing date
Existing obligations	<ol style="list-style-type: none"> 1. No change in the ownership of the borrower shall occur throughout the financing period without the prior written approval of Banque Saudi Fransi. 2. A change of ownership shall render the entire facility due and payable. 3. If any of these covenants are breached, the borrower shall be in default.
Profit margin/commission	SAIBOR +1.2% per annum
Guarantees	Promissory note of SAR 550,000,000 from the Company.

12-8 Real Estate

As at the date of this Prospectus, the Group owns, or is in the process of transferring ownership thereof (as set out below), three properties to serve the Group's operations. These properties include:

- 1) The second floor of the Data Center located in the King Abdullah Financial District ("**Data Center**"), the details of which are set out in Section 12-8-1 ("**KAFD Data Center**") below.
- 2) Tadawul Tower located in KAFD ("**Tadawul Tower**"), the details of which are set out in Section 12-8-2 ("**KAFD Tadawul Tower**") below.
- 3) A private warehouse in Al-Sulay District owned by the Company under Title Deed No. 410115041916 dated 06/10/1436H, with a book value of SAR 2,803,865 as at September 2021G, to be used as a warehouse for the Group's assets. This property is not deemed material for the Group due to its value and purpose.

The Group leases 17 locations in Tawuniya Towers located on King Fahd Road, Olaya, Riyadh, to be used as private offices, warehouses and parking lots for the Group. They constitute all the lease agreements entered into by the Group (as described in Section 12-8-3 ("**Lease Agreements**") below.

12-8-1 KAFD Data Center

On 25/10/1438H (corresponding to 09/07/2018G), the Company entered into a Memorandum of Understanding (MoU) with a government entity in relation to the Company's purchase of the second floor of the KAFD Data Center for the purposes of providing specific information technology solutions through WAMID and other businesses of the Group. Under the MOU, the total value of the Property is SAR 155,000,000, and the Company has paid half of the amount to the seller upon signing the MoU. The two parties agreed that the sale agreement to be entered into shall specify the method of payment for the remaining half of the amount. It should be noted that WAMID is currently using the Data Center, while the sale agreement has not been entered into as at the date of this Prospectus. Therefore, the ownership of the Property has not been transferred to the Company (for more information about the risks associated with this, please refer to Section 2-1-24 ("**Risks related to the Group's real estate properties**") of this Prospectus).

12-8-2 KAFD Tadawul Tower

TREC is currently in the process of completing the acquisition of a plot of land in KAFD from the KAFD Management and Development Company, on which the Tadawul Tower which is being constructed and developed as the head office of the Group is located. The Company paid the total value of the property which is SAR 42,579,464. As at June 2021G, the book value of the property exceeded SAR 2 billion after 97.17% of the construction work has been completed (which includes the value of the works and construction on the land). The KAFD Management and Development Company issued a letter on 16/08/1442H (corresponding to 29/03/2021G) confirming the rights of TREC in the property and that there are no other sums on TREC in return for this property. However, no agreement was entered into to transfer the ownership of the Tadawul Tower from the KAFD Management and Development Company to TREC as at the date of this Prospectus. KAFD Management and Development Company confirmed that a title deed shall be issued to TREC upon signing the agreement. For more information about the risks associated with this, please refer to Section 2-1-24 ("**Risks related to the Group's real estate properties**") of this Prospectus.

Currently, TREC has three (3) ongoing contracts for the project to construct the KAFD Tadawul Tower, with specialized construction companies, in addition to other technical and engineering consultancy companies. The following is a summary of the construction agreements entered into by TREC:

Table (12-10): Summary of Construction Agreements Concluded by TREC

Contract	Main Works Contract for Tadawul Tower (Package No. TAD 3000) ("Construction Works Contract")	Contract for Construction Works Management Services and Site Supervision Regarding the Proposed Headquarters of Tadawul in KAFD ("Construction Works Consultancy Contract")	Project Management Services and Technical Consultation Agreement Between TREC and Mace International Limited ("Project Management Services Agreement")
Subject of the Contract	Execution of the Main Construction Works (TAD 3000) related to the construction of the KAFD Tadawul Tower.	Providing consultancy services regarding the Construction Works Contract and site supervision.	Providing consulting services related to the development of the KAFD Tadawul Tower.
Contracting Parties	TREC and SAMSUNG-CCE JV ("Samsung").	TREC and NIKKEN SEKKEI LTD ("NIKKEN").	TREC and Mace International Limited ("Mace").
Date of Contract	15 August 2012G	2 February 2010G	15 March 2010G
Price of Contract	The value of the contract upon signing was SAR 1,273,000,000. The value was amended pursuant to a number of agreements between the two parties to become SAR 1,834,547,780.	The value of the contract upon signing was SAR 30,342,392. The value was amended under a number of agreements between the two parties to become SAR 115,501,916.	The fees shall be calculated based on the services that are provided, with a fee limit of no more than SAR 21,530,665. The fee limit may be changed in accordance with the provisions of the agreement.
Implementation Period, Status of Works/ Services and Extensions (if any)	Upon the signing of the contract, the agreed implementation period was 877 days from the work commencement date. The works are still under implementation, as the implementation period was extended under a number of agreements between the two parties. The two parties agreed that the works would be completed on 31 July 2021G.	The services are still under implementation. The implementation period of the services was extended under a number of agreements between the two parties. The two parties agreed that the services shall be completed on 31 December 2021G. NIKKEN waived any claims related to the consequences of the COVID-19 pandemic (whether prior or future claims).	The services are still under implementation. The service implementation period was extended under a number of agreements between the two parties. The two parties agreed that the services shall be completed on 31 December 2021G.

Contract	Main Works Contract for Tadawul Tower (Package No. TAD 3000) ("Construction Works Contract")	Contract for Construction Works Management Services and Site Supervision Regarding the Proposed Headquarters of Tadawul in KAFD ("Construction Works Consultancy Contract")	Project Management Services and Technical Consultation Agreement Between TREC and Mace International Limited ("Project Management Services Agreement")
Events of Termination	<p>TREC shall have the right to terminate the Construction Works Contract (pursuant to a notice of no less than seven (7) days):</p> <p>For any reason, after giving seven (7) days' notice to Samsung.</p> <p>If Samsung does not issue a performance guarantee or does not remedy a breach of the contract after it is notified thereof.</p> <p>If Samsung ceases to carry out the works or if it appears to the supervising engineer that Samsung does not intend to complete the works.</p> <p>If Samsung does not commence the works according to the specified date or does not comply with the notification by TREC to correct or amend the rejected works in accordance with the provisions of the contract.</p> <p>If Samsung assigns all or any part of the works to a subcontractor or if it assigns the entire contract, without obtaining the required approvals.</p> <p>If Samsung does not appoint the sub-contractors which must be appointed in accordance with the agreement with TREC.</p> <p>If Samsung goes bankrupt or becomes insolvent.</p> <p>If Samsung is in breach of its obligations not to engage in any corrupt acts (including obtaining or providing payments or anything of value to government employees).</p> <p>If Samsung does not obtain the required insurance policies under the contract.</p> <p>If Samsung is required to pay delay damages that exceed the maximum limit under the contract.</p> <p>Samsung shall have the right to terminate the Construction Works Contract (with fourteen (14) days' notice):</p> <p>If the supervising engineer does not issue the relevant payment certificate within sixty (60) days after obtaining all the required documents.</p> <p>In the event that Samsung does not receive the relevant payments within ninety (90) days from the due date under the contract.</p> <p>In the event that all works are suspended under the terms of the contract for more than one hundred and eighty (180) days, and then Samsung submits a request to the supervising engineer to start work, and the supervising engineer does not direct Samsung to start work within sixty (60) days of Samsung's request.</p> <p>If TREC goes bankrupt or becomes insolvent.</p>	<p>TREC shall have the right to terminate the Construction Works Consultancy Contract as follows:</p> <p>For any reason, after giving thirty (30) days' notice to NIKKEN.</p> <p>If NIKKEN does not fulfil its obligations under the contract (without valid reasons) and does not rectify its breaches within twenty-eight (28) days from the date it is notified thereof.</p> <p>If NIKKEN is in breach of its obligations not to engage in any corrupt acts (including obtaining or providing payments or anything of value to government employees).</p> <p>NIKKEN shall have the right to terminate the Construction Works Consulting Contract by sixty (60) days' notice to TREC, suspend works or stop the work execution (provided that the performance guarantee shall be valid for two (2) years from the date the contract is terminated by NIKKEN):</p> <p>After the lapse of forty-five (45) days from the due date of payment under an invoice that is not disputed, and the undisputed amounts are not received.</p> <p>When the work is suspended in accordance with the provisions of the contract for more than 181 days.</p> <p>In the event of termination:</p> <p>Unless NIKKEN terminates the contract for the reasons mentioned above, NIKKEN shall pay an amount of fifteen million Saudi Riyals (SAR 15,000,000) to terminate the contract with TREC.</p> <p>TREC shall have the right to use the drawings, designs, specifications and any other output under the contract.</p>	<p>TREC shall have the right to cease the services or part thereof at any time upon written notice to Mace. Mace shall resume the provision of the services as soon as possible upon written notice submitted by TREC.</p> <p>TREC may terminate this agreement at any time upon notice to Mace. Accordingly, Mace shall cease to provide the services immediately from the date it receives such notice. In the event of termination:</p> <p>Mace shall be entitled to receive amounts due for services already provided as at the date of termination of the agreement.</p> <p>Mace may not use the drawings, designs, specifications and any other outputs under the agreement. Mace shall deliver such outputs to TREC.</p>

Contract	Main Works Contract for Tadawul Tower (Package No. TAD 3000) ("Construction Works Contract")	Contract for Construction Works Management Services and Site Supervision Regarding the Proposed Headquarters of Tadawul in KAFD ("Construction Works Consultancy Contract")	Project Management Services and Technical Consultation Agreement Between TREC and Mace International Limited ("Project Management Services Agreement")
Governing Law	The laws of the Kingdom of Saudi Arabia	The laws of the Kingdom of Saudi Arabia	The laws of the Kingdom of Saudi Arabia
Dispute Clause	Disputes shall be initially settled amicably between the two parties. If the two parties fail to reach a settlement, the dispute shall be referred to arbitration in accordance with the applicable laws and instructions of the Kingdom of Saudi Arabia.	Disputes shall be initially settled amicably between the two parties. If the two parties fail to reach a settlement, the two parties may appoint a mediator to resolve such disputes. If the two parties fail to resolve the dispute amicably or by the appointment of a mediator, the dispute shall be referred to arbitration in Riyadh, provided that all arbitration proceedings take place in English and in accordance with the International Chamber of Commerce ("ICC") Arbitration Rules.	Disputes shall be settled amicably between the parties. If an amicable settlement cannot be reached in accordance with the provisions of the agreement, the dispute shall be referred to arbitration in Riyadh in accordance with the ICC Arbitration Rules.

12-8-3 Lease Agreements

The Group has entered into seventeen (17) lease agreements with the Cooperative Real Estate Investment Company (CREIC) for the purpose of leasing its offices inside the Kingdom of Saudi Arabia in Tawuniya Towers located on King Fahd Road, Olaya, Riyadh. The total annual rent paid for the Group's office leases was SAR 16,737,992 for the financial year 2018G, SAR 14,716,650 for the financial year 2019G, and SAR 14,564,250 for the financial year 2020G. The following table shows a summary of the provisions of the effective leases as at the date of this Prospectus and the total annual rent of leases, which constitute all the leases entered into by the Group:

Table (12-11): Summary of lease agreements executed by the Group

#	Lessee	Lessor	Location	Purpose	Term of Lease/Renewal Mechanism	Annual Rental (SAR)	Right of Assignment/Sub-Contracting
1	The Company	Cooperative Real Estate Investment Company	The 4th floor of the North Tower, Tawuniya Towers, with an area of approximately 811 m2	Use of the property as private offices	One (1) Gregorian year, starting on 1 October 2019G and ending on 30 September 2020G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period.	851,550	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
2	The Company	Cooperative Real Estate Investment Company	The 7th floor of the North Tower, Tawuniya Towers, with an area of approximately 811 m2	Use of the property as private offices	One (1) Gregorian year, starting on 1 August 2019G and ending on 31 July 2020G, to be automatically renewed for a similar period with the lessor's written approval of the rental value for the renewal period	851,550	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor

#	Lessee	Lessor	Location	Purpose	Term of Lease/Renewal Mechanism	Annual Rental (SAR)	Right of Assignment/Sub-Contracting
3	The Company	Cooperative Real Estate Investment Company	The 9th and 10th floors of the North Tower, Tawuniya Towers, with an area of approximately 1622 m2	Use of the property as private offices	One (1) Gregorian year, starting on 17 January 2019G and ending on 16 January 2020G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	1,703,100	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
4	The Company	Cooperative Real Estate Investment Company	The 17th floor of the North Tower, Tawuniya Towers, with an area of approximately 450 m2	Use of the property as private offices	One (1) Gregorian year, starting on 1 August 2019G and ending on 31 July 2020G, to be automatically renewed for a similar period with the lessor's written approval of the rental value for the renewal period	472,500	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
5	The Company	Cooperative Real Estate Investment Company	The 1st and 14th floors of the North Tower, Tawuniya Towers, with an area of approximately 2443 m2	Use of the property as private offices	One (1) Gregorian year, starting on 01 June 2019G and ending on 31 May 2020G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	2,565,150	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
6	The Company	Cooperative Real Estate Investment Company	Part of a balcony on the 2nd floor of the North Tower, Tawuniya Towers, with an area of approximately 1,051,45 m2	Putting the air-conditioning units and units related to the Data Center and used as a rest area for employees.	One (1) Gregorian year, starting on 01 January 2021G and ending on 31 December 2021G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	589,127	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
7	The Company	Cooperative Real Estate Investment Company	A warehouse on the 4th floor of the North Tower, Tawuniya Towers, with an area of approximately 100 m2	Use of the property as private offices	One (1) Gregorian year, starting on 01 September 2019G and ending on 31 August 2020G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	105,000	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor

#	Lessee	Lessor	Location	Purpose	Term of Lease/Renewal Mechanism	Annual Rental (SAR)	Right of Assignment/Sub-Contracting
8	The Company	Cooperative Real Estate Investment Company	The 4th floor of the North Tower, Tawuniya Towers, with an area of approximately 811 m2	Use of the property as private offices	One (1) Gregorian year, starting on 01 November 2019G and ending on 31 October 2020G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	851,550	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
9	The Company	Cooperative Real Estate Investment Company	The 6th floor of the North Tower, Tawuniya Towers, with an area of approximately 727 m2	Use of the property as private offices	One (1) Gregorian year, starting on 09 November 2019G and ending on 08 November 2020G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	763,350	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
10	The Company	Cooperative Real Estate Investment Company	The 11th floor of the North Tower, Tawuniya Towers, with an area of approximately 773 m2	Use of the property as private offices	One (1) Gregorian year, starting on January 01, 2019G and ending on 31 December 2019G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	811,650	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
11	The Company	Cooperative Real Estate Investment Company	The 14th floor of the North Tower, Tawuniya Towers, with an area of approximately 749 m2.	Use of the property as private offices	One (1) Gregorian year, starting on 01 September 2019G and ending on 31 August 2020G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	786,450	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
12	The Company	Cooperative Real Estate Investment Company	Parking spaces for 29 cars in the parking lot, east of the Main Building, Tawuniya Towers	Used as parking spaces for the lessee's cars bearing the lessor's labels within the limits of the number of the parking spaces leased by the lessee.	One (1) Gregorian year, starting on 01 June 2019G and ending on 31 May 2020G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	101,500	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor

#	Lessee	Lessor	Location	Purpose	Term of Lease/Renewal Mechanism	Annual Rental (SAR)	Right of Assignment/Sub-Contracting
13	The Company	Cooperative Real Estate Investment Company	Parking spaces for 36 cars in the parking lot, east of the Main Building, Tawuniya Towers	Used as parking spaces for the lessee's cars bearing the lessor's labels within the limits of the number of the parking spaces leased by the lessee.	One (1) Gregorian year, starting on 01 December 2015G and ending on 30 November 2016G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	504,000	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
14	The Company	Cooperative Real Estate Investment Company	Parking spaces for 40 cars in the parking lot, east of the Main Building, Tawuniya Towers	Used as parking spaces for the lessee's cars bearing the lessor's labels within the limits of the number of the parking spaces leased by the lessee.	One (1) Gregorian year, starting on 01 January 2015G and ending on 31 December 2015G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	560,000	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
15	The Company	Cooperative Real Estate Investment Company	The ground floor of the North Tower, Tawuniya Towers, with an area of approximately 514 m ²	Use of the property as private offices	One (1) Gregorian year, starting on 01 January 2019G and ending on 31 December 2019G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	539,700	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
16	Edaa	Cooperative Real Estate Investment Company	The 3rd floor of the North Tower, Tawuniya Towers, with an area of approximately 811 m ²	Use of the property as private offices	One (1) Gregorian year, starting on 05 February 2019G and ending on 04 February 2020G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	851,550	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
17	Muqassa	Cooperative Real Estate Investment Company	The 8th floor of the North Tower, Tawuniya Towers, with an area of approximately 811 m ²	Use of the property as private offices	One (1) Gregorian year, starting on 15 October 2018G and ending on 14 October 2019G, to be automatically renewed for a similar period, subject to the lessor's written approval of the rental value for the renewal period	851,550	The lessee may not assign or lease this lease agreement or part thereof to other parties without the written consent of the lessor
Total						13,759,277	-

Source: The Company

12-9 Insurance

Pursuant to a delegation by the CEO of the Company, the Chief of Risk and Security has approved an internal risk and security insurance policy on 19 June 2019G, under which internal procedures for risk insurance are being implemented. The Company and its Subsidiaries maintain insurance policies that cover various types of risks to which they may be exposed. These policies were entered into with several insurance companies.

The following table shows the key details of the insurance policies held by the Company and its Subsidiaries:

Table (12-12): Summary of the insurance policies of the Company and its Subsidiaries

Policy No.	Type of coverage	Insurer	Maximum insurance coverage (SAR)	Coverage period and expiration date
Insurance Policies of the Company				
611885	Exchange, Clearing and Settlement Fraud and Indemnity Insurance	Tawuniya	USD 20,000,000	09 April 2021G to 08 April 2022G
611884	Directors' and Officers' Liability Insurance	Tawuniya	USD 15,000,000	09 April 2021G to 08 April 2022G
611069	Fire and perils insurance	Tawuniya	17,604,086.29	07 January 2021G to 06 January 2022G
C1-21-300-000054/0	Comprehensive Private Motor Insurance	Walaa Cooperative Insurance Company	10,000,000	01 February 2021G to 31 January 2022G
19824872	Medical Insurance	Tawuniya	500,000	07 August 2021G to 06 August 2022G
Insurance policies of the Saudi Exchange Company				
19864145	Medical Insurance	Tawuniya	500,000	07 August 2021G to 06 August 2022G
Insurance policies of Muqassa				
19825540	Medical Insurance	Tawuniya	500,000	07 August 2021G to 06 August 2022G
Insurance policies of Edaa				
19825538	Medical Insurance	Tawuniya	500,000	07 August 2021G to 06 August 2022G
Insurance policies of WAMID				
19864150	Medical Insurance	Tawuniya	500,000	07 August 2021G to 06 August 2022G
Insurance policies of TREC				
19825539	Medical Insurance	Tawuniya	500,000	07 August 2021G to 06 August 2022G
12100051	Professional Liability Insurance (Architects liability insurance)	Nikken Sekkei	140,000,000	01 June 2021G to 01 June 2022G

Source: The Company

12-10 Intellectual property and intangible assets owned by the Group

The Group generally relies on its intangible assets represented in trademarks that reflect its brand identity and the technology systems on which its operations depend heavily. The following is a description of the trademarks and electronic systems of the Group.

12-10-1 Trademarks

The Company and its Subsidiaries (excluding TREC⁷) have registered a number of trademarks with the Saudi Authority for Intellectual Property (SAIP) in the Kingdom and other competent authorities in other countries. The Group's success heavily depends on its ability to maintain and enhance the strength and value of its trademarks, which depend on a number of factors, including the Group's reputation. Trademarks are also used in the Company's marketing activities, which contribute to increasing the Company's sales and profits. The following are the main details of all the registered trademarks of the Company and its Subsidiaries inside and outside the Kingdom:

Table (12-13): Details of Trademarks of the Company and its Subsidiaries registered with SAIP in the Kingdom

Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
	The Company	1442032202	36	19/10/1452H
	Saudi Exchange Company	1442029628	36	19/09/1452H
	Edaa	1442028382	36	06/09/1452H
	Muqassa	1442027113	36	24/08/1452H
	Muqassa	144008456	36	01/04/1450H (corresponding to 01/08/2028G)
	WAMID	1442027385	36	25/08/1452H
		1442028389	42	06/09/1452H
	The Company (formerly the Saudi Stock Exchange (Tadawul))	1437023009	36	13/10/1447H (corresponding to 01/04/2026G)
	The Company (formerly the Saudi Stock Exchange (Tadawul))	1437023002	36	13/10/1447H (corresponding to 01/04/2026G)

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Note: TREC has not registered any trademark inside or outside the Kingdom, due to the nature of its business and the lack of a need to register any trademark, as it does not rely on them to a large extent.

Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Protection Expiry Date
	The Company (formerly the Saudi Stock Exchange (Tadawul))	1438003047	36	05/02/1448H (corresponding to 19/07/2026G)
	The Company (formerly the Saudi Stock Exchange (Tadawul))	142707082	36	15/08/1447H (corresponding to 03/02/2026G)
	The Company (formerly the Saudi Stock Exchange (Tadawul))	1437022991	41	13/10/1447H (corresponding to 01/04/2026G)
	The Company (formerly the Saudi Stock Exchange (Tadawul))	1437022996	38	13/10/1447H (corresponding to 01/04/2026G)
	The Company (formerly the Saudi Stock Exchange (Tadawul))	1437023013	36	13/10/1447H (corresponding to 01/04/2026G)
	The Company (formerly the Saudi Stock Exchange (Tadawul))	1441016500	36	04/06/1451H (corresponding to 12/10/2029G)
	The Company (formerly the Saudi Stock Exchange (Tadawul))	1437023010	36	13/10/1447H (corresponding to 01/04/2026G)

Source: The Company







Table (12-14): Other countries in which the Company and its Subsidiaries have registered their trademarks as at 20 October 2021G

Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Country of Registration	Protection Expiry Date
	The Company	018440674	36	European Union	29 March 2031G
		KW1630144	36	Kuwait	12 June 2031G
		132321	36	Kingdom of Bahrain	10 June 2031G
		UK00003617329	36	UK	26 March 2031G
	The Company	40202106942W	36	Singapore	24 March 2031G
					
	Saudi Exchange Company	018441493	36	European Union	29 March 2031G
		351622	36	UAE	23 May 2031G
		KW1629386	36	Kuwait	08 May 2031G
		UK00003617335	36	UK	26 March 2031G
		132021	36	Kingdom of Bahrain	07 May 2031G
	Saudi Exchange Company	40202106940S	36	Singapore	24 March 2031G
					
	Edaa	KW1628153	36	Kuwait	08 April 2031G
		UK00003618479	36	UK	29 March 2031G
		018441539	36	European Union	29 March 2031G
		349243	36	UAE	18 April 2031G
		131764	36	Kingdom of Bahrain	07 April 2031G
	Muqassa	KW1628142	36	Kuwait	07 April 2031
		UK00003619130	36	UK	29 March 2031G
		018441503	36	European Union	29 March 2031G
		349244	36	UAE	18 April 2031G
		131765	36	Kingdom of Bahrain	07 April 2031G
	Muqassa	40202106937P	36	Singapore	24 March 2031G
					

Logo	Trademark Owner	Trademark Registration Certificate No.	Trademark Category	Country of Registration	Protection Expiry Date
	Muqassa	2020/002261	36	Kuwait	10/11/1451H (corresponding to 15/03/2030G)
		135918	36	Sultanate of Oman	04/11/1451H (corresponding to 09/03/2030G)
		326300	36	UAE	22/10/1451H (corresponding to 25/02/2030G)
		128580	36	Kingdom of Bahrain	04/11/1451H (corresponding to 09/03/2030G)
	WAMID	KW1628151	36	Kuwait	12 April 2031G
		UK00003617478	36	UK	27 March 2031G
		349245	36	UAE	18 April 2031G
		018441547	36	European Union	29 March 2031G
		131787	36	Kingdom of Bahrain	08 April 2031G
		40202106933U	36	Singapore	24 March 2031G
		KW1628154	42	Kuwait	12 April 2031G
		UK00003617481	42	UK	27 March 2031G
		349246	42	UAE	18 April 2031G
		018441548	42	European Union	29 March 2031G
		131788	42	Kingdom of Bahrain	08 April 2031G
		40202106933U	42	Singapore	24 March 2031G
	The Company (formerly the Saudi Stock Exchange (Tadawul))	44153664	36	China	10/08/1452H (corresponding to 06/12/2030G)
		40202004112U	36	Singapore	24/10/1451H (corresponding to 27/02/2030G)
		326299	36	UAE	22/10/1451H (corresponding to 25/02/2030G)
		018200636	36	European Union	22/10/1451H (corresponding to 25/02/2030G)

Source: The Company

Table (12-15): Other Countries in which the Company and its Subsidiaries are currently registering its trademarks as at 20 October 2021G

Trademark Logo ⁸	Trademark Owner	Trademark Category	Country of Registration
	The Company	36	UAE
		36	Sultanate of Oman
		36	China
		36	USA
	Saudi Exchange Company	36	Sultanate of Oman
		36	China
		36	USA
	Edaa	36	Sultanate of Oman
		36	China
		36	USA
	Muqassa	36	Singapore
		36	Sultanate of Oman
		36	China
	WAMID	36	USA
		36	Sultanate of Oman
		36	China
	WAMID	36	USA
		42	Sultanate of Oman
		42	China
		42	USA

Source: The Company

12-10-2 Addresses of the Group's Websites

The Company has reserved and registered a number of website addresses and Internet domains in its name. The following table includes a summary of the key Internet domains registered in the name of the Company and its Subsidiaries.

Table (12-16): Details of key Internet domain names

#	Internet Domain Name	Name of the Domain Owner
1.	https://www.tadawulgroup.sa/	The Company
2.	https://www.saudiexchange.sa/	Saudi Exchange Company
3.	https://www.edaa.sa/	Edaa
4.	https://www.muqassa.sa/	Muqassa
5.	https://www.wamid.sa/	WAMID
6.	https://ifsah.tadawul.com.sa/Tadawul/indexPageCompany	Saudi Exchange Company
7.	https://login.tadawulaty.com.sa/ir/user/login.xhtml	Edaa
8.	https://login.tadawulaty.com.sa/ir/user/refDataLogin.xhtml	Saudi Exchange Company
9.	https://cfigate.tadawul.com.sa/	The Company
10.	https://ereporting.tadawul.com.sa	Saudi Exchange Company

Source: The Company

8 Note: The trademark logo being registered in Singapore is submitted in black and white in accordance with requirements of Singapore.

12-10-3 Key Technology Systems used by the Group

The Group has developed a number of online systems, programs and applications in its name. The Group has also obtained the rights to use many of the systems and programs of other leading companies in the field of global capital markets. The following table includes a summary of the key systems and applications used by the Group.

Table (12-17): Details of systems and applications

#	Name of the Application or System	Nature of the Application or System	Purpose of the Application or System	Name of the Company that Owns or uses the application or system	Expiry date (if applicable)																																						
1	X-Stream INET Cash	System	X-Stream is an advanced technology trading solution used in multiple emerging exchanges, such as the Swiss Stock Exchange. It is the core trading system for all markets (Equity, debt, Sukuk and bonds, ETFs, REITs, Derivatives).	Used by the Company under license from Nasdaq	20 September 2030G																																						
2	X-Stream INET Derivatives					3	SMARTS	Application	SMARTS is the main system of the CMA, which is run and operated by the Company, for market surveillance and investors compliance with trading rules and regulations. It has an alerting mechanism for any setup scenarios or behavior besides a reporting suite.	Used by the Company under license from Nasdaq	20 September 2030G	4	SMARTS APs	Application	This solution is offered by the Company to all Capital Market Institutions as a tool to monitor their investors/clients trading activities to be able to identify any trading rules/regulations violations. It has an alerting mechanism and reporting suite.	Used by the Company	20 September 2030G	5	Equator	System	Nasdaq's system used for deposit and settlement that supports all running markets and provides Share Book Management services for the full spectrum of locally traded securities. The Company is currently replacing it with Nasdaq's new CSD by launching the first phase of the PTPP.	Used by the Company under license from Nasdaq.	Given that Equator will be replaced by Nasdaq's new CSD as part of the PTPP, the Company and Nasdaq have agreed to extend the use of the Equator until the launch of the first phase of the PTPP.	6	Tadawulaty	System	Tadawulaty is a set of services provided by Edaa that aims to provide support for investments in the Kingdom. It enables investors to conveniently exercise their voting rights, inquire about dividend entitlements, receive alerts and notifications about important corporate events and other services.	Owned by the Company	N/A	7	Tadawulaty Mobile Services	Application	An application that allows registered users to use their mobile devices to access Tadawulaty services	Owned by the Company	N/A	8	Tadawul Mobile Service	Application	An application that allows registered users to use mobile devices to access market information (an application related to the Exchange's website)	Owned by the Company	N/A	9	Issuer Information Services
3	SMARTS	Application	SMARTS is the main system of the CMA, which is run and operated by the Company, for market surveillance and investors compliance with trading rules and regulations. It has an alerting mechanism for any setup scenarios or behavior besides a reporting suite.	Used by the Company under license from Nasdaq	20 September 2030G																																						
4	SMARTS APs	Application	This solution is offered by the Company to all Capital Market Institutions as a tool to monitor their investors/clients trading activities to be able to identify any trading rules/regulations violations. It has an alerting mechanism and reporting suite.	Used by the Company	20 September 2030G																																						
5	Equator	System	Nasdaq's system used for deposit and settlement that supports all running markets and provides Share Book Management services for the full spectrum of locally traded securities. The Company is currently replacing it with Nasdaq's new CSD by launching the first phase of the PTPP.	Used by the Company under license from Nasdaq.	Given that Equator will be replaced by Nasdaq's new CSD as part of the PTPP, the Company and Nasdaq have agreed to extend the use of the Equator until the launch of the first phase of the PTPP.																																						
6	Tadawulaty	System	Tadawulaty is a set of services provided by Edaa that aims to provide support for investments in the Kingdom. It enables investors to conveniently exercise their voting rights, inquire about dividend entitlements, receive alerts and notifications about important corporate events and other services.	Owned by the Company	N/A																																						
7	Tadawulaty Mobile Services	Application	An application that allows registered users to use their mobile devices to access Tadawulaty services	Owned by the Company	N/A																																						
8	Tadawul Mobile Service	Application	An application that allows registered users to use mobile devices to access market information (an application related to the Exchange's website)	Owned by the Company	N/A																																						
9	Issuer Information Services	Application	Online services provided to get quote details	Owned by the Saudi Exchange Company	N/A																																						

#	Name of the Application or System	Nature of the Application or System	Purpose of the Application or System	Name of the Company that Owns or uses the application or system	Expiry date (if applicable)
10	MCCP Application	System	Clearing system for derivatives market	Used by the Company under license from Nasdaq.	20 September 2030G
11	IPO Upload	System	A data upload program used during the initial public offering (IPO) to get IPO data, verify, and upload to the CSD system.	Owned by the Company	N/A
12	IFSAH	System	A system that identifies and publishes all the issuer's information that must be disclosed, including the issuer's data/profile, board of directors, senior executives, financial statements, announcements and dividend distributions.	Owned by the Company	N/A
13	E-Reference	Application	An online portal for historical market data reports, corporate information and financial statements provided to beneficiaries in return for a fee.	Owned by the Company	N/A
14	cFlgate	Application	An online portal used by the Saudi Exchange Company and the CMA to simplify the process of submitting electronic applications by issuers and financial advisors.	Owned by the Company	N/A
15	E-Reporting	Application	A web portal for central repository and management market information service clients and their invoices.	Owned by the Company	N/A
16	Tick Data	Application	An application that produces files containing index tick data and instrument tick data on a daily basis.	Owned by the Company	N/A
17	CMA Webservices	Application	An application used to automate the information exchange between the Company and the CMA.	Owned by the Company	N/A
18	ZATCA Services	Application	An application used to automate the information exchange between the Company and the Zakat, Tax and Customs Authority.	Owned by the Company	N/A
19	SAMA Webservices	Application	An application used to automate the information exchange between the Company and the Saudi Central Bank.	Owned by the Company	N/A

Source: The Company

Except as stated above, the Group does not own any other material intangible assets.

12-11 Claims and Litigation

Other than as disclosed in this Section below, the Directors declare that there are no ongoing or threatened judicial disputes, lawsuits, claims, or investigation proceedings raised against the Company or its Subsidiaries or by it which may, individually or collectively, have a material effect on the business or financial position of the Company or its Subsidiaries. As at the date of this Prospectus, the Company and its Subsidiaries are involved in a number of lawsuits that arose during their ordinary course of business. As at 20 October 2021G, the total estimated value of the material and non-material lawsuits raised by the Company or its Subsidiaries is SAR 56,492,397. The following table shows a summary of a claim raised by the Company as at the date of this Prospectus, which is the only claim that the Company considers material.

Table (12-18): Summary of material litigation claims filed by the Company as at the date of this Prospectus

Plaintiff	Dispute Summary	Status	Value
The Company	The Company has filed a lawsuit under a Tadawul information License Agreement entered into between the Company (formerly the Saudi Stock Exchange (Tadawul)) and a counterparty,* in relation to such counterparty providing incorrect and inaccurate reports and information under the terms and conditions of the Tadawul information License Agreement, which resulted in the Company being entitled to an amount that exceeds the amount paid by the counterparty for the services under the agreement. The counterparty refused to pay the amounts due under this violation and did not resolve the dispute amicably. Therefore, the Company resorted to the competent courts in the Kingdom.	The lawsuit is still pending.	SAR 37,292,218

* The name of this party has not been disclosed in the Prospectus given that such disclosure could have an adverse impact on the business of such party which in turn could have a negative impact on the market

Source: The Company

In addition to the aforementioned claim, the Company and its Subsidiaries, as at the date of this Prospectus, are parties to a number of non-material lawsuits that arose during their ordinary course of business, including non-material lawsuits that do not have a specific financial value because they are labor claims that require reassessment letters and other similar claims. As at the date of this Prospectus, there are no claims against the Company or its Subsidiaries for payment of any financial amounts. The following table shows the estimated total value of the non-material lawsuits raised by and against the Company or its Subsidiaries as at 20 October 2021G:

Table (12-19): Summary of the estimated total value of non-material litigation claims filed by and against the Company or its Subsidiaries

Claim Category	Total Estimated Value of Claims (SAR)
Other existing lawsuits and arbitrations raised by the Company or its Subsidiaries	SAR 19,200,179
Other existing lawsuits and arbitrations raised against the Company or its Subsidiaries	There are no lawsuits of specific value pending against the Company

Source: The Company

12-12 Zakat and Tax Position of the Group

Pursuant to a letter issued by ZATCA under No. 16/33008 dated 28/12/1438H, the Group was not subject to Zakat as it is indirectly wholly owned by the government of the Kingdom of Saudi Arabia as of the date of its incorporation. Accordingly, the Group did not make a provision for Zakat in its consolidated financial statements for the financial year ending on 31 December 2019G and prior years. However, the Group committed to submit all its Zakat returns for the previous financial years to ZATCA for information purposes only.

As of 1 January 2020G, the Company and its Subsidiaries (except for TREC) are subject to Zakat pursuant to Royal Order No. 35657 dated 29/06/1442H, issued in relation to the collection of Zakat and taxes from the companies that are wholly owned by the Public Investment Fund (whether directly or indirectly). The Company and its Subsidiaries (except for TREC) submitted their Zakat returns on a consolidated basis for the year 2020G. The Company paid the amount of SAR 83,120,935 for the year 2020G. However, the Company did not receive the final Zakat assessments from the ZATCA for the period ended 2020G. For more information on the risks related to Zakat, please refer to Section 2-2-6 (“**Risks related to Zakat**”) of this Prospectus.

The table below shows the Zakat and tax provisions for the Company and its Subsidiaries (except for TREC) as at 31 December 2018G, 2019G, and 2020G.

Table (12-20): Zakat and Tax Provisions for the Company and its Subsidiaries (Except for TREC) as at 31 December 2018G, 2019G, and 2020G

The Company	2018G	2019G	2020G
The Company	Zero	Zero	83,561,274
Total	Zero	Zero	83,561,274

Source: The Company

The Company's Board of Directors declares that as at the date of this Prospectus, there are no existing Zakat claims or obligations imposed on the Company or its Subsidiaries by ZATCA. It also declares that the Company and its Subsidiaries do not have any Zakat and tax disputes with ZATCA.

12-13 Summary of Bylaws

Name of the Company:

Saudi Tadawul Group Holding Company, a Saudi closed joint stock company.

Objectives of the Company:

- 1) Manage its Subsidiaries or engage in managing other companies in which it holds shares and provides the required support.
- 2) Invest funds in shares and other securities.
- 3) Hold properties and movables required to conduct its operations.
- 4) Provide loans, sponsorships and funds to its Subsidiaries.
- 5) Possess, use, and lease to its Subsidiaries or others, industrial property rights, including patents, trademarks, concessions, and other intangible rights.
- 6) The Company may conduct any other activity that does not contradict the relevant laws and regulations.

Head Office of the Company:

The head office of the Company is located in Riyadh, Kingdom of Saudi Arabia. The Company may, by a Resolution of the Board of Directors, establish branches, other offices or agencies inside or outside the Kingdom.

Term of the Company:

The term of the Company is ninety-nine (99) Gregorian years, starting from the issuance date of the Royal Decree authorizing its incorporation. This term may be extended for a similar period or other shorter or longer periods by a Resolution of the Extraordinary General Assembly at least one (1) year before the expiry of its term.

Capital:

The capital of the Company is one billion, two hundred million Saudi Riyals (SAR 1,200,000,000) divided into one hundred twenty million (120,000,000) shares, all of which are of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share. All shares are cash shares.

Preferred Shares:

The Company's Extraordinary General Assembly may, as per the principles set by the competent authority, issue preferred shares or decide to purchase the same, or convert preferred shares into ordinary shares. The preferred shares do not grant the right to vote in the General Assemblies. Such shares entitle their holders the right to obtain a higher percentage of the Company's net profits than the holders of the ordinary shares after deducting the amounts to be set aside for the statutory reserve.

Purchasing its own shares, selling them and allocating them to employees:

- 1) The Company may buy and sell its ordinary or preferred shares and pledge them. The Company may also buy its shares to use them as treasury shares in accordance with the relevant regulatory guidelines and conditions.
- 2) The Company may sell the treasury shares in one or several stages.
- 3) The Company may purchase its shares and allocate them to the employees of the Company - or to its Subsidiaries - as per the employee share program in accordance with the relevant regulatory guidelines and conditions.

Issuance of Shares:

Shares are nominal and may not be issued in an amount less than the nominal value. If Shares are issued at a premium, the premium shall be added as a separate item under the shareholders' rights and may not be distributed between the shareholders as profits. The Company cannot have fractional shares. If a Share is jointly owned by several persons, such persons must nominate one of them to represent them to exercise the rights attached to such Share on their behalf but they shall be jointly liable for the obligations arising from the ownership of such Share.

Capital Increase:

- 1) The Extraordinary General Assembly may decide to increase the Company's capital one or several times by issuing new shares with the same nominal value as the original shares, provided that the original capital of the Company has been paid in full. However, it shall not be a condition that the share capital is paid in full if the unpaid amount thereof is due to shares issued for converting debt instruments or financing bonds into Shares and the term prescribed for the conversion of such instruments has not yet expired.
- 2) The Extraordinary General Assembly may, in all cases, allocate the Shares issued upon the increase of the capital or a part thereof for the employees of the Company, its subsidiaries or all or some of them. The Shareholders may not exercise their pre-emptive rights when the Company issues Shares designated for employees.
- 3) A Shareholder shall, at the time the capital increase resolution was issued by the Extraordinary General Assembly, have a pre-emptive right to subscribe to the new cash Shares. Such Shareholder must be notified of its pre-emptive rights, the capital increase, the terms, subscription conditions and period of subscription, by way of publication in a daily newspaper or by registered mail.
- 4) The Extraordinary General Assembly may suspend the Shareholders' pre-emptive rights to subscribe to new cash Shares or may offer the pre-emptive rights to non-shareholders in cases that are deemed to be in the best interests of the Company.
- 5) The Shareholder shall be entitled to sell or assign his pre-emptive rights during the period from the resolution of the General Assembly approving the capital increase up to the last day of the subscription period in accordance with the relevant guidelines imposed by the competent authorities.
- 6) Subject to the provisions of paragraph 4 above, the new Shares shall be distributed to the holders of the pre-emptive rights that have expressed their desire to subscribe in proportion to their existing rights out of the total pre-emptive rights resulting from the capital increase, provided that the number of Shares distributed to those Shareholders does not exceed the number of new Shares for which they have applied. The remaining new Shares shall be distributed to the holders of the pre-emptive rights that requested more than their respective Shares in proportion to their rights based on the total pre-emptive rights resulting from the capital increase provided that they may not be issued with more new Shares than they applied for. The remaining Shares shall be offered to third parties unless otherwise provided by the Extraordinary General Assembly.
- 7) The new shares issued by way of the capital increase may be cash or in-kind shares. If there are in-kind shares, the Board of Directors shall adopt the procedures stipulated in the Companies Law to verify the assessment validity of these shares.

Capital Decrease:

- 1) The Extraordinary General Assembly may issue a resolution to reduce the capital of the Company if it exceeds the Company's needs or if the Company sustains losses. In the latter case only, the share capital may be reduced below the limit set in Article 54 of the Companies Law. Such resolution shall only be issued after reading the auditor's report on the reasons for such reduction, considering the Company's obligations, and the effect of the proposed reduction on such obligations. The resolution shall describe the method of reduction.
- 2) If the reduction of the Company's capital is due to an excess in capital beyond the Company's needs, the creditors of the Company must be invited to express their objection within 60 days from the date of publishing the resolution for the reduction of the Company's capital in a daily newspaper published in the area where the Company's head office is located. If a creditor's objection is submitted to the Company (along with the relevant documentation) within the said period, the Company should pay the relevant debt if it is due or provide a guarantee in the same amount if it is deferred.

Bonds and Sukuk:

- 1) The Company may, in accordance with the relevant laws and regulations and pursuant to a resolution of the Extraordinary General Assembly, issue tradable debt instruments of any form, whether in Saudi Riyals or any other currency, whether inside or outside the Kingdom of Saudi Arabia, such as bonds and Sukuk. The Extraordinary General Assembly may authorize the Board of Directors to issue these debt instruments, including bonds and Sukuk, whether in part or in several parts, or through a series of issues under one or more programs established from time to time by the Board of Directors, at such times and in such amounts and conditions as may be approved by the Board of Directors. The Board of Directors shall have the right to adopt all necessary measures for their issuance.
- 2) The Company may also, pursuant to a resolution of the Extraordinary General Assembly, issue debts or financing instruments convertible into shares after a resolution is made by the Extraordinary General Assembly wherein the maximum number of shares which may be issued in return for such instruments is determined, whether issued either in one or in several parts of a series of issuances under one or more debt or financing instrument programs. The Board of Directors may, without having to obtain a new approval from the Extraordinary General Assembly, issue new shares in return for such instruments whose holders demand that they be converted immediately after the termination of the conversion request period for such instrument holders. The Board of Directors shall adopt the necessary actions to amend the Company's Bylaws regarding the number of issued shares and the capital. The Board shall announce the completion of measures taken for each increase in the capital as prescribed in the Bylaws for announcing resolutions of the Ordinary General Assembly.

Board of Directors

Management of the Company:

- a) The Company shall be managed by a Board of Directors composed of nine (9) Directors elected by the shareholders in an Ordinary General Assembly.
- b) The membership term of the Company's Board of Directors is three (3) years, renewable one or more times.
- c) The Company shall submit the names of candidates for Board membership to the CMA Board for approval prior to the election of the Shareholders' General Assembly.
- d) The regulations and instructions approved by the Board of Directors shall determine the procedures related to holding meetings of the Board of Directors and adopting resolutions therein, the work plans of the Board of Directors, the powers and tasks assigned to each of the Board of Directors and the CEO, and all other related administrative and financial matters.

