

## 2023 Financial Statement

**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

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**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Elm Company**  
(A Saudi Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

**Report on the Audit of the Consolidated Financial Statements**

### Opinion

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

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

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) 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 requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the “Code”), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code’s requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from contracts with customers	
Key Audit Matter	How our audit addressed the key Audit Matter
<p>The Group's revenue mainly consists of digital business, business process outsourcing, and professional services amounting to SR 5.9 billion for the year ended 31 December 2023.</p> <p>We considered this a key audit matter due to the audit of revenue related to digital business is dependent on the use of information technology. In addition, the considerations of the agent and principal according to the International Financial Reporting Standard \15 "Revenue from Contracts with Customers" require the management to analyze the terms and conditions of the contracts with the customers to assess whether the Group is principal or agent, which affects the Group's presentation of revenue on a gross or net basis.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"><li>• We involved our IT specialists in testing the design, implementation, and operating effectiveness of controls related to revenue recognition for a sample of digital business.</li><li>• We tested a sample of reports extracted from the IT systems used for digital business revenues and match them with the amount recorded in the general ledger.</li><li>• We traced a sample of digital business revenue with collected amounts in the Group's bank statements.</li><li>• We tested a sample of transactions recorded before and after the year end to ensure that revenues were recorded in the appropriate period.</li><li>• We audit those judgments taken by management to assess whether the Group is a principal or agent for a sample of the contracts.</li><li>• We evaluated the adequacy and appropriateness of disclosures included in the consolidated financial statements.</li></ul>
For more details, Refer to notes (2/3-5/ 5/32)	



### Expected credit losses provision for trade receivables and contract assets

#### Key Audit Matter

As at 31 December 2023, the Group's accounts receivable and contract assets balance amounted to SR 3.7 billion, against which an impairment allowance of SR 572 million is maintained.

The Group assesses at each reporting date whether the accounts receivable and contract assets are impaired. Management has applied an expected credit loss ("ECL") model to determine the appropriate allowance for impairment loss. Further, the Group performs an assessment based on a defined policy for certain categories of accounts receivables and contract assets.

The determination of allowance for expected credit losses is based on certain assumptions that relates mainly to risk of default and expected loss rates. The Group applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, market conditions, as well as forward looking estimates.

We considered this as a key audit matter due to the level of judgment applied and estimates made in the application of the ECL.

#### How our audit addressed the key Audit Matter

Our procedures included the following:

- We obtained an understanding of the process used by management in determining the allowance for expected credit losses for the accounts receivable and contract assets.
- We assessed the significant assumptions used in the ECL model's calculation such as; forward-looking factors and macro-economic variables that are used to determine the allowance for expected credit losses.
- We tested the completeness and mathematical accuracy of the ECL model.
- We assessed the assumptions used by management in connection to the determination of allowance for expected credit losses for certain customers and contract assets' categories.
- We tested, on a sample basis, the calculation performed by management on allowance for expected credit losses for these categories of customers and contract assets.
- We evaluated the adequacy and appropriateness of disclosures included in the consolidated financial statements.

For more details, Refer to notes (2/3-16 /16/17/35)

#### Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCRA and Regulations for Companies and the 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, i.e., the Board of Directors are responsible for overseeing the Group's financial reporting process.

## **Auditor's responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

**For BDO Dr. Mohamed Al-Amri & Co.**

Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362



Riyadh, on: 29 Sha'ban 1445 (H)  
Corresponding to: 10 March 2024 (G)

**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

All amounts in Saudi Riyals

	Note	December 31, 2023	December 31, 2022
Revenues	5	5,898,362,840	4,606,098,893
Cost of revenues	6	(3,547,310,230)	(2,720,238,240)
<b>GROSS PROFIT</b>		<b>2,351,052,610</b>	<b>1,885,860,653</b>
<b>EXPENSES</b>			
Selling and marketing	7	(277,027,209)	)235,185,339(
Expected credit losses	35-A	(91,770,357)	(148,819,716)
General and administrative	8	(475,801,109)	)372,958,213(
Depreciation and amortization	10,12,13	(149,951,571)	(120,049,688)
Impairment of non-current assets	10,11,13	(5,918,692)	(36,455,686)
<b>OPERATING PROFIT</b>		<b>1,350,583,672</b>	<b>972,392,011</b>
Finance cost	10,12	(5,861,229)	)7,943,568(
Income from murabaha deposits	19,20	127,856,085	41,227,288
Share in results from investments in associates	14	(11,946,369)	)1,099,466(
Loss at fair value of financial assets through profit or loss	14,15	(15,968,640)	)402,085(
Other income, net	9	<u>28,588,884</u>	18,902,556
<b>NET PROFIT BEFORE ZAKAT</b>		<b>1,473,252,403</b>	<b>1,023,076,736</b>
Zakat	30	<u>(117,057,649)</u>	<u>)92,887,147(</u>
<b>NET PROFIT</b>		<b><u>1,356,194,754</u></b>	<b><u>930,189,589</u></b>
<b>Net profit attributable to:</b>			
Equity holders of the parent Company		1,356,230,754	930,189,589
Non-controlling interests		<u>(36,000)</u>	-
		<u>1,356,194,754</u>	<u>930,189,589</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of financial assets through other comprehensive income	15	26,381,472	(8,805,133)
Re-measurement of end of service benefits provision	27	(5,463,042)	(8,376,190)
<b>Total comprehensive income attributable to:</b>			

