

## Saudi Tadawul Group announces its Q2 2022 financial results, achieving a net profit after zakat of SAR 278.3 million in H1 2022

- Saudi Exchange announced the establishment of a Shariah Advisory Committee as part of the Exchange's commitment to maintain the highest standards of governance over investment tools that will be provided by the Saudi Exchange, where the Committee consists of representatives from largest financial institutions.
- The first half of 2022 marked the launch and completion of the enhancements to develop post trade infrastructure, the largest bundle in the history of the Saudi capital market, intended to provide investors with increased investment opportunities and access to a diverse range of financial instruments and new products.

**Riyadh, Saudi Arabia, August 14, 2022:** Saudi Tadawul Group Holding Co. (the "Company" or the "Group"), a leading diversified capital markets group in the MENA region, announced its financial results for Q2 2022, highlighting its continued commitment to strengthening its global position through several new market updates, launches, and investments.

### Financial Performance Highlights:

The Group achieved a net profit after zakat of SAR 137.7 million in Q2 2022, a 24.0% year on year (YoY) decrease from SAR 181.1 million in Q2 2021, This was mainly driven by the following:

- **Operating Revenue** decreased 4.9% YoY reaching SAR 298.1 million in Q2 2022 compared to SAR 313.5 million in Q2 2021, predominantly due to the decrease in trading services driven by normalization of trading values which contracted by 21.6%. Compared to the previous quarter, operating revenue increased 1.4% from SAR 293.9 million, predominantly due to an increase in the number and size of listings and the new fees structure of post trade services (Clearing, Settlement and Safekeeping) mitigated by the normalization of trading values which contracted by 2.7%.
- **Operating Expenditures** increased 16.6% YoY reaching SAR 160.6 million in Q2 2022 compared to SAR 137.7 million in Q2 2021, mainly due to the increase in the salaries and related benefits, the largest cost item. Compared to the previous quarter, operating expenditures Increased 14.5% QoQ reaching SAR 160.6 million in Q2 2022 compared to SAR 140.2 million in Q1 2022, due to the increase in the salaries and related benefits, the largest cost item.
- **EBITDA** decreased 18.8% YoY reaching SAR 155.3 million in Q2 2022 compared to SAR 191.3 million in Q2 2021, due to the decrease in the Group's operating revenue against growth in the Group's operating expenditures. Compared to the previous quarter, EBITDA decreased 6.7% QoQ reaching SAR 155.3 million in Q2 2022 compared to SAR 166.4 million in Q1 2022, due to the increase in the Group's operating expenditures.
- **Free Cash Flow** decreased 14.0% YoY reaching SAR 313.0 million as of June 30<sup>th</sup> 2022 from SAR 364.0 million as of June 30<sup>th</sup> 2021, as a result of lower EBITDA resulting from the decrease in the Group's operating revenue against growth in the Group's operating expenditures.

**Eng. Khalid Al-Hussan, Group Chief Executive Officer at Saudi Tadawul Group commented:** "Saudi Tadawul Group continues to drive forwards in achieving its strategic goals. The group have shown great agility in its business performance, from amending the listing rules to include more provisions related to the mechanism of transitioning from Nomu – Parallel Market to the Main Market, through to the roll-out of the second phase of WAMID's co-location service."

**Al-Hussan added:** "Testament to the avid growth and diversification of our market and its attractiveness is the growing number of IPOs during the first half of the year, resulting in 246 listed companies on both the Main Market and Nomu – Parallel Market. In addition to the launch of the second derivatives product, Single Stock Futures contracts."

**He concluded:** "Clearing and depository are essential contributors to the expansion of the Kingdom's capital markets ecosystem, following on from the successful implementation of the enhancements to develop post trade infrastructure, Muqassa launched the Repurchase Agreement (REPO) clearing service. In addition, Edaa announced the linkage activation with Euroclear, the Brussels-based International Central Securities Depository (ICSD). The Group demonstrates its commitment to catering to the wide array of investors locally and globally."

## Business Performance Highlights:

Saudi Tadawul Group continued to strengthen its position as a global capital markets powerhouse through several new market updates, launches, and events to accelerate growth, strengthen operational and financial performance, diversify world-class offerings across solutions and technologies, and broaden its local, regional, and international client base.

- **Saudi Tadawul Group** announced in April 2022 the completion and successful implementation of the post trade services infrastructure enhancements through its subsidiaries.
- **Saudi Exchange** announced on April 2022 the formation of a Shariah Advisory Committee, which includes independent representatives from the Kingdom's largest financial institutions, with the aim of creating a unified Shariah-compliant rulebook to overseeing and approving Shariah-compliant listed companies on a regular basis. In addition, **Saudi Exchange** announced in June 2022 its intention to launch Single Stock Futures Contracts (SSF) the second derivatives product to be introduced in the Saudi Exchange starting from July 4<sup>th</sup> 2022.
- **Muqassa** launched in April 2022 its Repurchase Agreement (REPO) clearing service, a form of short-term borrowing available to General Clearing Members and investors and settled by Edaa. The service aims to facilitate access to liquidity for market participants, mitigate risk, increase transparency, and shift liquidity from unsecured to secured lending markets at lower costs.
- **Edaa** announced in May 2022 activation of linkage with Euroclear, the Brussels-based International Central Securities Depository (ICSD), to provide international investors with an additional channel to access the Saudi sukuk and bond market.
- Following the launch of its co-location service, **WAMID** continues to grow its client base and exceed targets to provide the market an opportunity to co-locate their servers and equipment within our Tier IV Data Center allowing them to have LAN connectivity access to our trading engine. This service targets both trading and non-trading customers, enabling them to reduce their latency. This innovative, unique co-location service will support customers in implementing their data, trading and execution strategies efficiently and swiftly.