Board Membership Expiration:

Board membership shall expire upon the lapse of the Board's term or the resignation or death of a Director or if the Director becomes ineligible for the Board membership according to the provisions of any applicable law or instructions in the Kingdom. Despite the above, the Ordinary General Assembly may at any time dismiss all or some of the members, without prejudice to the right of a dismissed member to claim compensation from the Company if such dismissal occurs without acceptable justification or at an improper time. A member may resign, provided that such resignation is made at a proper time; otherwise, he will be responsible to the Company for the damages incurred due to such resignation.

Powers of the Board:

- a) Subject to the powers reserved for the General Assembly, the Board shall have the widest authority in managing the affairs of the Company in order to achieve its objectives, and the Board shall be responsible for achieving the strategic and operational objectives of the Company. In particular, the Board shall assume the following powers and may delegate some or all of these powers as it sees fit:
 - 1) The overall strategy and business plan of the Company.
 - 2) Annual budget.
 - 3) Formation of the Board's sub-committees and providing them with the powers the Board believes are appropriate.
 - 4) Approval of the Company's internal, financial, administrative and technical regulations as well as employee-related policies and regulations and setting the Company's performance standards.
 - 5) Approval of loans and other credit facilities, for any term, from government financing funds and institutions, commercial banks, central banks, credit companies and any other credit body.
 - 6) Investment of Company funds.

- 7) Approval of the establishment of companies, purchase of shares therein and mergers as well as obtainment and amendment of commercial registers.
 - 8) Appointment of the Company's representatives to boards of companies in which the Company participates and owns shares, the right to attend meetings of shareholder assemblies, general assemblies and board meetings of these companies, signing of minutes and resolutions of these companies, endorsing the approval of annual budgets of these companies and receiving the Company's share of these companies' profits.
- b) The Board shall prepare an annual report on the Company's performance to be presented to the General Assembly.
 - c) The Board may, within the limits of its competence, delegate any of its powers to any of its members, to a third party to take a certain action or conduct certain work.
 - d) The Company's Board of Directors shall appoint a CEO from among its members or a third party after obtaining the CMA's approval on such appointment. The CEO shall implement the Board's resolutions, run the Company's daily business, and manage its employees under the supervision of the Board of Directors, in addition to such other powers as may be determined by the Board of Directors and described by the Company's Bylaws and regulations. The appointed CEO may not conduct any other governmental or commercial business, or has ownership in, or an interest with any of the members of the Exchange, the SDC or the CCP in which he/she works for. The CEO shall be dismissed from his/her position by a Resolution of the Board of Directors.

The Company's Bylaws do not provide for any power that gives a Director or the CEO the right to vote on any contract or proposal in which he/she has an interest.

Remuneration of Directors:

The remuneration of the Directors and all benefits they receive shall be set by a resolution of the Company's Ordinary General Assembly, in accordance with the official decisions and instructions of the competent authorities issued in this regard and pursuant to the provisions of the Companies Law and its Implementing Regulations. The Board report submitted to the Ordinary General Assembly shall include a detailed statement of all amounts received by Board members during the fiscal year, including remuneration, expenses and other benefits. The report shall also include amounts received by Board members in their capacity as employees or executives, or in consideration of technical, administrative or consultative services. It shall also include a statement of the number of Board meetings and number of meetings attended by each member from the date of the last general assembly meeting.

The Bylaws of the Company do not provide for any authority that gives a Director or Senior Executive the right to borrow from the Company in accordance with Article 73 of the Companies Law. Also, the Bylaws of the Company do not contain any provisions that grant a Director or the CEO any rights to vote on matters concerning his/ her respective remuneration.

Authorities of the Chairperson, Vice-Chairman and Secretary:

- 1) The Board of Directors shall appoint a Chairperson and a Vice Chairman from among its members. The Chairperson is prohibited from holding any executive position in the Company.
- 2) The Chairperson shall represent the Company in its relations with others and before government agencies, companies and individuals; all courts; notaries; the Board of Grievances; arbitration panels; chambers of commerce and industry; and committees for the resolution of disputes. To this end, the Chairperson may file pleadings and defenses on behalf of the Company, present evidence and documents, enter into settlements, give releases, deny or admit a charge and request taking of the oath within the scope of the resolutions adopted by the Board. The Chairperson may also receive and execute judgments as well as sign articles of incorporation of companies established by the Company or those in which the Company participated in establishing; other contracts or deeds; and transfers of property before notaries, official and private authorities. The Chairperson may also sign contracts, loan contracts and other financial agreements, mortgages and leases. The Chairperson may delegate or assign certain work(s) within limits of his/her competence to a third party, who may delegate or assign others to conduct such works.
- 3) The Vice Chairman shall perform the duties and shall exercise the powers of the Chairperson in his/her absence.
- 4) The Board shall appoint a Secretary from amongst its members or others. The Secretary shall have the authority to record the minutes of the Board meetings, to record and retain the resolutions issued in these meetings. The Board shall determine the remuneration of the Secretary of the Board pursuant to a resolution of the Board of Directors. The term of membership of the Chairperson, Vice Chairman and Secretary, if he/she is a Director, shall not exceed their membership on the Board. They may be re-elected and the Board may at any time dismiss any of them without prejudice to their right to compensation if the dismissal occurs for an illegal reason or at an inappropriate time.

Board Meetings:

The Board of Directors shall hold periodic meetings as it deems appropriate, provided that at least two (2) meetings are held per year at the invitation of the Chairperson. The invitation shall be in writing and delivered in person or by mail or sent by fax or E-Mail. The Chairperson of the Board, or his/her representative, shall call the Board of Directors to meet whenever a meeting is requested by two (2) Directors.

Quorum of Board Meeting:

A Board meeting shall be valid only if attended by at least half of the Directors, provided that at least three (3) members attend in person. A Director may delegate another Director to attend a Board meeting in accordance with the instructions of the Board. The Board's resolutions shall be valid if voted for by a majority of the members of the Board of Directors present. In the event of a tie, the Chairperson of the meeting shall have the casting vote. In urgent matters, the Board of Directors may issue resolutions by circulation through submitting them to the Directors separately, unless the Board is requested in writing to meet by a Director to discuss such resolutions. These resolutions shall be valid if voted for by a majority of the members of the Board of Directors. They shall be presented to the Board of Directors at its next meeting.

Deliberations of the Board:

The deliberations and resolutions of the Board shall be recorded in minutes, which shall be signed by the Chairperson, the Directors present and the Secretary of the Board. The minutes shall be recorded in a special register to be signed by the Chairperson and the Secretary of the Board.

Shareholders' Assemblies**Attending General Assemblies:**

A duly convened General Assembly represent all Shareholders and shall be held in the city where the Company's head office is located. Each shareholder, whatever the number of his or her shares in the Company, has the right to attend the Ordinary General Assembly. Any shareholder may delegate his or her right to attend the General Assemblies to another person who is not a member of the Board of Directors pursuant to a written instrument.

Competencies of the Ordinary General Assembly:

With the exception of the matters falling within the competencies of the Extraordinary General Assembly, the Ordinary General Assembly shall be competent in all matters related to the Company. The Ordinary General Assembly shall meet at least once annually during the six (6) months following the end of the Company's financial year. Other Ordinary General Assembly meetings may be called as needed.

Competencies of the Extraordinary General Assembly:

The Extraordinary General Assembly shall have the authority to amend the Bylaws, except for provisions prohibited to be amended as per the Companies Law. The Extraordinary General Assembly may issue resolutions regarding matters within the competency of the Ordinary General Assembly under the same conditions and manner prescribed for the Ordinary General Assembly.

Convening General Assembly Meetings:

General Assembly meetings shall convene upon an invitation by the Board. The Board must convene a General Assembly meeting if requested to do so by the Company's auditor, audit committee or Shareholders representing at least 5% of the share capital of the Company. The Auditor may call for the Assembly to convene if the Board of Directors fails to do so within thirty (30) days of the Auditor's request.

The invitation shall be published in a daily newspaper distributed in the area of the Company's head office at least 21 days prior to the date of the meeting. Alternatively, invitations may be sent directly to each Shareholder via registered mail prior to the aforementioned period, including a copy of the agenda, and a copy of the invitation and the agenda shall be sent to the competent authority during the period specified for publication.

Quorum of the Ordinary General Assemblies:

An Ordinary General Assembly meeting shall not be valid unless attended by Shareholders representing at least 25% of the share capital. If such quorum cannot be attained during the first meeting, a notice shall be sent for a second assembly meeting to be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes refers to the possibility of holding this second meeting. In all cases, the quorum for the second meeting shall be deemed valid regardless of the number of Shareholders represented.

Quorum of the Extraordinary General Assemblies:

An Extraordinary General Assembly meeting shall not be valid unless attended by Shareholders representing at least 50% of the share capital. If such quorum cannot be attained during the first meeting, a notice shall be sent for a second assembly meeting to be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes reference to the possibility of holding this second meeting. In all cases, the quorum for the second meeting shall be valid if it is attended by a number of shareholders representing at least 25% of the share capital. In case the quorum in the second assembly meeting is also not attained, a notice shall be sent for a third assembly in the same manner prescribed in Article 29 of the Bylaws. The third assembly shall be deemed valid if attended by whatever number of shareholders and upon the approval of the competent authority.

Voting in the General Assembly Meetings:

Each Shareholder shall have one (1) vote for each Share held in the general assemblies. Cumulative voting shall be used when electing the Board of Directors.

General Assembly Resolutions:

Resolutions of the Ordinary General Assembly shall be passed by absolute majority of the Shares represented in the meeting. Resolutions of the Extraordinary General Assembly shall be passed by the majority of two thirds of the Shares represented in the meeting unless the resolution relates to the increase or decrease of the Company's capital, extension of the Company's term, dissolution of the Company before expiry of the term specified in its Bylaws or merging the Company with another Company where in such case the resolution shall not be valid unless it is passed by the majority of three quarters of the Shares represented in the meeting.

Audit Committee:**Formation of the Audit Committee:**

An audit committee shall be formed by a resolution of the Ordinary General Assembly provided that the number of members of such committee may not be less than three and not more than five members, whether from the Shareholders or otherwise. None of the committee members may be executive Board members. Such resolution shall include the committee's duties, responsibilities, and remuneration of its members.

Quorum of the Audit Committee Meeting:

Meetings of the audit committee shall be duly convened only if they are attended by the majority of its members. The audit committee resolutions shall be adopted by the majority of votes of the members present. In the case of a tie, the Chairperson shall have the casting vote.

Competencies of the Audit Committee:

The audit committee shall be in charge of monitoring the Company's business, and shall have the right to access the Company's records, documents and to request clarifications from the Board or the Senior Executives. In addition, the Audit Committee may ask the Board to invite the Company's General Assembly to convene if its work was hindered by the Board or if the Company suffered material losses or damages.

Reports of the Audit Committee:

The audit committee shall review the Company's financial statements, reports and notes submitted by the auditor and provide its opinions on the same, if any. In addition, it shall prepare a report setting out its opinion as to the adequacy and efficiency of the Company's internal control systems along with other matters falling in its competency. The Board shall place sufficient copies of the report at the Company's head office at least 21 days prior to the date set for convening the General Assembly in order to provide the Shareholders with a copy thereof, if required. The report shall be read aloud at the General Assembly.

Appointment of the Auditor:

The Company shall have one or more auditors from among those licensed to conduct auditing business in the Kingdom that shall be appointed annually by the general assembly, which shall determine the auditor remuneration and the term of his work, and may be reappointed, provided that the total appointment term may not exceed five (5) consecutive years. An Auditor who has exhausted this term may be reappointed after the lapse of two years from the date of the expiry of such term. The Ordinary General Assembly may at any time remove such Auditor, without prejudice to their right to compensation if the removal is made at an improper time or without acceptable justification.

Powers of the Auditor:

The auditor shall have, at any time, the right to access the books, records and other documents of the Company. The auditor may also request particulars and explanations that he sees necessary to verify the assets and liabilities of the Company and other matters which fall within the auditor's scope of work. The Chairperson of the Board of Directors shall enable the Auditor to perform its duty. If the auditor encounters a difficulty in performing his duties, he shall record that in a report submitted to the Board. If the Board does not facilitate the work of the auditor, the auditor shall request the Board to convene an Ordinary General Assembly to consider the matter.

The Company's Policies and Dividend Distribution**Financial Year:**

The Company's fiscal year shall start on the first day of January and end on the 31 of December of each year, however, the first fiscal year shall start on the date of the resolution announcing the incorporation of the Company and end on 31 December of the next year.

Distribution of Dividends:

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- 1) Ten percent (10%) of the net profit shall be set aside to form a statutory reserve, provided that the General Assembly may stop such allocation once the statutory reserve reaches 30% of the Company's paid up share capital.
- 2) The Ordinary General Assembly may, upon the recommendation of the Board of Directors, set aside a percentage of the annual net profits to form an additional voluntary reserve to be allocated for one or more specific purposes as determined by the Ordinary General Assembly.
- 3) The Ordinary General Assembly may establish other reserves provided it is in the interest of the Company or it guarantees to the extent possible regular distribution of fixed dividends to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social pensions for the Company's employees, or to support existing pensions of such kind.
- 4) The Board of Directors may recommend the distribution of a certain percentage of the remaining profits to shareholders. The Company shall have the right to distribute quarterly and semi-annual profits after fulfilling the requirements of the relevant authorities.

Entitlements to Dividends:

The Shareholders shall be entitled to their share in the profits in accordance with the resolution issued by the General Assembly in this regard and in accordance with the Companies Law and its implementing regulations and the CML and its implementing regulations. Such resolution shall set out the due and distribution date.

Dividend Distribution to Preferred Shareholders:

- 1) If no dividends are distributed for any financial year, dividends shall not be distributed for the following years until the payment of the percentage stated in Article 114 of the Companies Law is paid to holders of preferred shares for this year.
- 2) If the Company fails to pay this percentage out of the profits for three (3) consecutive years in accordance with Article 114 of the Companies Law, a special assembly of preferred shareholders convening in accordance with Article 89 of the Companies Law may resolve that they either attend and vote at the Company's General Assemblies or delegate representatives on their behalf to the Board of Directors in proportion to the percentage of their shares in the capital until the Company is able to pay in full all dividends on preferred shares prescribed for those shareholders for the previous years.

Company Losses:

- 1) If the losses of a joint stock company reach an amount equal to one half of its paid-up capital at any time during the financial year, any of the company's officers or auditors must, upon knowledge of such losses, promptly inform the Chairperson who will immediately notify the Board accordingly. The Chairperson shall call for a General Assembly within fifteen (15) days from becoming aware. The General Assembly must, within forty-five (45) days from the date on which it was called upon by the Chairperson, resolve to increase or decrease the company's capital in accordance with the provisions of the Companies Law to cause the losses to be less than one half of the paid-up capital, or to dissolve the company before the expiry of the term specified in its Bylaws.

- 2) The Company shall be deemed dissolved automatically pursuant to the Companies Law if the Board fails to hold the General Assembly within the period defined in paragraph (1) above, or if the General Assembly was held but failed to adopt a resolution on this matter, or if the General Assembly resolved to increase the share capital in accordance with the required conditions and the increase was not fully subscribed for within 90 days from such resolution.

Disputes

Liability Claims:

Each Shareholder shall be entitled to file a liability claim that is granted to the Company against the members of the Board, if wrongful acts committed by them caused a personal damage. A Shareholder may file such claim only if the right of the Company to file a claim still exists and after notifying the Company of its intention to do so.

Dissolution of the Company:

Upon expiration, the Company shall be put into liquidation and shall preserve its legal entity as long as necessary to complete the liquidation. The voluntary liquidation decision shall be issued by the Extraordinary General Assembly. The resolution of liquidation shall provide for the appointment of a liquidator and the determination of his powers and limitations, compensation, and the duration of the liquidation. The duration of the voluntary liquidation shall not exceed five (5) years, and shall only be extended by a judicial order. Upon dissolution, the powers of the directors of the Company shall cease. However, they shall keep running the Company and shall be considered before third parties as liquidator until a liquidator is appointed. The General Assemblies of the Shareholders shall remain functional during the liquidation period and their roles shall be limited to exercising its powers that do not conflict with the powers of the liquidator.

12-14 Description of Shares

Share Capital

As at the date of this Prospectus, the Company's capital is one billion, two hundred million Saudi Riyals (SAR 1,200,000,000) divided into one hundred twenty million (120,000,000) fully paid shares, all of which are of equal value, with a nominal value of ten Saudi Riyals (SAR 10) per share. All shares are cash shares.

Shares

The shares shall be nominal shares and may not be issued at less than their nominal value. However, the Company may issue shares at a value higher than their nominal value, in which case the difference in value shall be added as a separate item in the shareholders' equity. They may not be distributed as dividends to the shareholders. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person from amongst them to exercise, on their behalf, the rights pertaining to the share, and they shall be jointly responsible for the obligations arising from ownership of the share.

Shares Buy-back

Pursuant to Article 112 of the Companies Law, a joint stock company may purchase or mortgage its shares in accordance with the guidelines imposed by the competent authority. The shares purchased by the Company shall not entitle it to votes in the shareholders assemblies.

Rights of the Holders of Ordinary Shares

Pursuant to Article 110 of the Companies Law, a shareholder shall enjoy the rights attached to the shares held thereby, which include in particular the right to receive dividends; the right to a share in the company's assets upon liquidation; the right to dispose of shares; the right to have access to the company's records and documents; the right to supervise the acts of the board of directors; the right to institute proceedings against the directors; and the right to contest the validity of the resolutions adopted at general assemblies in accordance with the conditions and restrictions specified in the Companies Law or in the Bylaws.

Every shareholder shall have the right to discuss the matters listed in the agenda of the general assembly, and to address questions to the directors and the auditor. The directors or the auditor shall answer the shareholders' questions to such an extent as would not jeopardize the company's interests. If a shareholder feels that the answer to his/her question is unsatisfactory, he or she may appeal to the general assembly whose decision shall be final in this respect.

Dividend Distribution

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

- 1) Ten percent (10%) of the net profit shall be set aside to form a statutory reserve. Such allocations to the statutory reserve may be discontinued by a resolution of the Ordinary General Assembly when the statutory reserve reaches thirty percent (30%) of the Company's paid up share capital.
- 2) The Ordinary General Assembly may, upon the Board of Directors' recommendation, set aside a certain percentage of the annual net profits to form an additional voluntary reserve to be allocated for one or more specific purposes as determined by the Ordinary General Assembly.
- 3) The Ordinary General Assembly may establish other reserves provided it is in the interest of the Company or it guarantees to the extent possible regular distribution of fixed dividends to the Shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to create social pensions for the Company's employees, or to support existing pensions of such kind.
- 4) The Board of Directors may recommend distributing a certain percentage of the remaining profits to the Shareholders. The Company is entitled to distribute quarterly and semi-annual profits after fulfilling the requirements of the relevant authorities.

General Assemblies

A duly convened general assembly represents all shareholders and is held in the city where the Company's head office is located. With the exception of the matters falling within the competencies of the extraordinary general assembly, the ordinary general assembly is competent in all matters related to the Company and shall be held at least once a year during the six (6) months following the end of the Company's fiscal year. Other ordinary general assemblies may be called for as needed. The extraordinary general assembly shall have the authority to amend the Bylaws except for provisions prohibited to be amended as per the Companies Law. The extraordinary general assembly may issue resolutions regarding matters within the competency of the ordinary general assembly under the same conditions and manners prescribed for the ordinary general assembly. Every shareholder may attend the ordinary or extraordinary general assembly. The shareholder may delegate a person other than the members of the Board or the Company employees to attend the general assembly.

General Assembly meetings shall convene upon an invitation by the Board. The Board must convene a General Assembly meeting if requested to do so by the Company's auditor, audit committee or Shareholders representing at least 5% of the share capital of the Company. The Auditor may call for the Assembly to convene if the Board of Directors fails to do so within thirty (30) days of the Auditor's request. The invitation shall be published in a daily newspaper distributed in the area of the Company's head office at least 21 days prior to the date of the meeting. Alternatively, invitations may be sent directly to each Shareholder via registered mail prior to the aforementioned period, including a copy of the agenda, and a copy of the invitation and the agenda shall be sent to the competent authority during the period specified for publication.

An Ordinary General Assembly meeting shall not be valid unless attended by Shareholders representing at least 25% of the share capital. If such quorum cannot be attained during the first meeting, a notice shall be sent for a second assembly meeting to be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes reference to the possibility of holding this second meeting. In all cases, the quorum for the second meeting shall be deemed valid regardless of the number of Shareholders represented. An Extraordinary General Assembly meeting shall not be valid unless attended by Shareholders representing at least 50% of the share capital. If such quorum cannot be attained during the first meeting, a notice shall be sent for a second assembly meeting to be held one hour after the end of the period specified for the first meeting, provided that the invitation to hold the first meeting includes reference to the possibility of holding this second meeting. In all cases, the quorum for the second meeting shall be valid if it is attended by a number of shareholders representing at least 25% of the share capital. In case the quorum in the second assembly meeting is also not attained, a notice shall be sent for a third assembly in the same manner prescribed in Article 29 of the Bylaws. The third assembly shall be deemed valid if attended by whatever number of shareholders and upon the approval of the competent authority.

Meetings of the Shareholders' General Assemblies shall be presided over by the Chairperson or the Vice Chairperson upon the absence of the Chairperson. Minutes shall be kept for every assembly, stating the names of shareholders present or represented therein, the number of shares held by each of them, the number of votes attributed to such shares, the resolutions adopted, the number of consenting and dissenting votes, and a comprehensive summary of the deliberations that took place in the meeting. Minutes shall be recorded on a regular basis after each meeting in a special register to be signed by the president of such General Assembly, its secretary and the vote collector.

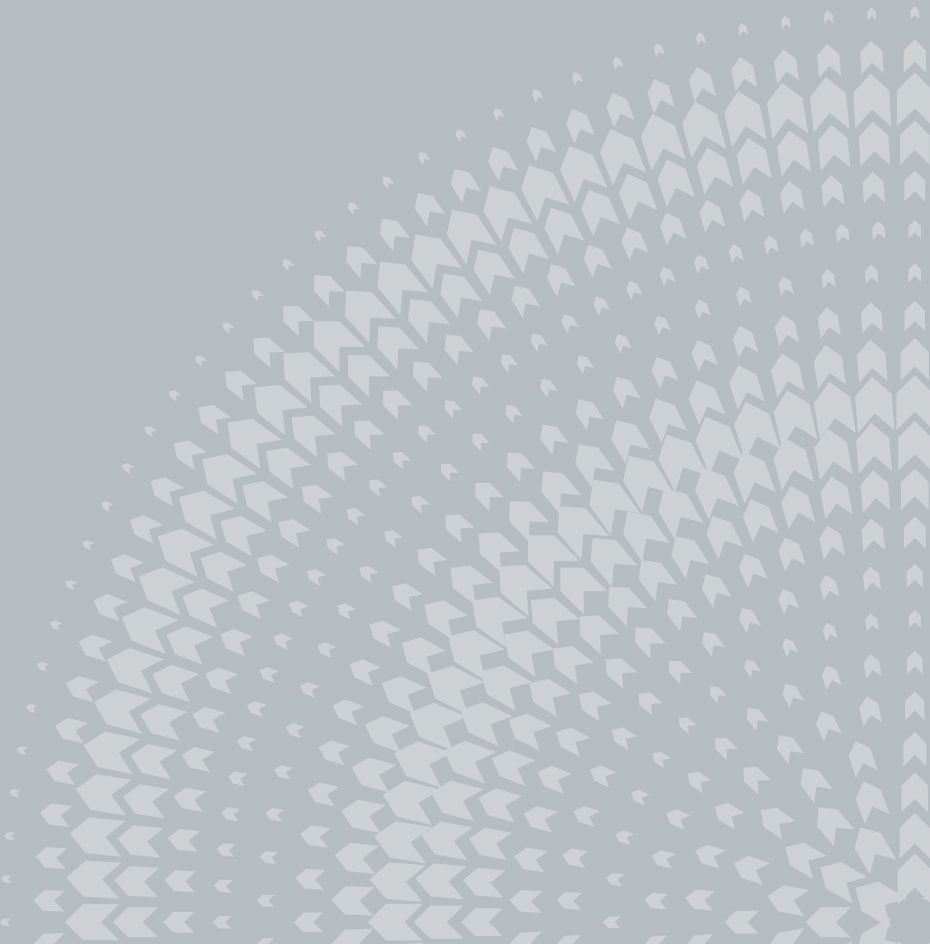
Voting Rights

Each Shareholder shall have one (1) vote for each Share held in the general assemblies. Cumulative voting shall be used when electing the Board of Directors. Votes at the meetings of the General Assembly shall be counted on the basis of one vote per Share represented at the meeting. Resolutions of the Ordinary General Assembly shall be passed by absolute majority of the Shares represented in the meeting. Resolutions of the Extraordinary General Assembly shall be passed by the majority of two thirds of the Shares represented in the meeting unless the resolution relates to the increase or decrease of the Company's capital, extension of the Company's term, dissolution of the Company before expiry of the term specified in its Bylaws or merging the Company with another Company where in such case the resolution shall not be valid unless it is passed by the majority of three quarters of the Shares represented in the meeting.

Change of Shareholders' Rights

The rights of the Shareholders to receive a share in the Company's profits declared for distribution, receive a share in the Company's asset surplus upon liquidation, attend General Assembly meetings, participate in the deliberations and vote on its resolutions, dispose of the Shares, access the Company's books and documents, supervise the acts of the Board of Directors, bring a liability claim against the Board members and contest the validity of the resolutions adopted at General Assembly meetings (in accordance with the conditions and restrictions set out in the Companies Law and the Bylaws) are granted pursuant to the Companies Law. Accordingly, they may not be changed. The Bylaws must be amended in order to alter the mechanism of voting and quorum in the General Assemblies. The Bylaws may only be amended through a resolution of the Extraordinary General Assembly.

13- UNDERWRITING



13- Underwriting

The Company, the Selling Shareholder and the Underwriters have entered into an Underwriting Agreement (“**Underwriting Agreement**”), under which the Underwriters have agreed to fully underwrite the Offering of thirty-six million (36,000,000) shares, subject to certain terms and conditions of the Underwriting Agreement. The names and addresses of the Underwriters are set out below:

13-1 Underwriters



SNB Capital Company

King Saud Road, SNB Regional Building
 P.O. Box 22216, Riyadh 11495
 Kingdom of Saudi Arabia
 Tel: +966 (92) 0000232
 Fax: +966 (11) 4060052
 Website: www.alahlicapital.com
 E-Mail: snbc.cm@alahlicapital.com



J.P. Morgan Saudi Arabia Company

Al Faisaliah Center
 King Fahd Road
 P.O. Box: 51907, Riyadh 11553
 Kingdom of Saudi Arabia
 Tel: +966 11 2993854
 Fax: +966 11 2993840
 Website: www.jpmorgansaudi Arabia.com
 E-Mail: STG_IPO@jpmorgan.com



Citigroup Saudi Arabia

20th Floor, Kingdom Tower
 P.O. Box: 301700, Riyadh 11372
 Kingdom of Saudi Arabia
 Tel: +966 11 2246140
 Fax: +966 11 2110020
 Website:
<https://www.citibank.com/icg/sa/emea/saudi-arabia>
 E-Mail: STG.IPO@citi.com

13-2 Summary of the Underwriting Agreement

The Underwriting Agreement contains customary terms, representations and warranties and other conditions precedent. Such conditions include (but are not limited to) regulatory approval of this Prospectus, delivery of customary officers' certificate, absence of an actual prospective material adverse change affecting the Company and the Group, non-occurrence of customary force majeure events, and receipt by the Underwriters' customary legal opinions, disclosure letters and auditor letters.

Pursuant to the terms and conditions of the Underwriting Agreement:

- a) The Selling Shareholder undertakes to the Underwriters that, on the first Business Day following the completion of the allocation of the Offer Shares following the end of the Offering Period, it shall:
 - 1) Sell and allocate the Offer Shares to Individual Subscribers or Participating Parties whose applications have been accepted by Receiving Agents; and
 - 2) Sell and allocate the Offer Shares that have not been purchased by the Individual Subscribers or Participating Parties in the Offering to the Underwriters.
- b) The Underwriters undertake to the Selling Shareholder that, on the allocation date, they will purchase the Offer Shares that have not been purchased by Individual Subscribers or Participating Parties. The Company and the Selling Shareholder have undertaken to the Underwriters that they are in compliance with everything contained in this Prospectus and all terms of the Underwriting Agreement.

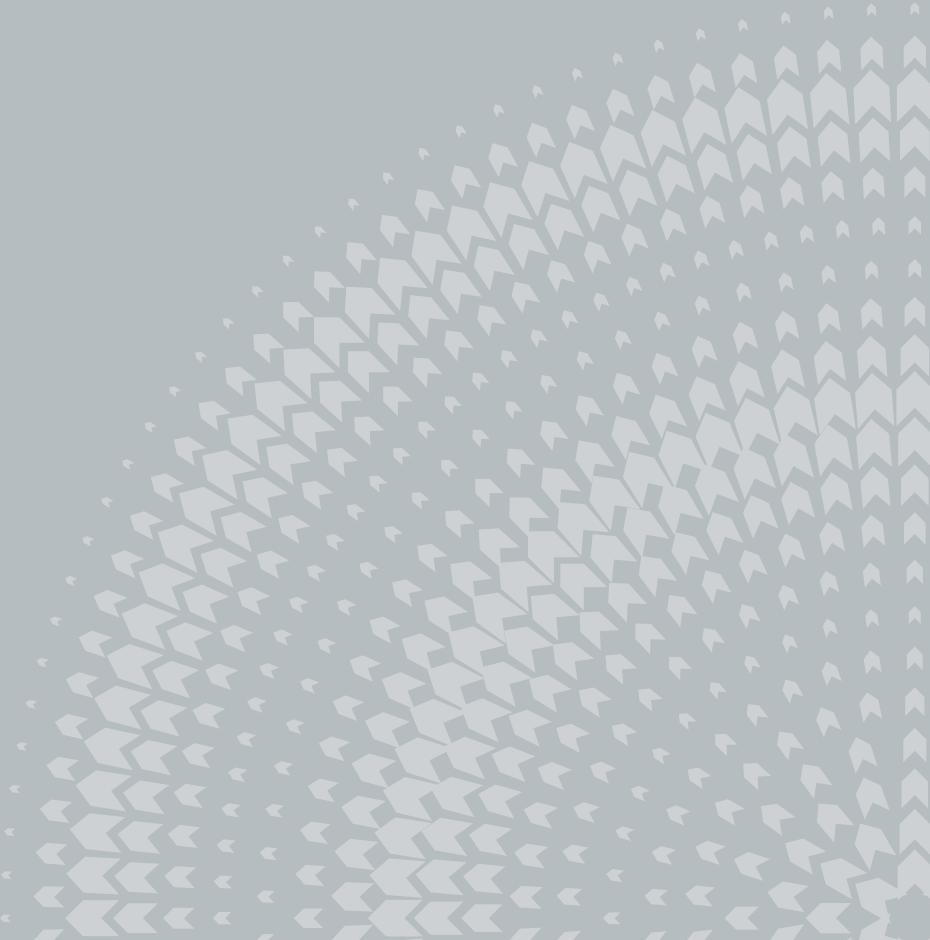
13-3 Underwritten Shares

Underwriter	Number of Offer Shares to be Underwritten	Percentage of Offer Shares to be Underwritten
SNB Capital Company	19,600,000	54.5%
J.P. Morgan Saudi Arabia Company	8,800,000	24.4%
Citigroup Saudi Arabia	7,600,000	21.1%

13-4 Underwriting Costs

The Selling Shareholder will pay to the Underwriters an underwriting fee based on the total value of the Offering. Moreover, the Selling Shareholder has agreed on behalf of the Company to pay the costs and expenses related to the Offering as set out in Section 14 ("**Expenses**").

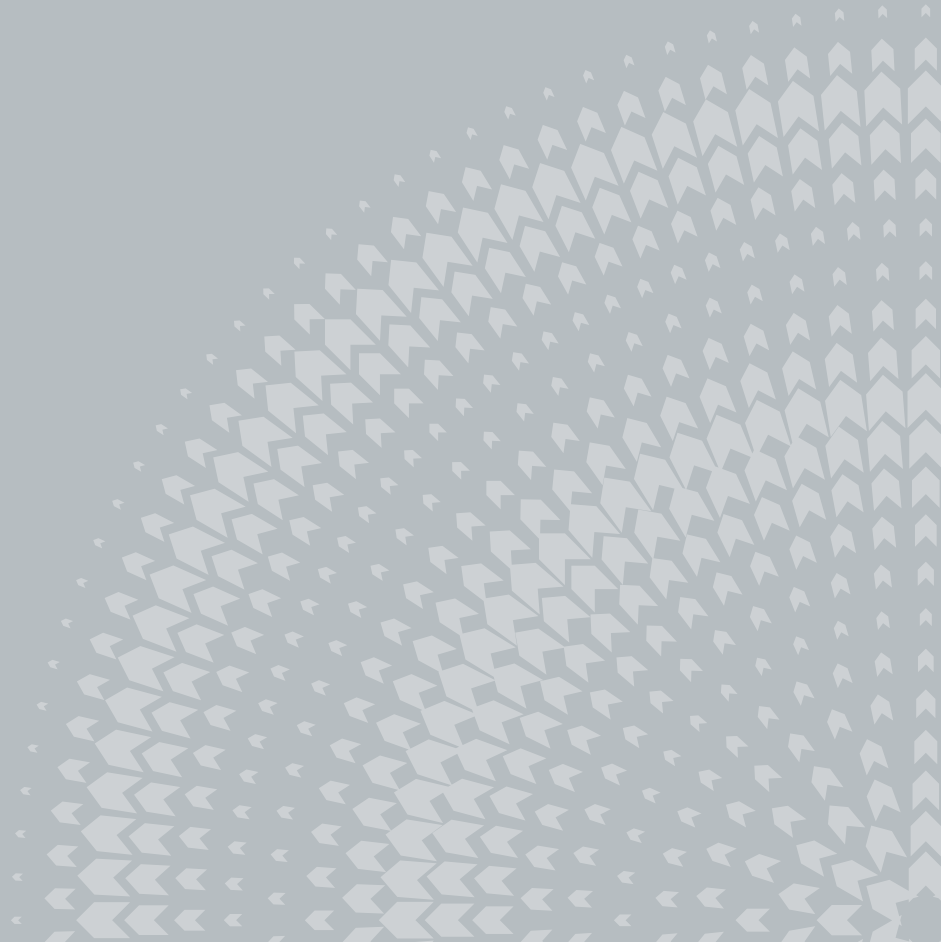
14- EXPENSES



14- Expenses

The Selling Shareholder will be responsible for all Offering Expenses, which are estimated to be around SAR 80 million. These expenses include the fees of the Financial Advisors, Underwriters, Lead Manager, Bookrunners, Legal Advisor (and other legal counsel), and Auditors, in addition to the fees of the Receiving Agents and marketing, printing, distribution and other related expenses. The Offering Expenses will be paid out of the Offering proceeds. The Company will not bear any expenses related to the Offering.

15- POST-LISTING UNDERTAKINGS



15- Post-Listing Undertakings

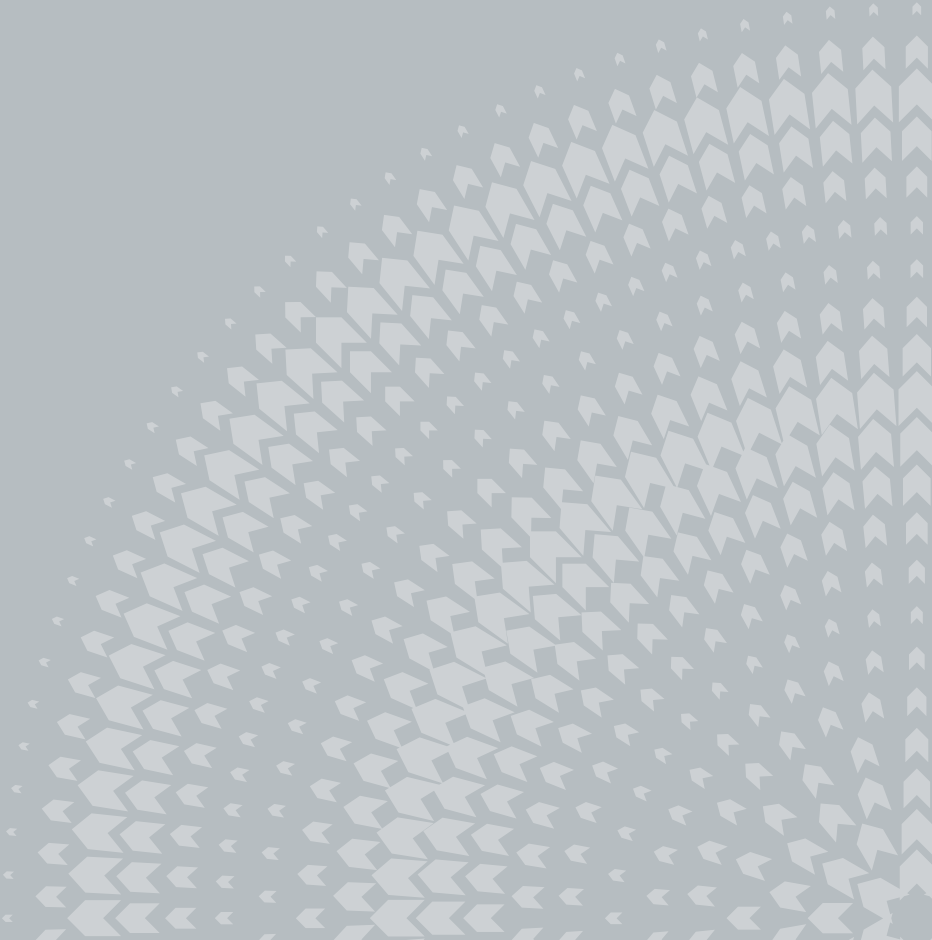
After being listed, the Company undertakes to:

- Fill out Form (8) related to the observance and compliance with the CGRs and provide the relevant justifications if it fails to meet any of the requirements set out in the CGRs.
- Notify the CMA of the date of the first post-listing General Assembly to allow its representative to attend.
- Comply with all mandatory provisions set out in the CGRs immediately after Listing.
- Comply with the provisions of the OSCOs and the Listing Rules in relation to the Company's continuing obligations immediately after Listing.
- Submit transactions and contracts in which any Director has a direct or indirect interest to the General Assembly for authorization (in accordance with the Companies Law, the CGRs and the Regulatory Rules and Procedures relating to Listed Joint Stock Companies), provided that the Director who has the interest refrains from participating in voting on the resolution issued in this regard by the Board of Directors and the General Assembly.

Accordingly, the Board of Directors undertakes to the following upon Admission:

- Record all resolutions and deliberations in the form of written meeting minutes signed by the Chairperson and secretary.
- Disclose the details of any Related Party transactions in accordance with the Companies Law and the CGRs.

16- WAIVERS



16- Waivers

The Company has not applied for any waiver from the CMA of any regulatory requirements.

17- SHARE INFORMATION AND SUBSCRIPTION TERMS AND CONDITIONS



17- Share Information and Subscription Terms and Conditions

The Company has submitted an application to the CMA for the registration and offer of the Shares in accordance with the OSCOs and an application to list the Shares on the Exchange in accordance with the Listing Rules.

All subscribers must read the subscription terms and conditions carefully before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to the Receiving Agent is deemed as acceptance of the subscription terms and conditions.

17-1 Subscription for Offer Shares

The Offering will consist of thirty-six million (36,000,000) ordinary shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share. The Offer Shares represent thirty percent (30%) of the Company's share capital and are offered at a price of one hundred and five Saudi Riyals (SAR 105) per share with a total value of three billion, seven hundred eighty million Saudi Riyals (SAR 3,780,000,000). The Offering is restricted to the following groups of Subscribers:

Tranche (A): Participating Parties: This tranche comprises a number of institutions and companies, including investment funds, QFIs, and GCC investors with legal personality. Participating Parties will initially be allocated thirty-six million (36,000,000) ordinary shares, representing 100% of the Offer Shares and the final allocation will be made after the end of the subscription period for Individual Subscribers. In the event that there is sufficient demand from Individual Subscribers, the Bookrunners shall have the right to reduce the number of Offer Shares allocated to Participating Parties to twenty-five million, two hundred thousand (25,200,000) Shares, representing seventy percent (70%) of the Offer Shares.

Tranche (B): Individual Subscribers: This tranche comprises Saudi natural persons including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom or GCC nationals, in each case, who have a bank account, and is entitled to open an investment account, with one of the Receiving Agents. A subscription for Shares made by a person in the name of his divorcee shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. A maximum of ten million eight hundred thousand (10,800,000) Offer Shares representing thirty percent (30%) of the Offer Shares shall be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all the Shares allocated thereto, the Bookrunners may reduce the number of Shares allocated to them in proportion to the number of Shares to which they subscribed.

17-2 Book-Building for Participating Parties

- a) The Financial Advisors, in coordination with the Company and the Selling Shareholder, determine the price range for the purposes of book building, which will be made available to all Participating Parties.
- b) Each Participating Party must submit requests to participate in the book-building process by submitting Subscription Application Forms. Participating Parties may change or cancel their Application Forms at any time during the book-building process, provided that such change is made by submitting an amended or additional Application Form, where applicable, during the book-building period and before the determination of the Offer Price prior to the commencement of the Offering Period. The number of Offer Shares to be subscribed by each Participating Party shall neither be less than one hundred thousand (100,000) shares nor more than five million, nine hundred ninety-nine thousand, nine hundred ninety-nine (5,999,999) shares. Public investment funds must not exceed the maximum amount specified for each participating fund determined in accordance with the Book Building Instructions. The number of requested Offer Shares shall be subject to allocation. The Bookrunners will notify the Participating Parties of the Offer Price and the number of Offer Shares initially allocated thereto. It is possible that Shares will not be allocated to some Participating Parties as deemed appropriate by the Company and the Bookrunners. Subscriptions by the Participating Parties shall commence during the Offering Period, which also includes Individual Subscribers, according to the terms and conditions stipulated in the Subscription Application Forms.
- c) Following completion of the book-building process for Participating Parties, the Bookrunners will announce the percentage of coverage by Participating Parties.
- d) The Financial Advisors, in coordination with the Selling Shareholder, will have the authority to determine the Offer Price based on the forces of supply and demand, provided that it does not exceed the price set out in the Underwriting Agreement and the Offer Price is in accordance with the tick size applied by the Saudi Exchange.

17-3 Subscription by Individual Subscribers

Each Individual Subscriber must subscribe for a minimum of ten (10) Offer Shares and a maximum of one million (1,000,000) Offer Shares. No change or withdrawal of the Subscription Application Forms shall be permitted once the Subscription Application Form has been submitted.

Subscription Application Forms will be available during the Offering Period on the websites of the Receiving Agents which provide such services. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Individual Subscribers can subscribe through the Internet, telephone banking or ATMs of any of the Receiving Agents' branches that offer any or all such services to its customers, provided that the following requirements are satisfied:

- a) The Individual Subscriber must have a bank account at a Receiving Agent which offers such services.
- b) No changes have been made to the personal information or data of the Individual Subscriber since their subscription in a recent offering; and
- c) An Individual Subscriber who is not a Saudi or GCC national must have an account at one of the capital market institutions which offers such services.

A signed Subscription Application Form represents a legally binding agreement between the Company and the relevant Individual Subscriber submitting the application to the Receiving Agents.

Individual Subscribers may obtain a copy of this Prospectus and the Subscription Application Form from the websites of the following Receiving Agents (the Prospectus is also available on the websites of the CMA, the Financial Advisors and the Company):

Receiving Agents



Saudi National Bank (SNB)

King Fahd Road, Al Aqiq District, King Abdullah Financial District
P.O. Box 3208, Unit 778
Riyadh 13519-6676
Kingdom of Saudi Arabia
Tel: +966 92000 1000
Fax: +966 11 4060052
Website: www.alahli.com
E-Mail: contactus@alahli.com

Al Rajhi Bank مصرف الراجحي



Al Rajhi Bank

King Fahd Road, AlMurooj District, Al Rajhi Bank Tower
Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 (11) 828 2515
Fax: +966 (11) 279 8190
Website: www.alrajhibank.com.sa
E-Mail: contactcenter1@alrajhibank.com.sa



Arab National Bank

King Faisal Road
P.O. Box 9802, Riyadh 11423
Kingdom of Saudi Arabia
Tel: +966 11 4029000
Fax: +966 11 4047535
Website: www.anb.com.sa
E-Mail: info@anb.com.sa

Receiving Agents



Alinma Bank
 King Fahd Road, Al Anoud Tower
 P.O. Box 66674
 Riyadh 11586
 Kingdom of Saudi Arabia
 Tel: +966 (11) 218 5555
 Fax: +966 (11) 218 5000
 Website: www.alinma.com
 E-Mail: info@alinma.com



Riyad Bank
 Eastern Ring Road
 P.O. Box 22622
 Riyadh 11614
 Kingdom of Saudi Arabia
 Tel: +966 (11) 401 3030
 Fax: +966 (11) 403 0016
 Website: www.riyadbank.com
 E-Mail: customercare@riyadbank.com

17-4 Offering Period and Conditions for Individual Subscribers

The Receiving Agents will commence receiving Subscription Application Forms at their branches throughout the Kingdom of Saudi Arabia from Tuesday 25/04/1443H (corresponding to 30/11/2021G) to Thursday 27/04/1443H (corresponding to 02/12/2021G). Once the Subscription Application Form is signed and submitted, the Receiving Agent will stamp it and provide the Applicant with a copy thereof. In the event the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. Each Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount shall be the number of Offer Shares applied for multiplied by the Offer Price of one hundred and five Saudi Riyals (SAR 105) per share.

Subscriptions for less than (10) Shares or fractional numbers will not be accepted. Increments are to be made in multiples of this figure. The maximum number of shares to be applied for by each Individual Subscriber is two hundred and fifty thousand (250,000) Offer Shares.

Subscription Application Forms should be submitted during the Offering Period and accompanied, where applicable, with the following documents. The Receiving Agents shall verify all copies against the originals and will return the originals to the Subscriber:

- Original and copy of the national civil identification card (Individual Subscribers).
- Original and copy of the family identification card (when subscribing on behalf of family members).
- Original and copy of a power of attorney (when subscribing on behalf of others).
- Original and copy of a certificate of guardianship (when subscribing on behalf of orphans).
- Original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman).
- Original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman).
- Original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

Powers of attorney are only allowed for family members (parents and children only). In the event an application is made on behalf of a Subscriber (parents and children only), the name of the person signing on behalf of the Subscriber should be stated in the Subscription Application Form. The power of attorney must be issued by a notary public for those who are in the Kingdom of Saudi Arabia and must be legalized through a Saudi embassy or consulate in the relevant country for a Saudi Individual Subscriber residing outside Saudi Arabia.

It is sufficient to fill out one Subscription Application Form for the prime Individual Subscriber applying for himself/ herself and family members appearing on his/ her family identification card if the family members are applying for the same number of Offer Shares as the prime Individual Subscriber. In this case:

- 1) All Offer Shares allocated to the prime Individual Subscriber and dependent Subscribers will be registered in the prime Individual Subscriber's name;
- 2) The prime Individual Subscriber will receive any refund of amounts not allocated and paid by themselves or dependent Subscribers; and
- 3) The prime Individual Subscriber will receive all dividends distributed for the Offer Shares allocated to themselves and dependent Subscribers (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

- 1) The Offer Shares to be allocated are to be registered in a name other than the name of the prime Individual Subscriber;
- 2) Dependent Subscribers intend to apply for a different number of Offer Shares than the prime Individual Subscriber; and
- 3) The wife intends to subscribe in her name adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the one completed by the relevant prime Individual Subscriber). In the latter case, applications made by husbands on behalf of their spouses will be cancelled and the wives' independent application will be processed by the Receiving Bank.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband may subscribe on behalf of those children provided she submits proof of motherhood.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as prime Individual Subscribers. The maximum age for non-Saudi dependents to be included with their mother is 18 years. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in their Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of one hundred and five Saudi Riyals (SAR 105) per Offer Share. Each Subscriber shall be deemed to have acquired the number of shares allocated to them upon:

- 1) Delivery by the Subscriber of the Subscription Application Form to any Receiving Agent; and
- 2) Payment in full by the Subscriber to the Receiving Agent of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full at a branch of the Receiving Agents by depositing the related value into the Subscriber's account held with the Receiving Agent where the Subscription Application Form is submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Subscription, the Company shall have the right to reject such application, in full or in part. The applicant shall accept any number of shares allocated thereto unless the allocated shares exceed the number of Offer Shares applied for by the applicant.

17-5 Allocation of Shares and Refund of Excess Subscription Monies

The Lead Manager and the Receiving Agents shall open and operate an escrow account called the ("**IPO Account**"). Each of the Receiving Agents shall deposit all amounts received by the Subscribers into the IPO Account mentioned above.

The announcement of the final allocation shall be made on Monday 02/05/1443H (corresponding to 06/12/2021G) and the refund of excess subscription monies, if any, will be made no later than 04/05/1443H (corresponding to 08/12/2021G).

17-6 Allocation of Offer Shares to Participating Parties

The initial allocation of the Offer Shares will be made as the Financial Advisors deem appropriate, in coordination with the Company, using the discretionary share allocation mechanism. It is possible that certain Participating Parties will not be allocated any shares, as deemed appropriate by the Company and the Financial Advisors. The final allocation of the Offer Shares to Participating Parties shall, upon the completion of the allocation of the Offer Shares to Individual Subscribers, be determined by the Financial Advisors, in coordination with the Company. The Offer Shares initially allocated to Participating Parties shall not be less than thirty-six million (36,000,000) Shares, representing 100% of the Offer Shares. If there is sufficient demand by Individual Subscribers, the Financial Advisors shall have the right to reduce the Offer Shares allocated to the Participating Parties to twenty-five million, two hundred thousand (25,200,000) Offer Shares, representing 70% of the total number of the Offer Shares after the completion of the subscription process for Individual Subscribers.

17-7 Allocation of Offer Shares to Individual Subscribers

The minimum number of shares to be allocated to each Individual Subscriber shall be ten (10) ordinary shares and the remaining Offer Shares, if any, will be allocated to Individual Subscribers on a pro-rata basis based on the ratio of the number of shares requested by each Individual Subscriber to the total number of shares applied for. The Financial Advisors may increase the number of shares allocated to Individual Subscribers to 30% of the total Offer Shares and to decrease the number of shares allocated to Participating Parties to 70% of the Offer Shares. In the event that the number of Individual Subscribers exceeds one million eighty thousand (1,080,000) Subscribers, the Company will not guarantee the minimum allocation of ten (10) shares per Individual Subscriber. In this case, the allocation will be determined at the discretion of the Company and the Financial Advisors.

The announcement of the final number of the Offer Shares to be allocated to each Subscriber is expected to be made on Monday 02/05/1443H (corresponding to 06/12/2021G), and the announcement of excess subscription monies, if any, will be made no later than Wednesday 04/05/1443H (corresponding to 08/12/2021G).

The Receiving Agents will notify Subscribers of the final number of Offer Shares to be allocated to each one of them, together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' accounts with the relevant Receiving Agent. The announcement of the final allocation will be expected on Monday 02/05/1443H (corresponding to 06/12/2021G) and the refund of excess subscription monies will be made no later than 04/05/1443H (corresponding to 08/12/2021G). Subscribers should communicate with the branch of the Receiving Agents where they submitted their Subscription Application Form, as applicable, for any further information.

Circumstances where the Listing may be Suspended or Cancelled:

17-8 Listing suspension or cancellation

- a) The CMA may suspend trading of listed securities or cancel their listing at any time it deems fit, in any of the following circumstances:
 - i) The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
 - ii) The Issuer fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its Implementing Regulations or the Exchange rules.
 - iii) The Issuer fails to pay any fees due to the CMA or the Exchange or penalties due to the CMA on time.
 - iv) The CMA deems that the Issuer, its business, the level of its operations or its assets are no longer suitable to warrant the continued listing of its securities on the Exchange.
 - v) When a reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the Issuer has given sufficient information regarding the target and the CMA is convinced, after the announcement of the issuer, that sufficient public information is available on the proposed transaction of the reverse takeover, the CMA may decide not to suspend trading at this stage.
 - vi) When information about the proposed transaction of reverse takeover is leaked and the Issuer cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
 - vii) When an initiation application for the Company's financial reorganization is registered with the court if its accumulated losses are 50% or more of its capital in accordance with the Bankruptcy Law.
 - viii) When an application to commence a bankruptcy proceeding or administrative liquidation of the Company is registered with the court in accordance with the Bankruptcy Law.
 - ix) When a court issues a final ruling to terminate a financial reorganization proceeding and commence a bankruptcy proceeding or administrative liquidation of the Company in accordance with the Bankruptcy Law.
 - x) When a court issues a final ruling to commence a bankruptcy proceeding or administrative liquidation of the Company before the court under the Bankruptcy Law.
- b) The suspension of trading mentioned in paragraph (a) above may be lifted based on the following:
 - i) Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension to protect investors.
 - ii) The lifting of suspension being unlikely to affect the normal activity of the Exchange.
 - iii) The Issuer complying with any other conditions that the CMA may require.

- iv) Upon issuance of a final judgment initiating financial reorganization of the Company under the Bankruptcy Law, unless it was suspended from its activities by the relevant competent authority, in the event that the suspension is made in accordance with Paragraph A (7) above.
- v) Upon issuance of a court's final judgment refusing to initiate a liquidation proceeding or the administrative liquidation proceeding in accordance with the Bankruptcy Law unless it is suspended from its activities by the relevant competent authority, if the suspension is made in accordance with Paragraph A (8) above.
- c) The Saudi Exchange Company shall suspend the trading of securities of the Issuer in any of the following cases:
 - i) When the Issuer does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the OSCOs, until the disclosure thereof.
 - ii) When the auditor's report on the financial statements of the Issuer contains an opposing opinion or an abstention from expressing an opinion, until the opposing opinion or abstention is removed.
 - iii) If the liquidity requirements of Chapters 2 and 8 of the Listing Rules are not met after listing by the time limit set by the Exchange for the Issuer to rectify its conditions, unless the CMA agrees otherwise.
 - iv) The Issuer's extraordinary general assembly issues a resolution to reduce its capital, for the two trading days following the issuing date of the resolution.
- d) The Exchange shall lift the suspension referred to in Paragraph (c) ((i) and (ii)) above after the lapse of one trading session following the end of the suspension circumstances. In the event that the over-the-counter trade of the Issuer's Shares is allowed, the Exchange shall lift the suspension within a period of no more than five trading sessions after the end of the suspension circumstances.
- e) The Exchange may at any time propose to the CMA to suspend the trading of any listed security or cancel its listing where in its opinion any of the circumstances of Paragraph (a) above is likely to occur.
- f) The Issuer whose securities are subject to a trading suspension must continue to comply with the Capital Market Law, its Implementing Regulations and the Exchange Rules.
- g) In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Issuer to correct such suspension, the CMA may cancel the Issuer's listing.
- h) Upon the Issuer's completion of a reverse acquisition, the listing of the Issuer's Shares shall be cancelled. If the Issuer wishes to re-list its securities, it must submit a new application for listing in accordance with the Listing Rules and the requirements stipulated in the OSCOs.
- i) The above paragraphs shall not prejudice the suspension of trading and cancellation of listing resulting from the Company's losses pursuant to the relevant Implementing Regulations and Exchange Rules.

17-9 Voluntary Cancellation of Listing

- a) An issuer whose securities have been listed on the Exchange may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the issuer must submit the cancellation application to the CMA, along with a simultaneous notice to the Exchange. The application shall include the following information:
 - i) Specific reasons for the cancellation request;
 - ii) A copy of the disclosure described below;
 - iii) A copy of the relevant documentation and a copy of each related communication to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action taken by the issuer; and
 - iv) Names and contact information of the financial advisors and legal advisor appointed according to the OSCOs.
- b) The CMA may, at its discretion, approve or reject the cancellation request.
- c) The issuer must obtain the consent of the Extraordinary General Assembly on the cancellation of the listing after obtaining the CMA's approval.
- d) Where cancellation is made at the issuer's request, the issuer must disclose such to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the issuer's activities.

17-10 Temporary Trading Suspension

- a) An issuer may request from the Exchange a temporary trading suspension of its securities upon the occurrence of an event during trading hours which requires immediate disclosure under the Exchange Rules or its Implementing Regulations, where the Issuer cannot maintain the confidentiality of this information until the end of the trading period. The Exchange will suspend trading of the securities of that issuer as soon as it receives the request.
- b) When trading is temporarily suspended at the issuer's request, the issuer must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event resulting in the suspension and how it affects the issuer's activities.
- c) The CMA may impose a temporary trading suspension without a request from the issuer when the CMA has information or there are circumstances that affect the issuer's activities which the CMA deems likely to interrupt the operation of the Exchange or jeopardize the protection of investors. An issuer whose securities are subject to a temporary trading suspension must continue to comply with the Law, its Implementing Regulations and the Exchange Rules.
- d) The Exchange may propose that the CMA exercise its authority under Paragraph (c) above if it finds that there is information or circumstances that may affect the issuer's activities and that are likely to interrupt the operation of the Exchange or the protection of investors.
- e) The temporary trading suspension will be lifted following the elapse of the period referred to in Paragraph (b) above, unless the CMA or the Exchange decide otherwise.

17-11 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, conditions and receipt of any Subscription Application Forms or related contracts are governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

The Substantial Shareholder shall be subject to a Lock-up Period of six (6) months from the date on which trading of the Company's shares commences on the Exchange. During such period, the Substantial Shareholder may not dispose of any of its shares. Following the end of this Lock-up Period, the Substantial Shareholders may dispose of its shares.

Although the CMA has approved this Prospectus, it may suspend the Offering if the Company, at any time after the approval of this Offering by the CMA and before registration and admission to listing of the shares on the Exchange, it becomes aware of: (1) a significant change in material matters contained in the Prospectus; and (2) any significant matters which should have been included in the Prospectus.

In these cases, it is incumbent on the Company to submit to the CMA a supplementary prospectus, according to the requirements of the OSCOs and the Listing Rules. The supplementary prospectus must be published, and an announcement made about applicable subscription dates.

This Prospectus was issued in Arabic.

17-12 Resolutions and Approvals on the Offering of the Offer Shares

The following are the Resolutions and approvals pursuant to which the Company's Offer Shares are being offered:

- The Board of Directors' Resolution dated 03/01/1443H (corresponding to 11/08/2021G).
- Resolution of the Extraordinary General Assembly issued on 08/03/1443H (14/10/2021G).
- The CMA's approval of the public offering of the Offer Shares dated 28/03/1443H (corresponding to 03/11/2021G).
- The conditional approval issued by the Saudi Exchange to list the shares on 21/09/2021G.

The Substantial Shareholder shall be subject to the Lock-up Period defined in the Section ("**Offering Summary**"). During such period, the Substantial Shareholder may not dispose of any of its shares. Following the end of this Lock-up Period, the Substantial Shareholder may dispose of its shares.

The distribution of this Prospectus and the sale of Offer Shares in any country other than the Kingdom are expressly prohibited. The Company, the Current Shareholder, the Financial Advisors and the Lead Manager require recipients of this Prospectus to inform themselves of any regulatory restrictions on the Offer Shares and to observe all such restrictions.

17-13 Subscription Declarations and Undertakings

By completing the Subscription Application Form, each Subscriber:

- agrees to subscribe for the Company's shares in the number of such shares as specified in the Subscription Application Form;
- declares that they have carefully read and reviewed the Prospectus and understood all its contents;
- accepts the Bylaws and all Offering instructions and terms mentioned in the Prospectus;
- declares that neither themselves nor any of their family members included in the Subscription Application Form have previously subscribed for shares and the Company has the right to reject all duplicate applications;
- accepts the number of shares allocated thereto (to the maximum of the amount subscribed for) according to the Subscription Application Form and all other subscription instructions and terms mentioned in the Subscription Application Form and the Prospectus;
- undertakes not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager or the Receiving Agent; and
- undertakes to maintain their right to sue the Company for damages caused by incorrect or incomplete information contained in the Prospectus, or by omitting material information that should have been part of the Prospectus and could affect their decision to purchase the shares.

17-14 Overview of the Market and the Trading Process

In 1990G, full electronic trading of shares in the Kingdom was introduced. The Tadawul system was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs through a fully integrated trading system covering the entire trading process, from the execution of the trade transaction through settlement thereof via the DSS which is managed by Edaa. Trading occurs each Business Day between 10:00 am and 3:00 pm (Sunday through Thursday of each week), during which orders are executed. However, orders can be entered, amended or cancelled from 9:30 am to 10 am. New entries and inquiries can be made from 10 am to the opening session. These times may be changed by the Saudi Exchange.

Transactions take place through the automatic matching of orders. Each valid order is accepted and determined according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders, provided that if several orders are generated at the same price, they are executed according to the time of entry. Tadawul System distributes a comprehensive range of information through various channels, including in particular the Tadawul website on the Internet and Tadawul Information Link, which supplies trading data in real time to information providers such as Reuters and Bloomberg.

Transactions are electronically settled on the same day, i.e., a transfer of shares takes place once the transaction is executed. Issuers are required to disclose all material information that is important for investors via Tadawul System. Tadawul is responsible for the surveillance and monitoring of the market participants in terms of their compliance with the Exchange Rules to ensure fair trading and an orderly market.

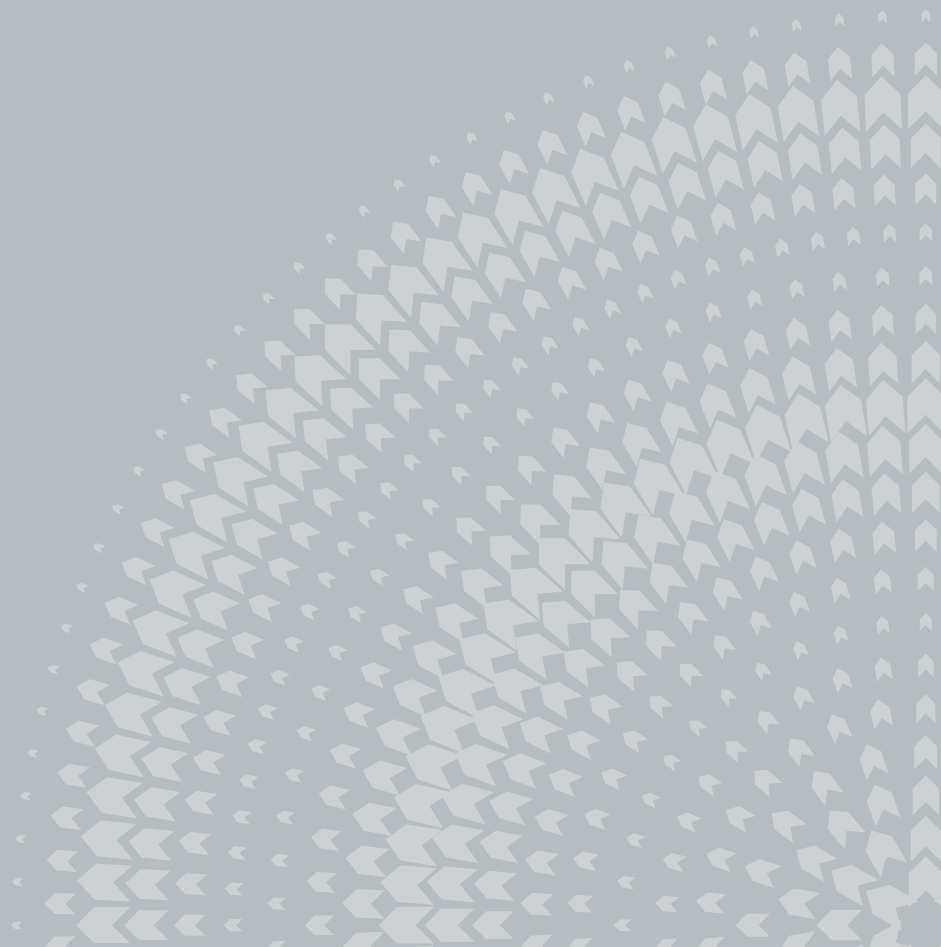
For more information about the Saudi Exchange, Edaa, and Muqassa, including information related to the trading, settlement and clearing of securities, please refer to Section 4 ("The Company").

17-15 Trading of Shares

It is expected that trading of the Company's shares will commence after the final allocation of the shares and the announcement of the commencement date of trading by the Saudi Exchange. Dates and times included in this Prospectus are only indicative and may be changed or extended subject to the approval of the CMA.

Furthermore, the Offer Shares can only be traded after allocated Offer Shares have been credited to Subscribers' accounts with Edaa, the Company has been registered and its shares listed on the Exchange. Pre-trading in shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in connection with pre-trading activities.

18- DOCUMENTS AVAILABLE FOR INSPECTION

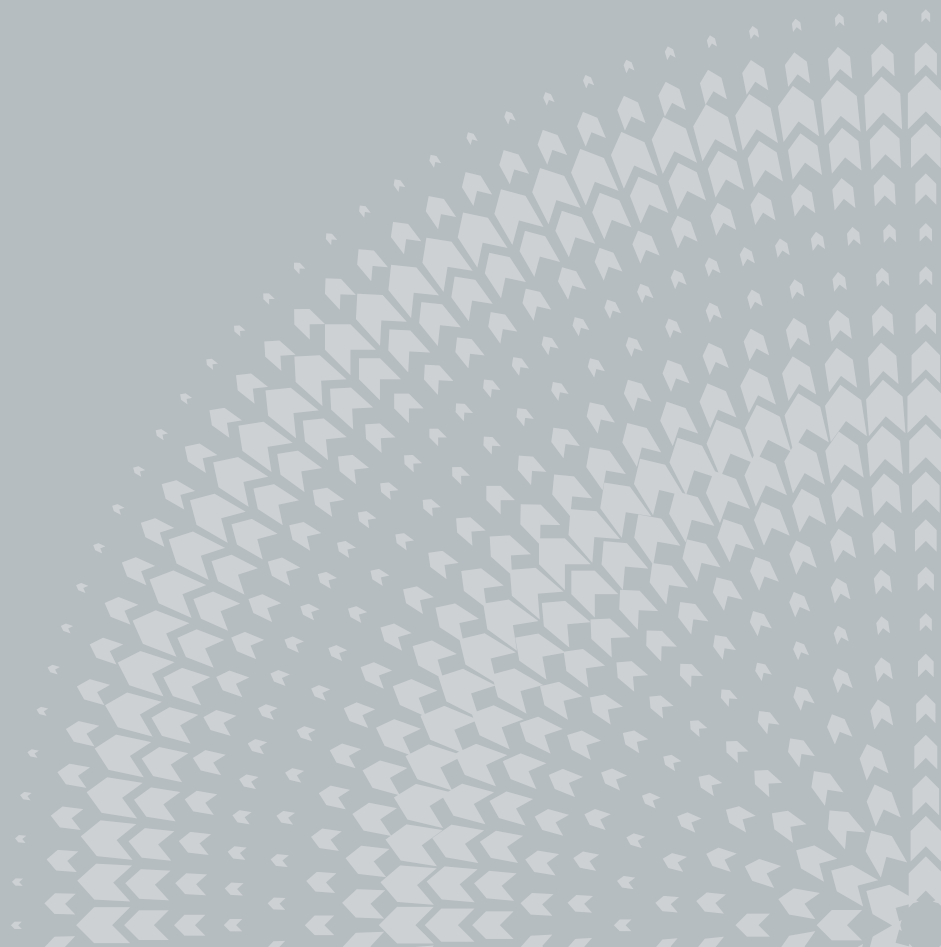


18- Documents Available for Inspection

The following documents will be available for inspection at the Company's Head Office in Riyadh, between 9:00 am and 3:00 pm from 28/03/1443H (corresponding to 03/11/2021G) until 03/05/1443H (corresponding to 07/12/2021G) for a period of no less than 20 days prior to the end of the Offering Period:

- A copy of the CMA's approval of the Offering.
- The Company's Board resolution approving the registration of the Company's shares and the public offering of the shares.
- The extraordinary general assembly resolution approving the registration of the Company's shares and the public offering of the shares.
- The Company's Bylaws, together with any amendments thereto and other constitutional documents.
- The Company's commercial registration certificate.
- Document explaining methodologies used in determining the price range for the bookbuild/valuation report.
- The contracts and agreements disclosed in Section 5-7-1 ("**Interests of Directors and Senior Executives in Contracts and Agreements Entered into by the Company and its Subsidiaries**") of this Prospectus.
- The audited financial statements of the Company for the financial years ended 2018G, 2019G, and 2020G and the interim reviewed financial statements for H1 2021G.
- The Underwriting Agreement.
- Other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus.
- Written consent from Financial Advisors, Bookrunners, Underwriters, Lead Manager, International Coordinators, Legal Advisor, Financial Due Diligence Advisor and Auditor for the Offering to include their names, logos and statements (where applicable) in the Prospectus.
- Document containing certain forward-looking statements in relation to the expected financial performance of the Company in the future.

19- FINANCIAL STATEMENTS AND AUDITOR'S REPORT



19- Financial Statements and Auditor's Reports

This Section contains the Company's audited financial statements for the financial years ended 31 December 2018G, 2019G, and 2020G, and the reviewed condensed consolidated interim financial statements for the six months ended 30 June 2021G, and the reviewed condensed consolidated interim financial statements for the nine months ended 30 September 2021G, and the accompanying notes thereto, which have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Board (IASB) as adopted in the Kingdom of Saudi Arabia, standards issued by Saudi Organization for Certified Public Accountants ("**SOCPA**") and other mandatory reporting requirements applicable in the Kingdom of Saudi Arabia.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
TOGETHER WITH THE
INDEPENDENT AUDITORS' REPORT



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Certified Public Accountants
 KPMG Tower
 Salahudeen Al Ayoubi Road
 P O Box 92876
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 Internet www.kpmg.com/sa

Licence No. 46/11/323 issued 11/3/1992

Independent Auditors' Report

To the Shareholders of Saudi Stock Exchange Company

Opinion

We have audited the consolidated financial statements of Saudi Stock Exchange Company ("Tadawul") ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (SOCPA).

Basis for Opinion

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

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

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

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

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

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



Independent Auditors' Report

To the Shareholders of Saudi Stock Exchange Company (continued)


Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' 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.

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

For KPMG Al Fozan & Partners
Certified Public Accountants


Khalil Ibrahim Al Sedais
License No: 371



Al Riyadh, 4 Ramadan 1440 H
Corresponding to: 9 May 2019

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2018
 (SAUDI ARABIAN RIYALS)

	Notes	31 December 2018	31 December 2017	1 January 2017
			(Restated)	(Restated)
ASSETS				
Non-current assets				
Property and equipment	5	18,321,065	26,137,061	32,391,225
Intangible assets	6	114,622,164	81,184,289	83,765,860
Equity-accounted investee	7	42,607,073	49,236,157	51,645,966
Investments	8	306,327,691	1,113,741,772	1,452,624,267
Total non-current assets		481,877,993	1,270,299,279	1,620,427,318
Current assets				
Investments	8	2,616,337,849	1,479,115,490	1,591,008,539
Account receivables	9	38,594,342	26,916,210	9,720,714
Prepaid expenses and other current assets	10	31,959,881	24,939,387	26,214,054
Cash and cash equivalents	11	363,178,918	613,057,827	109,398,138
Total current assets		3,050,070,990	2,144,028,914	1,736,341,445
TOTAL ASSETS		3,531,948,983	3,414,328,193	3,356,768,763
EQUITY AND LIABILITIES				
EQUITY				
Share capital	1	1,200,000,000	1,200,000,000	1,200,000,000
Statutory reserve	12	311,582,367	296,763,700	283,786,867
General reserve	13	1,114,180,214	1,114,180,214	1,114,180,214
Fair value reserve		-	9,360,408	(3,156,708)
Retained earnings		608,896,618	567,428,470	527,312,309
TOTAL EQUITY		3,234,659,199	3,187,732,792	3,122,122,682
Non-current liabilities				
Employees' end-of-service benefits	14	72,059,827	91,824,969	95,031,112
Provision for specific obligations	15	17,430,875	17,430,875	17,430,875
Total non-current liabilities		89,490,702	109,255,844	112,461,987
Current liabilities				
Account payables	16	87,268,042	51,116,941	60,730,640
Balance due to Capital Market Authority		56,661,001	11,881,482	16,258,958
Deferred revenue		4,733,107	5,829,797	2,649,570
Accrued expenses and other current liabilities	17	59,136,932	48,511,337	42,544,926
Total current liabilities		207,799,082	117,339,557	122,184,094
TOTAL LIABILITIES		297,289,784	226,595,401	234,646,081
TOTAL EQUITY AND LIABILITIES		3,531,948,983	3,414,328,193	3,356,768,763

The accompanying notes from (F-1) through (F-57) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

	Notes	For the year ended 31 December	
		2018	2017 (Restated)
Operating revenue	18	583,280,040	545,449,550
Operating costs	19	(298,503,938)	(295,466,902)
Gross profit		284,776,102	249,982,648
General and administrative expenses	20	(210,520,277)	(192,528,380)
Operating profit		74,255,825	57,454,268
Investment income	21	79,211,522	87,188,113
Share of net loss in an equity-accounted investee	7	(6,629,084)	(2,409,809)
Other income		1,348,402	3,070,137
Non-operating profit		73,930,840	87,848,441
Profit for the year		148,186,665	145,302,709
Other comprehensive income			
Items that will not be reclassified to the consolidated statement of profit or loss			
Remeasurement of defined benefit liability	14	20,302,501	(2,209,715)
Items that can be reclassified to the consolidated statement of profit or loss			
Net change in fair value on available-for-sale equity investments		-	12,517,116
Other comprehensive income for the year		20,302,501	12,517,116
Total comprehensive income for the year		168,489,166	155,610,110
Basic and diluted earnings per share	22	1.23	1.21

The accompanying notes from (F-1) through (F-57) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

	Notes	Share capital	Statutory reserve	General reserve	Fair value reserve	Retained earnings	Total equity
Balance as at 1 January 2018		1,200,000,000	296,763,700	1,114,180,214	9,360,408	567,428,470	3,187,732,792
Effect on the adoption of IFRS 9 at 1 January 2018	3.1.1	-	-	-	(9,360,408)	7,797,649	(1,562,759)
Restated balance at 1 January 2018		1,200,000,000	296,763,700	1,114,180,214	-	575,226,119	3,186,170,033
Total comprehensive income for the year:							
Profit for the year		-	-	-	-	148,186,665	148,186,665
Other comprehensive income for the year		-	-	-	-	20,302,501	20,302,501
Dividend	29	-	-	-	-	(120,000,000)	(120,000,000)
Transfer to statutory reserve		-	14,818,667	-	-	(14,818,667)	-
Balance as at 31 December 2018		1,200,000,000	311,582,367	1,114,180,214	-	608,896,618	3,234,659,119
Balance as at 1 January 2017 – as previously reported		1,200,000,000	283,786,867	1,114,180,214	(3,156,708)	577,878,210	3,172,688,583
Effect of transition to IFRS	4.1	-	-	-	-	(50,565,901)	(50,565,901)
Balance as at 1 January 2017 – Restated		1,200,000,000	283,786,867	1,114,180,214	(3,156,708)	527,312,309	3,122,122,682
Total comprehensive income for the year:							
Profit for the year		-	-	-	-	145,302,709	145,302,709
Change in fair value of available-for-sale investments		-	-	-	12,517,116	-	12,517,116
Remeasurement of defined benefit liability		-	-	-	-	(2,209,715)	(2,209,715)
Transfer to statutory reserve		-	12,976,833	-	-	(12,976,833)	-
Dividend	29	-	-	-	-	(90,000,000)	(90,000,000)
Balance as at 31 December 2017		1,200,000,000	296,763,700	1,114,180,214	9,360,408	567,428,470	3,187,732,792

The accompanying notes from (F-1) through (F-57) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

	Notes	For the year ended 31 December	
		2018	2017 (Restated)
Cash flows from operating activities			
Profit for the year		148,186,665	145,302,709
Adjustments to reconcile net profit for the year to net cash generated from operating activities:			
Depreciation and amortization	19 & 20	32,271,083	30,545,550
Charge for credit losses on account receivables		3,839,671	1,363,561
Reversal for impairment on investments held at amortized cost		(65,573)	-
Loss/(gain) on sale on property and equipment		49,355	(3,656)
Provision for employees' end-of-service benefits	14	14,418,075	792,232
Realised gain on investments	21	(10,679,758)	(6,864,227)
Unrealised gain on investments	21	(3,753,316)	(16,702,044)
Share of loss in equity-accounted investee	7	6,629,084	2,409,809
Changes in operating assets and liabilities :			
Account receivables		(15,543,634)	(18,559,057)
Prepaid expenses and other current assets		(7,020,494)	10,090,005
Account payables		36,151,101	(9,613,699)
Balance due to Capital Market Authority		44,779,519	(4,377,476)
Deferred revenue		(1,096,690)	3,180,227
Accrued expenses and other current liabilities		10,625,595	5,966,411
Cash generated from operations		258,790,683	143,530,345
Employees' end-of-service benefits paid	14	(13,880,716)	(6,208,090)
Net cash flows generated from operating activities		244,909,967	137,322,255
Cash flows from investing activities			
Purchase of investments		(1,224,838,967)	(1,724,196,739)
Proceeds from disposal of investments		907,992,408	2,202,240,332
Purchase of intangible assets and property and equipment		(57,467,089)	(21,710,659)
Proceeds from disposal of property and equipment		(475,228)	4,500
Net cash flows (used in) / generated from investing activities		(374,788,876)	456,337,434
Cash flows from financing activities			
Dividend paid	28	(120,000,000)	(90,000,000)
Net cash used in financing activities		(120,000,000)	(90,000,000)
Net change in cash and cash equivalents		(249,878,909)	503,659,689
Cash and cash equivalents at the beginning of the year		613,057,827	109,398,138
Cash and cash equivalents at the end of the year	11	363,178,918	613,057,827

The accompanying notes from (F-1) through (F-57) form an integral part of these consolidated financial statements

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

1- GENERAL

Saudi Stock Exchange Company (Tadawul) ("the Company") is a Saudi Closed Joint Stock Company registered in the Kingdom of Saudi Arabia established by Royal Decree no. M/15 dated 01/03/1428 H (corresponding to 20 March 2007). The share capital of the Company is SR 1,200 million divided into 120 million shares of SR 10 each fully subscribed by the Public Investment Fund ("PIF").

The Minister of Commerce and Industry resolution no. 320/k dated 1/12/1428 H (corresponding to 11 December 2007) was issued approving the license to establish the Company as a Saudi joint stock company. The Company was registered as a Saudi joint stock company in Riyadh under Commercial Registration number 1010241733 dated 2/12/1428 H (corresponding to 12 December 2007). All rights, assets, liabilities, obligations and records were transferred from Saudi Share Registration Company (a company which existed before the establishment of Tadawul) to the Company as at 30/11/1428 H (corresponding to 10 December 2007).

The Company's main activity is to provide, create and manage the mechanisms of trading of securities, providing depository and registration of securities ownership, dissemination of securities information 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 Tadawul and its subsidiaries (collectively referred to as "the Group").

The Company's registered address is as follows:

6897 King Fahd Road - Al Ulaya

Unit Number: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Subsidiaries

Securities Depository Centre Company ("Edaa")

Capital Market Authority ("CMA") Board approved the formation of Securities Depository Centre Company ("Edaa") as a new Saudi joint stock company in the Kingdom of Saudi Arabia in accordance with the Capital Market Law issued by the Royal Decree no. M/30 dated 06/02/1424 H (corresponding to 22 March 2003). Edaa was registered as a Saudi joint stock company in Riyadh under Commercial Registration no. 1010463866 dated 11/27/1437 H (corresponding to 30 August 2016) with an authorized share capital of SR 400 million divided into 40 million shares of SR 10 each.

As at 31 December 2018 and 31 December 2017, the Company held 100 percent of the issued share capital of Edaa. The main objective of Edaa is to provide depository and registration of securities ownership, and clearing services of securities.

Central Counter-Party Clearing House Company ("CCP")

During the year ended 31 December 2017, the Company's Board of Directors in their meeting dated 30 October 2017 under a decision number 03-04-2017/04-04-2017 approved the formation of a new company, Central Counter-Party Clearing House Company ("CCP"). CCP was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010935131 dated 02/06/1439 (corresponding to 18 February 2018) with an authorized share capital of SAR 600 million divided into 60 million shares of SR 10 each.

As at 31 December 2018, the Company held 100 percent of the issued share capital of CCP. The main objective of CCP is to provide, create and manage the mechanisms of trading of securities, providing settlement and clearing services of securities and engage in any related other activity to achieve the objectives as defined in the Capital Market Law.

STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

2- BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA") and should be read in conjunction with the Company's financial statements as at 31 December 2017 prepared in accordance with Generally Accepted Accounting Standards issued by SOCPA ("Previous GAAP"). Therefore, in these consolidated financial statements, the Company has included additional disclosures in accordance with IFRS 1 "First-time of International Financial Reporting Standards".

The new Regulation for Companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as "the Law") came into force on 25/07/1437H (corresponding to 2 May 2016). The Company has to amend its By-laws for any changes to align those with provisions of the Law. Consequently, the Company shall present its amended By-laws to stockholders in their Extraordinary General Assembly meeting for their ratification. The legal proceedings to amend the Company's By-laws are still under process.

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 and loss and at amortized cost, and employees' end-of-service benefits, which are measured using actuarial techniques, using accrual basis of accounting and the going concern concept.

2.3 New standards, amendments and standards issued:

New standards, amendment to standards and interpretations:

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" from 1 January 2018; the effect of application of these standards have been fully explained in note 3. A number of other new standards, amendments to standards are effective from 1 January 2018 but they do not have a material effect on the Group's consolidated financial statements.

Standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted them in preparing these consolidated financial statements. The following new standards and amendment to standards are not expected to have a significant impact on the Group's consolidated financial statements:

i) IFRS 16 Leases

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2018
 (SAUDI ARABIAN RIYALS)

2- BASIS OF PREPARATION (CONTINUED)

2.3 New standards, amendments and standards issued (Continued):

ii) Other amendments

- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendments, Curtailment or Settlement (Amendments to IAS 19)

2.4 Functional and presentation currency

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

2.5 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income 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 as follows:

	Notes
Useful lives of property and equipment	3.2
Useful lives of intangible assets	3.3
Allowance for impairment on investments at amortized cost	3.1
Allowance for credit losses on accounts receivables	3.1
Defined benefits obligations – employees' end-of-service benefits	3.8 & 14
Provision for specific obligations	15

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below, these policies have been consistently applied to all the periods presented unless otherwise stated, where policies are applicable only on or from 1 January 2018, those policies have been particularly specified.

Basis of consolidation

These consolidated financial statements comprise the financial statements of Tadawul and its subsidiaries (collectively referred to as "the Group"). Control is achieved when the Group is exposed, 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.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In assessing control, potential voting rights that presently excisable are taken into account. The financial statements of subsidiaries are included in the IFRS consolidated financial statements from the date that control commences until the date control ceases.

All transactions and resulting balances between the Company and the subsidiaries are eliminated in preparing these consolidated financial statements. Any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

Adoption of new standards as at 1 January 2018

Effective 1 January 2018, the Group has adopted IFRS 15 - Revenue from Contracts with Customers and IFRS 9 - Financial Instruments. The impact of the adoption of these standards is explained below:

IFRS 15 Revenue from Contracts with Customers

The Group adopted IFRS 15 'Revenue from Contracts with Customers' resulting in a change in the revenue recognition policy of the Group in relation to its contracts with customers.

IFRS 15 was issued in May 2014 and is effective for annual periods commencing on or after 1 January 2018. IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes previous revenue guidance, which was found across several Standards and Interpretations within IFRS. It established a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 also includes a comprehensive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group has assessed that the impact of IFRS 15 is not material on the consolidated financial statements of the Group as at the initial adoption and the reporting date.

IFRS 9 – Financial Instruments

Effective 1 January 2018, the Group has adopted IFRS 9 Financial Instruments issued in July 2014 with a date of initial application at 1 January 2018. Accounting policies and significant judgments and estimates relating to IFRS 9 are set out below. As permitted by IFRS 9, the Group has opted for the modified retrospective approach that does not require restatement of comparative reporting periods. Hence, comparative figures are presented under Previous GAAP. The difference in the carrying amount of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as of 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore are not comparable to the information presented for 2018 under IFRS 9.

3.1 Financial instruments

Policies applicable before 1 January 2018

Held-for-trading investments

Investment in trade securities which are purchased for trading purposes are initially recorded at cost and then re-measured and stated in the balance sheet at market value and included under current assets. Realized gain or loss on sale of trading securities and changes in market value at balance sheet date are credited or charged to consolidated statement of profit or loss.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (Continued)

Policies applicable before 1 January 2018 (Continued)

Available-for-sale investments

Available-for-sale investments consist of quoted and unquoted equity investments including mutual funds' investments, which are not held for trading purposes and where the Group does not have any significant influence or control. These are initially recognized and subsequently re-measured at fair value. Any changes in fair value are recognized in equity as fair value reserve until the investment is disposed. On de-recognition, any cumulative gain or loss previously recognized in equity is included in the consolidated statement of income. Any significant and prolonged decline in fair value of the available-for-sale, if any, is charged to the statement of income. The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, including investments in unquoted private equity, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same, otherwise the cost is considered to be the fair value for these investments.

Held to maturity investments

Investments having fixed or determinable payments and fixed maturity for which the management has a positive intention and ability to hold to maturity are classified as held to maturity. Held to maturity investments are initially recognized at fair value including direct and incremental transaction costs and subsequently measured at amortized cost, less provision for impairment in their value. Amortized cost is calculated by taking into account any discount or premium on acquisition using the effective yield method. Any gain or loss on such investments is recognized in the consolidated statement of income when the investment is derecognized or impaired. These investments are classified in current assets if their maturity falls within twelve months from the balance sheet date and in non-current assets if their maturity after twelve months from the balance sheet date.

Account receivables

Account receivables are stated at original invoice amount less provisions made for doubtful debts. A provision against doubtful debts is established when there is an objective evidence that the Group will not be able to collect the amounts due according to the original terms of receivables. Bad debts are written off when identified, against its related provisions. The provisions are charged to consolidated statement of income and any subsequent recovery of receivable amounts previously written off are credited to income.

Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the consolidated statement of income.

Impairment is determined as follows:

- a) For asset carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statement of income
- b) For asset carried at cost, impairment is the difference between carrying amount and the present value cash flows discounted at the current market rate of return for a similar financial asset.
- c) For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective profit rate.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (Continued)

Policies applicable before 1 January 2018 (Continued)

Impairment of financial assets (Continued)

For equity investments held as available-for-sale, a significant and prolonged decline in fair value below its cost represents objective evidence of impairment. The impairment loss cannot be reversed through consolidated statement of income as long as the asset continues to be recognized i.e. any increase in fair value after impairment can only be recognized in equity. On de-recognition, any cumulative gain or loss previously recognized in equity is included in the consolidated statement of income for the period.

Policies applicable from 1 January 2018

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

i) Classification and measurement of financial assets

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or 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.

Financial assets at FVOCI

A financial asset 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (Continued)

Policies applicable after 1 January 2018 (Continued)

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.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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

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

ii) Classification and measurement of financial liabilities

Financial liabilities at amortized cost are initially measured at fair value less transaction costs.

Subsequently, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or the Group has opted to measure a liability at fair value through profit or loss as per the requirements of IFRS 9.

iii) 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (Continued)

iii) Derecognition (Continued)

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 expire.

iv) Off-setting

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. Income and expenses are not 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.

v) Impairment of financial assets

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

Loss allowances for receivables are always measured at an amount equal to lifetime ECL. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 the Consolidated Statement of Profit or Loss.

vi) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences arising due to change in classification and the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (Continued)

vi) Transition (Continued)

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:
 - i) The determination of the business model within which a financial asset is held.
 - ii) The designation and revocation of previously designated financial assets and financial liabilities as measured at FVTPL.
 - iii) The designation of certain investments in equity instruments not held for trading as FVOCI.
 - iv) For financial liabilities designated as at FVTPL, the determination of whether presenting the effects of changes in the financial liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

3.1.1 Impact of adopting of IFRS 9 at 1 January 2018

The following table and the accompanying notes below explain the original measurement categories under Previous GAAP and the new measurement categories under IFRS 9 for the class of the Group's consolidated financial assets as at 1 January 2018.