## Market Performance Highlights:

- Total equity market capitalization at the end of the H1 2022 reached SAR 11.5 billion, increasing by 17.9% over the close of the previous year.
- Both Main Market and Nomu – Parallel Market witnessed 25 newly companies listed in H1 2022 - 8 on the Main Market and 17 on the Nomu – Parallel Market, with a total offered value of SAR 14.9 billion.
- Total number of listed companies on the Main Market increased to 215 at the end of the H1 2022, compared to 203 at the end of the H1 2021, demonstrating the continued attractiveness of the Saudi Exchange.
- The Average Daily of Traded Value (ADTV) activities on Main Market and Nomu – Parallel Market reached SAR 8.4 billion at the end of the H1 2022, driving a 21.9% YoY decrease from SAR 10.7 billion at the end of the H1 2021.

## Segment Information:

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

- **Capital Markets Segment:**

The Capital Markets segment's revenue, which includes trading services and listing fees, decreased 14.2% YoY, reaching SAR 115.9 million in Q2 2022.

Trading services revenue decreased 23.6% YoY reaching SAR 89.4 million in Q2 2022 compared to SAR 117.0 million in Q2 2021, driven by normalization of trading values which contracted by 21.6%.

Listing fees revenue increased 46.2% YoY reaching to SAR 26.5 million in Q2 2022 compared to SAR 18.1 million in Q2 2021, mainly due to an increase in the number and size of listings.

- **Data & Technology Services Segment:**

Data and Technology services revenue decreased 6.1% YoY reaching SAR 22.3 million in Q2 2022 compared to SAR 23.7 million in Q2 2021 driven mainly by lower revenue from Market Information services.

- **Post-Trade Segment:**

Post-trade revenue increased 3.4% YoY reaching SAR 160.0 million in Q2 2022 compared to SAR 154.8 million in Q2 2021, mainly driven by the new fees structure of post trade services (Clearing, Settlement and Safekeeping) mitigated by the normalization of trading values which contracted by 21.6%.

# Q2 2022 Earnings Release

August 14, 2022

## Financial Review / Key Ratios

SAR million,	Q2 2022	Q2 2021	Y-o-Y Change	Q1 2022	Q-o-Q Change
Trading revenues	197.6	232.0	14.8% ▼	197.6	0.01% ▲
Non-trading revenues	100.5	81.5	23.3% ▲	96.4	4.3% ▲
Operating revenues	298.1	313.5	4.9% ▼	293.9	1.4% ▲
Opex	160.6	137.7	16.6% ▲	140.2	14.5% ▲
EBITDA	155.3	191.3	18.8% ▼	166.4	6.7% ▼
EBITDA margin	52%	61%		57%	
Net income after Zakat	137.7	181.1	24.0% ▼	140.6	2.1% ▼
Net income margin	46%	58%		48%	
EPS	1.15	1.51	24.0% ▼	1.17	2.1% ▼

## P&L Snapshot

SAR million,	Q2 2022	Q2 2021	Y-o-Y Change	Q1 2022	Q-o-Q Change
Operating revenues	298.1	313.5	4.9% ▼	293.9	1.4% ▲
Operating expenses	142.9	122.3	16.8% ▲	127.5	12.0% ▲
EBITDA	155.3	191.3	18.8% ▼	166.4	6.7% ▼
EBITDA margin	52%	61%		57%	
Depreciation & amortization	17.7	15.4	14.9% ▲	12.6	40.1% ▲
EBIT	137.6	175.9	21.8% ▼	153.8	10.5% ▼
EBIT margin	46%	56%		52%	
Investment income & other income	17.1	5.7	200.8% ▲	9.7	77.3% ▲
Loss from associates	(0.8)	(0.9)	10.6% ▼	(1.6)	49.8% ▼
Zakat	16.2	(0.4)	100.0% ▲	21.2	23.5% ▼
Net profit after Zakat	137.7	181.1	24.0% ▼	140.6	2.1% ▼
Net profit margin	46%	58%		48%	
EPS (SAR)	1.15	1.51	24.0% ▼	1.17	2.1% ▼

## Financial Position Snapshot

SAR million,	Q2 2022	Q2 2021	Y-o-Y Change	Q1 2022	Q-o-Q Change
Cash & cash equivalents	158.9	203.3	21.8% ▼	101.4	56.7% ▲
Investments	2,563.7	2,336.0	9.7% ▲	2,835.0	9.6% ▼
Other assets	4,814.0	799.2	502.3% ▲	2,672.6	80.1% ▲
Total assets	7,536.7	3,338.6	125.7% ▲	5,609.0	34.4% ▲
Total liabilities	4,525.9	461.9	879.8% ▲	2,375.9	90.5% ▲
Total equity	3,010.7	2,876.7	4.7% ▲	3,233.1	6.9% ▼

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## About Saudi Tadawul Group

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

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

## Investor Relations Enquiries

Saudi Tadawul Group Holding Co.

Tel: (+966) 920013130

Email: [Investorrelations@tadawulgroup.sa](mailto:Investorrelations@tadawulgroup.sa)

P.O. Box 12211-3388

Address: 6897 King Fahd Road – Al Ulaya, Riyadh,  
Kingdom of Saudi Arabia

[www.tadawulgroup.sa](http://www.tadawulgroup.sa)



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