	Classification under Previous GAAP	New classification under IFRS 9	Carrying amount under Previous GAAP	Carrying amount under IFRS 9
Financial assets				
Investments	HFT/AFS	FVTPL	1,316,230,886	1,316,230,886
Investments	HTM	Amortised cost	1,276,626,376	1,275,089,448
			2,592,857,262	2,591,320,334
Cash and cash equivalents	Loans and receivables	Amortized cost	613,057,827	613,057,827
Account receivables, net	Loans and receivables	Amortized cost	26,916,210	26,890,379
Total financial assets			3,232,831,299	3,231,268,540
Financial liabilities				
Account payables	Amortized cost	Amortized cost	51,116,941	51,116,941
Balance due to Capital Market Authority	Amortized cost	Amortized cost	11,881,482	11,881,482
Accrued expenses and other current liabilities	Amortized cost	Amortized cost	48,511,337	48,511,337
Total financial liabilities			111,509,760	111,509,760

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (Continued)

3.1.1 Impact of adopting of IFRS 9 at 1 January 2018 (Continued)

- i) Reconciliation of carrying amounts under Previous GAAP to the carrying amounts under IFRS 9 at the adoption of IFRS 9

	Previous GAAP carrying amount as at 31 December 2017	Re- classification	Re-measurement	IFRS 9 carrying amount as at 1 January 2018
Financial assets				
Amortized cost				
Investments	1,276,626,376	-	(1,536,928)	1,275,089,448
Account receivables	26,916,210	-	(25,831)	26,890,379
Cash and cash equivalents	613,057,827	-	-	613,057,827
Total amortized cost	1,916,600,413	-	(1,562,759)	1,915,037,654
FVTPL				
Investments	1,227,595,478	88,635,408	-	1,316,230,886
Total FVTPL	1,227,595,478	88,635,408	-	1,316,230,886
Available-for-sale				
Investments	88,635,408	(88,635,408)	-	-
Total financial assets	3,232,831,299	-	(1,562,759)	3,231,268,540
Financial liabilities				
Amortized cost				
Accounts payables	51,116,941	-	-	51,116,941
Balance due to Capital Market Authority	11,881,482	-	-	11,881,482
Accrued expenses and other current liabilities	48,511,337	-	-	48,511,337
Total financial liabilities	111,509,760	-	-	111,509,760

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (Continued)

3.1.1 Impact of adopting of IFRS 9 at 1 January 2018 (Continued)

ii) Impact on retained earnings and other reserves

	Fair value reserve	Retained earnings
Balance as at 31 December 2017 – Restated	9,360,408	597,628,978
Effect of:		
Reclassification from available-for-sale to FVTPL	(9,360,408)	9,360,408
Recognition of expected credit losses under IFRS 9	-	(1,562,759)
Opening balance under IFRS 9 (1 January 2018)	-	605,426,627

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (Continued)

3.1.1 Impact of adopting of IFRS 9 at 1 January 2018 (Continued)

iii) The following table provides carrying value of financial assets and financial liabilities in the statement of financial position.

	31 December 2018					
	Mandatorily at FVTPL	Designated at FVTPL	FVOCI – debt	Designated as at FVOCI – equity	Amortized cost	Total carrying amount
Financial assets						
Cash and cash equivalents	-	-	-	-	363,178,918	363,178,918
Investments	1,303,776,087	-	-	-	1,618,889,453	2,922,665,540
Account receivables	-	-	-	-	38,594,342	38,594,342
Total financial assets	1,303,776,087	-	-	-	2,020,662,713	3,324,438,800
Financial liabilities						
Account payables	-	-	-	-	87,268,042	87,268,042
Balance due to Capital Market Authority	-	-	-	-	56,661,001	56,661,001
Accrued expenses and other liabilities	-	-	-	-	61,925,886	61,925,886
Total financial liabilities	-	-	-	-	205,854,929	205,854,929

3.2 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.

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

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

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

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

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Property and equipment (Continued)

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

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

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

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

3.3 Intangible assets

These represent software held for use in the normal course of the business and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to the statement of profit or loss over an estimated useful life of the software using the straight-line method. The estimated useful life of software is 6 years.

3.4 Impairment of non-financial assets

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

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

This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash inflows. 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Impairment of non-financial assets (Continued)

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 the consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

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

3.5 Investments in associates (investment in equity-accounted investees)

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

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

When the Group's share of losses exceeds its interest in an equity-accounted investee, the 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.

3.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less, if any, which are available to the Group without any restrictions.

3.7 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 the statement of profit or loss.

3.8 Defined benefits obligation- 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 separately for each plan 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Defined benefits obligation- employees' end-of-service benefits (Continued)

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
- Interest expense

The calculation of defined benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

3.9 Revenue recognition

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 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 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 amount of consideration to which the Group expects to be 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 service to the customer under a contract.

Dividend income

Dividend income is recognized when the right to receive is established.

Special commission income

Special commission income is recognised in the statement of profit or loss on an effective yield basis.

3.10 Expenses

General and administrative expenses are those arising from the Group's efforts underlying the marketing, consultancy and maintenance functions. Allocations of common expenses between operating costs and general and administrative expenses, when required, are made on a consistent basis.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Foreign currency transactions (Continued)

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 period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of FVOCI instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3.12 Zakat

Based on the GAZT letter number 2999/12 dated 5/6/1429 H, the Group will be subject to Zakat after the initial public offering and the participation of private sector in its share capital in accordance with the approval of the Minister of Finance on GAZT's study regarding this matter dated 24/5/1429 H. In addition, based on the GAZT letter number 16/33008 dated 28/12/1438H, the Group is not subject to Zakat as it is fully owned by the Public Investment Fund (a governmental agency) and hence no provision is recorded in these consolidated financial statements.

3.13 Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at reporting date and disclosed in the Group's consolidated financial statements under contingent liabilities.

3.14 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 to 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Fair value measurement (Continued)

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.

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.

3.15 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 current when it is:

- expected to be realised or intended to sold or consumed in normal operating cycle;
- 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 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.

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4- EXPLANATION OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS

As stated in note 2, these are the Group's consolidated financial statements prepared in accordance with IFRS. The basis of preparation and accounting policies set out in note 2 and 3 respectively have been applied consistently in preparation of these consolidated financial statements.

An explanation of how the transition from previous GAAP (SOCPA) to IFRS and other adjustments is set out in the following tables:

4.1 Reconciliation of equity

	31 December 2017		
	Balance as per SOCPA	Adjustments	Balance as per IFRS
ASSETS			
Non-current assets			
Property and equipment (Note 4.4a)	22,889,063	3,247,998	26,137,061
Projects under progress (Note 4.4a)	18,094,098	(18,094,098)	-
Intangible assets (Note 4.4a)	66,338,189	14,846,100	81,184,289
Equity-accounted investee (Note 4.3b)	79,436,665	(30,200,508)	49,236,157
Investments (Note 4.4b)	1,108,635,408	5,106,364	1,113,741,772
	1,295,393,423	(25,094,144)	1,270,299,279
Current assets			
Investments (Note 4.4b)	1,477,595,478	1,520,012	1,479,115,490
Account receivables	26,916,210	-	26,916,210
Prepaid expenses and other current assets (Note 4.4b)	31,565,763	(6,626,376)	24,939,387
Cash and cash equivalents	613,057,827	-	613,057,827
	2,149,135,278	(5,106,364)	2,144,028,914
TOTAL ASSETS	3,444,528,701	(30,200,508)	3,414,328,193
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,200,000,000	-	1,200,000,000
Statutory reserve	296,763,700	-	296,763,700
General reserve	1,114,180,214	-	1,114,180,214
Fair value reserve	9,360,408	-	9,360,408
Retained earnings (Note 4.3a and 4.3b)	604,669,705	(37,241,235)	567,428,470
TOTAL EQUITY	3,224,974,027	(37,241,235)	3,187,732,792

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4- EXPLANATION OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS (CONTINUED)

4.1 Reconciliation of equity (Continued)

	31 December 2017		
	Balance as per SOCPA	Adjustments	Balance as per IFRS
Non-current liabilities			
Employees' end-of-service benefits (Note 4.3)	84,784,242	7,040,727	91,824,969
Provision for specific obligations	17,430,875	-	17,430,875
	102,215,117	7,040,727	109,255,844
Current liabilities			
Account payables	51,116,941	-	51,116,941
Balance due to Capital Market Authority	11,881,482	-	11,881,482
Deferred revenue	5,829,797	-	5,829,797
Accrued expenses and other current liabilities	48,511,337	-	48,511,337
	117,339,557	-	117,339,557
TOTAL LIABILITIES	219,554,674	7,040,727	226,595,401
TOTAL EQUITY AND LIABILITIES	3,444,528,701	-	3,414,328,193

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4- EXPLANATION OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS (CONTINUED)

4.1 Reconciliation of equity (Continued)

	1 January 2017		
	Balance as per SOCPA	Adjustments	Balance as per IFRS
ASSETS			
Non-current assets			
Property and equipment (Note 4.4a)	30,442,804	1,948,421	32,391,225
Projects under progress (Note 4.4a)	29,144,844	(29,144,844)	-
Intangible assets (Note 4.4a)	56,569,437	27,196,423	83,765,860
Equity-accounted investee (Note 4.3b)	81,846,474	(30,200,508)	51,645,966
Investments (Note 4.4b)	1,446,118,292	6,505,975	1,452,624,267
	1,644,121,851	(23,694,533)	1,620,427,318
Current assets			
Investments (Note 4.4b)	1,582,072,800	8,935,739	1,591,008,539
Account receivables	9,720,714	-	9,720,714
Prepaid expenses and other current assets (Note 4.4b)	41,655,768	(15,441,714)	26,214,054
Cash and cash equivalents	109,398,138	-	109,398,138
	1,742,847,420	(6,505,975)	1,736,341,445
TOTAL ASSETS	3,386,969,271	(30,200,508)	3,356,768,763
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,200,000,000	-	1,200,000,000
Statutory reserve	283,786,867	-	283,786,867
General reserve	1,114,180,214	-	1,114,180,214
Fair value reserve	(3,156,708)	-	(3,156,708)
Retained earnings (Note 4.3a and 4.3b)	577,878,210	(50,565,901)	527,312,309
TOTAL EQUITY	3,172,688,583	(50,565,901)	3,122,122,682
Non-current liabilities			
Employees' end-of-service benefits (Note 4.3a)	74,665,719	20,365,393	95,031,112
Provision for specific obligations	17,430,875	-	17,430,875
	92,096,594	20,365,393	112,461,987

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4- EXPLANATION OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS (CONTINUED)

4.1 Reconciliation of equity (Continued)

	1 January 2017		
	Balance as per SOCPA	Adjustments	Balance as per IFRS
Current liabilities			
Account payables	60,730,640	-	60,730,640
Balance due to Capital Market Authority	16,258,958	-	16,258,958
Deferred revenue	2,649,570	-	2,649,570
Accrued expenses and other liabilities	42,544,926	-	42,544,926
	122,184,094	-	122,184,094
TOTAL LIABILITIES	214,280,688	20,365,393	234,646,081
TOTAL EQUITY AND LIABILITIES	3,386,969,271	(30,200,508)	3,356,768,763

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4- EXPLANATION OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS (CONTINUED)

4.2 Reconciliation of statement of profit or loss and other comprehensive income

	For the year ended 31 December 2017		
	SOCPA	Adjustments	IFRS
Operating revenue	545,449,550	-	545,449,550
Operating costs (Note 4.3)	(294,148,341)	6,990,471	(287,157,870)
Gross profit	251,301,209	6,990,471	258,291,680
General and administrative expenses (Note 4.3)	(209,381,322)	8,543,910	(200,837,412)
Operating profit	41,919,887	15,534,381	57,454,268
Investment income	87,188,113	-	87,188,113
Share of loss in equity-accounted investee	(2,409,809)	-	(2,409,809)
Other income	3,070,137	-	3,070,137
Non-operating profit	87,848,441	-	87,848,441
Profit for the year	129,768,328	15,534,381	145,302,709
Other comprehensive income			
Items that will not be reclassified to consolidated statement of profit or loss in subsequent periods			
Re-measurements of the defined benefit liability (Note 4.3)	-	(2,209,715)	(2,209,715)
Items that can be reclassified to consolidated statement of profit or loss in subsequent periods			
Equity investments at FVOCI – net change in fair value	12,517,116	-	12,517,116
Other comprehensive income	12,517,116	(2,209,715)	10,307,401
Total comprehensive income	142,285,444	13,324,666	155,610,110

4.3 Changes due to transition from SOCPA to IFRS

a) Employees' end-of-service benefits

Under SOCPA Standards, the Group recorded its liability based on regulatory requirements. In order to determine the liability under IFRS, the Group performed a detailed actuarial valuation of its employees' end-of-service benefits.

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4- EXPLANATION OF TRANSITION TO IFRS AND OTHER ADJUSTMENTS (CONTINUED)

4.3 Changes due to transition from SOCPA to IFRS (Continued)

a) Employees' end-of-service benefits (Continued)

The impact arising from the above change is summarized as follows:

Statement of financial position	31 December 2017		
	SOCPA	Adjustments	IFRS
Balance at the beginning of the year	74,665,719	20,365,393	95,031,112
Charge for the year / current service cost and interest cost	16,326,613	(15,534,381)	792,232
Actuarial re-measurement loss recognized in other comprehensive income	-	2,209,715	2,209,715
Payments made during the year	(6,208,090)	-	(6,208,090)
Balance at the end of the year	84,784,242	7,040,727	91,824,969

Statement of financial position	1 January 2017
Balance as per Previous GAAP	74,665,719
Adjustment	20,365,393
Balance as per IFRS	95,031,112

b) Equity-accounted investee

As part of IFRS transition, the Company identified that there existed impairment indicators relating to its equity-accounted investee, which were not considered under the Previous GAAP. Accordingly, the Company performed an impairment test and recognized a loss of SR 30,200,508 on the date of transition.

4.4 Changes due to presentation enhancement and reclassification

a) Property and equipment, Intangibles and Projects under progress

Projects under progress has been reclassified under property and equipment and intangible assets.

b) Investments and prepaid expenses and other assets

Accrued income on investments classified under prepaid expenses and other current assets has been reclassified to investments.

4.5 Statement of cash flows

There are no material differences between the consolidated statement of cash flows presented under IFRSs and the consolidated statement of cash flows presented under previous GAAP.

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5- PROPERTY AND EQUIPMENT

	Land	Building	Furniture and fixtures	Computers	Office equipment	Vehicles	Total
Cost:							
Balance as at 1 January 2017	2,310,985	618,248	20,693,597	147,207,861	18,207,546	1,656,350	190,694,587
Transfers due to adoption of IFRS (Note 4.1)	-	-	965,660	1,912,746	369,592	-	3,247,998
Additions	-	-	508,442	3,777,318	246,366	-	4,532,126
Disposals	-	-	(382,390)	(787,947)	(428,180)	-	(1,598,517)
Balance as at 31 December 2017 - Restated	2,310,985	618,248	21,785,309	152,109,978	18,395,324	1,656,350	196,876,194
Balance as at 1 January 2018	2,310,985	618,248	21,785,309	152,109,978	18,395,324	1,656,350	196,876,194
Additions	-	-	692,156	1,635,572	318,458	-	2,646,186
Disposals	-	-	(2,216,232)	(48,802,995)	(802,590)	-	(51,821,817)
Balance as at 31 December 2018	2,310,985	618,248	20,261,233	104,942,555	17,911,192	1,656,350	147,700,563
Accumulated depreciation:							
Balance as at 1 January 2017	-	27,478	16,418,883	127,183,080	15,714,880	907,462	160,251,783
Charge for the year	-	20,608	1,035,500	9,930,423	815,725	282,767	12,085,023
Disposals	-	-	(381,546)	(787,947)	(428,180)	-	(1,597,673)
Balance as at 31 December 2017	-	48,086	17,072,837	136,325,556	16,102,425	1,190,229	170,739,133
Balance as at 1 January 2018	-	48,086	17,072,837	136,325,556	16,102,425	1,190,229	170,739,133
Charge for the year	-	20,608	839,299	8,463,836	880,067	209,017	10,412,827
Disposals	-	-	(2,171,022)	(48,800,131)	(801,309)	-	(51,772,462)
Balance as at 31 December 2018	-	68,694	15,741,114	95,989,261	16,181,183	1,399,246	129,379,498
Net book value:							
As at 31 December 2018	2,310,985	549,554	4,520,119	8,953,294	1,730,009	257,104	18,321,065
As at 31 December 2017 - Restated	2,310,985	570,162	4,712,472	15,784,422	2,292,899	466,121	26,137,061

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5- PROPERTY AND EQUIPMENT (CONTINUED)

5.1 The allocation of depreciation expense between operating costs and general and administrative expenses is as follows:

Description	2018	2017
Operating costs	7,209,368	8,837,065
General and administrative expenses	3,203,459	3,248,005
	10,412,827	12,085,070

6- INTANGIBLE ASSETS

	Note	For the year ended 31 December	
		2018	2017 (Restated)
Cost:			
Balance at beginning of the year		251,256,797	208,181,418
Transfers		-	11,796,792
Additions		55,296,131	16,432,487
Transfers due to adoption of IFRS (Note 4.1)		-	14,846,100
Disposals		(821,160)	-
Balance at end of the year		305,731,768	251,256,797
Accumulated amortization:			
Balance at beginning of the year		170,072,508	151,611,981
Charge for the year	6.1	21,858,256	18,460,527
Disposals		(821,160)	-
Balance at end of the year		191,109,604	170,072,508
Net book value as at 31 December		114,622,164	81,184,289

6.1 The allocation of amortization expense between operating costs and general and administrative expenses is as follows:

	For the year ended 31 December	
	2018	2017 (Restated)
Operating cost	19,746,261	15,333,988
General and administrative expenses	2,111,995	3,126,538
	21,858,256	18,460,526

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7- EQUITY-ACCOUNTED INVESTEE

This represents the Company's share of investment in Tadawul Real Estate Company ("the Associate"), a company incorporated in the Kingdom of Saudi Arabia, where the Company has significant influence. The Company owns 20% (31 December 2017: 20%; 1 January 2017: 20%) share capital of the Associate. The main activity of the Associate is to develop Tadawul's headquarter in the King Abdullah Financial District, Riyadh. The Group has not earned any dividend income from the Associate.

The movement of investment in the Associate is as follows:

	For the year ended 31 December	
	2018	2017 (Restated)
Balance at beginning of the year	49,236,157	51,645,966
Share of loss for the year	(6,629,084)	(2,409,809)
Balance at end of the year	42,607,073	49,236,157

The Group has recognized share of loss based on the latest available financial statements of the Associate.

The following table summarizes the financial information of the Associate as included in its own financial statements. The table also reconcile summarized financial information to the carrying amount of the Group's interest in the Associate:

	2018	2017
Percentage ownership interest	20%	20%
Total current assets	46,515,781	317,171,854
Total non-current assets	1,024,509,060	763,292,408
Total current liabilities	30,349,849	2,856,098
Total non-current liabilities	676,637,087	680,424,839
Net Assets (100%)	364,037,905	397,183,325
Group's share of net assets (20%)	72,807,581	79,436,665

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8- INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	31 December 2018	31 December 2017	1 January 2017
Non-current				
Investments at amortized cost	(8.1)	306,327,691	-	-
Held to maturity investments	(8.2)	-	1,025,106,364	1,376,505,975
Available-for-sale investments	(8.3)	-	88,635,408	76,118,292
		306,327,691	1,113,741,772	1,452,624,267
Current				
Investments at amortized cost	(8.4)	1,312,561,762	-	-
Held to maturity investments	(8.5)	-	251,520,012	1,131,531,571
Investments at FVTPL	(8.6)	1,303,776,087	-	-
Held for trading investments	(8.7)	-	1,227,595,478	459,476,968
		2,616,337,849	1,479,115,490	1,591,008,539

8.1 Investments at amortized cost – non-current

This represents investments in Sukuk issued by various counterparties having sound credit rating. These Sukuk carry an average profit rate of 3.15% per annum. Remaining maturity periods of these Sukuk vary between 1 and 8 years. As at 31 December 2018, accrued profit of SR 2.8 million was included in the amortised cost of these investments.

The movement of the allowance for impairment of investments held at amortized cost for the year ended 31 December 2018 is summarized as follows:

	31 December 2018
Balance at the beginning of the Year	-
Effect on the adoption of IFRS 9 at 1 January 2018	1,536,928
Reversal for the year	(65,573)
Balance at the end of the Year	1,471,355

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8- INVESTMENTS (CONTINUED)

8.2 Held to maturity investments – non-current

This represents investments in Sukuk issued by various counterparties having sound credit rating. These Sukuk were carrying an average profit rate of 4.28% per annum for the year ended 31 December 2017 (1 January 2017: 3.20% per annum). Remaining maturity periods of these Sukuk vary between 1 and 8 years. As at 31 December 2017, accrued profit of SR 5.1 million (1 January 2017: SR 9.8 million) was included in the amortised cost of these investments.

8.3 Available-for-sale investments

The cost and fair value of available-for-sale investments are as follows:

	31 December 2017		1 January 2017	
	Cost	Fair value	Cost	Fair value
Real estate funds	79,275,000	88,635,408	79,275,000	76,118,292
Total	79,275,000	88,635,408	79,275,000	76,118,292
Unrealized gain / (loss)		9,360,408		(3,156,708)

8.4 Investments at amortized cost - current

	Notes	31 December 2018
Sukuk	8.4.1	426,925,624
Murabaha	8.4.2	885,636,138
Total		1,312,561,762

8.4.1 This represents investment in Sukuk issued by various counterparties which are domiciled in the Kingdom of Saudi Arabia having sound credit rating. These Sukuk carry an average special commission of 4.28% per annum for the year ended 31 December 2018.

8.4.2 Short-term Murabaha placements are with counterparties which are domiciled in the Kingdom of Saudi Arabia, having investment grade credit ratings and earn average special commission rate of 3.23% per annum for the year ended 31 December 2018.

8.4.3 As at 31 December 2018, accrued profit of SR 5.1 million was included in the amortised cost of these investments.

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8- INVESTMENTS (CONTINUED)

8.5 Held to maturity investments – current:

	Notes	31 December 2017	1 January 2017
Sukuk	8.5.1	151,392,234	-
Murabaha	8.5.2	100,127,778	1,131,531,571
Total		251,520,012	1,131,531,571

8.5.1 This represents investment in Sukuk issued by various counterparties which are domiciled in the Kingdom of Saudi Arabia having sound credit rating. These Sukuk were carrying an average special commission of 3.30% per annum for the year ended 31 December 2017. These placements had an original maturity period of more than three months and less than twelve months.

8.5.2 Short-term Murabaha placements are with counterparties which are domiciled in the Kingdom of Saudi Arabia, having investment grade credit ratings and earn average special commission from 2.30% per annum for the year ended 31 December 2017 (1 January 2017: 3.14% per annum). These placements were matured in June 2018.

8.5.3 As at 31 December 2017, accrued profit of SR 1.5 million (1 January 2017: 9.5 million) was included in the amortised cost of these investments.

8.6 Investments at FVTPL:

The cost and fair value of investments held at FVTPL are as follows:

	31 December 2018	
	Cost	Fair value
Money market funds	1,192,965,777	1,228,320,127
Real estate funds	79,275,000	75,455,960
Total	1,272,240,777	1,303,776,087
Unrealized gain		31,535,310

8.7 Held for trading investments

The cost and fair value of held for trading investments are as follows:

	31 December 2017		1 January 2017	
	Cost	Fair value	Cost	Fair value
Money market funds	1,209,173,892	1,227,595,478	457,757,425	459,476,968
Unrealized gain		18,421,586		1,719,543

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9- ACCOUNT RECEIVABLES

	Notes	31 December 2018	31 December 2017	1 January 2017
Account receivables:				
- Related parties	24.1	12,682,167	4,416,769	2,273,187
- Others		32,641,416	25,363,180	8,947,705
Less: Allowance for credit losses	9.1	(6,729,241)	(2,863,739)	(1,500,178)
		38,594,342	26,916,210	9,720,714

9.1 The movement in the allowance for credit losses is summarized as follows:

	For the year ended 31 December	
	2018	2017
Balance at the beginning of the year	2,863,739	1,500,178
Effect on the adoption of IFRS 9 at 1 January 2018	25,831	-
Charge for the year	3,839,671	1,363,561
Balance at the end of the year	6,729,241	2,863,739

10- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	31 December 2018	31 December 2017	1 January 2017
Prepaid insurance expenses	7,672,925	6,839,732	6,886,582
Prepaid rent expenses	5,301,243	2,834,856	5,278,981
Accrued operational revenue	5,709,830	4,445,427	4,029,076
Advance to employees	4,377,876	4,514,536	2,664,701
Prepaid maintenance expenses	623,537	1,693,280	1,604,212
Value-added tax (VAT)	1,748,422	-	-
Others	6,526,048	4,611,556	5,750,502
	31,959,881	24,939,387	26,214,054

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11- CASH AND CASH EQUIVALENTS

	Note	31 December 2018	31 December 2017	1 January 2017
Current at banks – current accounts		68,823,309	169,057,827	9,398,138
Short-term Murabaha deposits	11.1	294,355,609	444,000,000	100,000,000
		363,178,918	613,057,827	109,398,138

11.1 Short-term Murabaha deposits are with counter-parties having good credit ratings. These placements have an original maturity period of three months or less and carry an average special commission rate of 2.7% (31 December 2017: 2.1%; 1 January 2017: 2.7%).

12- STATUTORY RESERVE

In accordance with the Company's By-laws and the previous Saudi Arabian Regulations for Companies, the Group sets aside 10% of its net income each year as statutory reserve until such reserve equals to 50% of the share capital. The new Saudi Arabian Regulations for Companies that came into effect on 25 Rajab 1437H (corresponding to May 2, 2016) requires companies to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. The Group is currently in the process of amending its By-laws as described in note 2. This reserve is currently not available for distribution to the shareholders of the Group.

13- GENERAL RESERVE

In accordance with the approval of the Chairman of CMA vide letter number 524/2007 dated 31 February 2007, a balance of the retained earnings was transferred to a contractual reserve, starting from 2006 for the purpose of financing the construction of Tadawul's headquarter in the King Abdullah Financial District and any other future purposes to be decided by the Company's Board of Directors. During the year 2008, the Board of Directors of the Company resolved according to a decision number 6/8/2008 to transfer such balance of the contractual reserve to general reserve.

14- EMPLOYEES' END-OF-SERVICE BENEFITS

The movement in employees' end-of-service benefits is as follows:

	For the year ended 31 December	
	2018	2017
Balance at beginning of the year	91,824,969	95,031,112
Current service cost	11,441,606	(2,536,427)
Interest cost	2,976,469	3,328,659
Amount recognised in profit or loss	14,418,075	792,232
Re-measurement (gain)/loss recognized in other comprehensive income	(20,302,501)	2,209,715
Benefits paid during the year	(13,880,716)	(6,208,090)
Balance at the end of the year	72,059,827	91,824,969

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14- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

14.1 Re-measurement (gain)/ loss recognized in other comprehensive income for the year is as follows:

	For the year ended 31 December	
	2018	2017
Effect of changes in financial assumptions	(11,490,675)	1,899,851
Effect of changes in demographic assumptions	(1,413,332)	225,642
Effect of experience adjustments	(7,398,494)	84,222
Re-measurement (gain)/ loss recognized in other comprehensive income	(20,302,501)	2,209,715

14.2 Net end-of-service benefit liability is as follows:

	31 December 2018	31 December 2017	1 January 2017
Present value of benefit liability	72,059,827	91,824,969	95,031,112
Fair value of plan assets	-	-	-
Net defined benefit liability	72,059,827	91,824,969	95,031,112

14.3 Principal actuarial assumptions

The following were the principal actuarial assumptions:

	31 December 2018	31 December 2017	1 January 2017
Key actuarial assumptions			
Discount rate used	4.25%	3.15%	3.35%
Future growth in salary	5.00%	5.00%	5.00%
Turnover	Heavy	Heavy	Heavy
Demographic assumptions			
Retirement Age	64 years	64 years	64 years

Discount rate used

This rate is used to obtain the actuarial present value of the projected benefits. As per IAS – 19 (para 83), the rate to be used to discount post-employment benefit obligations (both funded and un-funded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and expected term of the post-employment benefit obligation. Since there is no deep market for high quality corporate bonds in the Kingdom of Saudi Arabia, therefore, the market yield of government bond is considered.

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14- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

14.3 Principal actuarial assumptions (Continued)

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. The valuation is sensitive to the gap between the interest and salary increase assumptions. The situation will be kept under review. Salary increments each year are assumed to be given on 1st February.

14.4 Maturity Profile of the defined benefit liability

	2018
Weighted average duration (years)	6.90
Distribution of timing of benefit payments (time in years)	
1	6,753,017
2	7,810,278
3	7,013,063
4	7,689,513
5	6,038,039
6-10	31,985,063

14.5 Principal actuarial assumptions

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 2018		31 December 2017		1 January 2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	69,444,786	74,476,710	87,191,035	96,863,578	90,092,610	100,408,869
Future salary growth (0.5% movement)	73,243,047	70,578,235	97,399,935	86,660,491	100,492,869	89,965,621

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14- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

14.6 Risks associated with defined benefit plans

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.

15- PROVISION FOR SPECIFIC OBLIGATIONS

At the establishment of the Company, all rights, assets, liabilities, obligations and records were transferred from the Saudi Share Registration Company (a company which existed before the establishment of Tadawul), to the Company as at 30/11/1428H (corresponding to 10 December 2007) under CMA Board Resolution number 1-202-2006 dated 08/02/1427H and the decision of the Council of Ministers number 91 dated 16/04/1424H. Accordingly, the Company is responsible for all obligations arising from the operations of the Saudi Share Registration Company.

The Company had made a provision equal to the amount of net assets transferred from the Saudi Share Registration Company. As at 31 December 2018, the provision was in the amount of SR 17,430,875 (31 December 2017: SR 17,430,875; and 1 January 2017: SR 17,430,875)

16- ACCOUNT PAYABLES

	31 December 2018	31 December 2017	1 January 2017
Trade payables	80,314,161	45,147,105	53,013,611
Related parties (Note 24.3)	6,953,881	5,969,836	7,717,029
	87,268,042	51,116,941	60,730,640

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17- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2018	31 December 2017	1 January 2017
Accrued employees expenses	39,599,064	30,109,595	25,621,764
Accrued employees vacation expenses	13,729,007	14,443,096	14,254,402
Accrued social insurance – General Organization for Social Insurance	1,409,935	1,559,305	1,547,762
Others	4,398,926	2,399,341	1,120,998
	59,136,932	48,511,337	42,544,926

18- OPERATING REVENUE

	For the year ended 31 December	
	2018	2017
Trading commission	321,711,062	304,287,195
Securities depository services	137,834,096	132,931,412
Market information services	60,808,776	63,027,657
Listing fee	61,580,174	44,959,233
Other services	1,345,932	244,053
	583,280,040	545,449,550

In accordance with the Council of CMA resolution no. (17/270/6) dated 18 January 2017, operating revenues arrangement between the Group and CMA with effect from 1 January 2017 is as follows:

- CMA's is entitled to receive a financial return on the Group's trading commission equivalent to 64% of total trading commission. The Group shall collect this return and deposit into CMA's account based on its instruction; and
- The Group is entitled to keep 100% of operating revenues (other than trading commission, which is subject to above-mentioned return sharing arrangement).

Further, the Group has an obligation to pay CMA an annual fixed amount of SAR 130 million, in accordance with the Council of CMA resolution no. (17/268/6) dated 18 January 2017.

The Group charges a listing fee on initial subscription fees of listed companies. The Group commenced charging such a fee during the second quarter of the year 2017, in accordance with CMA approval dated 18 January 2017.

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19- OPERATING COSTS

Operating costs include direct expenses incurred by the Group to provide services to its customers and the Saudi Financial Market. A breakdown of operating costs is as follows:

	Notes	For the year ended 31 December	
		2018	2017 (Restated)
CMA annual fees		130,000,000	130,000,000
Salaries and related benefits		92,756,391	88,017,099
Consultancy		1,128,959	2,454,167
Maintenance		21,934,036	23,653,293
Depreciation and amortization	5 & 6	21,801,544	24,171,053
Data network lines		11,085,864	10,428,966
Rent		2,854,836	4,167,266
Utilities		1,434,070	1,243,347
Security guards		1,605,473	1,604,149
Hospitality and cleaning		2,005,667	1,533,318
Charge for credit losses on accounts receivables	9.1	3,839,671	1,363,561
SAREE system usage fees		1,162,000	839,000
Communication		694,074	694,898
Business travel		718,223	1,189,501
Training		911,284	1,547,503
Marketing and sponsorship		1,639,797	1,047,357
License fees		860,173	213,378
Shareholder relations		1,111,251	278,457
Others		960,625	1,009,589
		298,503,938	295,466,902

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20- GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	For the year ended 31 December	
		2018	2017 (Restated)
Salaries and related benefits		130,186,615	106,244,356
Consultancy		18,723,914	23,049,853
Maintenance		14,914,314	17,249,964
Depreciation and amortization	5 & 6	10,469,539	6,374,543
Rent		9,515,024	9,639,298
Board of Directors' remuneration and allowances		5,963,239	6,429,875
Security guards		2,073,863	1,614,769
Utilities		1,815,930	1,064,294
Hospitality and cleaning		2,223,833	1,822,485
Communications		808,431	633,024
Business trip		1,354,745	1,663,771
Trading activities insurance contracts		915,026	755,269
Training		4,088,274	5,763,853
Stationery and office supplies		383,773	526,363
Marketing and sponsorship		393,146	3,551,940
License fees		1,758,147	1,239,972
Reversal for impairment on investments	8	(65,573)	-
Others		4,998,037	4,904,751
		210,520,277	192,528,380

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21- INVESTMENT INCOME

	Notes	For the year ended 31 December	
		2018	2017
Special commission income		57,918,638	57,731,048
Dividend income		6,859,810	5,890,794
Realised gain on investments		10,679,758	6,864,227
Unrealised gain on investments	8.6	3,753,316	16,702,044
		79,211,522	87,188,113

22- BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing income attributable to the ordinary shareholders of the Company by the weighted average outstanding number of shares for the year ended, totaling 120 million shares (31 December 2018: 120 million shares).

23- CONTINGENCIES AND COMMITMENTS

Commitments represent the value of the part not yet executed from supply contracts of assets and services to Group as follows:

	31 December 2018	31 December 2017	1 January 2017
Purchase of assets	26,171,655	5,341,315	6,638,330
Committed expenditure	10,291,394	7,194,923	12,931,731
Letter of guarantee	11,300,000	1,147,940	1,147,940
	47,763,049	13,684,178	20,718,001

24- TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include PIF ("the shareholder"), Tadawul Real Estate Company ("the Associate"), the Group's Board of Directors, and key executives, and other entities, which are under common ownership through PIF ("Affiliates"), or have common directors on their Board ("Board of Directors"). Transactions are carried out on mutually agreed terms approved by the management of the Group.

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24- TRANSACTION WITH RELATED PARTIES (CONTINUED)

24.1 The significant transactions with related parties in relation to the Group's core activities are as follows:

Nature of relationship	Nature of transactions		Total amount of transactions
	Sales & marketing	Securities depository services	31 December 2018
Affiliates	134,382,829	19,563,135	153,945,964
Board of Directors	61,436,691	-	61,436,691
Board of Directors/Affiliates	158,513,539	-	158,513,539
The Associate	-	105,000	105,000

Nature of relationship	Nature of transactions		Total amount of transactions
	Sales & marketing	Securities depository services	31 December 2017
Affiliates	87,028,677	12,587,812	99,616,489
Board of Directors	5,741,559	19,820	5,761,379
Board of Directors/Affiliates	162,767,787	4,291,654	167,059,441
The Associate	-	200,000	200,000

The receivables balances arising from the above transactions are as follows:

Nature of relationship	For the year ended 31 December 2018			
	Opening balance	Invoiced	Collections	Ending balance
Affiliates	2,107,376	153,945,964	(152,918,426)	3,134,914
Board of Directors	8,823	61,436,691	(58,959,062)	2,486,452
Board of Directors /Affiliates	2,200,570	158,513,539	(153,758,308)	6,955,801
The Associate	100,000	105,000	(100,000)	105,000
Total	4,416,769	374,001,194	(365,735,796)	12,682,167

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24- TRANSACTION WITH RELATED PARTIES (CONTINUED)

24.1 The significant transactions with related parties in relation to the Group's core activities are as follows: (Continued)

Nature of relationship	For the year ended 31 December 2017			
	Opening balance	Invoiced	Collections	Ending balance
Affiliates	1,119,214	99,616,489	(98,628,327)	2,107,376
Board of Directors	125,674	5,761,379	(5,878,230)	8,823
Board of Directors / Affiliates	661,002	167,059,441	(165,519,873)	2,200,570
The Associate	367,297	200,000	(467,297)	100,000
Total	2,273,187	272,637,309	(270,493,727)	4,416,769

Nature of relationship	For the year ended 31 December 2016			
	Opening balance	Invoiced	Collections	Ending balance
Affiliates	159,734	122,675,509	(121,716,029)	1,119,214
Board of Directors	204,503	9,428,854	(9,507,683)	125,674
Board of Directors/Affiliates	523,738	106,890,994	(106,753,730)	661,002
The Associate	893,385	372,948	(899,036)	367,297
Total	1,781,360	239,368,305	(238,876,478)	2,273,187

24.2 Other balances with related parties included in investments at "FVTPL" / Held-for-trading investments are as follows:

Nature of relationship	For the year ended 31 December 2018			
	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance
Board of Directors	684,701,766	(544,660,303)	546,907	140,588,370

Nature of relationship	For the year ended 31 December 2017			
	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance
Board of Directors	125,108,631	550,227,893	9,365,242	684,701,766

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24- TRANSACTION WITH RELATED PARTIES (CONTINUED)

24.2 Other balances with related parties included in investments at "FVTPL" / Held-for-trading investments are as follows: (Continued)

Nature of relationship	For the year ended 31 December 2016			
	Opening balance	Purchases/ (Disposals)	Unrealized gains	Ending balance
Board of Directors	-	125,000,000	108,631	125,108,631

24.3 Other balances with related parties included within accounts payables are as follows:

Nature of relationship	For the year ended 31 December 2018			
	Opening balance	Services received	Payments made	Ending balance
Affiliate	4,293,218	12,629,562	(11,410,899)	5,511,881
Board of Directors	1,676,618	5,913,239	(6,147,857)	1,442,000
Total	5,969,836	18,542,801	(17,558,756)	6,953,881

Nature of relationship	For the year ended 31 December 2017			
	Opening balance	Services received	Payments made	Ending balance
Affiliate	6,860,051	5,546,936	(8,113,769)	4,293,218
Board of Directors	856,978	6,429,876	(5,610,236)	1,676,618
Total	7,717,029	11,976,812	(13,724,005)	5,969,836

Nature of relationship	For the year ended 31 December 2016 (1 January 2017)			
	Opening balance	Services received	Payments made	Ending balance
Affiliate	7,574,729	11,880,162	(12,594,840)	6,860,051
Board of Directors	959,000	4,041,198	(4,143,220)	856,978
Total	8,533,729	15,921,360	(16,738,060)	7,717,029

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24- TRANSACTION WITH RELATED PARTIES (CONTINUED)

24.4 Other balances with related parties included in investments at amortized cost are as follows:

Nature of relationship	For the year ended 31 December 2018			
	Opening balance	Special commission earned	Collections	Ending balance
The Associate	130,000,000	4,017,433	(4,017,433)	130,000,000

Nature of relationship	For the year ended 31 December 2017			
	Opening balance	Special commission earned	Collections	Ending balance
The Associate	130,000,000	4,017,433	(4,017,433)	130,000,000

Nature of relationship	For the year ended 31 December 2016			
	Opening balance	Special commission earned	Collections	Ending balance
The Associate	130,000,000	4,028,440	(4,028,440)	130,000,000

25- SEGMENT INFORMATION

The Group operates solely in the Kingdom of Saudi Arabia. For management purposes, the Group is organized into business units based on services provided. During 2018, the Group changed its reportable segments and organization chart and all the revenue generating operations have been defined under three segments, Markets, Edaa and Market Information. The revised segments of the Company are as under:

Markets

This business unit's main objective is to grow business by improving products/services, attracting domestic listings, (in the longer term) foreign listings, and developing new asset classes. The responsibilities include maintaining the integrity, stability, and fairness of stock market operations. Its objective is to achieve outstanding results through operational excellence, collaboration with CMA, cost effectiveness, total customer experience management, and developing a capable work force.

Edaa

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

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25. SEGMENT INFORMATION (CONTINUED)

Market information

The activities of this segment is to grow business of market information which includes offer high-quality real-time trading data, reference data, market indices and financial information to the financial community.

Corporate

Corporate manages future corporate development and controls all treasury related functions. All investments are incubated within this business segment, which also comprise managing strategy for business development, legal, finance, operations, human resources and customers' relation management.

2018	Markets	Edaa	Market information	Corporate	Total
Operating revenues	224,150,902	298,320,362	60,808,776	-	583,280,040
Operating costs	(134,817,416)	(127,112,580)	(36,573,942)	-	(298,503,938)
General and administrative expenses	-	-	-	(210,520,277)	(210,520,277)
Operations income / (loss)	89,333,486	171,207,782	24,234,834	(210,520,277)	74,255,825
Total assets	18,211,205	566,423,092	4,105,840	2,943,208,846	3,531,948,983
Total liabilities	38,193,598	47,515,248	11,968,083	199,612,855	297,289,784

2017	Markets	Edaa	Market information	Corporate	Total
Operating revenues	197,576,131	284,845,762	63,027,657	-	545,449,550
Operating costs	(128,618,348)	(125,478,924)	(41,369,630)	-	(295,466,902)
General and administrative expenses	-	-	-	(192,528,380)	(192,528,380)
Operations income / (loss)	68,957,783	159,366,838	21,658,027	(192,528,380)	57,454,268
Total assets	17,596,101	563,548,255	4,255,660	2,828,928,177	3,414,328,193
Total liabilities	35,636,821	75,164,789	11,368,303	104,425,488	226,595,401

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26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market risk;
- Credit risks;
- Operational risk; and
- Liquidity risk

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

Risk Management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Further, the Board reviews reports from relevant committees in relation to the above on a regular basis.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

Senior management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

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

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26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

26.1 Market risk

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

Price risk

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group's price risk exposure relates to its quoted investments in mutual funds whose values will fluctuate as a result of changes in market prices.

A 1% change in the redemption prices and quoted prices of the investments, with all other variables held constant, would impact the statement of profit or loss as set out below:

	For the year ended 31 December	
	2018	2017
Effect on profit/ loss for the year	13,037,761	12,275,954

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss and assets of the Group.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

Special commission rate risk

The Group's exposure to changes in special commission rate relates primarily to the Group's long term variable rate debt instruments. Special commission rate risk arises from the possibility that changes in special commission rates will affect future profitability or the fair value of financial instruments. An increase / decrease in special commission rate of 1%, with all other variables held constant, would have resulted in a decrease / increase in profit for the year ended 31 December 2018 by SR 513,665 (2017: SR 393,783).

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26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

26.2 Credit risks

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

The below schedule shows the maximum limit for exposure to credit risk of the consolidated statement of financial position elements:

	31 December 2018	31 December 2017	1 January 2017
Cash and cash equivalents	363,178,918	613,057,827	109,398,138
Investments	1,618,889,453	1,276,626,376	2,508,037,546
Accrued operational revenue	5,709,830	4,445,427	4,029,076
Advance to employees	4,377,876	4,514,536	2,664,701
Account receivables	38,594,342	29,779,949	11,220,892
	2,030,750,419	1,928,424,115	2,635,350,353

Cash and cash equivalents

The Group kept its surplus funds with banks having sound credit rating. Currently the surplus funds are kept with the banks having rating as follows:

STANDARD & POOR'S		FITCH		Moody's	
Long Term	Short Term	Long Term	Short Term	Long Term	Short Term
-	-	A-	F1	A1	P-1
-	-	-	-	A3	P-2
BBB+	A-2	A-	F2	A2	P-1
-	-	BBB+	F2	A3	P-2
		A+	F1	A3	P-2

Account receivables

Account receivables are shown net of allowance for impairment. The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Concentration of credit risk

The following table provides information about the exposure to credit risk and ECLs for receivables for customers as at 31 December 2018.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2018
 (SAUDI ARABIAN RIYALS)

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

26.2 Credit risks (Continued)

	Weighted average loss rate (%)	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	0.04	33,285,334	14,129	No
30-60 days	1.04	1,555,431	16,174	No
61-90 days	2.24	309,770	6,929	No
91-120 days	2.52	250,501	6,314	No
121-180 days	20.00	856,173	171,235	Yes
181-360 days	50.00	5,103,826	2,551,912	Yes
More than 360 days past due	100.00	3,962,548	3,962,548	Yes
		45,323,583	6,729,241	

26.3 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

26.4 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.

The below schedule shows an analysis of financial assets and liabilities based on the expected date of collection or settlement:

	31 December 2018			31 December 2017			1 January 2017		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Cash and cash equivalents	363,178,918	-	363,178,918	613,057,827	-	613,057,827	109,398,138	-	109,398,138
Investments	2,616,337,849	306,327,691	2,922,665,540	1,479,115,490	1,113,741,772	2,592,857,262	1,591,008,539	1,452,624,267	3,043,632,806
Account receivables	45,323,583	-	45,323,583	29,779,949	-	29,779,949	11,220,892	-	11,220,892
Accrued operational revenue	5,709,830	-	5,709,830	4,445,427	-	4,445,427	4,029,076	-	4,029,076
Advance to employees	4,377,876	-	4,377,876	4,514,536	-	4,514,536	2,664,701	-	2,664,701
Total financial assets	3,034,928,056	306,327,691	3,341,255,747	2,130,913,229	1,113,741,772	3,244,655,001	1,718,321,346	1,452,624,267	3,170,945,613
Account payables	87,268,042	-	87,268,042	51,116,941	-	51,116,941	60,730,640	-	60,730,640
Balance due to CMA	56,661,001	-	56,661,001	11,881,482	-	11,881,482	16,258,958	-	16,258,958
Accrued expenses and other current liabilities	59,136,932	-	59,136,932	48,511,337	-	48,511,337	42,544,926	-	42,544,926
Total financial liabilities	203,065,975	-	203,065,975	111,509,760	-	111,509,760	119,534,524	-	119,534,524
Net financial assets	2,831,862,081	306,327,691	3,138,189,772	2,019,403,469	1,113,741,772	3,133,145,241	1,598,786,822	1,452,624,267	3,051,411,089

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018
(SAUDI ARABIAN RIYALS)

27- 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount of the remaining financial assets and financial liabilities is a reasonable approximation of fair value.

	Carrying value	31 December 2018			Total Fair Value
		Fair value			
		Level 1	Level 2	Level 3	
Investments					
FVTPL	1,303,776,087	1,228,320,127	75,455,960	-	1,303,776,087

	Carrying value	31 December 2017			Total Fair Value
		Fair value			
		Level 1	Level 2	Level 3	
Investments					
Held-for-trading	1,227,595,478	1,227,595,478	-	-	1,227,595,478
Available-for-sale	88,635,408	-	88,635,408	-	88,635,408
	1,316,230,886	1,227,595,478	88,635,408	-	1,316,230,886

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2018
 (SAUDI ARABIAN RIYALS)

27- FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	Carrying value	1 January 2017			Total Fair Value
		Fair value			
		Level 1	Level 2	Level 3	
Investments					
Held-for-trading	459,476,968	459,476,968	-	-	459,476,968
Available-for-sale	76,118,292	-	76,118,292	-	76,118,292
	535,595,260	459,476,968	76,118,292	-	535,595,260

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 were made during the year ended 31 December 2018.

28- COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform with current year presentation.

The items were reclassified as follows:

Description	For the year ended 31 December 2017	
	Before classification (Note 4.2)	After reclassification
Operating costs	287,157,870	295,466,902
General and administrative expenses	200,837,412	192,528,380

29- DIVIDEND

The ordinary general assembly meeting held on 27 Ramadan 1439H (corresponding to 11 June 2018) approved the payment of dividend to shareholders for the year ended 31 December 2017 amounting to SR 120,000,000 (for the year ended 31 December 2016: SR 90,000,000).

30- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 13 Rajab 1440 corresponding to 20 March 2019.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



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Licence No. 46/11/323 issued 11/3/1992

Independent auditor's report

To the Shareholders of Saudi Stock Exchange Company

Opinion

We have audited the consolidated financial statements of Saudi Stock Exchange Company ("Tadawul") ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for opinion

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance, the Board of Directors, is responsible for overseeing the Group's consolidated 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 ISA that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

KPMG Al Fozan & Partners Certified Public Accountants, a registered company in the Kingdom of Saudi Arabia, and a non-partner member firm of the KPMG network of independent firms affiliated with KPMG International Cooperative, a Swiss entity.



Independent auditor's report

To the Shareholders of Saudi Stock Exchange Company (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

For KPMG Al Fozan & Partners
Certified Public Accountants

Khalil Ibrahim Al Sedais
License No: 371



6 Sha'ban 1441H
Corresponding to: 30 March 2020

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
(SAUDI ARABIAN RIYALS)

	Notes	31 December 2019	31 December 2018
ASSETS			
Non-current assets			
Property and equipment	4	13,693,404	18,321,065
Intangible assets	5	176,516,175	114,622,164
Equity accounted investee	6	40,996,978	42,607,073
Investments	7	231,554,876	306,327,691
Right of use assets	8	11,271,347	-
Total non-current assets		474,032,780	481,877,993
Current assets			
Investments	7	2,660,288,572	2,616,337,849
Account receivables	9	41,179,879	38,594,342
Prepaid expenses and other current assets	10	102,841,000	31,959,881
Cash and cash equivalents	11	268,487,867	363,178,918
Total current assets		3,072,797,318	3,050,070,990
Total assets		3,546,830,098	3,531,948,983
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,200,000,000	1,200,000,000
Statutory reserve	12	326,911,746	311,582,367
General reserve	13	1,114,180,214	1,114,180,214
Retained earnings		618,313,284	608,896,618
Total equity		3,259,405,244	3,234,659,199
Non-current liabilities			
Employees' end-of-service benefits	14	77,294,401	72,059,827
Provision for specific obligations	15	-	17,430,875
Total non-current liabilities		77,294,401	89,490,702
Current liabilities			
Lease liability	16	4,263,087	-
Account payables	17	105,383,866	87,268,042
Balance due to Capital Market Authority		22,330,201	56,661,001
Deferred revenue		3,134,967	4,733,107
Accrued expenses and other current liabilities	18	75,018,332	59,136,932
Total current liabilities		210,130,453	207,799,082
Total liabilities		287,424,854	297,289,784
Total equity and liabilities		3,546,830,098	3,531,948,983

The accompanying notes from (F-58) through (F-104) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
(SAUDI ARABIAN RIYALS)

	Notes	For the year ended 31 December	
		2019	2018
Operating revenue	19	564,747,899	583,280,040
Operating costs	20	(299,166,486)	(298,503,938)
Gross profit		265,581,413	284,776,102
General and administrative expenses	21	(223,525,052)	(210,520,277)
Operating profit		42,056,361	74,255,825
Investment income	22	94,343,939	79,211,522
Share of loss in equity-accounted investee	6	(1,610,095)	(6,629,084)
Other income		18,503,581	1,348,402
Non-operating profit		111,237,425	73,930,840
Profit for the year		153,293,786	148,186,665
Other comprehensive income:			
Items that will not be reclassified to the consolidated statement of profit or loss			
Re-measurement of employee benefit liability	14	(8,547,741)	20,302,501
Other comprehensive (loss)/income for the year		(8,547,741)	20,302,501
Total comprehensive income		144,746,045	168,489,166
Basic and diluted earnings per share	23	1.28	1.23

The accompanying notes from (F-58) through (F-104) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(SAUDI ARABIAN RIYALS)

	Notes	Share capital	Statutory reserve	General reserve	Fair value reserve	Retained earnings	Total equity
Balance as at 1 January 2019		1,200,000,000	311,582,367	1,114,180,214	-	608,896,618	3,234,659,199
Total comprehensive income for the year:							
Profit for the year		-	-	-	-	153,293,786	153,293,786
Other comprehensive income for the year		-	-	-	-	(8,547,741)	(8,547,741)
Dividend	30	-	-	-	-	(120,000,000)	(120,000,000)
Transfer to statutory reserve		-	15,329,379	-	-	(15,329,379)	-
Balance as at 31 December 2019		1,200,000,000	326,911,746	1,114,180,214	-	618,313,284	3,259,405,244
Balance as at 1 January 2018		1,200,000,000	296,763,700	1,114,180,214	9,360,408	567,428,470	3,187,732,792
Effect of the adoption of IFRS 9 on 1 January 2018		-	-	-	(9,360,408)	7,797,649	(1,562,759)
Restated balance at 1 January 2018		1,200,000,000	296,763,700	1,114,180,214	-	575,226,119	3,186,170,033
Total comprehensive income for the year:							
Profit for the year		-	-	-	-	148,186,665	148,186,665
Other comprehensive income for the year		-	-	-	-	20,302,501	20,302,501
Dividend		-	-	-	-	(120,000,000)	(120,000,000)
Transfer to statutory reserve		-	14,818,667	-	-	(14,818,667)	-
Balance as at 31 December 2018		1,200,000,000	311,582,367	1,114,180,214	-	608,896,618	3,234,659,199

The accompanying notes from (F-58) through (F-104) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR END 31 DECEMBER 2019
 (SAUDI ARABIAN RIYALS)

	Notes	For the year ended 31 December	
		2019	2018
Cash flows from operating activities			
Profit for the year		153,293,786	148,186,665
Adjustments to reconcile net profit for the year to net cash generated from operating activities:			
Depreciation and amortization	20&21	51,272,542	32,271,083
Charge for credit losses on account receivables		148,493	3,839,671
(Reversal) for impairment on investments held at amortized cost		(342,923)	(65,573)
Loss on sale of property and equipment		-	49,355
Provision for employees' end-of-service benefits	14	10,966,445	14,418,075
Realised gain on investments	22	(5,425,998)	(10,679,758)
Unrealised (gain) on investments	22	(50,234,343)	(3,753,316)
Share of loss in equity-accounted investee	6	1,610,095	6,629,084
Interest expense on lease liability		149,208	-
Reversal of provision for specific obligation		(17,430,875)	-
Changes in operating assets and liabilities:			
Account receivables		(2,734,030)	(15,543,634)
Prepaid expenses and other current assets		(70,881,119)	(7,020,494)
Account payables		18,115,824	36,151,101
Balance due to Capital Market Authority		(34,330,800)	44,779,519
Deferred revenue		(1,598,140)	(1,096,690)
Accrued expenses and other current liabilities		15,881,400	10,625,595
Cash generated from operations		68,459,565	258,790,683
Employees' end-of-service benefits paid	14	(14,279,612)	(13,880,716)
Lease rental paid		(21,584,615)	-
Net cash flows generated from operating activities		32,595,338	244,909,967
Cash flows from investing activities			
Purchase of investments		(1,219,357,541)	(1,224,838,967)
Proceeds from disposal of investments		1,306,182,897	907,992,408
Purchase of intangible assets and property and equipment		(94,111,745)	(57,467,089)
Proceeds from disposal of property and equipment		-	(475,228)
Net cash flows used in investing activities		(7,286,389)	(374,788,876)
Cash flows from financing activities			
Dividend paid		(120,000,000)	(120,000,000)
Net cash used in financing activities		(120,000,000)	(120,000,000)
Net decrease / in cash and cash equivalents		(94,691,051)	(249,878,909)
Cash and cash equivalents at the beginning of the year		363,178,918	613,057,827
Cash and cash equivalents at end of the year		268,487,867	363,178,918

The accompanying notes from (F-58) through (F-104) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2019
(SAUDI ARABIAN RIYALS)

1- GENERAL

Saudi Stock Exchange Company (Tadawul) ("the Company") is a Saudi closed 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 Minister of Commerce and Industry resolution no. 320/k dated 1/12/1428 H (corresponding to 11 December 2007). The share capital of the Company is SR 1,200 million divided into 120 million shares of SR 10 each fully subscribed by the Public Investment Fund ("PIF").

The Company's main activity is to provide, create and manage the mechanisms of trading of securities, providing depository and registration of securities ownership, dissemination of securities information 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 Tadawul and its subsidiaries (collectively referred to as "the Group").

The Company's registered address is as follows:

6897 King Fahd Road - Al Olaya

Unit Number: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Subsidiaries

Securities Depository Centre Company ("Edaa")

Capital Market Authority ("CMA") Board approved the formation of Securities Depository Centre Company ("Edaa") as a new Saudi joint stock company in the Kingdom of Saudi Arabia in accordance with the Capital Market Law issued by the Royal Decree no. M/30 dated 06/02/1424 H (corresponding to 22 March 2003). Edaa was registered as a Saudi joint stock company in Riyadh under Commercial Registration no. 1010463866 dated 11/27/1437 H (corresponding to 30 August 2016) with an authorized share capital of SR 400 million divided into 40 million shares of SR 10 each.

As at 31 December 2019, the Company held 100 percent of the issued share capital of Edaa. The main objective of Edaa is to provide depository and registration of securities ownership and clearing services of securities.

Securities Clearing Center Company ("Muqassa")

The Company's Board of Directors in their meeting dated 30 October 2017 under a decision number 03-04-2017/04-04-2017 approved the formation of a new company, Securities Clearing Center Company ("Muqassa"). Muqassa was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010935131 dated 02/06/1439 (corresponding to 18 February 2018) with an authorized share capital of SAR 600 million divided into 60 million shares of SR 10 each.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2019
(SAUDI ARABIAN RIYALS)

1- GENERAL (CONTINUED)

Subsidiaries (continued)

As at 31 December 2019, the Company held 100 percent of the issued share capital of Muqassa. The main objective of Muqassa is to provide, create and manage the mechanisms of trading of securities, providing settlement and clearing services of securities and engage in any other related activity to achieve the objectives as defined in the Capital Market Law. As of reporting date, Muqassa has not commenced its operations.

2- BASIS OF PREPARATION

2.1 Statement of compliance

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

The new Regulation for Companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as "the Law") came into force on 25/07/1437H (corresponding to 2 May 2016). The Company has amended its By-laws for any changes to align those with provisions of the Law. Consequently, the Company presented its amended By-laws to stockholders in their Extraordinary General Assembly meeting for their ratification on 2 Jan 2020 and Extraordinary General Assembly approved it.

2.2 Basis of measurement

These consolidated financial statements have been prepared on historical cost basis, except for financial assets measured at fair value through profit and loss and at amortized cost, and employees' end-of-service benefits, which are measured using actuarial techniques, using accrual basis of accounting and the going concern concept.

2.3 New standards, amendments and standards issued:

i) New standards, amendment to standards and interpretations:

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described in note 3.2.

Several other interpretations and amendments apply for the first time in 2019, but do not have an impact on the financial statements of the Group.

ii) Standards issued but 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 financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The following new standards and amendment to standards are not expected to have a significant impact on the Group's consolidated financial statements:

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2- BASIS OF PREPARATION (CONTINUED)

2.3 New standards, amendments and standards issued (Continued)

ii) Standards issued but not yet effective (continued)

Standards	Description	Mandatory effective date
IFRS 3	Definition of a Business (amendments)	1 January 2020
IAS 1 and IAS 8	Definition of Material (amendments)	1 January 2020
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS standards	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021

2.4 Functional and presentation currency

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

2.5 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income 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 as follows:

	Notes
Useful lives of property and equipment	3.4
Useful lives of intangible assets	3.5
Allowance for impairment on investments at amortized cost	3.3
Allowance for credit losses on accounts receivables	3.3
Defined benefits obligations – employees' end-of-service benefits	3.10 & 14
Provision for specific obligations	15

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated, where policies are applicable only on or from 1 January 2019, those policies have been particularly specified.

3.1 Basis of consolidation

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

In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the IFRS consolidated financial statements from the date that control commences until the date control ceases.

All transactions and resulting balances between the Company and the subsidiaries are eliminated in preparing these consolidated financial statements. Any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

3.2 Adoption of new standard as at 1 January 2019

Effective 1 January 2019, the Group has adopted IFRS 16 - Leases. The impact of the adoption of this standard is explained below:

IFRS 16 Leases

The Group has adopted IFRS 16 'Leases' the standard replaces the existing guidance on leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after 1 January 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Groups's Financial Position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and which is amortized over the useful life.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon the adoption of the new standard. On the first time application of IFRS 16 to operating leases, the right to use the leased assets was generally measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2019, discounted using the Group's incremental borrowing rate at the time of first time application.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Adoption of new standards as at 1 January 2019 (continued)

Reconciliation of lease liabilities

	SAR '000
Operating lease commitments at 31 December 2018 as disclosed under IAS 17 in the Group's consolidated financial statements	27,055,400
Discounted using the Company's weighted average incremental borrowing rate at 1 January 2019	1,356,906
Lease liability recognised at 1 January 2019	25,698,494

Based on the adoption of new standard, the following accounting policies are effective 1 January 2019 replacing / amending or adding to the corresponding accounting policies set out in 2018 financial statements.

Right of Use Asset / Lease Liabilities

On initial recognition, at inception of the contract, the Company shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is identified if most of the benefits are flowing to the Company and the Company can direct the usage of such assets.

Right of Use Assets ("ROU")

The company apply cost model, and measure right of use asset at cost;

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any re-measurement of the lease liability for lease modifications

Generally, RoU asset would be equal to the lease liability. However, if there are additional costs such as Site preparation, non-refundable deposits, application money, other expenses related to transaction etc. need to be added to the RoU asset value.

Lease Liability

On initial recognition, the lease liability is the present value of the lease payments that are not paid at the commencement date discounted using the Group's incremental borrowing rate.

After the commencement date, Company measures the lease liability at amortized cost using the effective interest method by:

- 1) Increasing the carrying amount to reflect interest on the lease liability.
- 2) Reducing the carrying amount to reflect the lease payments made and;
- 3) Re-measuring the carrying amount to reflect any re-assessment or lease modification.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments

i) Classification and measurement of financial assets

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

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

- amortised cost;
- fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- 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.

Financial assets at FVOCI

A financial asset 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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

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

ii) Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value less.

Subsequently, financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or the Group has opted to measure a liability at fair value through profit or loss.

iii) Derecognition

Financial assets

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

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

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (continued)

Financial liabilities

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

iv) Off-setting

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. Income and expenses are not 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.

v) Impairment of financial assets

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

Loss allowances for receivables are always measured at an amount equal to lifetime ECL. Lifetime ECLs result from all possible default events over the expected life of a financial instrument.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 the consolidated statement of profit or loss

3.4 Property and equipment

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

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

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

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

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Property and equipment (continued)

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 statement of profit or loss as incurred.

Depreciation

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

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

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

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

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

3.5 Intangible assets

These represent software held for use in the normal course of the business and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to the statement of profit or loss over an estimated useful life of the software using the straight-line method. The estimated useful life of software is 6 years.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment of non-financial assets

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

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

This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash inflows. 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.

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 the consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

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

3.7 Investments in associates (investment in equity-accounted investees)

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

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

When the Group's share of losses exceeds its interest in an equity-accounted investee, the 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less, if any, which are available to the Group without any restrictions.

3.9 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 the statement of profit or loss.

3.10 Defined benefits obligation- 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 separately for each plan 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
- Interest expense

The calculation of defined benefits obligation is performed annually by a qualified actuary using the projected unit credit method.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Revenue recognition

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 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 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 amount of consideration to which the Group expects to be 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 service to the customer under a contract.

Dividend income

Dividend income is recognized when the right to receive is established.

Special commission income

Special commission income is recognised in the statement of profit or loss on an effective yield basis.

3.12 Expenses

General and administrative expenses are those arising from the Group's efforts underlying the marketing, consultancy and maintenance functions. Allocations of common expenses between operating costs and general and administrative expenses, when required, are made on a consistent basis.

3.13 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 denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Zakat

Based on the GAZT letter number 2999/12 dated 5/6/1429 H, the Group will be subject to Zakat after the initial public offering and the participation of private sector in its share capital in accordance with the approval of the Minister of Finance on GAZT's study regarding this matter dated 24/5/1429 H. In addition, based on the GAZT letter number 16/33008 dated 28/12/1438H, the Group is not subject to Zakat as it is fully owned by the Public Investment Fund (a governmental agency) and hence no provision is recorded in these consolidated financial statements.

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 with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at reporting date and disclosed in the Group's consolidated financial statements under contingent liabilities.

3.16 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 to 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Fair value measurement (continued)

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.

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.

3.17 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 sell or consumed in normal operating cycle;
- 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 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

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4- PROPERTY AND EQUIPMENT

	Land	Building	Furniture and fixtures	Computers	Office equipment	Vehicles	Total
Cost:							
Balance as at 1 January 2018	2,310,985	618,248	21,785,309	152,109,978	18,395,324	1,656,350	196,876,194
Additions	-	-	692,156	1,635,572	318,458	-	2,646,186
Disposals	-	-	(2,216,232)	(48,802,995)	(802,590)	-	(51,821,817)
Balance as at 31 December 2018	2,310,985	618,248	20,261,233	104,942,555	17,911,192	1,656,350	147,700,563
Balance as at 1 January 2019	2,310,985	618,248	20,261,233	104,942,555	17,911,192	1,656,350	147,700,563
Additions	-	-	1,750,929	531,485	870,772	-	3,153,186
Balance as at 31 December 2019	2,310,985	618,248	22,012,162	105,474,040	18,781,964	1,656,350	150,853,749
Accumulated depreciation:							
Balance as at 1 January 2018	-	48,086	17,072,837	136,325,556	16,102,425	1,190,229	170,739,133
Charge for the year	-	20,608	839,299	8,463,836	880,067	209,017	10,412,827
Disposals	-	-	(2,171,022)	(48,800,131)	(801,309)	-	(51,772,462)
Balance as at 31 December 2018	-	68,694	15,741,114	95,989,261	16,181,183	1,399,246	129,379,498
Balance as at 1 January 2019	-	68,694	15,741,114	95,989,261	16,181,183	1,399,246	129,379,498
Charge for the year	-	20,608	668,652	6,246,723	711,364	133,500	7,780,847
Balance as at 31 December 2019	-	89,302	16,409,766	102,235,984	16,892,547	1,532,746	137,160,345
Net book value:							
As at 31 December 2019	2,310,985	528,946	5,602,396	3,238,056	1,889,417	123,604	13,693,404
As at 31 December 2018	2,310,985	549,554	4,520,119	8,953,294	1,730,009	257,104	18,321,065

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4- PROPERTY AND EQUIPMENT (CONTINUED)

4.1 The allocation of depreciation expense between operating costs and general and administrative expenses is as follows:

Description	For the year ended 31 December	
	2019	2018
Operating costs	5,424,159	7,209,368
General and administrative expenses	2,356,688	3,203,459
	7,780,847	10,412,827

5- INTANGIBLE ASSETS

	Note	For the year ended 31 December	
		2019	2018
Cost:			
Balance at beginning of the year		305,731,768	251,256,797
Additions		90,958,559	55,296,131
Disposals/write-off		-	(821,160)
Balance at end of the year		396,690,327	305,731,768
Accumulated amortization:			
Balance at beginning of the year		191,109,604	170,072,508
Charge for the year	5.1	29,064,548	21,858,256
Disposals/write-off		-	(821,160)
Balance at end of the year		220,174,152	191,109,604
Net book value as at 31 December		176,516,175	114,622,164

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5- INTANGIBLE ASSETS (CONTINUED)

5.1 The allocation of amortization expense between operating costs and general and administrative expenses is as follows:

Description	For the year ended 31 December	
	2019	2018
Operating costs	20,934,192	19,746,261
General and administrative expenses	8,130,356	2,111,995
	29,064,548	21,858,256

6- EQUITY-ACCOUNTED INVESTEE

This represents the Company's share of investment in Tadawul Real Estate Company ("the Associate"), a company incorporated in the Kingdom of Saudi Arabia, where the Company has significant influence. As at 31 December 2019, the Company owns 20% (31 December 2018: 20%) share capital of the Associate. The main activity of the Associate is to develop Tadawul's headquarter in the King Abdullah Financial District, Riyadh.

The movement of investment in the Associate is as follows:

	For the year ended 31 December	
	2019	2018
Balance at beginning of the year	42,607,073	49,236,157
Share of loss for the year	(1,610,095)	(6,629,084)
Balance at end of the year	40,996,978	42,607,073

The Company has recognized its share of loss based on the latest un-audited available financial statements of the Associate

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6- EQUITY-ACCOUNTED INVESTEE (CONTINUED)

The following table summarizes the financial information of the Associate as included in its latest available un-audited financial statements. The table also reconcile summarized financial information to the carrying amount of the Group's interest in the Associate:

	31 December 2019	31 December 2018
Summarized statement of financial position		
Total current assets	46,147,786	46,515,781
Total non-current assets	1,258,086,427	1,024,509,060
Total current liabilities	86,838,295	30,349,849
Total non-current liabilities	698,646,452	676,637,087
Net assets (100%)	355,987,430	364,037,905

Summarized statement of comprehensive income	31 December 2019	31 December 2018
Total comprehensive loss for the year	6,244,804	21,962,037

7- INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	31 December 2019	31 December 2018
Non-current			
Investments at amortized cost	7.1	231,554,876	306,327,691
		231,554,876	306,327,691
Current			
Investments at amortized cost	7.2	75,000,000	1,312,561,762
Investments at FVTPL	7.3	2,585,288,572	1,303,776,087
		2,660,288,572	2,616,337,849

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7- INVESTMENTS (CONTINUED)

7.1 Investments at amortized cost – non-current

This represents investment in Sukuk issued by various counterparties operating in the Kingdom of Saudi Arabia having sound credit ratings. These Sukuk carry an average commission rate of 2.7% during the year 2019 (31 December 2018: 3.15% per annum). The remaining maturity periods of these Sukuk vary between 1 and 6 years. The details of these investments are as follows:

Description	Maturity date	Amount
General Authority of Civil Aviation	18 Jan 2022	100,000,000
Tadawul Real Estate Company	03 Dec 2026	130,000,000

The movement of the expected credit losses on investments held at amortized cost for the years ended 31 December is summarized as follows:

	31 December 2019	31 December 2018
Balance at the beginning of the year	1,462,752	-
Effect on the adoption of IFRS 9 at 1 January 2018	-	1,536,928
Reversal for the year	(342,923)	(74,176)
Balance at the end of the year	1,119,928	1,462,752

7.2 Investments at amortized cost - current

	Notes	31 December 2019	31 December 2018
Sukuk	7.2.1	75,000,000	426,925,624
Murabaha placements	7.2.2	-	885,636,138
Total		75,000,000	1,312,561,762

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7- INVESTMENTS (CONTINUED)

7.2 Investments at amortized cost - current (Continued)

7.2.1 This represents investment in Sukuk issued by a counterparty which is domiciled in the Kingdom of Saudi Arabia and have a sound credit rating. This investment carries an average special commission rate of 3.14% per annum for the year ended 31 December 2019 (31 December 2018: 4.28% per annum). The details of investment is as follow:

Description	Maturity date	Amount
Savola Group Company	22 Jan 2020	75,000,000

7.2.2 Short-term Murabaha placements were with counterparties domiciled in the Kingdom of Saudi Arabia, having investment grade credit ratings and carried an average special commission rate of 3.78% during the year ended 31 December 2019 (31 December 2018: 3.23% per annum).

7.3 Investments at fair value through profit or loss ("FVTPL"):

This represents investment in unit of mutual funds, which are governed by the regulation issued by CMA. The cost and fair value of investments held at FVTPL are as follows:

	31 December 2019		31 December 2018	
	Cost	Fair value	Cost	Fair value
Money market funds	2,458,092,921	2,548,344,972	1,192,965,777	1,228,320,127
Real estate funds	40,000,000	36,943,600	79,275,000	75,455,960
Total	2,498,092,921	2,585,288,572	1,272,240,777	1,303,776,087

8- RIGHT OF USE ASSETS

Right of use asset related to leased properties.

	31 December 2019	31 December 2018
Balance at 1 January 2019	25,698,494	-
Depreciation charge for the year	(14,427,147)	-
	11,271,347	-

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9- ACCOUNT RECEIVABLES

	Notes	31 December 2019	31 December 2018
Account receivables:			
- Related parties	25.1	10,136,265	12,682,167
- Others		37,921,349	32,641,416
Less: Allowance for credit losses	9.1	(6,877,735)	(6,729,241)
		41,179,879	38,594,342

9.1 The movement in the allowance for credit losses is summarized as follows:

	For the year ended 31 December	
	2019	2018
Balance at the beginning of the year	6,729,241	2,863,739
Effect on the adoption of IFRS 9 at 1 January 2018	-	25,831
Charge for the year	148,494	3,839,671
Balance at the end of the year	6,877,735	6,729,241

10- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	Note	31 December 2019	31 December 2018
Advance against purchase of property	10.1	77,500,000	
Prepaid insurance expenses		7,767,406	7,672,925
Prepaid rent expenses		-	5,301,243
Accrued operational revenue		5,551,232	5,709,830
Advance to employees		6,232,881	4,377,876
Prepaid maintenance expenses		1,328,331	623,537
Value-added tax (VAT) receivable, net		745,507	1,748,422
Other receivables		3,715,643	6,526,048
		102,841,000	31,959,881

10.1 This represents advance money paid to purchase property for establishing data center.

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11- CASH AND CASH EQUIVALENTS

	Note	31 December 2019	31 December 2018
Cash at banks – current accounts		142,140,619	68,823,309
Short-term Murabaha placement	11.1	126,347,248	294,355,609
		268,487,867	363,178,918

11.1 Short-term Murabaha placement is with counter-party having sound credit rating. This placement has an original maturity period of three months or less and carry an average special commission rate of 2.45 % per annum (31 December 2018: 2.7% per annum).

12- STATUTORY RESERVE

In accordance with the Company's By-laws and the Saudi Arabian Regulations for Companies effective on 25 Rajab 1437H (corresponding to May 2, 2016) requires companies to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. This reserve is currently not available for distribution to the shareholders of the Group.

13- GENERAL RESERVE

In accordance with the approval of the Chairman of CMA vide letter number 524/2007 dated 31 February 2007, a balance of the retained earnings was transferred to a contractual reserve for the purpose of financing the construction of Tadawul's headquarter in the King Abdullah Financial District and any other future purposes to be decided by the Company's Board of Directors. During the year 2008, the Board of Directors of the Company resolved according to a decision number 6/8/2008 to transfer such balance of the contractual reserve to a general reserve.

14- EMPLOYEES' END-OF-SERVICE BENEFITS

The movement in employees' end-of-service benefits is as follows:

	For the year ended 31 December	
	2019	2018
Balance at beginning of the year	72,059,827	91,824,969
Current service cost	7,941,617	11,441,606
Interest cost	3,024,828	2,976,469
Amount recognised in profit or loss	10,966,445	14,418,075
Re-measurement loss / (gain) recognized in other comprehensive income	8,547,741	(20,302,501)
Benefits paid during the year	(14,279,612)	(13,880,716)
Balance at the end of the year	77,294,401	72,059,827

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14- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

14.1 Net end-of-service benefits liability is as follows:

	31 December 2019	31 December 2018
Present value of benefits liability	77,294,401	72,059,827
Fair value of plan assets	-	-
Net defined benefits liability	77,294,401	72,059,827

14.2 Re-measurement loss/(gain) recognized in other comprehensive income for the year is as follows:

	For the year ended 31 December	
	2019	2018
Effect of changes in financial assumptions	6,881,144	(11,490,675)
Effect of changes in demographic assumptions	-	(1,413,332)
Effect of experience adjustments	1,666,597	(7,398,494)
Re-measurement (gain)/ loss recognized in other comprehensive income	8,547,741	(20,302,501)

14.3 Principal actuarial assumptions

The following were the principal actuarial assumptions:

	31 December 2019	31 December 2018
Key actuarial assumptions		
Discount rate used	2.85%	4.25%
Future growth in salary	5.00%	5.00%
Turnover	Heavy	Heavy
Demographic assumptions		
Retirement Age	64 years	64 years

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14- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

Discount rate used

This rate is used to obtain the actuarial present value of the projected benefits. As per IAS 19 Employee Benefits, the rate to be used to discount post-employment benefit obligations (both funded and un-funded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and expected term of the post-employment benefit obligation. Since there is no deep market for high quality corporate bonds in the Kingdom of Saudi Arabia, therefore, the market yield of government bond is considered.

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. The valuation is sensitive to the gap between the interest and salary increase assumptions. The situation will be kept under review. Salary increments each year are assumed to be given on 1st February.

14.4 Maturity profile of the defined benefit liability

	2019	2018
Weighted average duration (years)	7.48	6.90
Distribution of benefit payments:	2019	2018
Years	Amount	
1	6,031,485	6,753,017
2	8,573,188	7,810,278
3	7,722,731	7,013,064
4	5,562,937	7,689,513
5	5,380,932	6,038,039
6-10	33,863,686	31,985,063

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 2019		31 December 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(76,620,657)	82,666,148	(69,444,786)	74,476,710
Future salary growth (0.5% movement)	81,214,900	(77,945,735)	73,243,047	(70,578,235)

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14- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

14.5 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.

15- PROVISION FOR SPECIFIC OBLIGATIONS

At the establishment of the Company, all rights, assets, liabilities, obligations and records were transferred from the Saudi Share Registration Company (a company which existed before the establishment of Tadawul), to the Company as at 30/11/1428H (corresponding to 10 December 2007) under CMA Board Resolution number 1-202-2006 dated 08/02/1427H and the decision of the Council of Ministers number 91 dated 16/04/1424H. Accordingly, the Company is responsible for all obligations arising from the operations of the Saudi Share Registration Company.

The Company had made a provision equal to the amount of net assets transferred from the Saudi Share Registration Company. As at 31 December 2019, the provision was in the amount of SR 17,430,875 (31 December 2018: SR 17,430,875). During the year, the provision is reversed as the Company do not anticipate any further claims in future.

16- LEASE LIABILITY

	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	4,412,295	149,208	4,263,087
Between one to five years	-	-	-
More than five years	-	-	-
	4,412,295	149,208	4,263,087

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17- ACCOUNT PAYABLES

	31 December 2019	31 December 2018
Trade payables	96,877,390	80,314,161
Related parties (Note 25.3)	8,506,476	6,953,881
	105,383,866	87,268,042

18- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2019	31 December 2018
Accrued employees expenses	53,625,431	39,599,064
Accrued employees vacation expenses	13,839,268	13,729,007
Accrued social insurance – General Organization for Social Insurance	2,007,831	1,409,935
Others	5,545,802	4,398,926
	75,018,332	59,136,932

19- OPERATING REVENUE

	For the year ended 31 December	
	2019	2018
Trading commission	317,830,780	321,711,062
Securities depository services	123,287,116	137,834,096
Market information services	61,345,104	60,808,776
Listing fee	60,615,484	61,580,174
Other services	1,669,415	1,345,932
	564,747,899	583,280,040

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19- OPERATING REVENUE (CONTINUED)

In accordance with the Council of CMA resolution no. (17/270/6) dated 18 January 2017, operating revenues arrangement between the Group and CMA with effect from 1 January 2017 is as follows:

- CMA is entitled to receive a financial return equal to 64% of total trading commission. The Group shall collect this return on behalf of CMA and deposit into CMA's account based on its instruction; and
- The Group is entitled to keep 100% of operating revenue (except trading commission, which is subject to the above-mentioned return sharing arrangement).

20- OPERATING COSTS

Operating costs include direct expenses incurred by the Group to provide services to its customers and the Saudi Financial Market. A breakdown of operating costs is as follows:

	Notes	For the year ended 31 December	
		2019	2018
CMA annual fees (Note 15)	20.1	79,000,000	130,000,000
Salaries and related benefits		108,222,819	92,756,391
Consultancy		3,010,684	1,128,959
Maintenance		32,380,994	21,934,036
Depreciation and amortization	4,5&8	28,459,597	21,217,805
Data network lines		26,094,087	11,085,864
Rent		-	2,854,836
Utilities		820,984	1,434,070
Security guards		1,698,306	1,605,473
Hospitality and cleaning		1,747,784	2,005,667
Allowance for credit losses on accounts receivables	9.1	148,493	3,839,672
SAREE system usage fees		1,016,000	1,162,000
Communication		333,961	694,074
Business Trip		250,173	718,223
Training		3,734,194	911,284
Marketing and sponsorship		9,443,894	1,639,797
License fees		650,277	860,173
Shareholder Relations		-	1,111,251
Others		2,154,239	1,544,363
		299,166,486	298,503,938

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20- OPERATING COSTS (CONTINUED)

20.1 This represents fee payable to CMA in relation to services provided by the Group in accordance with the council of CMA resolution no. (17/268/6) dated 18 January 2017. During the year, fee payable to CMA was reduced for years from 2019 to 2023 in accordance with the CMA Board resolution.

21- GENERAL AND ADMINISTRATIVE EXPENSES

	Notes	For the year ended 31 December	
		2019	2018
Salaries and related benefits		134,409,562	130,186,615
Consultancy		21,268,229	18,723,914
Maintenance		12,521,968	14,914,314
Depreciation and amortization	4,5&8	22,812,945	10,469,539
Rent		-	9,515,024
Board of Directors' remuneration and allowances		5,437,049	5,963,239
Security guards		2,090,862	2,073,863
Utilities		1,483,016	1,815,930
Hospitality and cleaning		2,037,188	2,223,833
Communications		980,398	808,431
Business trip		539,316	1,354,745
Trading activities insurance contracts		836,143	915,026
Training		5,498,862	4,088,274
Stationery and office supplies		347,965	383,773
Marketing and sponsorship		4,019,249	393,146
License fees		1,740,880	1,758,147
Allowance for credit losses on investments		(397,187)	(65,573)
Others		7,898,607	4,998,037
		223,525,052	210,520,277

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22- INVESTMENT INCOME

	For the year ended 31 December	
	2019	2018
Special commission income	25,901,398	57,918,638
Dividend income	12,782,200	6,859,810
Realised gain on investments, net	5,425,998	10,679,758
Unrealised gain on investments, net	50,234,343	3,753,316
	94,343,939	79,211,522

23- BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing income attributable to the ordinary shareholders of the Company by the weighted average outstanding number of shares for the year ended 31 December 2019, totaling 120 million shares (31 December 2018: 120 million shares).

24- CONTINGENCIES AND COMMITMENTS

Commitments represent the value of the part not yet executed from supply contracts of assets and services to the Group as follows:

	31 December 2019	31 December 2018
Purchase of assets	13,593,996	26,171,655
Committed expenditure	9,839,370	10,291,394
Letter of guarantee	11,300,000	11,300,000
	34,733,366	47,763,049

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25- TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include PIF ("the shareholder"), Tadawul Real Estate Company ("the Associate"), the Group's Board of Directors, and key executives, and other entities, which are under common ownership through PIF ("Affiliates") or have common directors on their Board ("Board of Directors"). Transactions are carried out on mutually agreed terms approved by the management of the Group.

25.1 The significant transactions with related parties in relation to the Group's core activities are as follows:

Nature of relationship	Nature of transactions		Total amount of transactions
	Sales & marketing	Securities depository services	31 December 2019
Affiliates	150,409,830	20,733,676	171,143,506
Board of Directors	62,608,472	-	62,608,472
Board of Directors/Affiliates	107,950,564	-	107,950,564
The associate	-	105,000	105,000
	320,968,866	20,838,676	341,807,542

The receivables balances arising from the above transactions are as follows:

Nature of relationship	For the year ended 31 December 2019			
	Opening balance	Invoiced	Collections	Ending balance
Affiliates	3,134,914	171,143,505	167,991,872	6,286,547
Board of Directors	2,486,452	62,608,472	63,909,674	1,185,250
Board of Directors /Affiliates	6,955,801	107,950,564	112,346,897	2,559,468
The Associate	105,000	105,000	105,000	105,000
Total	12,682,167	341,807,541	344,353,443	10,136,265

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25- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Nature of relationship	Nature of transactions		Total amount of transactions
	Sales & marketing	Securities depository services	31 December 2018
Affiliates	134,382,829	19,563,135	153,945,964
Board of Directors	61,436,691	-	61,436,691
Board of Directors/Affiliates	158,513,539	-	158,513,539
The Associate	-	105,000	105,000
Total	354,333,059	19,668,135	374,001,194

Nature of relationship	For the year ended 31 December 2018			
	Opening balance	Invoiced	Collections	Ending balance
Affiliates	2,107,376	153,945,964	(152,918,426)	3,134,914
Board of Directors	8,823	61,436,691	(58,959,062)	2,486,452
Board of Directors / Affiliates	2,200,570	158,513,539	(153,758,308)	6,955,801
The Associate	100,000	105,000	(100,000)	105,000
Total	4,416,769	374,001,194	(365,735,796)	12,682,167

25.2 Other balances with related parties included in investments at "FVTPL" are as follows:

Nature of relationship	For the year ended 31 December 2019			
	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance
Board of Directors	140,588,370	277,698,457	7,118,039	425,404,866

Nature of relationship	For the year ended 31 December 2018			
	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance
Board of Directors	684,701,766	(544,660,303)	546,907	140,588,370

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED 31 DECEMBER 2019
 (SAUDI ARABIAN RIYALS)

25- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

25.3 Other balances with related parties included within accounts payables are as follows:

Nature of relationship	For the year ended 31 December 2019			
	Opening balance	Services received	Payments made	Ending balance
Affiliate	5,511,881	12,528,050	(10,577,894)	7,462,037
Board of Directors	1,442,000	5,577,471	(5,975,031)	1,044,440
Total	6,953,881	18,105,521	(16,552,925)	8,506,477

Nature of relationship	For the year ended 31 December 2018			
	Opening balance	Services received	Payments made	Ending balance
Affiliate	4,293,218	12,629,562	(11,410,899)	5,511,881
Board of Directors	1,676,618	5,913,239	(6,147,857)	1,442,000
Total	5,969,836	18,542,801	(17,558,756)	6,953,881

25.4 Other balances with related parties included in investments at amortized cost are as follows:

Nature of relationship	For the year ended 31 December 2019			
	Opening balance	Special commission earned	Collections	Ending balance
The Associate	130,000,000	-	-	130,000,000

Nature of relationship	For the year ended 31 December 2018			
	Opening balance	Special commission earned	Collections	Ending balance
The Associate	130,000,000	4,017,433	(4,017,433)	130,000,000

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
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 FOR YEAR ENDED 31 DECEMBER 2019
 (SAUDI ARABIAN RIYALS)

26- SEGMENT INFORMATION

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

Markets

This business unit's main objective is to grow business by improving products/services, attracting domestic listings, (in the longer term) foreign listings, and developing new asset classes. The responsibilities include maintaining the integrity, stability, and fairness of stock market operations. Its objective is to achieve outstanding results through operational excellence, collaboration with CMA, cost effectiveness, total customer experience management, and developing a capable work force.

Edaa

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

Market information

The activities of this segment is to grow business of market information which includes offer high-quality real-time trading data, reference data, market indices and financial information to the financial community.

Corporate

Corporate manages future corporate development and controls all treasury related functions. All investments are incubated within this business segment, which also comprise managing strategy for business development, legal, finance, operations, human resources and customers' relation management.

2019	Markets	Edaa	Muqassa	Market information	Corporate	Total
Operating revenue	221,906,317	281,496,478	-	61,345,104	-	564,747,899
Operating costs	(131,886,167)	(130,820,921)	-	(36,459,398)	-	(299,166,486)
Operations income / (loss)	-	-	-	-	-	42,056,361
General and administrative expenses	-	-	-	-	(223,525,052)	(223,525,052)
Total assets	18,147,832	564,452,008	130,041,282	4,091,552	2,830,097,424	3,546,830,098
Total liabilities	37,308,873	46,414,594	25,130,752	11,690,852	166,879,783	287,424,854

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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 (SAUDI ARABIAN RIYALS)

26- SEGMENT INFORMATION (CONTINUED)

2018	Markets	(Edaa)	Muqassa	Market information	Corporate	Total
Operating revenues	224,150,902	298,320,362	-	60,808,776	-	583,280,040
Operating costs	(134,817,416)	(127,112,580)	-	(36,573,942)	-	(298,503,938)
Operations income / (loss)	89,333,486	171,207,782	-	24,234,834	-	284,776,102
General and administrative expenses	-	-	-	-	(210,520,277)	(210,520,277)
Total assets	18,211,205	566,423,092	-	4,105,840	2,943,208,846	3,531,948,983
Total liabilities	38,193,598	47,515,248	-	11,968,083	199,612,855	297,289,784

27- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market risk;
- Credit risks;
- Operational risk; and
- Liquidity risk

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

Risk Management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Further, the Board reviews reports from relevant committees in relation to the above on a regular basis.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Risk management structure

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

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 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED 31 DECEMBER 2019
 (SAUDI ARABIAN RIYALS)

27- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Board of Directors

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

Senior management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

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

27.1 Market rate risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate, because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial

instruments traded in the market. The Group limits market risk by maintaining a diversified portfolio and by monitoring the developments in financial markets. Market risk reflects price risk, currency risk and special commission rate risk.

Price risk

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group's price risk exposure relates to its quoted investments in mutual funds whose values will fluctuate as a result of changes in market prices.

A 1% change in the redemption prices and quoted prices of the investments, with all other variables held constant, would impact the statement of profit or loss as set out below:

	For the year ended 31 December	
	2019	2018
Effect on profit/ loss for the year	+25,852,886	±13,037,761

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss and assets of the Group.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

Special commission rate risk

The Group's exposure to changes in special commission rate relates primarily to the Group's long term variable rate debt instruments. Special commission rate risk arises from the possibility that changes in special commission rates will affect future profitability or the fair value of financial instruments. An increase / decrease in special commission rate of 1%, with all other variables held constant, would have resulted in a decrease / increase in profit for the year ended 31 December 2019 by SR 6,734 (for the year ended 31 December 2018: SR 82,234).

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED 31 DECEMBER 2019
 (SAUDI ARABIAN RIYALS)

27- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.1 Market rate risk (continued)

Special commission rate risk

The Group's exposure to changes in special commission rate relates primarily to the Group's long term variable rate debt instruments. Special commission rate risk arises from the possibility that changes in special commission rates will affect future profitability or the fair value of financial instruments. An increase / decrease in special commission rate of 1%, with all other variables held constant, would have resulted in a decrease / increase in profit for the year ended 31 December 2019 by SR 6,734 (for the year ended 31 December 2018: SR 82,234).

27.2 Credit risk

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

The below schedule shows the maximum limit for exposure to credit risk of the consolidated statement of financial position elements:

	31 December 2019	31 December 2018
Cash and cash equivalents	268,487,867	363,178,918
Investments at amortized cost	306,554,876	1,618,889,453
Accrued operational revenue	5,551,232	5,709,830
Advance to employees	6,232,881	4,377,876
Account receivables	48,057,614	45,323,583
	634,884,470	2,037,479,660

Cash and cash equivalents

The Group kept its surplus funds with banks having sound credit ratings. Currently the surplus funds are kept with banks having rating as follows:

FITCH		Moody's	
Long Term	Short Term	Long Term	Short Term
BBB+	A2	A1	P-1

Account receivables

Account receivables are shown net of allowance for credit losses. The Group applies IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED 31 DECEMBER 2019
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27- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.3 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 2019.

	Weighted average loss rate (%)	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	0.3	33,543,951	103,190	No
30-60 days	2.0	1,261,061	25,233	No
61-90 days	3.0	2,392,842	71,536	No
91-120 days	4.5	435,539	19,647	No
121-180 days	18.2	2,571,107	467,183	Yes
181-360 days	45.4	2,077,669	943,808	Yes
More than 360 days past due	90.9	5,775,445	5,247,138	Yes
		48,057,614	6,877,735	

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2018.

	Weighted average loss rate (%)	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	0.04	33,285,334	14,129	No
30-60 days	1.04	1,555,431	16,174	No
61-90 days	2.24	309,770	6,929	No
91-120 days	2.52	250,501	6,314	No
121-180 days	20.00	856,173	171,235	Yes
181-360 days	50.00	5,103,826	2,551,912	Yes
More than 360 days past due	100.00	3,962,548	3,962,548	Yes
		45,323,583	6,729,241	

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(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2019
(SAUDI ARABIAN RIYALS)

27- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

27.5 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.

The below schedule shows an analysis of financial assets and liabilities based on the expected date of collection or settlement:

	31 December 2019			31 December 2018		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Cash and cash equivalents	268,487,867	-	268,487,867	363,178,918	-	363,178,918
Investments	2,660,288,572	231,554,876	2,891,843,448	2,616,337,849	306,327,691	2,922,665,540
Account receivables – gross	48,057,614	-	48,057,614	45,323,583	-	45,323,583
Accrued operational revenue	5,551,232	-	5,551,232	5,709,830	-	5,709,830
Advance to employees	6,232,881	-	6,232,881	4,377,876	-	4,377,876
Total financial assets	2,988,618,166	231,554,876	3,220,173,042	3,034,928,056	306,327,691	3,341,255,747
Lease liability	4,263,087	-	4,263,087	-	-	-
Account payables	105,383,866	-	105,383,866	87,268,042	-	87,268,042
Balance due to CMA	22,330,201	-	22,330,201	56,661,001	-	56,661,001
Accrued expenses and other current liabilities	75,018,332	-	75,018,332	59,136,932	-	59,136,932
Total financial liabilities	206,995,486	-	190,368,079	203,065,975	-	203,065,975
Net financial assets	2,781,622,680	231,554,876	3,013,177,556	2,831,862,081	306,327,691	3,138,189,772

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED 31 DECEMBER 2019
 (SAUDI ARABIAN RIYALS)

28- 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount of the remaining financial assets and financial liabilities is a reasonable approximation of fair value.

Investments	Carrying value	31 December 2019			Total Fair Value
		Fair value			
		Level 1	Level 2	Level 3	
FVTPL	2,585,288,572	-	2,585,288,572	-	2,585,288,572

Investments	Carrying value	31 December 2018			Total Fair Value
		Fair value			
		Level 1	Level 2	Level 3	
FVTPL	1,303,776,087	-	1,303,776,087	-	1,303,776,087

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 2019 (31 December 2018: Nil).

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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(SAUDI ARABIAN RIYALS)

29- SUBSEQUENT EVENTS

The existence of novel coronavirus (Covid-19) was confirmed in early 2020 and has spread globally including the Kingdom of Saudi Arabia (KSA), causing disruptions to businesses and economic activity and may eventually impact the Tadawul's revenue streams. Moreover, the Government of KSA has announced several initiatives to provide necessary relief to industry sectors including underlying consumers. Tadawul considers this outbreak to be a non-adjusting post balance sheet event. As the situation is fluid and rapidly evolving, we do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak on the Company. The impact of this outbreak on Tadawul's consolidated financial statements including expected credit losses will be considered in the Company's consolidated financial statements for the year ending 31 December 2020.

30- DIVIDEND

The ordinary assembly meeting held on 14 Ramadan 1440H (corresponding to 19 May 2019) approved the payment of dividend to shareholders for the year ended 31 December 2018 amounting to SR 120,000,000.

31- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 2 Sha'ban 1441 corresponding to 26 March 2020

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT



KPMG Professional Services

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Riyadh 11663
Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠٤٢٥٤٩٤

Independent Auditor's Report

To the Shareholder of Saudi Stock Exchange Company

Opinion

We have audited the consolidated financial statements of Saudi Stock Exchange Company ("Tadawul" or "the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants ("SOCPA").

Basis for Opinion

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

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

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

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

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

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

كي بي إم جي للاستشارات المهنية، شركة هيئة مساهمة مغلقة مسجلة في المملكة العربية السعودية وأعمالها (١٥٠٠٠٠٠) بون سعودي، منفرد بالتكليف، تم تنظيم اسم الشركة من الاسم السابق "الشركة كي بي إم جي فوزان وشركاه مضمون ومن ايجون قديرون" إلى الاسم الحالي بتاريخ ١٠/٢١/٢٠١١م. وهي شركة عضو غير شريك في شبكة شركات كي بي إم جي للاستشارة والتفتحة ل كي بي إم جي العالمية، شركة مسجلة في بريطانيا.



Independent Auditor's Report

To the Shareholder of Saudi Stock Exchange Company (continued)

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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

KPMG Professional Services


Khalil Ibrahim Al Sedais
License No: 371



Riyadh, 17 Shaban 1442H
Corresponding to: 30 March 2021

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 31 DECEMBER 2020
 (SAUDI ARABIAN RIYALS)

	Notes	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property and equipment	4	21,381,712	13,693,404
Intangible assets	5	179,552,282	176,516,175
Equity-accounted investee	6	378,895,293	40,996,978
Investments	7	101,267,886	231,554,876
Right of use assets	8	19,856,726	11,271,347
Total non-current assets		700,953,899	474,032,780
Current assets			
Investments	7	3,103,518,964	2,660,288,572
Accounts receivable	9	57,364,818	41,179,879
Prepaid expenses and other current assets	10	102,271,835	102,841,000
Deposits with Saudi Central Bank ("SAMA")	11	32,177,558	-
Cash and cash equivalents	12	96,798,376	268,487,867
Total current assets		3,392,131,551	3,072,797,318
Total assets		4,093,085,450	3,546,830,098
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,200,000,000	1,200,000,000
Statutory reserve	13	376,963,633	326,911,746
General reserve	14	1,114,180,214	1,114,180,214
Retained earnings		943,478,532	618,313,284
Total equity		3,634,622,379	3,259,405,244
Non-current liabilities			
Employees' end-of-service benefits liability	15	91,024,046	77,294,401
Lease liability	16	4,658,348	-
Total non-current liabilities		95,682,394	77,294,401

The accompanying notes from (F-105) through (F-156) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
 AS AT 31 DECEMBER 2020
 (SAUDI ARABIAN RIYALS)

	Notes	31 December 2020	31 December 2019
Current liabilities			
Margin deposits from clearing participants	17	19,030,340	-
Members' contribution to clearing house funds	18	3,147,217	-
Lease liability	16	9,128,643	4,263,087
Accounts payable	19	95,314,671	105,383,866
Balance due to Capital Market Authority		32,758,785	22,330,201
Deferred revenue		3,223,464	3,134,967
Accrued expenses and other current liabilities	20	116,616,283	75,018,332
Zakat payable	21	83,561,274	-
Total current liabilities		362,780,677	210,130,453
Total liabilities		458,463,071	287,424,854
Total equity and liabilities		4,093,085,450	3,546,830,098

The accompanying notes from (F-105) through (F-156) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

	Notes	For the year ended 31 December	
		2020	2019
Operating revenue	22	1,079,635,090	564,747,899
Operating costs	23	(356,484,493)	(326,128,116)
Gross profit		723,150,597	238,619,783
General and administrative expenses	24	(180,244,860)	(196,960,609)
Operating profit		542,905,737	41,659,174
Investment income	25	38,797,145	94,343,939
Share of loss in equity-accounted investee	6	(2,101,685)	(1,610,095)
Other income		4,478,947	18,900,768
Non-operating profit		41,174,407	111,634,612
Profit for the year		584,080,144	153,293,786
Zakat expense	21	(83,561,274)	-
Net profit for the year		500,518,870	153,293,786
Other comprehensive income:			
Item that will not be reclassified to the consolidated statement of profit or loss			
Re-measurement of employees' end-of-service benefits liability	15	(5,301,735)	(8,547,741)
Other comprehensive loss for the year		(5,301,735)	(8,547,741)
Total comprehensive income for the year		495,217,135	144,746,045
Basic and diluted earnings per share	26	4.17	1.28

The accompanying notes from (F-105) through (F-156) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

	Share capital	Statutory reserve	General reserve	Retained earnings	Total equity
Balance as at 1 January 2020	1,200,000,000	326,911,746	1,114,180,214	618,313,284	3,259,405,244
Profit for the year	-	-	-	500,518,870	500,518,870
Other comprehensive loss for the year	-	-	-	(5,301,735)	(5,301,735)
Dividends (Note 33)	-	-	-	(120,000,000)	(120,000,000)
Transfer to statutory reserve	-	50,051,887	-	(50,051,887)	-
Balance as at 31 December 2020	1,200,000,000	376,963,633	1,114,180,214	943,478,532	3,634,622,379
Balance as at 1 January 2019 (Audited)	1,200,000,000	311,582,367	1,114,180,214	608,896,618	3,234,659,199
Profit for the year	-	-	-	153,293,786	153,293,786
Other comprehensive loss for the year	-	-	-	(8,547,741)	(8,547,741)
Dividends (Note 33)	-	-	-	(120,000,000)	(120,000,000)
Transfer to statutory reserve	-	15,329,379	-	(15,329,379)	-
Balance as at 31 December 2019	1,200,000,000	326,911,746	1,114,180,214	618,313,284	3,259,405,244

The accompanying notes from (F-105) through (F-156) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR END 31 DECEMBER 2020
 (SAUDI ARABIAN RIYALS)

	Notes	For the year ended 31 December	
		2020	2019
Cash flows from operating activities			
Profit before zakat		584,080,144	153,293,786
Adjustments to reconcile net profit for the period to net cash generated from operating activities:			
Depreciation and amortization	23, 24	48,213,576	51,272,542
Charge for credit losses on accounts receivable	9	19,735,859	148,494
Reversal for impairment on investments held at amortized cost	7	(1,076,063)	(342,923)
Provision for employees' end-of-service benefits	15	11,300,262	10,966,445
Realised gain on sale of investments	25	(15,751,508)	(5,425,998)
Unrealised gain on investments	25	(8,817,609)	(50,234,343)
Share of loss in equity-accounted investee	6	2,101,685	1,610,095
Interest expense on lease liability		253,057	149,208
Reversal of provision for specific obligation		-	(17,430,875)
Changes in operating assets and liabilities:			
Deposits with Saudi Arabian Monetary Authority		(32,177,558)	-
Accounts receivable		(35,920,798)	(2,734,030)
Prepaid expenses and other current assets		569,165	(70,881,119)
Margin deposits from clearing participants		19,030,340	-
Members' contribution to clearing house funds		3,147,217	-
Accounts payable		(10,069,195)	18,115,824
Balance due to Capital Market Authority		10,428,584	(34,330,800)
Deferred revenue		88,497	(1,598,140)
Accrued expenses and other current liabilities		41,597,951	15,881,400

The accompanying notes from (F-105) through (F-156) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR END 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

	Notes	For the year ended 31 December	
		2020	2019
Cash generated from operations		636,733,606	68,459,566
Employees' end-of-service benefits paid	15	(2,872,352)	(14,279,612)
Net cash generated from operating activities		633,861,254	54,179,954
Cash flows from investing activities			
Purchase of investments		(2,558,201,111)	(1,219,357,541)
Additional investment in equity-accounted investee		(210,000,000)	-
Proceeds from disposal of investments		2,065,902,889	1,306,182,897
Proceeds from maturity of sukuk		75,000,000	-
Purchase of intangible assets and property and equipment		(45,676,373)	(94,111,745)
Net cash used in investing activities		(672,974,595)	(7,286,389)
Cash flows from financing activities			
Dividends paid	33	(120,000,000)	(120,000,000)
Lease rentals paid		(12,576,150)	(21,584,616)
Net cash used in financing activities		(132,576,150)	(141,584,616)
Net increase / (decrease) in cash and cash equivalents		(171,689,491)	(94,691,051)
Cash and cash equivalents at the beginning of the period		268,487,867	363,178,918
Cash and cash equivalents at end of the period	12	96,798,376	268,487,867
Non-cash supplemental information			
Conversion of sukuk investment to equity-accounted investee	6	130,000,000	-
Dividend income capitalized		11,367,239	12,782,200

The accompanying notes from (F-105) through (F-156) form an integral part of these consolidated financial statements.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

1- GENERAL

Saudi Stock Exchange Company (Tadawul" or the "Company") is a Saudi closed 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 Minister of Commerce and Industry resolution no. 320/k dated 1/12/1428 H (corresponding to 11 December 2007). As at 31 December 2020, the authorized, issued and fully paid-up share capital of the Company is SR 1,200 million (31 December 2019: SR 1,200 million) divided into 120 million shares (31 December 2019: 120 million shares) of SR 10 each and is fully subscribed by the Public Investment Fund ("PIF").

The Company's main activity is to provide, create and manage the mechanisms of trading of securities, providing depository and registration of securities ownership, dissemination of securities information 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 Tadawul and its subsidiaries (collectively referred to as "the Group").

The Company's registered address is as follows:

6897 King Fahd Road - Al Olaya

Unit Number: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Subsidiaries

Securities Depository Centre Company ("Edaa")

Capital Market Authority ("CMA") Board approved the formation of Securities Depository Centre Company ("Edaa") as a new Saudi joint stock company in the Kingdom of Saudi Arabia in accordance with the Capital Market Law issued by the Royal Decree no. M/30 dated 06/02/1424 H (corresponding to 22 March 2003). Edaa was registered as a Saudi joint stock company in Riyadh under Commercial Registration no. 1010463866 dated 11/27/1437 H (corresponding to 30 August 2016) with an authorized share capital of SR 400 million divided into 40 million shares of SR 10 each.

As at 31 December 2020 and 31 December 2019, the Company held 100 percent of the issued share capital of Edaa. The main objective of Edaa is to provide depository and registration of securities ownership and clearing services of securities.

Securities Clearing Center Company ("Muqassa")

The Company's Board of Directors in their meeting dated 30 October 2017 under a decision number 03-04-2017/04-04-2017 approved the formation of a new company, Securities Clearing Center Company ("Muqassa"). Muqassa was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010935131 dated 02/06/1439 (corresponding to 18 February 2018) with an authorized share capital of SAR 600 million divided into 60 million shares of SR 10 each.

As at 31 December 2020 and 31 December 2019, the Company held 100 percent of the issued share capital of Muqassa. The main objective of Muqassa is to provide, create and manage the mechanisms of trading of securities, providing settlement and clearing services of securities and engage in any other related activity to achieve the objectives as defined in the Capital Market Law.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

1- GENERAL (CONTINUED)

Subsidiaries (continued)

Tadawul Advance Solution Company ("TASC")

The Company's Board of Directors in their meeting dated 19/04/2020 under a decision number 02-02-2020 approved the formation of a new company, Tadawul Advance Solutions Company ("TASC"). TASC was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010656577 dated 11/02/1442 (corresponding to 28/09/2020) with an authorized share capital of SAR 300 million divided into 30 million shares of SR 10 each.

As at 31 December 2020, the Company held 100 percent of the issued shares capital of TASC. The main objective of TASC is to provide financial technology solutions, research and development in the field of engineering and technology, market research and opinion polls.

Significant event

The COVID-19 pandemic continues to disrupt global markets as many geographies are experiencing a "second wave" of infections despite having previously controlled the outbreak through aggressive precautionary measures such as imposing restrictions on travel, lockdowns and strict social distancing rules. The Government of Kingdom of Saudi Arabia ("the Government") however has managed to successfully control the outbreak to date, owing primarily to the unprecedented yet effective measures taken by the Government.

Recently, number of COVID-19 vaccines have been developed and approved for mass distribution by various governments around the world. The Government has also approved vaccines which have begun to roll out and will be available to the masses in general during 2021.

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

2- BASIS OF PREPARATION

2.1 Statement of compliance

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

The new Regulation for Companies issued through Royal Decree M/3 on 11 November 2015 (hereinafter referred as "the Law") came into force on 25/07/1437H (corresponding to 2 May 2016). The Company has amended its By-laws for any changes to align those with provisions of the Law. Consequently, the Company presented its amended By-laws to stockholders in their Extraordinary General Assembly meeting for their ratification on 2 January 2020 and Extraordinary General Assembly approved it.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED 31 DECEMBER 2020
 (SAUDI ARABIAN RIYALS)

2- BASIS OF PREPARATION (CONTINUED)

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 and loss and employees' end-of-service benefits which is measured using actuarial techniques, using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of these consolidated financial statements in conformity with the International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income 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 as follows:

	Notes
Useful lives of property and equipment	3.5
Useful lives of intangible assets	3.6
Allowance for credit loss on investments at amortized cost	3.4
Allowance for credit losses on accounts receivable	3.4
Valuation of the employees' end-of-service benefits liability	3.11

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 New accounting policies adopted during the year

Deposits with the Saudi Central Bank ("SAMA")

Cash received from the clearing members to cover initial and variation margins and default fund contributions are deposited with the Saudi Central Bank ("SAMA"). Moreover, the Group has also made an initial deposit as required by the Capital Market Authority ("CMA").

Margin deposits from clearing members

The Group receives margin deposits from its clearing members as collateral in connection with the outstanding derivative contracts between the Group and its members. The obligation to refund the margin deposits is recognized and presented as margin deposits from clearing participants under current liabilities. Liabilities held in this category are initially recognised at fair value and subsequently re-measured at amortised cost using the effective interest rate method.

Members' contributions to clearing house funds

This represents a prefunded default arrangement that is composed of assets contributed by the Group's participants that may be used by the Group in certain circumstances to cover losses or liquidity pressures resulting from participant defaults. These balances are included under current liabilities. Liabilities held in this category are initially recognized at fair value and subsequently remeasured at amortized cost using the effective interest rate method.

3.2 Changes in accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the preparation of the annual audited consolidated financial statements for the year ended 31 December 2019. Based on the adoption of these amendments and in consideration of current economic environment, the following accounting policies are applicable effective 1 January 2020 replacing, amending or adding to the corresponding accounting policies set out in 2019 annual audited consolidated financial statements.

Amendments and interpretations adopted in preparation of these consolidated financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2020. The management has assessed that the amendments have no significant impact on the Group's financial statements.

- Amendments to IFRS 3: Definition of a Business;
- Amendments to IAS 1 and IAS 8: Definition of Material;
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform – Phase 1

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED 31 DECEMBER 2020
 (SAUDI ARABIAN RIYALS)

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Changes in accounting policies (continued)

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

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning on or after 1 January 2021 are listed below. The Group has opted not to early adopt these pronouncements and do not expect these to have significant impact on the consolidated financial statements.

- COVID-19 – Related Rent Concessions (Amendments to IFRS 16);
- IFRS 17 – Insurance contracts, applicable for the period beginning on or after 1 January 2023;
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, applicable for the period beginning on or after 1 January 2022;
- Onerous contracts – Cost of Fulfilling a contract (Amendments to IAS 37);
- Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16); and
- Reference to Conceptual Framework (Amendments to IFRS 3)

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

3.3 Basis of consolidation

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

In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the IFRS consolidated financial statements from the date that control commences until the date control ceases.

All transactions and resulting balances between the Company and the subsidiaries are eliminated in preparing these consolidated financial statements. Any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

3.4 Financial instruments

i) Classification and measurement of financial assets

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

- Under IFRS 9, upon initial recognition, a financial asset is classified as measured at:
 - amortised cost;
 - fair value through other comprehensive income (FVOCI) – debt investment;
 - FVOCI – equity investment; or
 - FVTPL.

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED 31 DECEMBER 2020
 (SAUDI ARABIAN RIYALS)

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

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.

Financial assets at FVTPL

Financial assets at fair value through profit or loss comprise of investments in equity securities that do not qualify for measurement at either amortized cost or at FVOCI.

Financial instruments held at FVTPL are initially recognized at fair value, with transaction cost recognized in the statement of profit or loss as incurred. Subsequently, they are measured at fair value and any gains and losses are recognized in the statement of profit or loss as they arise.

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

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

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

ii) Classification and measurement of financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at fair value through profit or loss or the Group has opted to measure a liability at fair value through profit or loss.

iii) Derecognition

Financial assets

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

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

Financial liabilities

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

iv) 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. Income 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.

v) Impairment of financial assets

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

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

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 FOR YEAR ENDED 31 DECEMBER 2020
 (SAUDI ARABIAN RIYALS)

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

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 the consolidated statement of profit or loss.

3.5 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.

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

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

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

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

Depreciation

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

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

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

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

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

SAUDI STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Intangible assets

These represent software held for use in the normal course of the business and are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged to the statement of profit or loss over an estimated useful life of the software using the straight-line method. The estimated useful life of software is 6 years.

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

3.7 Impairment of non-financial assets

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

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

This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes.

The Group's corporate assets do not generate separate cash inflows. 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.

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 the consolidated statement of profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.

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

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Investments in investment in equity-accounted investees

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

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

When the Group's share of losses exceeds its interest in an equity-accounted investee, the 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 consolidated statement of profit and loss.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three months or less, if any, which are available to the Group without any restrictions.

3.10 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 the statement of profit or loss.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Employees' end-of-service benefits liability

Employees' end-of-service benefits are payable to all employees employed under the terms and conditions of the labor laws applicable to the Group.

The Group's net obligation in respect of employees' end-of-service benefits is calculated by estimating the amount of future benefits that employees have earned in the current and prior periods. That benefit is discounted to determine its present value.

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.

3.12 Revenue recognition

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 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 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 amount of consideration to which the Group expects to be 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 service to the customer under a contract.

The trading commission revenue is recognized at the trade date to which the transaction pertains when the obligation to provide trade services has been fulfilled. Part of total commissions and services provided by the Group are deducted in favor of CMA.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Revenue recognition (continued)

The Group charges a listing fee service, which represents initial subscription fees of the listed companies in addition to the annual renewal fees.

Listing fee is collected semi-annually and is recorded as unearned revenues (deferred revenue) and is subsequently recognized in the consolidated statement of 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.

Securities depository services includes multiple revenue streams which pertains to Edaa. Most significant component of this revenue stream relates to registry services. Registry fee is collected annually at the start of the year and is recorded as unearned revenue (deferred income) and is subsequently recognized in the consolidated statement of 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.

Dividend income

Dividend income is recognized when the right to receive is established.

Special commission income

Special commission income is recognised in the statement of profit or loss on an effective yield basis.

3.13 Expenses

General and administrative expenses are those arising from the Group's efforts underlying the marketing, consultancy and maintenance functions. Allocations of common expenses between operating costs and general and administrative expenses, when required, are made on a consistent basis.

3.14 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 denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Zakat

Based on Royal Decree 35657 issued on 29/6/1442H, the Group is subject to Zakat in accordance with the Zakat regulation issued by the General Authority for Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia effective 1 January 2020. Zakat is recognized in profit or loss. Zakat is levied at a fixed rate of 2.5% of the zakat base as defined in the Zakat regulations.

Additional zakat calculated by GAZT, if any, related to prior years is recognized in the year in which final declaration is issued.

3.16 Contingent liabilities

All possible obligations arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly with the control of the Group; or all present obligations arising from past events but not recognized because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or (ii) the amount of the obligation cannot be measured with sufficient reliability; all should be assessed at reporting date and disclosed in the Group's consolidated financial statements under contingent liabilities.

3.17 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 to 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.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Fair value measurement (continued)

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.

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.

3.18 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 remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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3- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Right-of-Use assets and lease liabilities (continued)

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.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of 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.

As a lessor:

The Group does not have any contracts in capacity of lessor.

3.19 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 sell or consumed in normal operating cycle;
- 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 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

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4- PROPERTY AND EQUIPMENT

	Land	Building	Furniture and fixtures	Computers	Office equipment	Vehicles	Total
Cost:							
Balance as at 1 January 2019	2,310,985	618,248	20,261,233	104,942,555	17,911,192	1,656,350	147,700,563
Additions	-	-	1,750,929	531,485	870,772	-	3,153,186
Balance as at 31 December 2019	2,310,985	618,248	22,012,162	105,474,040	18,781,964	1,656,350	150,853,749
Balance as at 1 January 2020	2,310,985	618,248	22,012,162	105,474,040	18,781,964	1,656,350	150,853,749
Additions	-	141,755	35,085	12,455,164	325,042	-	12,957,046
Disposals	-	-	-	(153,594)	-	-	(153,594)
Balance as at 31 December 2020	2,310,985	760,003	22,047,247	117,775,610	19,107,006	1,656,350	163,657,201
Accumulated depreciation:							
Balance as at 1 January 2019	-	68,694	15,741,114	95,989,261	16,181,183	1,399,246	129,379,498
Charge for the year	-	20,608	668,652	6,246,723	711,364	133,500	7,780,847
Balance as at 31 December 2019	-	89,302	16,409,766	102,235,984	16,892,547	1,532,746	137,160,345
Balance as at 1 January 2020	-	89,302	16,409,766	102,235,984	16,892,547	1,532,746	137,160,345
Charge for the year	-	20,608	610,572	3,958,461	555,493	123,604	5,268,738
Disposals	-	-	-	(153,594)	-	-	(153,594)
Balance as at 31 December 2020	-	109,910	17,020,338	106,040,851	17,448,040	1,656,350	142,275,489
Net book value:							
As at 31 December 2020	2,310,985	650,093	5,026,909	11,734,759	1,658,966	-	21,381,712
As at 31 December 2019	2,310,985	528,946	5,602,396	3,238,056	1,889,417	123,604	13,693,404

Property and equipment include work in progress amounting to SR 2 million (2019: 1.6 million). Work in progress is not depreciated until the asset is placed in service.

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5- INTANGIBLE ASSETS

	For the year ended 31 December	
	2020	2019
Cost:		
Balance at beginning of the year	396,690,327	305,731,768
Additions	32,719,327	90,958,559
Disposals/write-off	-	-
Balance at end of the year	429,409,654	396,690,327
Accumulated amortization:		
Balance at beginning of the year	220,174,152	191,109,604
Charge for the year	29,683,220	29,064,548
Disposals/write-off	-	-
Balance at end of the year	249,857,372	220,174,152
Net book value as at 31 December	179,552,282	176,516,175

Intangible assets include work in progress amounting to SR 98.7 million (2019: 103.7 million). Work in progress is not amortized until the asset is placed in service.

6- EQUITY-ACCOUNTED INVESTEE

This represents the Group's share of investment in Tadawul Real Estate Company ("the Associate"), a company incorporated in the Kingdom of Saudi Arabia, where the Company has significant influence through voting rights. As at 31 December 2020, the Group owns 33.12% (31 December 2019: 20%) share capital of the Associate. The main activity of the associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group expects to be headquartered.

The movement of investment in the Associate is as follows:

For the year ended 31 December

	2020	2019
Balance at beginning of the year	40,996,978	42,607,073
Additional investment during the year	340,000,000	-
Share of loss for the year	(2,101,685)	(1,610,095)
Balance at end of the year	378,895,293	40,996,978

The following table summarizes the financial information of the Associate as included in the audited financial statements as of 31 December 2020 and 31 December 2019:

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6- EQUITY-ACCOUNTED INVESTEE (CONTINUED)

	31 December 2020	31 December 2019
Summarized statement of financial position		
Total current assets	298,827,419	230,738,931
Total non-current assets	1,925,466,589	1,258,086,427
Total current liabilities	969,825,327	458,032,604
Total non-current liabilities	47,354,400	674,805,324
Net assets (100%)	1,207,114,281	355,987,430

	31 December 2020	31 December 2019
Summarized statement of comprehensive income		
Total comprehensive loss for the year	8,873,149	6,244,803

The Group has recognized its share of loss for the year ended 31 December 2020, based on the 2020 audited financial statements of the Associate. The financial restructuring of the Associate was completed during the year 2020. The restructuring involved conversion of investment of the Group in the Associate in the form of sukuk amounting to SR 130 million (note 7) to equity investment. Furthermore, the Company made additional equity investment amounting to SR 210 million to the Associate. These transactions were approved by the Group's Board of Directors on 19 April 2020. This restructuring has not resulted to the Group to gain control over the Associate.

7- INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	31 December 2020	31 December 2019
Non-current			
Investments at amortized cost	7.1	101,267,886	231,554,876
		101,267,886	231,554,876
Current			
Investments at amortized cost	7.3	-	75,000,000
Investments at FVTPL	7.4	3,103,518,964	2,585,288,572
		3,103,518,964	2,660,288,572

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7- INVESTMENTS (CONTINUED)

7.1 Investments at amortized cost – non-current

This represents investment in Sukuk issued by counter parties operating in Kingdom of Saudi Arabia having sound credit ratings. These Sukuk carry an average commission rate of 2.50% per annum during 2020 (2019: 2.7%). The details of these investments are as follow:

Description	31 December 2020	31 December 2019
General Authority of Civil Aviation	100,000,000	100,000,000
Tadawul Real Estate Company (Note 7.1.1)	-	130,000,000
Accrued income	1,311,751	2,674,804
Impairment loss on investments at amortized cost (Note 7.2)	(43,865)	(1,119,928)
	101,267,886	231,554,876

7.1.1 Tadawul Real Estate Company sukuk which was held by the Group previously was converted to equity investment during the year ended 31 December 2020 (refer to note 6).

7.2 The movement of the expected credit losses on investment held at amortized cost is summarized as follows:

	31 December 2020	31 December 2019
Balance at the beginning of the year	1,119,928	1,462,752
Reversal for the year	(1,076,063)	(342,923)
Balance at the end of the year	43,865	1,119,928

7.3 Investments at amortized cost – current

Description	31 December 2020	31 December 2019
Savola Group Company Sukuk	-	75,000,000
Total	-	75,000,000

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7- INVESTMENTS (CONTINUED)

7.4 Investments at fair value through profit or loss ("FVTPL"):

This represents investment in units of mutual funds, which are governed by the regulation issued by CMA. The cost and fair value of investments held at FVTPL are as follows:

	31 December 2020		31 December 2019	
	Cost	Fair value	Cost	Fair value
Money market funds	3,017,198,517	3,074,346,514	2,458,092,921	2,548,344,972
Real estate funds	40,000,000	29,172,450	40,000,000	36,943,600
Total	3,057,198,517	3,103,518,964	2,498,092,921	2,585,288,572

8- RIGHT OF USE ASSETS

	31 December 2020	31 December 2019
Balance at beginning of the year	11,271,347	25,698,494
Additions	21,846,997	-
Depreciation charge for the year	(13,261,618)	(14,427,147)
Balance at end of the year	19,856,726	11,271,347

9- ACCOUNTS RECEIVABLE

	Notes	31 December 2020	31 December 2019
Accounts receivable:			
- Related parties	28.1	7,217,825	10,136,265
- Others		76,760,587	37,921,349
Less: Allowance for credit losses	9.1	(26,613,594)	(6,877,735)
		57,364,818	41,179,879

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9- ACCOUNTS RECEIVABLE (CONTINUED)

9.1 The movement in the allowance for credit losses is summarized as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2019
Balance at the beginning of the year	6,877,735	6,729,241
Charge for the year	19,735,859	148,494
Balance at the end of the year	26,613,594	6,877,735

10- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	Note	31 December 2020	31 December 2019
Advance against purchase of property	10.1	77,500,000	77,500,000
Prepaid insurance expenses		7,770,332	7,767,406
Accrued operational revenue		10,108,448	5,551,232
Advance to employees		2,875,632	6,232,881
Prepaid maintenance expenses		1,418,613	1,328,331
Value-added tax (VAT) receivable, net		-	745,507
Other receivables		2,598,810	3,715,643
		102,271,835	102,841,000

10.1 This represents advance paid to purchase a property for establishing the data center in King Abdullah Financial District.

11- DEPOSITS WITH SAUDI CENTRAL BANK ("SAMA")

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default fund. It also includes SR 10 million deposited by the Group as per CMA guidelines. Commission is earned on such deposits, part of the commission is booked by the Group and the clearing members' share of the commission is added to their collateral accounts.

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12- CASH AND CASH EQUIVALENTS

		31 December 2020	31 December 2019
Cash at banks – current accounts		96,798,376	142,140,619
Short-term Murabaha placement	12.1	-	126,347,248
		96,798,376	268,487,867

12.1 Short-term Murabaha placement was with a counter party having sound credit rating. This placement had an original maturity period of less than three months and carried an average special commission rate of 2.45% per annum. This Murabaha matured in the month of January 2020 and was not renewed.

13- STATUTORY RESERVE

In accordance with the Company's By-laws and the Saudi Arabian Regulations for Companies effective 25 Rajab 1437H (corresponding to 2 May 2016), the Company is required to set aside 10% of its net income each year as statutory reserve until such reserve reaches 30% of the share capital. The Company transfers the required net income to the statutory reserve at year-end. This reserve is currently not available for distribution to the shareholders of the Group.

14- GENERAL RESERVE

In accordance with the approval of the Chairman of CMA vide letter number 524/2007 dated 31 February 2007, a balance of the retained earnings was transferred to a contractual reserve for the purpose of financing the construction of Tadawul's headquarter in King Abdullah Financial District and any other future purposes to be decided by the Company's Board of Directors. During the year 2008, the Board of Directors of the Company had resolved, according to a decision number 6/8/2008, to transfer such balance of the contractual reserve to a general reserve.

15- EMPLOYEES' END-OF-SERVICE BENEFITS LIABILITY

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15- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

The movement in employees' end-of-service benefits is as follows:

	For the year ended 31 December	
	2020	2019
Balance at beginning of the year	77,294,401	72,059,827
Current service cost	9,028,207	7,941,617
Interest cost	2,272,055	3,024,828
Amount recognised in profit or loss	11,300,262	10,966,445
Re-measurement loss recognized in other comprehensive income	5,301,735	8,547,741
Benefits paid during the year	(2,872,352)	(14,279,612)
Balance at the end of the year	91,024,046	77,294,401

15.1 Net end-of-service benefits liability is as follows:

	31 December 2020	31 December 2019
Present value of benefits liability	91,024,046	77,294,401
Fair value of plan assets	-	-
Net defined benefits liability	91,024,046	77,294,401

15.2 Re-measurement loss recognized in other comprehensive income for the year is as follows:

	For the year ended 31 December	
	2020	2019
Effect of changes in financial assumptions	5,930,906	6,881,144
Effect of changes in demographic assumptions	-	-
Effect of experience adjustments	(629,171)	1,666,597
Re-measurement loss recognized in other comprehensive income	5,301,735	8,547,741

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15- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

15.3 Principal actuarial assumptions

	31 December 2020	31 December 2019
Key actuarial assumptions		
Discount rate used	1.85%	2.85%
Future growth in salary	5.00%	5.00%
Turnover	Heavy	Heavy
Demographic assumptions		
Retirement Age	64 years	64 years

Discount rate used

This rate is used to obtain the actuarial present value of the projected benefits. As per IAS 19 Employee Benefits, the rate to be used to discount post-employment benefit obligations (both funded and un-funded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and expected term of the post-employment benefit obligation. Since there is no deep market for high quality corporate bonds in the Kingdom of Saudi Arabia, therefore, the market yield of government bond is considered.

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. The valuation is sensitive to the gap between the interest and salary increase assumptions. The situation will be kept under review. Salary increments each year are assumed to be given on 1st February.

15.4 Maturity profile of the defined benefit liability

	2020	2019
Weighted average duration (years)	7.82	7.48
Distribution of benefit payments:		
Years	Amount	
1	10,186,507	6,031,485
2	12,717,122	8,573,188
3	8,549,431	7,722,731
4	8,229,939	5,562,937
5	8,793,346	5,380,932
6-10	51,312,962	33,863,686

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15- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

15.5 Sensitivity analysis

Reasonably possible changes as to one of the relevant actuarial assumptions, holding other assumptions constant, the amount of defined benefit obligations would have been:

	31 December 2020		31 December 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	90,624,158	98,126,361	76,620,657	82,666,148
Future salary growth (0.5% movement)	96,337,369	92,251,617	81,214,900	77,945,735

15.6 Risks associated with defined benefits plan

Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salary increases are higher than expectation and impacts the liability accordingly.

16- LEASE LIABILITY

This represents amount of lease liability as per IFRS 16 for the rented offices of the Company.

Following are the classification and maturity analysis of lease liabilities into current and non-current:

	Future minimum lease payments	Interest	Present value of minimum lease payments
Current	9,381,700	253,057	9,128,643
Non-current	5,037,933	379,585	4,658,348
	14,419,633	632,642	13,786,991

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17- MARGIN DEPOSITS FROM CLEARING PARTICIPANTS

	Notes	31 December 2020	31 December 2019
Clearing members house collateral	17.1	1,001,361	-
Clearing members client collateral	17.2	16,539,779	-
Clearing members initial margin	17.3	1,489,200	-
		19,030,340	-

17.1 This represents cash collateral received from clearing members on their own account.

17.2 This represents cash collateral received from clearing members on account of their customers.

17.3 This represents cash collateral from clearing members highlighting values with position.

18- MEMBERS' CONTRIBUTION TO CLEARING HOUSE FUNDS

This represents prefunded default arrangement that is composed of assets contributed by clearing member that may be used by the Group in certain circumstances to cover the losses or liquidity pressure resulting from participant defaults.

19- ACCOUNTS PAYABLE

	31 December 2020	31 December 2019
Trade payables:		
Others	81,667,208	96,877,390
Related parties (Note 28.3)	13,647,463	8,506,476
	95,314,671	105,383,866

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20- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2020	31 December 2019
Accrued employees expenses	94,647,318	67,464,699
Accrued social insurance – General Organization for Social Insurance	2,108,213	2,007,831
Value added tax (VAT), net	10,195,945	-
BOD Payable	5,470,358	-
Others	4,194,449	5,545,802
	116,616,283	75,018,332

21- ZAKAT PAYABLE

Effective 1 January 2020, the Group is subject to Zakat in accordance with the Zakat regulation issued by GAZT based on Royal Decree 35657 issued on 29/6/1442H. The Group is yet to file its consolidated Zakat return for the Company and its wholly-owned subsidiaries with GAZT. Zakat charge for the year amounted to be SR 92.34 million.

	31 December 2020
Share capital	1,200,000,000
Statutory reserve	326,911,746
General reserve	1,114,180,214
Retained Earnings	618,313,284
Liabilities and provisions	98,310,239
Non-current assets	(721,787,698)
Zakat base	2,635,927,785
Zakat %	2.5847
	68,130,825
Adjusted profit	617,217,951
Zakat %	2.5
	15,430,449
Zakat charge for the year	83,561,274

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21- ZAKAT PAYABLE (CONTINUED)

Movement of zakat is as follows:

	31 December 2020
Balance at the beginning of the year	-
Charge for the year	83,561,274
Balance at the end of the year	83,561,274

22- OPERATING REVENUE

	For the year ended 31 December	
	2020	2019
Trading commission (Note 22.1)	767,002,623	317,830,780
Securities depository services	132,255,954	123,287,116
Market information services	112,495,753	61,345,104
Listing fee	65,340,676	60,615,484
Clearing fees (Note 22.2)	943,253	-
Membership	416,967	-
Other	1,179,864	1,669,415
	1,079,635,090	564,747,899

22.1 In accordance with the Council of CMA resolution no. (17/270/6) dated 18 January 2017, operating revenues arrangement between the Group and CMA effective from 1 January 2017 is as follows:

- CMA is entitled to receive a financial return equal to 64% of total trading commission. The Group shall collect this return on behalf of CMA and deposit into CMA's account based on its instructions; and
- The Group is entitled to keep 100% of operating revenue (except trading commission, which is subject to the above-mentioned financial return sharing arrangement).

22.2 This represents income from activities in derivative market.

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23- OPERATING COSTS

Operating costs include direct expenses incurred by the Group to provide services to its customers and the Saudi financial market. A breakdown of operating costs is as follows:

	Notes	For the year ended 31 December	
		2020	2019
CMA fees	23.1	91,000,000	79,000,000
Salaries and related benefits		134,131,451	119,098,176
Consultancy		3,469,564	7,206,119
Maintenance		54,307,911	41,060,572
Depreciation and amortization		31,808,960	29,315,749
Data network lines		11,515,517	26,094,087
Utilities		974,729	1,230,843
Security expense		2,071,007	1,998,109
Hospitality and cleaning		1,740,702	1,992,157
Credit loss on accounts receivable	9.1	19,735,859	148,493
SAREE system usage fees		1,099,000	1,016,000
Communication		447,258	366,658
Business Trip		68,192	351,677
Marketing and sponsorship		459,632	10,205,894
License fees		910,744	654,431
Training		(71,721)	3,911,452
Others		2,815,688	2,477,699
		356,484,493	326,128,116

23.1 This represents fee payable to CMA in relation to services provided to the Group in accordance with the council of CMA resolution no. (17/268/6) dated 18 January 2017 and CMA Board decision no. (3-2-2019) dated 7 January 2019.

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24- GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2020	2019
Salaries and related benefits	126,096,173	123,513,152
Consultancy	11,073,105	17,097,581
Maintenance	3,958,241	3,792,500
Depreciation and amortization	16,404,616	22,497,007
Board of Directors' remuneration	6,254,359	5,437,049
Security expense	1,863,725	1,791,059
Utilities	870,601	1,073,158
Hospitality and cleaning	1,861,712	1,792,885
Communications	324,716	947,702
Business trip	283,371	437,812
Trading activities insurance contracts	1,036,418	657,207
Training	2,562,074	5,356,816
Stationery and office supplies	281,323	378,457
Marketing and sponsorship	2,087,106	3,257,249
License fees	2,166,835	1,800,433
Data network lines	24,173	11,664
Others	3,096,312	7,118,878
	180,244,860	196,960,609

Salaries, consultancy and maintenance expenses pertaining to 2019 amounting to SR 10.9 million, SR 4.2 million and SR 8.7 million, respectively, were reclassified from General and administrative expenses to Operating costs in the comparative period. This reclassification is to conform with the current year presentation as a result of a more rigorous assessment made during 2020.

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25- INVESTMENT INCOME

	For the year ended 31 December	
	2020	2019
Special commission income	2,856,686	25,901,398
Dividend income	11,367,239	12,782,200
Realised gain on sale of investments, net	15,751,508	5,425,998
Unrealised gain on investments, net	8,817,609	50,234,343
Commission from SAMA deposits	4,103	-
	38,797,145	94,343,939

26- BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing income attributable to the ordinary shareholders of the Company by the weighted average outstanding number of shares for the year ended 31 December 2020, totaling 120 million shares (31 December 2019: 120 million shares).

27- CONTINGENCIES AND COMMITMENTS

Commitments represent the value of the part not yet executed from supply contracts of assets and services to the Group as follows:

	31 December 2020	31 December 2019
Purchase of assets	21,651,765	13,593,996
Committed expenditure	24,838,057	9,839,370
Letter of guarantee	11,300,000	11,300,000
	57,789,822	34,733,366

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28- TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include PIF ("the shareholder"), Tadawul Real Estate Company ("the Associate"), the Group's Board of Directors, and key executives, and other entities, which are under common ownership through PIF ("Affiliates") or have common directors on their Board ("Board of Directors"). Transactions are carried out on mutually agreed terms approved by the management of the Group.

28.1 The significant transactions with related parties during 2020 in relation to the Group's core activities are as follows:

Nature of relationship	Nature of transactions			Year ended 31 December 2020
	Sales and marketing	Securities depository services	Securities clearing services	
Affiliates	75,733,048	23,163,779	190,111	99,086,938
Board of Directors	3,356,070	-	-	3,356,070
Board of Directors/Affiliates	561,295,279	-	-	561,295,279
	640,384,397	23,163,779	190,111	663,738,287

The receivables balance arising from the above transactions are as follows:

Nature of relationship	For the year ended 31 December 2020			
	Opening balance	Invoiced	Collections	Ending balance
Affiliates	6,286,548	99,086,938	(102,549,637)	2,823,849
Board of Directors	1,185,250	3,356,070	(4,541,320)	-
Board of Directors /Affiliates	2,559,467	561,295,279	(559,460,770)	4,393,976
The Associate	105,000	-	(105,000)	-
Total	10,136,265	663,738,287	(666,656,727)	7,217,825

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28- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

28.1 The significant transactions with related parties during 2020 in relation to the Group's core activities are as follows (continued):

Nature of relationship	Nature of transaction		
	Sales & marketing	Securities depository services	Year ended 31 December 2019
Affiliates	150,409,830	20,733,676	171,143,506
Board of Directors	62,608,472	-	62,608,472
Board of Directors/Affiliates	107,950,564	-	107,950,564
The Associate	-	105,000	105,000
Total	320,968,866	20,838,676	341,807,542

Nature of relationship	For the year ended 31 December 2019			
	Opening balance	Invoiced	Collections	Ending balance
Affiliates	3,134,914	171,143,505	(167,991,871)	6,286,548
Board of Directors	2,486,452	62,608,472	(63,909,674)	1,185,250
Board of Directors / Affiliates	6,955,800	107,950,564	(112,346,897)	2,559,467
The Associate	105,000	105,000	(105,000)	105,000
Total	12,682,166	341,807,541	(344,353,443)	10,136,265

28.2 Other balances with related parties included in investments at "FVTPL" are as follows:

Nature of relationship	For the year ended 31 December 2020			
	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance
Board of Directors	1,395,019,617	(269,427,458)	17,241,287	1,142,833,446

Nature of relationship	For the year ended 31 December 2019			
	Opening balance	Purchases/ (Disposals)	Unrealized gain	Ending balance
Board of Directors	140,588,370	277,698,457	7,118,039	425,404,866

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28- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

28.3 Other balances with related parties included within accounts payables are as follows:

Nature of relationship	For the year ended 31 December 2020			
	Opening balance	Services received	Payments made	Ending balance
Affiliate	7,462,036	10,581,360	(10,293,450)	7,749,946
Board of Directors	1,044,440	6,769,077	(1,909,826)	5,903,691
Total	8,506,476	17,350,437	(12,203,276)	13,653,637

Nature of relationship	For the year ended 31 December 2019			
	Opening balance	Services received	Payments made	Ending balance
Affiliate	5,511,881	12,528,050	(10,577,894)	7,462,037
Board of Directors	1,442,000	5,577,471	(5,975,032)	1,044,439
Total	6,953,881	18,105,521	(16,552,925)	8,506,476

Nature of relationship	For the year ended 31 December 2019			
	Opening balance	Special commission earned	Collections	Ending balance
The Associate	130,000,000	-	-	130,000,000

The above balance has been converted and transferred from investment (sukuk) to equity-accounted investee during the year ended 31 December 2020 (refer to note 6).

29- SEGMENT INFORMATION

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

Markets

This business unit's main objective is to grow business by improving products/services, attracting domestic listings, (in the longer term) foreign listings, and developing new asset classes. The responsibilities include maintaining the integrity, stability, and fairness of stock market operations. Its objective is to achieve outstanding results through operational excellence, collaboration with CMA, cost effectiveness, total customer experience management, and developing a capable work force.

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29- SEGMENT INFORMATION (CONTINUED)

Edaa

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

Market information

The activities of this segment is to grow business of market information which includes offer high-quality real-time trading data, reference data, market indices and financial information to the financial community.

Corporate

Corporate manages future corporate development and controls all treasury related functions. All investments are incubated within this business segment, which also comprise managing strategy for business development, legal, finance, operations, human resources and customers' relation management.

2020	Markets	Edaa	Muqassa	Derivatives	Market information	Corporate	Total
Operating revenue	454,435,197	511,328,368	441,819	933,953	112,495,753	-	1,079,635,090
Net Income/ (Loss)	308,924,148	279,659,576	(70,909,803)	(22,828,877)	85,901,318	3,333,782	584,080,144
Total assets	-	777,018,280	228,684,367	-	-	3,087,382,803	4,093,085,450
Total liabilities	-	70,026,151	44,959,059	-	-	259,916,587	374,901,797

2019	Markets	Edaa	Muqassa	Derivatives	Market information	Corporate	Total
Operating revenue	221,906,317	281,496,478	-	-	61,345,104	-	564,747,899
Net Income/ (Loss)	86,520,412	91,711,848	(42,935,462)	(25,582,746)	34,043,912	9,535,822	153,293,786
Total assets	-	548,679,850	130,041,282	-	-	2,868,108,966	3,546,830,098
Total liabilities	-	39,457,182	25,130,752	-	-	222,836,920	287,424,854

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30- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market risk;
- Credit risk;
- Operational risk; and
- Liquidity risk.

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

Risk Management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Furthermore, the Board reviews reports from relevant committees in relation to the above on a regular basis.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

Senior management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

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

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.1 Market risk

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

Price risk

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group's price risk exposure relates to its quoted investments in mutual funds whose values will fluctuate as a result of changes in market prices.

A 1% change in the redemption prices and quoted prices of the investments, with all other variables held constant, would impact the statement of profit or loss as set out below:

	For the year ended 31 December	
	2020	2019
Effect on profit for the period	31,035,190	25,852,885

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss and assets of the Group.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

Commission rate risk

Commission risk is represented by the exposure to multiple risks related to the impact of changes in commission rates in the market on the Group's financial position and cash flows. The Group monitors the fluctuations in commission rates and believes that the impact of commission rates risk is not significant as financial instruments held by the Group are not exposed to variable commission rate risk.

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2 Credit risk

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

The below schedule shows the maximum limit for exposure to credit risk of the consolidated statement of financial position elements:

	31 December 2020	31 December 2019
Cash and cash equivalents	96,798,376	268,487,867
Investments at amortized cost	101,311,751	308,794,732
Deposits with SAMA	32,177,558	-
Accounts receivable	83,978,412	48,057,614
Accrued operational revenue	10,108,448	5,551,232
Advance to employees	2,875,632	6,232,881
Other receivables	2,598,810	3,715,643
	329,848,987	640,839,969

Cash and cash equivalents

The Group kept its surplus funds with banks having sound credit ratings. Currently the surplus funds are kept with banks having rating as follows:

Fitch	
Long term	Short term
BBB+	F2

Moody's	
Long term	Short term
A1	P-1

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.2 Credit risk (continued)

Account receivables

Account receivables are shown net of allowance for credit losses. The Group applies IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Accrued operational revenue

Accrued operating revenue represents earned revenue which is yet to be billed to the customers. These are short-term in nature and from low credit risk counterparties.

Other receivables

Other receivables represent receivables from low credit risk counterparties and is short-term in nature.

Investments at amortized cost

Investments at amortized cost represents sukuk with General Authority of Civil Aviation (GACA). Such sukuk is backed by the Saudi government therefore credit risk is assessed as low.

30.3 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 2020.

	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	27.03	72,286,524	19,539,792	No
30-60 days	1.34	519,181	6,963	No
61-90 days	2.88	159,588	4,602	No
91-120 days	4.44	74,013	3,283	No
121-180 days	18.05	308,439	55,679	Yes
181-360 days	45.13	2,012,859	908,403	Yes
More than 360 days past due	70.72	8,616,658	6,094,872	Yes
		83,978,412	26,613,594	

STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.3 Concentration of credit risk (continued)

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2019.

	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	0.31	33,543,951	103,190	No
30-60 days	2.00	1,261,061	25,233	No
61-90 days	2.99	2,392,842	71,536	No
91-120 days	4.51	435,539	19,647	No
121-180 days	18.17	2,571,107	467,183	Yes
181-360 days	45.43	2,077,669	943,808	Yes
More than 360 days past due	90.85	5,775,445	5,247,138	Yes
		48,057,614	6,877,735	

30.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

30.5 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.

STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

30.5 Liquidity risk (Continued)

The below schedule shows an analysis of financial assets and liabilities based on the expected date of collection or settlement:

	31 December 2020			31 December 2019		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Cash and cash equivalents	96,798,376	-	96,798,376	268,487,867	-	268,487,867
Deposits with SAMA	32,177,558	-	32,177,558	-	-	-
Investments	3,104,830,715	100,000,000	3,204,830,715	2,662,963,376	230,000,000	2,892,963,376
Account receivables	57,364,818	-	57,364,818	41,179,879	-	41,179,879
Accrued operational revenue	10,108,448	-	10,108,448	5,551,232	-	5,551,232
Advance to employees	2,875,632	-	2,875,632	6,232,881	-	6,232,881
Other receivables	2,598,810	-	2,598,810	3,715,643	-	3,715,643
Total financial assets	3,306,754,357	100,000,000	3,406,754,357	2,988,130,878	230,000,000	3,218,130,878
Margin deposits from clearing participants	19,030,340	-	19,030,340	-	-	-
Members' contribution to clearing house funds	3,147,217	-	3,147,217	-	-	-
Lease liability	9,128,643	4,658,348	13,786,991	4,263,087	-	4,263,087
Accounts payable	95,314,671	-	95,314,671	105,383,866	-	105,383,866
Balance due to CMA	32,758,785	-	32,758,785	22,330,201	-	22,330,201
Accrued expenses and other current liabilities	104,312,125	-	104,312,125	73,010,501	-	73,010,501
Employees' end-of-service benefits liability	-	91,024,046	91,024,046	-	77,294,401	77,294,401
Total financial liabilities	263,691,781	95,682,394	359,374,175	204,987,655	77,294,401	282,282,056
Net financial assets	3,043,062,576	4,317,606	3,047,380,182	2,783,143,223	152,705,599	2,935,848,822

STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

31- 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount of the remaining financial assets and financial liabilities is a reasonable approximation of fair value.

Investments	Carrying value	31 December 2020			Total Fair Value
		Fair value			
		Level 1	Level 2	Level 3	
FVTPL	3,103,518,964	-	3,103,518,964	-	3,103,518,964

Investments	Carrying value	31 December 2019			Total Fair Value
		Fair value			
		Level 1	Level 2	Level 3	
FVTPL	2,585,288,572	-	2,585,288,572	-	2,585,288,572

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 2020 (31 December 2019: Nil).

STOCK EXCHANGE COMPANY (TADAWUL)
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR YEAR ENDED 31 DECEMBER 2020
(SAUDI ARABIAN RIYALS)

32- SUBSEQUENT EVENTS

Subsequent to the year-end as discussed in note 3.14, Royal Decree 35657 was issued on 29/6/1442H whereby the Group was subjected to Zakat effective 1 January 2020. Based on management assessment, this event was accounted as an adjusting event for the year ended 31 December 2020.

Apart from the above, there is no event subsequent to the year-end which requires adjustment to or disclosure in these consolidated financial statements.

33- DIVIDEND

The ordinary assembly meeting held on 09 Dhul-Qadah 1441H (corresponding to 30 June 2020) approved the payment of dividends to shareholders for the year ended 31 December 2019 amounting to SR 120,000,000 (31 December 2019: 120,000,000).

34- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been approved by the Board of Directors on 15 Shaban 1442H corresponding to 28 March 2021.

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021



KPMG Professional Services

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

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

مجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholder of Saudi Tadawul Group Company

Introduction

We have reviewed the accompanying 30 June 2021 condensed consolidated interim financial statements of Saudi Tadawul Group Company ("Tadawul" or "the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated interim statement of financial position as at 30 June 2021;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2021;
- the condensed consolidated interim statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed consolidated interim statement of cash flows for the six-month period ended 30 June 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 *Interim Financial Reporting* that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2021 condensed consolidated interim financial statements of Saudi Tadawul Group Company are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Riyadh, 9 Muharram 1443H
Corresponding to: 17 August 2021



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia, with the paid-up capital of (15,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مبنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (١٥٠٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل، الصنعة سابقاً "شركة كي بي إم جي للوزن وشركاه محاسبين ومراجعون قانونيين". وهي عضو شريك في الشبكة العالمية لشركات كي بي إم جي المنتجة والناتجة لكي بي إم جي العمومية المحدودة، شركة الطيرية محدودة بضمن. جميع الحقوق محفوظة.

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property and equipment		44,695,306	55,703,790
Intangible assets		149,967,611	145,230,204
Equity-accounted investee	5	377,271,847	378,895,293
Investments	6	55,274,008	101,267,886
Right of use assets		13,482,347	19,856,726
Total non-current assets		640,691,119	700,953,899
Current assets			
Investments	6	2,280,742,878	3,103,518,964
Accounts receivable	7	91,462,332	57,364,818
Prepaid expenses and other current assets	8	95,564,089	102,271,835
Deposits with SAMA	9	26,794,735	32,177,558
Cash and cash equivalents	10	203,310,635	96,798,376
Total current assets		2,697,874,669	3,392,131,551
Total assets		3,338,565,788	4,093,085,450
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,200,000,000	1,200,000,000
Statutory reserve	11	376,963,633	376,963,633
General reserve	12	1,114,180,214	1,114,180,214
Retained earnings		185,522,750	943,478,532
Total equity		2,876,666,597	3,634,622,379

The accompanying notes from (F-157) through (F-189) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

	Notes	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Non-current liabilities			
Employees' end-of-service benefits	13	90,475,432	91,024,046
Lease liability		1,487,276	4,658,348
Total non-current liabilities		91,962,708	95,682,394
Current liabilities			
Margin deposits from clearing participants	14	13,969,450	19,030,340
Members' contribution to clearing house funds	15	2,825,285	3,147,217
Lease liability		4,999,751	9,128,643
Accounts payable	16	116,554,829	95,314,671
Balance due to Capital Market Authority		63,313,754	32,758,785
Deferred revenue		52,160,231	3,223,464
Accrued expenses and other current liabilities	17	90,323,948	116,616,283
Zakat payable	18	25,789,235	83,561,274
Total current liabilities		369,936,483	362,780,677
Total liabilities		461,899,191	458,463,071
Total equity and liabilities		3,338,565,788	4,093,085,450

The accompanying notes from (F-157) through (F-189) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COM-
PREHENSIVE INCOME**
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Operating revenue	19	313,537,847	267,104,242	645,907,783	435,422,143
Operating costs	20	(82,434,185)	(71,302,411)	(175,673,811)	(152,045,501)
Gross profit		231,103,662	195,801,831	470,233,972	283,376,642
General and administrative expenses	21	(55,306,255)	(53,087,314)	(98,540,893)	(93,640,858)
Operating profit		175,797,407	142,714,517	371,693,079	189,735,784
Investment income	22	5,771,213	7,681,122	17,166,693	24,020,269
Share of net loss in an equity-accounted investee	5	(895,100)	(308,244)	(1,623,446)	(741,133)
Other income		2,608	26,732	156,789	948,241
Non-operating profit		4,878,721	7,399,610	15,700,036	24,227,377
Profit before zakat for the period		180,676,128	150,114,127	387,393,115	213,963,161
Zakat expense	18	388,556	-	(25,348,897)	-
Net profit for the period		181,064,684	150,114,127	362,044,218	213,963,161
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		181,064,684	150,114,127	362,044,218	213,963,161
Basic and diluted earnings per share	23	1.51	1.25	3.02	1.78

The accompanying notes from (F-157) through (F-189) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

	Share capital	Statutory reserve	General reserve	Retained earnings	Total equity
Balance as at 1 January 2021 (Audited)	1,200,000,000	376,963,633	1,114,180,214	943,478,532	3,634,622,379
Net profit for the period	-	-	-	362,044,218	362,044,218
Dividends (Note 28)	-	-	-	(1,120,000,000)	(1,120,000,000)
Balance as at 30 June 2021 (Unaudited)	1,200,000,000	376,963,633	1,114,180,214	185,522,750	2,876,666,597
Balance as at 1 January 2020 (Audited)	1,200,000,000	326,911,746	1,114,180,214	618,313,284	3,259,405,244
Net profit for the period	-	-	-	213,963,161	213,963,161
Balance as at 30 June 2020 (Unaudited)	1,200,000,000	326,911,746	1,114,180,214	832,276,445	3,473,368,405

The accompanying notes from (F-157) through (F-189) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

	Notes	For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
Cash flows from operating activities			
Profit after zakat for the period		387,393,115	213,963,161
Adjustments to reconcile net profit for the period to net cash generated from operating activities:			
Depreciation and amortization	20,21	28,550,496	24,405,671
Charge for credit losses on accounts receivable	7	1,055,984	1,262,162
Charge for impairment on investments held at amortized cost		13,871	-
Provision for employees' end-of-service benefits	13	5,715,353	5,650,131
Realized gain on sale of investments	22	(4,421,141)	(11,252,842)
Unrealized gain on investments	22	(7,610,051)	(5,016,259)
Share of loss in equity-accounted investee	5	1,623,446	741,133
Interest expense on lease liability		143,432	869,545
Dividends income		-	(6,172,260)
Changes in operating assets and liabilities:			
Deposits with SAMA		5,382,823	-
Accounts receivable		(35,153,498)	(15,857,392)
Prepaid expenses and other current assets		6,707,746	(5,502,332)
Margin deposits from clearing participants		(5,060,890)	-
Members' contribution to clearing house funds		(321,932)	-
Accounts payable		21,240,158	(6,793,916)
Balance due to Capital Market Authority		30,554,969	24,133,082
Deferred revenue		48,936,767	48,312,431

The accompanying notes from (F-157) through (F-189) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

	Notes	For the six-month period ended 30 June	
		2021 (Unaudited)	2020 (Unaudited)
Accrued expenses and other current liabilities		(26,292,335)	7,285,998
Cash generated from operations		458,458,313	276,038,010
Employees' end-of-service benefits paid	13	(6,263,967)	(2,005,245)
Zakat paid		(83,120,936)	-
Net cash generated from operating activities		369,073,410	274,032,765
Cash flows from investing activities			
Purchase of investments		(1,596,053,720)	(1,103,662,702)
Proceeds from disposal of investments		2,476,841,151	1,313,327,480
Purchase of intangible assets and property and equipment		(15,905,186)	(27,804,576)
Net cash generated from investing activities		864,882,245	181,860,202
Cash flows from financing activities			
Dividends paid	28	(1,120,000,000)	-
Lease rental paid		(7,443,396)	(3,706,447)
Net cash used in financing activities		(1,127,443,396)	(3,706,447)
Net increase in cash and cash equivalents		106,512,259	452,186,520
Cash and cash equivalents at the beginning of the period		96,798,376	268,487,867
Cash and cash equivalents at end of the period	10	203,310,635	720,674,387

The accompanying notes from (F-157) through (F-189) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

1- GENERAL

Saudi Tadawul Group Company (Tadawul" or the "Company") is a Saudi closed 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). As at 30 June 2021, the authorized, issued and fully paid-up share capital of the Company is SR 1,200 million (31 December 2020: SR 1,200 million) divided into 120 million shares (31 December 2020: 120 million shares) of SR 10 each and is fully subscribed by the Public Investment Fund ("PIF").

The Company's main activity is to provide, create and manage the mechanisms of trading of securities, providing depository and registration of securities ownership, dissemination of securities information and engage in any related other activity to achieve the objectives as defined in the Capital Market Law. From 1 June 2021, the operations of the Company are transferred to Saudi Exchange Company ("Exchange"), a fully owned subsidiary of the Company.

During the period the Group announced that it will restructure into Saudi Tadawul Group, a parent company housing four subsidiaries: Saudi Exchange Company, a stock exchange business; Securities Clearing Center Company (Muqassa); the Securities Depository Center Company (Edaa); and Tadawul Advance Solution Company (Wamid).

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

The Group's registered address is as follows:

6897 King Fahd Road - Al Olaya

Unit Number: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Subsidiaries

Securities Depository Center Company ("Edaa")

Capital Market Authority ("CMA") Board approved the formation of Securities Depository Center Company ("Edaa") as a new Saudi joint stock company in the Kingdom of Saudi Arabia in accordance with the Capital Market Law issued by the Royal Decree no. M/30 dated 06/02/1424 H (corresponding to 22 March 2003). Edaa was registered as a Saudi joint stock company in Riyadh under Commercial Registration no. 1010463866 dated 11/27/1437 H (corresponding to 30 August 2016) with an authorized share capital of SR 400 million divided into 40 million shares of SR 10 each.

As at 30 June 2021, the Company held 100 percent of the issued share capital of Edaa. The main objective of Edaa is to provide depository and registration of securities ownership and clearing services of securities.

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

1- GENERAL (CONTINUED)

Securities Clearing Center Company ("Muqassa")

The Company's Board of Directors in their meeting dated 30 October 2017 under a decision number 03-04-2017/04-04-2017 approved the formation of a new company, Securities Clearing Center Company ("Muqassa"). Muqassa was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010935131 dated 02/06/1439 (corresponding to 18 February 2018) with an authorized share capital of SAR 600 million divided into 60 million shares of SR 10 each.

The main objective of Muqassa is to provide, create and manage the mechanisms of trading of securities, providing settlement and clearing services of securities and engage in any other related activity to achieve the objectives as defined in the Capital Market Law. As at 30 June 2021, the Company held 100 percent of the issued share capital of Muqassa. Muqassa is currently in the process of updating its Commercial Registration to reflect 30 million shares issued to Tadawul during the period.

Tadawul Advance Solution Company ("TASC")

The Company's Board of Directors in their meeting dated 19/04/2020 under a decision number 02-02-2020 approved the formation of a new company, Tadawul Advance Solutions Company ("TASC"). TASC was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010656577 dated 11/02/1442 (corresponding to 28/09/2020) with an authorized share capital of SAR 300 million divided into 30 million shares of SR 10 each. As of 30 June 2021, TASC had not yet started operations.

As at 30 June 2021, the Company held 100 percent of the issued shares capital of 75 million of TASC. The main objective of TASC is to provide financial technology solutions, research and development in the field of engineering and technology, market research and opinion polls.

Saudi Exchange Company ("Exchange")

The Company's Board of Directors in their meeting dated 25/01/2021 under a decision number 12-01-2021 approved the formation of a new company, The Saudi Exchange Company ("Exchange"). Exchange was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010697067 dated 17/08/1442 (corresponding to 30/03/2021) with an authorized share capital of SAR 600 million divided into 60 million shares of SR 10 each.

The main objective of Exchange is to provide listing and trading securities. As at 30 June 2021, the Company held 100 percent of the issued share capital of 60 million shares of Exchange. Exchange is currently in the process of updating its Commercial Registration to reflect 30 million shares issued to Tadawul during the period.

Significant event

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

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

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2- BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on historical cost basis, except for financial assets measured at fair value through profit and loss, and employees' end-of-service benefits which is measured using the projected unit credit method, using accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income 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.

3- BASIS OF CONSOLIDATION

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

In assessing control, potential voting rights that presently exercisable are taken into account. The financial statements of subsidiaries are included in the IFRS consolidated financial statements from the date that control commences until the date control ceases.

All transactions and resulting balances between the Company and the subsidiaries are eliminated in preparing these condensed consolidated interim financial statements. Any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

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4- NEW STANDARDS AND AMENDMENTS ISSUED

Amendments and interpretations adopted in preparation of these consolidated financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The management has assessed that these amendments have no significant impact on the Group's condensed consolidated interim financial statements:

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

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

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

- Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- IFRS 17 Insurance Contracts
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)

5- EQUITY-ACCOUNTED INVESTEE

This represents the Group's share of investment in Tadawul Real Estate Company ("the Associate"), a company incorporated in the Kingdom of Saudi Arabia, where the Group has significant influence through voting rights. As at 30 June 2021, the Group owns 33.12% (31 December 2020 33.12%) share capital of the Associate. The main activity of the Associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group expects to be headquartered.

The movement of investment in the Associate is as follows:

	For the six-month period ended 30 June 2021	For the year ended 31 December 2020
	(Unaudited)	(Audited)
Balance at beginning of the period / year	378,895,293	40,996,978
Additional investment during the period / year	-	340,000,000
Share of loss for the period / year	(1,623,446)	(2,101,685)
Balance at end of the period / year	377,271,847	378,895,293

The Group has recognized its share of loss for the six-month periods ended 30 June 2021 and 30 June 2020, based on the latest available financial statements of the Associate.

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6- INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	30 June 2021	31 December 2020
		(Unaudited)	(Audited)
Non-current			
Investments at amortized cost	6.1	55,274,008	101,267,886
		55,274,008	101,267,886
Current			
Investments at amortized cost	6.1	101,260,941	-
Investments at FVTPL	6.2	2,179,481,937	3,103,518,964
		2,280,742,878	3,103,518,964

Below is the break-up of investment at amortized cost:

Description	Maturity date	Amount	Classification
General Authority of Civil Aviation (GACA)	18 January 2022	100,000,000	Current asset
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset

6.1 Investments at amortized cost

This represents investment in Sukuk issued by counterparties operating in the Kingdom of Saudi Arabia having sound credit ratings. The Sukuk carry an average commission rate of 2.4% - 2.5% per annum during 2021 (2020: 2.5%). The maturity date of General Authority of Civil Aviation sukuk is 18 January 2022 therefore the investment has been classified to current assets from non-current assets as at 30 June 2021 (note 6.2).

The details of these investments are as follow:

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Investment in sukuk – Albilad	55,000,000	-
Investment in sukuk – GACA	100,000,000	100,000,000
Accrued income	1,592,685	1,311,751
Impairment loss on investments are amortized cost (6.1.1)	(57,736)	(43,865)
	156,534,949	101,267,886

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6- INVESTMENTS (CONTINUED)

6.1 Investments at amortized cost (continued)

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Investment at amortized cost – non current	55,274,008	101,267,886
Investment at amortized cost – current	101,260,941	-

6.1.1 The movement of the expected credit losses on investment held at amortized cost is summarized as follows:

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Balance at the beginning of the period	43,865	1,119,928
Charge / (reversal) for the period / year	13,871	(1,076,063)
Balance at the end of the period	57,736	43,865

6.2 Investments at fair value through profit or loss ("FVTPL"):

This represents investment in units of mutual funds, which are governed by the regulation issued by CMA. The cost and fair value of investments held at FVTPL are as follows:

	30 June 2021		31 December 2020	
	Cost	Fair value	Cost	Fair value
	(Unaudited)		(Audited)	
Money market funds	2,131,542,679	2,153,901,324	3,017,198,517	3,074,346,514
Real estate funds	40,000,000	25,580,613	40,000,000	29,172,450
Total	2,171,542,679	2,179,481,937	3,057,198,517	3,103,518,964

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7- ACCOUNTS RECEIVABLE

Accounts receivable:	Notes	30 June 2021	31 December 2020
		(Unaudited)	(Audited)
- Related parties	25.1	13,724,477	7,217,825
- Others		105,407,433	76,760,587
Less: Allowance for credit losses	7.1	(27,669,578)	(26,613,594)
		91,462,332	57,364,818

7.1 The movement in the allowance for credit losses is summarized as follows:

	For the six-month period ended 30 June 2021	For the year ended 31 December 2020
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	26,613,594	6,877,735
Charge for the period / year	1,055,984	19,735,859
Balance at the end of the period / year	27,669,578	26,613,594

8- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	Note	30 June 2021	31 December 2020
		(Unaudited)	(Audited)
Advance against purchase of property	8.1	77,500,000	77,500,000
Prepaid insurance expenses		1,446,984	7,770,332
Accrued operational revenue		8,866,742	10,108,448
Advance to employees		3,358,830	2,875,632
Prepaid maintenance expenses		519,410	1,418,613
Other receivables		3,872,123	2,598,810
		95,564,089	102,271,835

8.1 This represents advance paid to purchase a property for establishing the data center in King Abdullah Financial District.

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9- DEPOSITS WITH SAMA

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default fund. It also includes SR 10 million deposited by the Group as per CMA guidelines. Commission is earned on such deposits, part of the commission is booked by the Group and the clearing members' share of the commission is added to their collateral accounts.

10- CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Cash at banks – current accounts	203,310,635	96,798,376
	203,310,635	96,798,376

11- STATUTORY RESERVE

In accordance with the Saudi Arabian Regulations for Companies in Kingdom of Saudi Arabia, each company within the Group is required to set aside 10% of its net income each year as statutory reserve. The ordinary general assembly may decide to discontinue setting aside such percentage when said reserve reaches 30% of paid-in capital. This reserve is currently not available for distribution to the shareholder of the Group.

12- GENERAL RESERVE

In accordance with the approval of the Chairman of CMA via letter number 524/2007 dated 31 February 2007, a balance of the retained earnings was transferred to a contractual reserve for the purpose of financing the construction of Tadawul's headquarter in King Abdullah Financial District and any other future purposes to be decided by the Company's Board of Directors. During the year 2008, the Board of Directors of the Company had resolved, according to a decision number 6/8/2008, to transfer such balance of the contractual reserve to a general reserve.

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13- EMPLOYEES' END-OF-SERVICE BENEFITS

The movement in employees' end-of-service benefits is as follows:

	For the six-month period ended 30 June 2021	For the year ended 31 December 2020
	(Unaudited)	(Audited)
Balance at beginning of the period / year	91,024,046	77,294,401
Current service cost	4,845,867	9,028,207
Interest cost	869,486	2,272,055
Amount recognised in profit or loss	5,715,353	11,300,262
Re-measurement loss recognized in other comprehensive income		5,301,735
Benefits paid during the period / year	(6,263,967)	(2,872,352)
Balance at the end of the period / year	90,475,432	91,024,046

13.1 Net end-of-service benefits liability is as follows:

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Present value of benefits liability	90,475,432	91,024,046
Fair value of plan assets	-	-
Net defined benefits liability	90,475,432	91,024,046

14- MARGIN DEPOSITS FROM CLEARING PARTICIPANTS

	Notes	30 June 2021	31 December 2020
		(Unaudited)	(Audited)
Clearing members house collateral	14.1	1,001,725	1,001,361
Clearing members client collateral	14.2	11,478,525	16,539,779
Clearing members initial margin	14.3	1,489,200	1,489,200
		13,969,450	19,030,340

14.1 This represents cash collateral received from clearing members on their own account.

14.2 This represents cash collateral received from clearing members on account of their customers.

14.3 This represents cash collateral from clearing members with position.

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15- MEMBERS' CONTRIBUTION TO CLEARING HOUSE FUNDS

This represents prefunded default arrangement that is composed of assets contributed by clearing member that may be used by the Group in certain circumstances to cover the losses or liquidity pressure resulting from participant defaults.

16- ACCOUNTS PAYABLE

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Trade payables:		
Others	102,909,381	81,667,208
Related parties (Note 25.3)	13,645,448	13,647,463
	116,554,829	95,314,671

17- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Accrued employees' expenses	66,675,789	94,647,318
Accrued social insurance – General Organization for Social Insurance	2,192,094	2,108,213
Value added tax (VAT), net	13,655,514	10,195,945
BOD payable	3,976,831	5,470,358
Others	3,823,720	4,194,449
	90,323,948	116,616,283

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18- ZAKAT PAYABLE

Effective 1 January 2020, the Group is subject to Zakat in accordance with the Zakat regulation issued by ZATCA based on Royal Decree 35657 issued on 29/6/1442H.

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	83,561,274	-
Provision for zakat for the period / year	25,348,897	83,561,274
Zakat paid during the period	(83,120,936)	-
Balance at the end of the period / year	25,789,235	83,561,274

19- OPERATING REVENUE

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021	2020	2021	2020
Trading commission (note 19.1)	116,293,022	100,082,094	243,504,748	149,863,689
Derivatives	298,874	123,049	579,183	226,340
Market information services	23,691,674	17,920,972	47,544,715	36,464,966
Listing services	18,915,989	18,500,881	37,005,791	36,633,193
Post Trade	154,338,288	130,477,246	317,273,346	212,233,955
	313,537,847	267,104,242	645,907,783	435,422,143

19.1 In accordance with the Council of CMA resolution no. (17/270/6) dated 18 January 2017, operating revenues arrangement between the Group and CMA effective from 1 January 2017 is as follows:

- CMA is entitled to receive a financial return equal to 64% of total trades executed in the stock market. The Group shall collect this return on behalf of CMA and deposit into CMA's account based on its instructions; and
- The Group is entitled to keep 100% of operating revenue (except for trades executed in the market, which is subject to the above-mentioned financial return sharing arrangement).

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20- OPERATING COSTS

Operating costs include direct expenses incurred by the Group to provide services to its customers and the Saudi financial market. A breakdown of operating costs is as follows:

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021	2020	2021	2020
CMA fees	20.1	18,000,000	13,000,000	50,500,000	45,500,000
Salaries and related benefits		30,915,854	39,427,431	63,220,555	67,856,790
Consultancy		741,595	45,620	786,655	567,915
Maintenance, network and access		17,272,714	12,133,948	29,891,012	17,959,486
Depreciation and amortization		10,402,462	7,400,216	20,678,600	14,576,482
Utilities		337,464	164,360	504,432	354,005
Security expense		464,581	521,946	774,303	875,294
Hospitality and cleaning		416,667	633,442	833,556	1,012,123
Charge for credit losses on accounts receivables	7.1	82,163	44,180	1,055,984	1,262,162
SAREE system usage fees		248,000	92,000	412,000	340,000
Marketing and sponsorship		1,845,539	(2,625,800)	4,751,085	(86,615)
License fees		224,705	515,549	358,386	727,516
Communication		100,884	81,352	222,668	214,728
Shareholder relations		379,128	60,000	379,128	60,000
Training		1,715	(401,788)	4,509	68,948
Stationery and office supplies		448	-	448	-
Business trip		-	62,464	-	62,855
Others		1,000,266	147,491	1,300,490	693,812
		82,434,185	71,302,411	175,673,811	152,045,501

20.1 This represents fee payable to CMA in relation to services provided to the Group in accordance with the council of CMA resolution no. (17/268/6) dated 18 January 2017 and CMA Board decision no. (3-2-2019) dated 7 January 2019.

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21- GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 June		For the six-month period ended 30 June	
	2021	2020	2021	2020
Salaries and related benefits	36,835,100	41,574,294	66,931,001	71,626,784
Consultancy	1,171,221	603,386	3,708,016	1,517,491
Maintenance, Network & Access	4,951,397	2,181,169	7,948,011	2,455,309
Depreciation and amortization	5,067,833	4,837,092	7,871,896	9,829,189
Board of Directors' remuneration	2,105,833	1,167,000	3,989,333	2,397,333
Security expense	456,418	510,137	760,696	855,489
Utilities	331,535	159,640	495,568	345,995
Hospitality and cleaning	484,422	630,827	898,241	1,011,275
Communications	133,921	131,648	244,337	173,914
Trading activities insurance contracts	1,284,702	55,959	1,583,572	296,705
Training	220,678	76,530	267,676	734,509
Stationery and office supplies	472,765	201,874	535,821	290,144
Marketing and sponsorship	820,279	17,707	1,246,528	477,751
License fees	718,555	630,797	1,164,713	823,063
Charge for impairment investment	13,871	-	13,871	-
Business trip	-	253,327	-	286,647
Others	237,725	55,927	881,613	519,260
	55,306,255	53,087,314	98,540,893	93,640,858

Certain expenses were reclassified from General and administrative expenses to Operating costs in the comparative period. This reclassification is to conform with the current year presentation as a result of a more rigorous cost allocation assessment made during 2020.

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22- INVESTMENT INCOME

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021	2020	2021	2020
Special commission income		919,823	670,631	1,551,767	1,578,908
Dividend income		1,600,740	4,380,717	3,577,030	6,172,260
Realised gain on sale investments, net		3,865,591	11,252,842	4,421,141	11,252,842
Unrealised (loss) / gain on investments, net		(618,333)	(8,623,068)	7,610,051	5,016,259
Commission from SAMA deposits	9	3,392	-	6,704	-
		5,771,213	7,681,122	17,166,693	24,020,269

23- BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing income attributable to the ordinary shareholder of the Group by the weighted average outstanding number of shares for the period ended 30 June 2021, totaling 120 million shares (30 June 2020: 120 million shares).

24- CONTINGENCIES AND COMMITMENTS

Commitments represent the value of the part not yet executed from supply contracts of assets and services to the Group as follows:

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Purchase of assets	27,082,743	13,160,014
Committed expenditure	55,345,778	46,327,525
Letter of guarantee	1,147,940	11,300,000
	83,576,461	70,787,539

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25- TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include PIF ("the shareholder"), Tadawul Real Estate Company ("the Associate"), the Group's Board of Directors, and key executives, and other entities, which are under common ownership through PIF ("Affiliates") or have common directors on their Board ("Board of Directors"). Transactions are carried out on mutually agreed terms approved by the management of the Group. During the period there has been changes in the related party relationships. The impact of such change has been reflected in the opening balance of the six-month period ended 30 June 2021.

25.1 The significant transactions with related parties in relation to the Group's core activities are as follows:

Nature of relationship	Nature of transactions				30 June 2021
	Tadawul Holding Services	Securities depository services	Securities clearing services	Saudi Exchange services	
Affiliates	170,065,081	25,471,783	-	45,288,730	240,825,594
Board of Directors	193,729,572	1,621,099	-	10,182,216	205,532,886
Board of Directors/ Affiliates	1,157,798	-	37,065	-	1,194,862
	364,952,451	27,092,882	37,065	55,470,945	447,553,343

The receivables balance arising from the above transactions are as follows:

Nature of relationship	For the six-month period ended 30 June 2021			
	Opening balance	Invoiced	Collections	Ending balance
Affiliates	2,890,913	240,825,595	(233,003,002)	10,713,506
Board of Directors	5,059,821	205,532,886	(207,582,426)	3,010,281
Board of Directors /Affiliates	-	1,194,862	(1,194,172)	690
Total	7,950,734	447,553,343	(441,779,600)	13,724,477

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(SAUDI ARABIAN RIYALS)

25- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Nature of relationship	Nature of transactions			
	Sales and marketing	Securities depository services	Securities clearing services	31 December 2020
Affiliates	75,733,048	23,163,779	190,111	99,086,938
Board of Directors	3,356,070	-	-	3,356,070
Board of Directors/Affiliates	561,295,279	-	-	561,295,279
	640,384,397	23,163,779	190,111	663,738,287

The receivables balance arising from the above transactions are as follows:

Nature of relationship	For the year ended 31 December 2020			
	Opening balance	Invoiced	Collections	Ending balance
Affiliates	6,286,548	99,086,938	(102,549,637)	2,823,849
Board of Directors	1,185,250	3,356,070	(4,541,320)	-
Board of Directors /Affiliates	2,559,467	561,295,279	(559,460,770)	4,393,976
The Associate	105,000	-	(105,000)	-
Total	10,136,265	663,738,287	(666,656,727)	7,217,825

25.2 Other balances with related parties included in investments at "FVTPL" are as follows:

Nature of relationship	For the six-month period ended 30 June 2021			
	Opening balance	Purchases/ (Disposals)	Realized / unrealized gain	Ending balance
Board of Directors	712,260,247	(397,875,333)	2,872,972	317,257,886

Nature of relationship	For the year ended 31 December 2020			
	Opening balance	Purchases/ (Disposals)	Realized / unrealized gain	Ending balance
Board of Directors	1,395,019,617	(269,427,458)	17,241,287	1,142,833,446

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)

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(SAUDI ARABIAN RIYALS)

25- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

25.3 Other balances with related parties included within accounts payables are as follows:

Nature of relationship	For the six-month period ended 30 June 2021 (Unaudited)			
	Opening balance	Services received	Payments made	Ending balance
Affiliate	7,743,772	3,873,293	(1,948,450)	9,668,615
Board of Directors	5,903,691	3,655,833	(5,582,691)	3,976,833
Total	13,647,463	7,529,126	(7,531,141)	13,645,448

Nature of relationship	For the year ended 31 December 2020 (Audited)			
	Opening balance	Services received	Payments made	Ending balance
Affiliate	7,455,862	10,581,360	(10,293,450)	7,743,772
Board of Directors	1,044,440	6,769,077	(1,909,826)	5,903,691
Total	8,500,302	17,350,437	(12,203,276)	13,647,463

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
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(CONTINUED)
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market risk;
- Credit risk;
- Operational risk; and
- Liquidity risk.

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

Risk Management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Furthermore, the Board reviews reports from relevant committees in relation to the above on a regular basis.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

Senior management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

SAUDI TADAWUL GROUP COMPANY
 (A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(CONTINUED)
 FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
 (SAUDI ARABIAN RIYALS)

26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

26.1 Market risk

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

Price risk

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group's price risk exposure relates to its quoted investments in mutual funds whose values will fluctuate as a result of changes in market prices.

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

A 1% change in the redemption prices and quoted prices of the investments, with all other variables held constant, would impact the statement of profit or loss as set out below:

	For the six-month period ended 30 June	
	2021	2020
Effect on profit for the period	21,794,819	24,716,933

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss and assets of the Group.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

Commission rate risk

Commission risk is represented by the exposure to multiple risks related to the impact of changes in commission rates in the market on the Group's financial position and cash flows. The Group monitors the fluctuations in commission rates and believes that the impact of commission rates risk is not significant as financial instruments held by the Group are not exposed to variable commission rate risk.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(SAUDI ARABIAN RIYALS)

26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

26.2 Credit risk

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

The below schedule shows the maximum limit for exposure to credit risk of the condensed consolidated interim statement of financial position elements:

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Cash and cash equivalents	203,310,635	96,798,376
Investments at amortized cost	156,592,685	101,311,751
Deposits with SAMA	26,794,735	32,177,558
Accounts receivable	119,131,910	83,978,412
Accrued operational revenue	8,866,742	10,108,448
Advance to employees	3,358,830	2,875,632
Other receivables	3,872,123	2,598,810
	521,927,660	329,848,987

Cash and cash equivalents

The Group kept its surplus funds with banks in Kingdom of Saudi Arabia having sound credit ratings. Currently the surplus funds are kept with banks having rating as follows:

Standard & Poor's	
Long term	Short term
BBB+	A-2

Moody's	
Long term	Short term
A1	P-1

SAUDI TADAWUL GROUP COMPANY
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(CONTINUED)

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

26.2 Credit risk (continued)

Accounts receivable

Account receivables are shown net of allowance for credit losses. The Group applies IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Accrued operational revenue

Accrued operating revenue represents earned revenue which is yet to be billed to the customers. These are short-term in nature and from low credit risk counterparties.

Advance to employees

This represents advances provided to employees on their request. Such advances are deducted from their monthly salaries therefore no significant credit risk exist in the balance.

Other receivables

Other receivables represent receivables from low credit risk counterparties and is short-term in nature.

Investment at amortized cost

This represents investment in Sukuk issued by counter parties operating in Kingdom of Saudi Arabia having sound credit ratings.

26.3 Concentration of credit risk

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 30 June 2021.

	Weighted average loss rate (%)	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	0.02	57,444,596	13,376	No
31-60 days	0.79	3,422,070	27,041	No
61-90 days	2.16	1,584,456	34,267	No
91-120 days	3.84	4,665,812	179,229	No
121-180 days	47.95	42,937,443	20,587,306	Yes
181-360 days	46.64	518,380	241,798	Yes
More than 360 days past due	76.95	8,559,153	6,586,561	Yes
		119,131,910	27,669,578	

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 (SAUDI ARABIAN RIYALS)

26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

26.3 Concentration of credit risk (continued)

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2020.

	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	27.03	72,286,524	19,539,792	No
30-60 days	1.34	519,181	6,963	No
61-90 days	2.88	159,588	4,602	No
91-120 days	4.44	74,013	3,283	No
121-180 days	18.05	308,439	55,679	Yes
181-360 days	45.13	2,012,859	908,403	Yes
More than 360 days past due	70.73	8,616,658	6,094,872	Yes
		83,978,412	26,613,594	

26.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

26.5 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 COMPANY
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(CONTINUED)

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED 30 JUNE 2021
(SAUDI ARABIAN RIYALS)

26- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

26.5 Liquidity risk (continued)

The below schedule shows an analysis of financial assets and liabilities based on the expected date of collection or settlement:

	30 June 2021			31 December 2020		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Cash and cash equivalents	203,310,635	-	203,310,635	96,798,376	-	96,798,376
Deposits with SAMA	26,794,735	-	26,794,735	32,177,558	-	32,177,558
Investments	2,280,742,878	55,274,008	2,336,016,886	3,104,830,715	100,000,000	3,204,830,715
Accounts receivable	91,462,332	-	91,462,332	57,364,818	-	57,364,818
Accrued operational revenue	8,866,742	-	8,866,742	10,108,448	-	10,108,448
Advance to employees	3,358,830	-	3,358,830	2,875,632	-	2,875,632
Other receivables	3,872,123	-	3,872,123	2,598,810	-	2,598,810
Total financial assets	2,618,408,275	55,274,008	2,673,682,283	3,306,754,357	100,000,000	3,406,754,357
Margin deposits from clearing participants	13,969,450	-	13,969,450	19,030,340	-	19,030,340
Members' contribution to clearing house funds	2,825,285	-	2,825,285	3,147,217	-	3,147,217
Lease liability	4,999,751	1,487,276	6,487,027	9,128,643	4,658,348	13,786,991
Accounts payable	116,554,828	-	116,554,828	95,314,671	-	95,314,671
Balance due to CMA	63,313,754	-	63,313,754	32,758,785	-	32,758,785
Accrued expenses and other current liabilities	74,476,340	-	74,476,340	104,312,125	-	104,312,125
Employees end-of-service benefits liability	-	90,475,432	90,475,432	-	91,024,046	91,024,046
Total financial liabilities	276,139,408	91,962,708	368,102,116	263,691,781	95,682,394	359,374,175
Net financial assets / (financial liabilities)	2,342,268,867	(36,688,700)	2,305,580,167	3,043,062,576	4,317,606	3,047,380,182

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(A SAUDI CLOSED JOINT STOCK COMPANY)
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(CONTINUED)

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(SAUDI ARABIAN RIYALS)

27- 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount of the remaining financial assets and financial liabilities is a reasonable approximation of fair value.

Investments	Carrying value	30 June 2021			Total fair value
		Fair value			
		Level 1	Level 2	Level 3	
FVTPL	2,179,481,937	-	2,179,481,937	-	2,179,481,937

Investments	Carrying value	31 December 2020			Total fair value
		Fair value			
		Level 1	Level 2	Level 3	
FVTPL	3,103,518,964	-	3,103,518,964	-	3,103,518,964

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 30 June 2021 (31 December 2020: Nil).

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(SAUDI ARABIAN RIYALS)

28- DIVIDEND

The Board of Directors of Tadawul in their meeting dated 24 June 2021 recommended the declaration of dividends amounting to SR 1.12 billion to the Public Investment Fund ("PIF"), the Shareholder. In their Fifteenth Ordinary General Assembly held on 28 June 2021, PIF approved the dividends declaration and payment was made.

29- SUBSEQUENT EVENTS

Subsequent to the period ended 30 June 2021, the shareholder in the extraordinary general assembly held on 17 August 2021 has decided to discontinue setting aside 10% of its net income by limiting the statutory reserve at 30% of share capital of the Group and transfer SR 1.1 billion from general reserve to retained earnings.

Apart from the events as disclosed elsewhere in these consolidated interim financial statements, there are no events that require adjustment to or disclosure in these condensed consolidated interim financial statements subsequent to the period end

30- APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 3 Muharram 1443H corresponding to 11 August 2021.

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021


KPMG Professional Services

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Kingdom of Saudi Arabia
Headquarter

Commercial Registration No 1010425494

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

Independent auditor's report on review of condensed consolidated interim financial statements

To the Shareholder of Saudi Tadawul Group Company

Introduction

We have reviewed the accompanying 30 September 2021 condensed consolidated interim financial statements of Saudi Tadawul Group Company ("Tadawul" or "the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2021;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month and nine-month periods ended 30 September 2021;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2021;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34 *Interim Financial Reporting* that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 September 2021 condensed consolidated interim financial statements of Saudi Tadawul Group Company and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Hani Hamzah A. Bedairi
License No: 460

Riyadh, 21 Rabi I 1443H
Corresponding to: 27 October 2021



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SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021
(SAUDI ARABIAN RIYALS)

	Notes	30 September 2021	31 December 2020
		(Unaudited)	(Audited)
ASSETS			
Non-current assets			
Property and equipment		48,004,155	55,703,790
Intangible assets		144,336,906	145,230,204
Equity-accounted investee	5	376,486,740	378,895,293
Investments	6	55,277,237	101,267,886
Right of use assets		10,229,645	19,856,726
Total non-current assets		634,334,683	700,953,899
Current assets			
Investments	6	2,487,692,509	3,103,518,964
Accounts receivable	7	80,535,548	57,364,818
Prepaid expenses and other current assets	8	136,373,120	102,271,835
Deposits with Saudi Central Bank	9	27,546,736	32,177,558
Cash and cash equivalents	10	107,376,413	96,798,376
Total current assets		2,839,524,326	3,392,131,551
Total assets		3,473,859,009	4,093,085,450
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1,200,000,000	1,200,000,000
Statutory reserve	11	376,963,633	376,963,633
General reserve	12	-	1,114,180,214
Retained earnings		1,414,892,373	943,478,532
Total equity		2,991,856,006	3,634,622,379

The accompanying notes from (F-190) through (F-229) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021
(SAUDI ARABIAN RIYALS)

	Notes	30 September 2021	31 December 2020
		(Unaudited)	(Audited)
Non-current liabilities			
Employees' end-of-service benefits	13	89,395,917	91,024,046
Lease liability		1,638,000	4,658,348
Total non-current liabilities		91,033,917	95,682,394
Current liabilities			
Margin deposits from clearing participants	14	13,970,678	19,030,340
Members' contribution to clearing house funds	15	3,575,840	3,147,217
Lease liability		3,023,750	9,128,643
Accounts payable	16	144,648,161	95,314,671
Amount due to Capital Market Authority		24,751,071	32,758,785
Deferred revenue		45,891,866	3,223,464
Accrued expenses and other current liabilities	17	102,497,444	116,616,283
Zakat payable	18	52,610,276	83,561,274
Total current liabilities		390,969,086	362,780,677
Total liabilities		482,003,003	458,463,071
Total equity and liabilities		3,473,859,009	4,093,085,450

The accompanying notes from (F-190) through (F-229) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2021
(SAUDI ARABIAN RIYALS)

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021	2020	2021	2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Operating revenue	19	262,635,352	262,070,168	908,543,135	697,492,309
Operating costs	20	(84,346,483)	(93,727,501)	(260,020,294)	(245,773,002)
Gross profit		178,288,869	168,342,667	648,522,841	451,719,307
General and administrative expenses	21	(48,998,009)	(40,924,799)	(147,538,902)	(134,565,656)
Operating profit		129,290,860	127,417,868	500,983,939	317,153,651
Investment income	22	8,211,570	4,333,010	25,378,263	28,353,279
Share of net loss in an equity-accounted investee	5	(785,107)	(564,820)	(2,408,553)	(1,305,953)
Other income		5,293,127	1,777,189	5,449,916	2,725,431
Non-operating profit		12,719,590	5,545,379	28,419,626	29,772,757
Profit before zakat for the period		142,010,450	132,963,247	529,403,565	346,926,408
Zakat expense	18	(26,821,041)	-	(52,169,938)	-
Net profit for the period		115,189,409	132,963,247	477,233,627	346,926,408
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		115,189,409	132,963,247	477,233,627	346,926,408
Basic and diluted earnings per share	23	0.96	1.11	3.98	2.89

The accompanying notes from (F-190) through (F-229) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(SAUDI ARABIAN RIYALS)

	Share capital	Statutory reserve	General reserve	Retained earnings	Total equity
Balance as at 1 January 2021 (Audited)	1,200,000,000	376,963,633	1,114,180,214	943,478,532	3,634,622,379
Net profit for the period	-	-	-	477,233,627	477,233,627
Dividends (note 29)	-	-	-	(1,120,000,000)	(1,120,000,000)
Transfer to retained earnings (note 12)	-	-	(1,114,180,214)	1,114,180,214	-
Balance as at 30 September 2021 (Unaudited)	1,200,000,000	376,963,633	-	1,414,892,373	2,991,856,006
Balance as at 1 January 2020 (Audited)	1,200,000,000	326,911,746	1,114,180,214	618,313,284	3,259,405,244
Net profit for the period	-	-	-	346,926,408	346,926,408
Dividends	-	-	-	(120,000,000)	(120,000,000)
Balance as at 30 September 2020 (Unaudited)	1,200,000,000	326,911,746	1,114,180,214	845,239,692	3,486,331,652

The accompanying notes from (F-190) through (F-229) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2021
(SAUDI ARABIAN RIYALS)

	Notes	For the nine-month period ended 30 September	
		2021	2020
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Profit before zakat for the period		529,403,565	346,926,408
Adjustments to reconcile net profit for the period to net cash generated from operating activities:			
Depreciation and amortization	20,21	43,769,915	36,257,421
Charge for credit losses on accounts receivable	7	1,242,753	1,319,932
Charge/(Reversal) for impairment on investments held at amortized cost	6	13,170	(1,073,462)
Provision for employees' end-of-service benefits	13	8,573,028	8,475,197
Realized gain on sale of investments	22	(8,803,788)	(14,058,498)
Unrealized gain on investments	22	(9,315,757)	(2,885,072)
Share of loss in equity-accounted investee	5	2,408,553	1,305,953
Interest expense on lease liability		717,363	545,296
Dividends income	22	(4,714,359)	(9,190,642)
Changes in operating assets and liabilities:			
Deposits with Saudi Central Bank		4,630,822	(29,343,470)
Accounts receivable		(21,927,977)	(10,100,668)
Prepaid expenses and other current assets		(34,101,285)	(14,371,027)
Margin deposits from clearing participants		(5,059,662)	16,342,200
Members' contribution to clearing house funds		428,623	3,000,000
Accounts payable		49,333,490	(19,841,796)
Amount due to Capital Market Authority		(8,007,714)	45,570,244

The accompanying notes from (F-190) through (F-229) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
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CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
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(SAUDI ARABIAN RIYALS)

	Notes	For the nine-month period ended 30 September	
		2021	2020
		(Unaudited)	(Unaudited)
Deferred revenue		42,668,402	40,071,152
Accrued expenses and other current liabilities		(14,118,839)	27,373,377
Cash generated from operations		577,140,303	426,322,545
Employees' end-of-service benefits paid	13	(10,201,157)	(2,454,774)
Zakat paid	18	(83,120,936)	-
Net cash generated from operating activities		483,818,210	423,867,771
Cash flows from investing activities			
Purchase of investments		(1,846,802,356)	(1,329,325,279)
Additional investment in equity-accounted investee		-	(210,000,000)
Proceeds from disposal of investments		2,528,241,124	1,324,798,762
Purchase of intangible assets and property and equipment		(25,129,276)	(33,277,789)
Net cash generated/used from investing activities		656,309,492	(247,804,306)
Cash flows from financing activities			
Dividends paid	29	(1,120,000,000)	(120,000,000)
Lease rental paid		(9,549,665)	(8,958,650)
Net cash used in financing activities		(1,129,549,665)	(128,958,650)
Net increase in cash and cash equivalents		10,578,037	47,104,815
Cash and cash equivalents at the beginning of the period		96,798,376	268,487,867
Cash and cash equivalents at end of the period	10	107,376,413	315,592,682
Non-cash supplemental information			
Conversion of sukuk investment to equity-accounted investee		-	130,000,000

The accompanying notes from (F-190) through (F-229) form an integral part of these condensed consolidated interim financial statements

SAUDI TADAWUL GROUP COMPANY
(A SAUDI CLOSED JOINT STOCK COMPANY)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(SAUDI ARABIAN RIYALS)

1- GENERAL

Saudi Tadawul Group Company (Tadawul" or the "Company") is a Saudi closed 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). As at 30 September 2021, the authorized, issued and fully paid-up share capital of the Company is SR 1,200 million (31 December 2020: SR 1,200 million) divided into 120 million shares (31 December 2020: 120 million shares) of SR 10 each and is fully subscribed by the Public Investment Fund ("PIF").

The Company's main activity is to provide, create and manage the mechanisms of trading of securities, providing depository and registration of securities ownership, dissemination of securities information and engage in any related other activity to achieve the objectives as defined in the Capital Market Law. From 1 June 2021, the operations of the Company, that included trading, listing and dissemination of securities information, are transferred to Saudi Exchange Company ("Exchange"), a fully owned subsidiary of the Company, incorporated during the period ended 30 September 2021.

During the period, the Group announced that it will restructure into Saudi Tadawul Group, a parent company housing four subsidiaries: Saudi Exchange Company, a stock exchange business; Securities Clearing Center Company (Muqassa); the Securities Depository Center Company (Edaa); and Tadawul Advance Solution Company (Wamid).

Subsequent to 30 September 2021, the Company is planning to list its shares on the Saudi Stock Exchange.

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

The Group's registered address is as follows:

6897 King Fahd Road - Al Olaya

Unit Number: 15

Riyadh 12211-3388

Kingdom of Saudi Arabia

Subsidiaries

Securities Depository Center Company ("Edaa")

Capital Market Authority ("CMA") Board approved the formation of Securities Depository Center Company ("Edaa") as a new Saudi joint stock company in the Kingdom of Saudi Arabia in accordance with the Capital Market Law issued by the Royal Decree no. M/30 dated 06/02/1424 H (corresponding to 22 March 2003). Edaa was registered as a Saudi joint stock company in Riyadh under Commercial Registration no. 1010463866 dated 11/27/1437 H (corresponding to 30 August 2016) with an authorized share capital of SR 400 million divided into 40 million shares of SR 10 each.

As at 30 September 2021, the Company held 100 percent of the issued share capital of Edaa. The main objective of Edaa is to provide depository and registration of securities ownership and clearing services of securities.

SAUDI TADAWUL GROUP COMPANY
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1- GENERAL (CONTINUED)

Securities Clearing Center Company ("Muqassa")

The Company's Board of Directors in their meeting dated 30 October 2017 under a decision number 03-04-2017/04-04-2017 approved the formation of a new company, Securities Clearing Center Company ("Muqassa"). Muqassa was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010935131 dated 02/06/1439 (corresponding to 18 February 2018) with an authorized share capital of SAR 600 million divided into 60 million shares of SR 10 each.

The main objective of Muqassa is to provide, create and manage the mechanisms of trading of securities, providing settlement and clearing services of securities and engage in any other related activity to achieve the objectives as defined in the Capital Market Law. As at 30 September 2021, the Company held 100 percent of the issued share capital of Muqassa.

Tadawul Advance Solution Company ("TASC")

The Company's Board of Directors in their meeting dated 19/04/2020 under a decision number 02-02-2020 approved the formation of a new company, Tadawul Advance Solutions Company ("TASC"). TASC was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010656577 dated 11/02/1442 (corresponding to 28/09/2020) with an authorized share capital of SAR 300 million divided into 30 million shares of SR 10 each. As of 30 September 2021, TASC had not yet started operations.

As at 30 September 2021, the Company held 100 percent of the issued share capital of SR 75 million of TASC. The main objective of TASC is to provide financial technology solutions, research and development in the field of engineering and technology, market research and opinion polls.

Saudi Exchange Company ("Exchange")

The Company's Board of Directors in their meeting dated 25/01/2021 under a decision number 12-01-2021 approved the formation of a new company, The Saudi Exchange Company ("Exchange"). Exchange was registered as a closed joint stock company in Riyadh under Commercial Registration number 1010697067 dated 17/08/1442 (corresponding to 30/03/2021) with an authorized share capital of SAR 600 million divided into 60 million shares of SR 10 each. The company commenced its operations from 1st June 2021.

The main objective of Exchange is to provide listing and trading securities. As at 30 September 2021, the Company held 100 percent of the issued share capital of 60 million shares of Exchange.

Significant event

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

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

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2- BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2.2 Basis of measurement

These condensed consolidated interim financial statements have been prepared on historical cost basis, except for financial assets measured at fair value through profit and loss, and employees' end-of-service benefits which is measured using the projected unit credit method, using accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

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

2.4 Critical accounting estimates and judgments

The preparation of these condensed consolidated interim financial statements in conformity with International Financial Reporting Standards ("IFRS") as endorsed in KSA requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income 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. There have been no significant changes during the period.

3- BASIS OF CONSOLIDATION

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

In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the IFRS consolidated financial statements from the date that control commences until the date control ceases.

All transactions and resulting balances between the Company and the subsidiaries are eliminated in preparing these condensed consolidated interim financial statements. Any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

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4- NEW STANDARDS AND AMENDMENTS ISSUED

Amendments and interpretations adopted in preparation of these consolidated financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The management has assessed that these amendments have no significant impact on the Group's condensed consolidated interim financial statements:

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- COVID-19-Related Rent Concessions beyond 30 September 2021 (Amendment to IFRS 16)

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

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

- Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- IFRS 17 Insurance Contracts
- Classification of liabilities as current or non-current (Amendments to IAS 1)
- Disclosure of Accounting Policy (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)

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5- EQUITY-ACCOUNTED INVESTEE

This represents the Group's share of investment in Tadawul Real Estate Company ("the Associate"), a company incorporated in the Kingdom of Saudi Arabia, where the Group has significant influence through voting rights. As at 30 September 2021, the Group owns 33.12% (31 December 2020: 33.12%) share capital of the Associate. The main activity of the Associate is to develop a commercial office tower in King Abdullah Financial District, Riyadh, where the Group expects to be headquartered.

The movement of investment in the Associate is as follows:

	For the nine-month period ended 30 September 2021	For the year ended 31 December 2020
	(Unaudited)	(Audited)
Balance at beginning of the period / year	378,895,293	40,996,978
Additional investment during the period / year	-	340,000,000
Share of loss for the period / year	(2,408,553)	(2,101,685)
Balance at end of the period / year	376,486,740	378,895,293

The Group has recognized its share of loss for the nine-month period ended 30 September 2021, based on the latest available financial statements of the Associate.

6- INVESTMENTS

Investment securities portfolios are summarized as follows:

	Notes	30 September 2021	31 December 2020
		(Unaudited)	(Audited)
Non-current			
Investments at amortized cost	6.1	55,277,237	101,267,886
		55,277,237	101,267,886
Current			
Investments at amortized cost	6.1	100,643,586	-
Investments at FVTPL	6.2	2,387,048,923	3,103,518,964
		2,487,692,509	3,103,518,964

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6- INVESTMENTS (CONTINUED)

Below is the break-up of investment at amortized cost:

Description	Maturity date	Amount	Classification
General Authority of Civil Aviation (GACA)	18 January 2022	100,000,000	Current asset
Bank Albilad SAR Denominated Tier 2	15 April 2031	55,000,000	Non-current asset

6.1 Investments at amortized cost

This represents investment in Sukuk issued by counterparties operating in the Kingdom of Saudi Arabia having sound credit ratings. The Sukuk carry an average commission rate of 2.4% - 2.5% per annum during 2021 (2020: 2.5%). The maturity date of General Authority of Civil Aviation sukuk is 18 January 2022, therefore, the investment has been classified as current assets as at 30 September 2021.

The details of these investments are as follow:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Investment in sukuk – Albilad	55,000,000	-
Investment in sukuk – GACA	100,000,000	100,000,000
Accrued income	977,858	1,311,751
Impairment loss on investments are amortized cost (6.1.1)	(57,035)	(43,865)
	155,920,823	101,267,886

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Investment at amortized cost – non-current	55,277,237	101,267,886
Investment at amortized cost – current	100,643,586	-

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6- INVESTMENTS (CONTINUED)

6.1.1 The movement of the expected credit losses on investment held at amortized cost is summarized as follows:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	43,865	1,119,928
Charge / (reversal) for the period / year	13,170	(1,076,063)
Balance at the end of the period / year	57,035	43,865

6.2 Investments at fair value through profit or loss ("FVTPL"):

This represents investment in units of mutual funds, which are governed by the regulation issued by CMA. The cost and fair value of investments held at FVTPL are as follows:

	30 September 2021		31 December 2020	
	Cost	Fair value	Cost	Fair value
	(Unaudited)		(Audited)	
Money market funds	2,333,983,579	2,361,775,388	3,017,198,517	3,074,346,514
Real estate funds	40,000,000	25,273,535	40,000,000	29,172,450
Total	2,373,983,579	2,387,048,923	3,057,198,517	3,103,518,964

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7- ACCOUNTS RECEIVABLE

Accounts receivable:	Notes	30 September 2021	31 December 2020
		(Unaudited)	(Audited)
- Related parties	25.1	11,082,691	7,217,825
- Non-related parties		97,309,204	76,760,587
Less: Allowance for credit losses	7.1	(27,856,347)	(26,613,594)
		80,535,548	57,364,818

7.1 The movement in the allowance for credit losses is summarized as follows:

	For the nine-month period ended 30 September 2021	For the year ended 31 December 2020
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	26,613,594	6,877,735
Charge for the period / year	1,242,753	19,735,859
Balance at the end of the period / year	27,856,347	26,613,594

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8- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	Note	30 September 2021	31 December 2020
		(Unaudited)	(Audited)
Advance against purchase of property	8.1	77,500,000	77,500,000
Prepaid insurance expenses		11,370,820	7,770,332
Accrued operational revenue		13,383,580	10,108,448
Advance to employees		6,204,504	2,875,632
Prepaid maintenance expenses		9,862,447	1,418,613
Other receivables		18,051,769	2,598,810
		136,373,120	102,271,835

8.1 The Company has made a refundable advance payment for the potential purchase of a property, subject to the finalization and execution of the Sales and Purchase Agreement with the seller.

9- DEPOSITS WITH SAUDI CENTRAL BANK

This represents cash collateral received from clearing participants in the form of initial margin, variation margin and default fund. It also includes SR 10 million deposited by the Group as per CMA guidelines. Commission is earned on such deposits, part of the commission is booked by the Group and the clearing members' share of the commission is added to their collateral accounts.

10- CASH AND CASH EQUIVALENTS

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Cash at banks – current accounts	107,376,413	96,798,376
	107,376,413	96,798,376

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11- STATUTORY RESERVE

In accordance with the Company's by-law and Saudi Arabian Regulations for Companies in the Kingdom of Saudi Arabia, the Company is required to set aside 10% of its net income each year as statutory reserve. The shareholder in the extraordinary general assembly held on 17th August 2021 has decided to discontinue setting aside such percentage when said reserve reaches 30% of paid-in capital. Since the Company has reached the required reserve level, therefore, no additional transfers are required to be made as at year end. The statutory reserve in the consolidated financial statements is the statutory reserve of the Company. This reserve is currently not available for distribution to the shareholder of the Company.

12- GENERAL RESERVE

In accordance with the approval of the Chairman of CMA via letter number 524/2007, a balance of the retained earnings was transferred to a reserve for the purpose of financing the construction of Tadawul's headquarter in King Abdullah Financial District and any other future purposes to be decided by the Company's Board of Directors. During the year 2008, the Board of Directors of the Company had resolved, according to a decision number 6/8/2008, to transfer such balance of this reserve to a general reserve. On 17th August 2021, the shareholder in the extraordinary general assembly has decided that the reserve is no longer necessary and transferred it back to retained earnings.

13- EMPLOYEES' END-OF-SERVICE BENEFITS

The movement in employees' end-of-service benefits is as follows:

	For the nine-month period ended 30 September 2021	For the year ended 31 December 2020
	(Unaudited)	(Audited)
Balance at beginning of the period / year	91,024,046	77,294,401
Current service cost	7,268,800	9,028,207
Interest cost	1,304,228	2,272,055
Amount recognised in profit or loss	8,573,028	11,300,262
Re-measurement loss recognized in other comprehensive income	-	5,301,735
Benefits paid during the period / year	(10,201,157)	(2,872,352)
Balance at the end of the period / year	89,395,917	91,024,046

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13- EMPLOYEES' END-OF-SERVICE BENEFITS (CONTINUED)

13.1 Net end-of-service benefits liability is as follows:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Present value of benefits liability	89,395,917	91,024,046
Net defined benefits liability	89,395,917	91,024,046

14- MARGIN DEPOSITS FROM CLEARING PARTICIPANTS

	Notes	30 September 2021	31 December 2020
		(Unaudited)	(Audited)
Collateral from clearing members received for their			
- own account	14.1	1,001,917	1,001,361
- clients	14.2	11,479,561	16,539,779
- initial margin for position	14.3	1,489,200	1,489,200
		13,970,678	19,030,340

14.1 This represents cash collateral received from clearing members on their own account.

14.2 This represents cash collateral received from clearing members on account of their customers.

14.3 This represents cash collateral from clearing members with position.

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15- MEMBERS' CONTRIBUTION TO CLEARING HOUSE FUNDS

This represents prefunded default arrangement that is composed of assets contributed by clearing member that may be used by the Group in certain circumstances to cover the losses or liquidity pressure resulting from participant defaults.

16- ACCOUNTS PAYABLE

	Note	30 September 2021	31 December 2020
		(Unaudited)	(Audited)
Trade payables:			
Non-related parties	16.1	127,204,134	81,667,208
Related parties (Note 25.3)	25.3	17,444,027	13,647,463
		144,648,161	95,314,671

16.1 This includes SR 21.93 million (31 December 2020: SR nil) in relation to dividend distribution services which "Edaa" provides for securities issuer listed on the Saudi Stock Exchange. Through this service, the "issuer" authorizes Edaa to distribute the cash dividends to their shareholders through Tadawulaty Platform.

17- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Accrued employees' expenses	83,869,401	94,647,318
Accrued social insurance – General Organization for Social Insurance	2,178,709	2,108,213
Value added tax (VAT), net	6,559,956	10,195,945
Board of Directors' payable	6,228,332	5,470,358
Others	3,661,046	4,194,449
	102,497,444	116,616,283

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18- ZAKAT PAYABLE

Effective year ended 31 December 2020, the Group is subject to Zakat in accordance with the Zakat regulation issued by Zakat, Tax and Customs Authority based on Royal Decree 35657 issued on 29/6/1442H.

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Balance at the beginning of the period / year	83,561,274	-
Provision for zakat for the period / year		
- Current period	52,610,276	83,561,274
- Prior period over charge	(440,338)	-
Zakat paid during the period / year	(83,120,936)	-
Balance at the end of the period / year	52,610,276	83,561,274

19- OPERATING REVENUE

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2020
Trading services (note 19.1)	81,946,868	97,156,072	326,750,659	247,980,225
Listing fees	21,315,206	16,753,747	56,633,733	51,834,597
Data and technology services	23,244,556	21,345,390	70,789,271	57,810,355
Post trade services	136,128,722	126,814,959	454,369,472	339,867,132
	262,635,352	262,070,168	908,543,135	697,492,309

19.1 In accordance with the Council of CMA resolution no. (17/270/6) dated 18 January 2017, operating revenues arrangement between the Group and CMA effective from 1 January 2017 is as follows:

- CMA is entitled to receive a financial return equal to 64% of total trades executed in the stock market. The Group shall collect this return on behalf of CMA and deposit into CMA's account based on its instructions; and
- The Group is entitled to keep 100% of operating revenue (except for trades executed in the market, which is subject to the above-mentioned financial return sharing arrangement).

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20- OPERATING COSTS

Operating costs include direct expenses incurred by the Group to provide services to its customers and the Saudi financial market. A breakdown of operating costs is as follows:

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021	2020	2021	2020
Salaries and related benefits		29,018,004	27,277,429	92,238,559	95,134,219
CMA fees	20.1	32,500,000	32,500,000	83,000,000	78,000,000
Maintenance, network and access		5,722,755	22,607,893	35,613,767	40,567,379
Depreciation and amortization		10,142,241	7,557,171	30,820,841	22,133,653
Marketing and sponsorship		5,413,449	(30,683)	10,164,534	(117,298)
Hospitality and cleaning		425,703	270,909	1,259,259	1,283,032
Charge for credit losses on accounts receivables	7.1	186,769	57,769	1,242,753	1,319,931
Security expense		464,583	495,683	1,238,886	1,370,977
Consultancy		76,456	1,722,425	863,111	2,290,340
Utilities		251,208	342,596	755,640	696,601
SAREE system usage fees		137,000	411,000	549,000	751,000
License fees		154,646	56,239	513,032	783,755
Shareholder relations		120,000	-	499,128	60,000
Training		481,474	(49,738)	485,983	19,210
Communication		113,932	131,687	336,600	346,415
Stationery and office supplies		-	-	448	-
Business trip		518	23,153	518	86,008
Others		(862,255)	353,968	438,235	1,047,780
		84,346,483	93,727,501	260,020,294	245,773,002

20.1 This represents fee payable to CMA in relation to services provided to the Group in accordance with the council of CMA resolution no. (17/268/6) dated 18 January 2017 and CMA Board decision no. (3-2-2019) dated 7 January 2019.

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21- GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2021	2020	2021	2020
Salaries and related benefits	33,365,059	29,229,171	100,296,060	100,855,955
Depreciation and amortization	5,077,178	4,294,579	12,949,074	14,123,768
Maintenance, Network & Access	1,945,209	774,627	9,893,220	3,229,936
Consultancy	3,475,200	742,829	7,183,216	2,260,320
Board of Directors' remuneration	2,251,500	2,489,562	6,240,833	4,886,895
Marketing and sponsorship	660,345	(58,750)	1,906,873	419,001
License fees	718,680	346,115	1,883,393	1,169,178
Hospitality and cleaning	543,103	292,250	1,441,344	1,303,525
Security expense	456,418	471,865	1,217,114	1,327,354
Stationery and office supplies	260,857	180,333	796,678	470,477
Training	483,596	784,907	751,272	1,519,416
Utilities	246,792	321,734	742,360	667,729
Trading activities insurance contracts	(943,569)	478,975	640,003	775,680
Communications	124,870	46,395	369,207	220,309
Charge for impairment investment	(701)	-	13,170	-
Business trip	30,434	37,615	30,434	324,262
Others	303,038	492,592	1,184,651	1,011,851
	48,998,009	40,924,799	147,538,902	134,565,656

Certain expenses were reclassified from General and administrative expenses to Operating costs in the comparative period. This reclassification is to conform with the current year presentation as a result of a more rigorous cost allocation assessment made during 2021.

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22- INVESTMENT INCOME

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021	2020	2021	2020
Special commission income		982,338	638,889	2,534,105	2,217,797
Dividend income		1,137,329	3,018,382	4,714,359	9,190,642
Realised gain on sale investments, net		4,382,647	2,805,656	8,803,788	14,058,498
Unrealised gain / (loss) on investments, net		1,705,706	(2,131,187)	9,315,757	2,885,072
Commission from deposits with Saudi Central Bank	9	3,550	1,270	10,254	1,270
		8,211,570	4,333,010	25,378,263	28,353,279

23- BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing income attributable to the ordinary shareholder of the Group by the weighted average outstanding number of shares for the period ended 30 September 2021, totaling 120 million shares (31 December 2020: 120 million shares).

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24- CONTINGENCIES AND COMMITMENTS

Commitments represent the value of the part not yet executed from supply contracts of assets and services to the Group as follows:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Purchase of assets	24,066,794	13,160,014
Committed expenditure	40,849,123	46,327,525
Letter of guarantee	1,147,940	11,300,000
	66,063,857	70,787,539

25- TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Group transacts business with its related parties. Related parties include PIF ("the shareholder"), Tadawul Real Estate Company ("the Associate"), the Group's Board of Directors and key executives. The related parties also include affiliated entities which are:

- a) owned by the shareholder;
- b) having common directors on the Company's BOD; and
- c) having common directors on the shareholder's BOD;

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25- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

25.1 The significant transactions with related parties in relation to the Group's core operating activities carried out through the subsidiaries of the Group are as follows:

Nature of relationship	Nature of transactions				30 September 2021
	Tadawul Holding Services	Securities depository services	Securities clearing services	Saudi Exchange services	
Affiliated entities:					
- owned by the shareholder	170,652,605	33,149,608	-	126,676,739	330,478,952
- with common directors on the Company's BOD	193,729,572	2,525,646	-	29,664,660	225,919,878
- with common directors on the shareholder's BOD	1,157,798	-	37,927	-	1,195,725
	365,539,975	35,675,254	37,927	156,341,399	557,594,555

The receivable balances arising from the above transactions are as follows:

Nature of relationship	For the nine-month period ended 30 September 2021			
	Opening balance	Invoiced	Collections	Ending balance
Affiliated entities:				
- owned by the shareholder	2,890,913	330,478,952	(325,126,953)	8,242,912
- with common directors on the Company's BOD	5,059,821	225,919,878	(228,140,265)	2,839,434
- with common directors on the shareholder's BOD	-	1,195,725	(1,195,380)	345
Total	7,950,734	557,594,555	(554,462,598)	11,082,691

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25- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Nature of relationship	Nature of transactions			
	Tadawul Services	Securities depository services	Securities clearing services	31 December 2020
Affiliated entities:				
- owned by the shareholder	75,733,048	23,163,779	190,111	99,086,938
- with common directors on the Company's BOD	3,356,070	-	-	3,356,070
- with common directors on the shareholder's BOD	561,295,279	-	-	561,295,279
	640,384,397	23,163,779	190,111	663,738,287

The receivables balance arising from the above transactions are as follows:

Nature of relationship	For the year ended 31 December 2020			
	Opening balance	Invoiced	Collections	Ending balance
Affiliated entities:				
- owned by the shareholder	6,286,548	99,086,938	(102,549,637)	2,823,849
- with common directors on the Company's BOD	1,185,250	3,356,070	(4,541,320)	-
- with common directors on the shareholder's BOD	2,559,467	561,295,279	(559,460,770)	4,393,976
The Associate	105,000	-	(105,000)	-
Total	10,136,265	663,738,287	(666,656,727)	7,217,825

25.2 Balances with related parties arising out of investing activities and included in investments at "FVTPL" are as follows:

Nature of relationship	For the nine-month period ended 30 September 2021 (Unaudited)			
	Opening balance	Purchases/ (Disposals)	Realized / unrealized gain	Ending balance
Affiliated entities with common directors on the Company's BOD	712,260,247	(383,349,918)	5,384,282	334,294,611

Nature of relationship	For the year ended 31 December 2020			
	Opening balance	Purchases/ (Disposals)	Realized / unrealized gain	Ending balance
Affiliated entities with common directors on the Company's BOD	1,395,019,617	(269,427,458)	17,241,287	1,142,833,446

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25. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

25.3 Other balances with related parties arising out of services received and included within accounts payables are as follows:

Nature of relationship	For the nine-month period ended 30 September 2021 (Unaudited)			
	Opening balance	Services received	Payments made	Ending balance
Affiliated entities:				
- owned by the shareholder	7,743,772	6,370,265	(2,898,343)	11,215,694
- Affiliated entities with common directors on the Company's BOD	5,903,691	5,907,333	(5,582,691)	6,228,333
Total	13,647,463	12,277,598	(8,481,034)	17,444,027

Nature of relationship	For the year ended 31 December 2020 (Audited)			
	Opening balance	Services received	Payments made	Ending balance
Affiliated entities:				
- owned by the shareholder	7,455,862	10,581,360	(10,293,450)	7,743,772
- Affiliated entities with common directors on the Company's BOD	1,044,440	6,769,077	(1,909,826)	5,903,691
Total	8,500,302	17,350,437	(12,203,276)	13,647,463

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25. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

25.4 Key management consists of the non-executive directors and the executive management. The compensation of key management personnel is as follows:

	For the nine-month period ended 30 September	
	2021	2020
Salaries and other short-term benefits	26,902,348	9,138,633
Post-employment benefits	3,044,155	745,996
Board of directors' remuneration	6,240,833	4,886,895

26- SEGMENT INFORMATION

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

Capital Markets

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

Post Trade

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

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26. SEGMENT INFORMATION (CONTINUED)

Technology Services

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

Corporate

Corporate manages future corporate development and controls all treasury related functions. All investments are incubated within this business segment, which also comprise managing strategy for business development, legal, finance, operations, human resources and customers' relation management.

30 September 2021	Capital Markets	Post Trade	Technology Services	Corporate	Group
Operating revenue	383,384,392	454,369,472	70,789,271	-	908,543,135
Net income*	263,169,603	208,308,671	45,267,153	12,658,138	529,403,565
Total assets	-	1,297,861,161	-	2,175,997,848	3,473,859,009
Total liabilities	-	127,759,787	-	354,243,216	482,003,003

30 September 2020	Capital Markets	Post Trade	Technology Services	Corporate	Group
Operating revenue	299,814,822	339,867,132	57,810,355	-	697,492,309
Net income	188,525,322	102,410,065	37,001,926	18,989,095	346,926,408
Total assets	-	971,067,383	-	2,937,734,824	3,908,802,207
Total liabilities	-	168,311,247	-	254,159,308	422,470,555

* Zakat charge for the nine-months period has not been allocated to any of the segments.

The operating segmentation has been reclassified in a manner that follows market standards and reflects reorganization of business at the Saudi Tadawul Group.

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27- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market risk;
- Credit risk;
- Operational risk; and
- Liquidity risk.

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

Risk Management framework

The Board of Directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. Furthermore, the Board reviews reports from relevant committees in relation to the above on a regular basis.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

Senior management

Senior management is responsible for the day to day operations towards achieving the strategic goals within the Group's pre-defined risk appetite.

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27- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.1 Market risk

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

Price risk

Price risk is the risk that the value of financial instruments will fluctuate due to changes in market prices. The Group's price risk exposure relates to its quoted investments in mutual funds whose values will fluctuate as a result of changes in market prices.

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

A 1% change in the redemption prices and quoted prices of the investments, with all other variables held constant, would impact the statement of profit or loss as set out below:

	For the nine-month period ended 30 September	
	2021	2020
Effect on profit for the period	(+/-) 23,870,489	(+/-) 26,940,569

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group is subject to fluctuations in foreign exchange rates in the normal course of its business. The Group did not undertake significant transactions in currencies other than Saudi Arabian Riyals.

Commission rate risk

Commission risk is represented by the exposure to multiple risks related to the impact of changes in commission rates in the market on the Group's financial position and cash flows. The Group monitors the fluctuations in commission rates and believes that the impact of commission rates risk is not significant as financial instruments held by the Group are not exposed to variable commission rate risk.

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.2 Credit risk

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

The below schedule shows the maximum limit for exposure to credit risk of the condensed consolidated interim statement of financial position elements:

	30 September 2021	31 December 2020
	(Unaudited)	(Audited)
Cash and cash equivalents	107,376,413	96,798,376
Investments at amortized cost	155,920,823	101,267,886
Deposits with Saudi Central Bank	27,546,736	32,177,558
Accounts receivable	80,535,548	57,364,818
Advance against purchase of property	77,500,000	77,500,000
Accrued operational revenue	13,383,580	10,108,448
Advance to employees	6,204,504	2,875,632
Other receivables	18,051,769	2,598,810
	486,519,373	380,691,528

Cash and cash equivalents

The Group kept its surplus funds with banks in Kingdom of Saudi Arabia having sound credit ratings. Currently the surplus funds are kept with banks having rating as follows:

Standard & Poor's		Moody's	
Long term	Short term	Long term	Short term
A-	A-2	A1	P-1

Investment at amortized cost

This represents investment in Sukuk issued by counter parties operating in Kingdom of Saudi Arabia having sound credit ratings.

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.2 Credit risk (continued)

Accounts receivable

Account receivables are shown net of allowance for credit losses. The Group applies IFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, account receivables have been grouped based on the days past due. The historical loss rates adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Accrued operational revenue

Accrued operating revenue represents earned revenue which is yet to be billed to the customers. These are short-term in nature and from low credit risk counterparties.

Advance to employees

This represents advances provided to employees on their request. Such advances are deducted from their monthly salaries therefore no significant credit risk exist in the balance.

Other receivables

Other receivables represent receivables from low credit risk counterparties and is short-term in nature.

Deposits with Saudi Central Bank

This represents deposits with Saudi Central Bank, the central bank of the Kingdom of Saudi Arabia, therefore, no significant credit risk is involved.

Advance against purchase of property

This advance has been made to Saudi Central Bank, the central bank of the Kingdom of Saudi Arabia, therefore, no significant credit risk is involved.

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.3 Concentration of credit risk

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 30 September 2021.

	Weighted average loss rate (%)	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	0.01	44,702,266	5,251	No
31-60 days	0.88	9,336,396	82,201	No
61-90 days	1.91	994,788	19,046	No
91-120 days	4.03	406,863	16,401	No
121-180 days	6.87	1,982,381	136,225	Yes
181-360 days	51.10	42,768,866	21,855,844	Yes
More than 360 days past due	70.01	8,200,335	5,741,379	Yes
		108,391,895	27,856,347	

The following table provides information about the exposure to credit risk and expected credit losses for receivables as at 31 December 2020.

	Weighted average loss rate %	Gross carrying amount	Loss allowance	Credit impaired
0-30 days (not past due)	27.03	72,287,674	19,539,792	No
30-60 days	1.34	519,181	6,963	No
61-90 days	2.88	159,588	4,602	No
91-120 days	4.44	74,013	3,283	No
121-180 days	18.05	308,439	55,679	Yes
181-360 days	45.13	2,012,859	908,403	Yes
More than 360 days past due	70.73	8,616,658	6,094,872	Yes
		83,978,412	26,613,594	

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

Compliance with the Group's standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

27.5 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.

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.5 Liquidity risk(continued)

The below schedule shows an analysis of financial assets and liabilities based on the contractual maturities:

	30 September 2021			31 December 2020		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Cash and cash equivalents	107,376,413	-	107,376,413	96,798,376	-	96,798,376
Deposits with Saudi Central Bank	27,546,736	-	27,546,736	32,177,558	-	32,177,558
Investments	2,487,692,509	55,277,237	2,542,969,746	3,103,518,964	101,267,886	3,204,786,850
Accounts receivable	80,535,548	-	80,535,548	57,364,818	-	57,364,818
Advance against purchase of property	77,500,000	-	77,500,000	77,500,000	-	77,500,000
Accrued operational revenue	13,383,580	-	13,383,580	10,108,448	-	10,108,448
Advance to employees	6,204,504	-	6,204,504	2,875,632	-	2,875,632
Other receivables	18,051,769	-	18,051,769	2,598,810	-	2,598,810
Total financial assets	2,818,291,059	55,277,237	2,873,568,296	3,382,942,606	101,267,886	3,484,210,492
Margin deposits from clearing participants	13,970,678	-	13,970,678	19,030,340	-	19,030,340
Members' contribution to clearing house funds	3,575,840	-	3,575,840	3,147,217	-	3,147,217

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27. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

27.5 Liquidity risk(continued)

	30 September 2021			31 December 2020		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Lease liability	3,023,750	1,638,000	4,661,750	9,128,643	4,658,348	13,786,991
Accounts payable	144,648,161	-	144,648,161	95,314,671	-	95,314,671
Balance due to CMA	24,751,071	-	24,751,071	32,758,785	-	32,758,785
Accrued expenses and other current liabilities	93,758,779	-	93,758,779	104,312,125	-	104,312,125
Employees end-of-service benefits liability	-	89,395,917	89,395,917	-	91,024,046	91,024,046
Total financial liabilities	283,728,279	91,033,917	374,762,196	263,691,781	95,682,394	359,374,175
Net financial assets / (financial liabilities)	2,534,562,780	(35,756,680)	2,498,806,100	3,119,250,825	5,585,492	3,124,836,317

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28- 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount of the remaining financial assets and financial liabilities is a reasonable approximation of fair value.

Investments	Carrying value	30 September 2021			Total fair value
		Fair value			
		Level 1	Level 2	Level 3	
FVTPL	2,387,048,923	-	2,387,048,923	-	2,387,048,923

Investments	Carrying value	31 December 2020			Total fair value
		Fair value			
		Level 1	Level 2	Level 3	
FVTPL	3,103,518,964	-	3,103,518,964	-	3,103,518,964

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 30 September 2021 (31 December 2020: Nil).

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29- DIVIDEND

The Board of Directors of Tadawul in their meeting dated 24 June 2021 recommended the declaration of dividends amounting to SR 1.12 billion to the Public Investment Fund ("PIF"), the Shareholder. In their Fifteenth Ordinary General Assembly held on 28 June 2021, PIF approved the dividends declaration and payment was made.

30- SUBSEQUENT EVENTS

Subsequent to the period end, there are no events that require adjustment to or disclosure in these condensed consolidated interim financial statements.

31- APPROVAL OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been approved by the Board of Directors on 19 Rabi I 1443H (corresponding to 25 October 2021).





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