Total comprehensive income attributable to:

Equity holders of the parent Company	1,377,149,184	913,008,266
Non-controlling interests	(36,000)	-
	1,377,113,184	913,008,266
TOTAL OTHER COMPREHENSIVE INCOME <u>20,918,430</u> (17,181,323) TOTAL COMPREHENSIVE INCOME		<u>1,377,113,184</u>
913,008,266		

Earnings per share from net profit attributable to equity holders of the parent company :

Basic	26	17.46	11.94
Diluted	26		11.63



Chief Financial Officer



Chief Executive Officer

Chairman

16.95

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The accompanying notes from (1) to (39) form an integral part of these consolidated financial statements

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ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)

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### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

All amounts in Saudi Riyals

	<u>Note</u>	December 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	375,183,246	353,498,965
Capital work in progress	11	119,813,847	57,778,145
Right-of-use assets	12	230,798,737	80,386,822
Intangible assets	13	174,646,541	179,633,131

Investments in associates	14	2,137,153	18,383,057
Other financial assets	15	227,906,324	181,549,092
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,130,485,848</b>	<b>871,229,212</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	16	2,322,353,701	1,465,078,203
Contract assets	17	847,625,684	804,461,993
Prepaid expenses and other current assets	18	337,441,825	212,713,357
Other financial assets	15	18,797,335	85,853,919
Murabaha deposits	19	3,056,113,638	1,998,369,994
Cash and cash equivalents	20	384,394,607	588,679,391
		<hr/>	<hr/>
		<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	<b>6,966,726,790</b>	<b>5,155,156,857 TOTAL ASSETS</b>	<b>8,097,212,638</b>
	<hr/>	<hr/>	<hr/>
6,026,386,069			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	21	800,000,000	800,000,000
Statutory reserve	22	174,708,101	174,708,101
Treasury shares	23	(294,758,400)	)307,200,000(
Other reserves	25	12,826,478	)24,180,887(
Retained earnings		3,301,731,675	2,403,679,701
Equity attributable to equity holders of the parent Company		<hr/>	<hr/>
Non-controlling interest		3,994,507,854	3,047,006,915
		<hr/>	<hr/>
		164,000	-
		<hr/>	<hr/>

LIABILITIES			
NON-CURRENT LIABILITIES			
Liabilities for purchasing property	10	-	25,396,063
Lease liabilities	12	212,090,689	71,192,414
End of service benefits provision	27	360,689,127	307,462,112
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>572,779,816</b>	<b>404,050,589</b>

<b>CURRENT LIABILITIES</b>			
Accounts payable and other current liabilities	28	2,805,055,424	1,928,312,367
Contract liabilities	29	503,707,390	472,263,219
Zakat	30	183,613,319	138,434,452
Liabilities of purchasing property	10	25,396,063	24,746,387
Lease liabilities	12	11,988,772	11,572,140
<b>TOTAL EQUITY</b>			
		3,994,671,854	3,047,006,915
<b>TOTAL CURRENT LIABILITIES</b>			
		<u>3,529,760,968</u>	<u>2,575,328,565</u>
<b>TOTAL LIABILITIES</b>			
		<u>4,102,540,784</u>	<u>2,979,379,154</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			
		8,097,212,638	6,026,386,069



Chief Financial Officer



Chief Executive Officer

Chairman

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The accompanying notes from (1) to (39) form an integral part of these consolidated financial statements

ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

All amounts in Saudi Riyals

	Note	Equity attributable to the equity holders of the Parent					Non -controlling interest	Total equity
		Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings		
Balance as at January 1, 2022		800,000,000	-	81,689,142	(26,539,451)	1,954,509,071	2,809,658,762	- 2,809,658,762
Net profit		-	-	-	-	930,189,589	930,189,589	- 930,189,589
Other comprehensive income		-	-	-	(17,181,323)	-	(17,181,323)	- (17,181,323)
Total comprehensive income - - (17,181,323)					- 913,008,266	Purchase of treasury shares 930,189,589	913,008,266	- (307,200,000) Dividends -
- - - (388,000,000) (388,000,000) -				(307,200,000)		(388,000,000)	Share-based payment transactions - - - 19,539,887	- 19,539,887 - 19,539,887
Transferred to statutory reserve -	-	-	-	- Balance as at December 31, 2022 93,018,959	800,000,000	(93,018,959)	(24,180,887)	3,047,006,915 -
				174,708,101		(307,200,000)		3,047,006,915
Balance as at January 1, 2023		800,000,000	(307,200,000)	174,708,101	(24,180,887)	2,403,679,701	3,047,006,915	- 3,047,006,915
Net profit		-	-	-	-	1,356,230,754	1,356,230,754	(36,000) 1,356,194,754
Other comprehensive income		-	-	-	-	20,918,430	-	-
Treasury shares settlement	23,24	-	12,441,600	-	(20,446,020)	8,004,420	-	-
Share-based payment transactions	24	-	-	-	36,534,955	-	36,534,955	- 36,534,955
Dividends	38	-	-	-	-	(466,183,200)	(466,183,200)	- (466,183,200)
Total comprehensive income		-	-	-	20,918,430	-	20,918,430	(36,000) 20,918,430
						1,356,230,754	1,377,149,184	1,377,113,184

Transactions with non-controlling

								200,000
	<u>800,000,000</u>	<u>(294,758,400)</u>	<u>174,708,101</u>	<u>12,826,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,994,671,854</u>
	Chief Financial Officer				Chief Executive Officer			Chairman
interests	-	-	-	-	-	-	-	200,000
Balance as at December 31, 2023								164,000

The accompanying notes from (1) to (39) form an integral part of these consolidated financial statements

**ELM COMPANY**  
**( A SAUDI JOINT STOCK COMPANY)**

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**CONSOLIDATED STATEMENT OF CAHS FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

All amounts in Saudi Riyals

	Notes	December 31, 2023	December 31, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit before zakat		1,473,252,403	1,023,076,736
Adjustments for non-cash items: Depreciation and amortization	10,12,13	149,951,571	120,049,688
Impairment of non-current assets	10,11,13	5,918,692	36,455,686
Expected credit losses	35-A 27	91,770,357	148,819,716
End of service benefits provision		67,760,770	62,759,695
Share based payment transactions	24	36,534,955	19,539,887
Finance cost	10,12	5,861,229	7,943,568
Income from murabaha deposits	19,20	(127,856,085)	)41,227,288(
Share in results from investments in associates	14	11,946,369	1,099,466
Loss at fair value of financial assets through profit or loss Other income, net	14,15 9	15,968,640 51,497	402,085 )8,006,898(
		1,731,160,398	1,370,912,341
<b>Working capital adjustments:</b>			
Accounts receivable Contract assets	16 17	(933,306,211) (56,820,705)	85,322,207 )188,420,420(
Prepaid expenses and other current assets	18	) 89,379,560(	)68,167,359(
Accounts payable and other current liabilities	28	877,039,462	514,084,454
Contract liabilities	29	31,444,171	57,501,741
Cash from operations		1,560,137,555	1,771,232,964
Zakat paid	30	(71,878,782)	)57,917,840(
Proceeds from income from murabaha deposits End of service benefits paid	27	90,360,772 (19,996,797)	19,587,610 )26,731,214(
Net cash generated from operating activities		1,558,622,748	1,706,171,520
<b>INVESTING ACTIVITIES</b>			
Murabaha deposits	19	(1,057,743,644)	(1,898,089,994)
Purchase of property, equipment and intangible assets Proceeds from sale of property and equipment	10,13 10	(92,838,585) 390,108	)111,536,688(
Proceeds from other financial assets	15	467,929,663	446,352,768
Proceeds from investments in associates Investments in other financial assets	14 14,15	150,000 (432,696,961)	- )127,022,303(
Payments for capital works in progress	11	)115,757,975(	)42,155,522(
		)1,230,567,394(	(1,731,281,577)
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities	12		(26,382,665)
Purchase of treasury shares	23	(39,484,748) -	(307,200,000)
Payment of liabilities for purchasing property	10	(24,746,387)	(24,113,331)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023

All amounts in Saudi Riyals

Finance costs paid		10 ,12	(1,925,803)	(2,734,018)
paid		38	(466,183,200)	(388,000,000)
Net cash used in financing activities			(532,340,138)	(748,430,014)
Net decrease in cash and cash equivalents			(204,284,784)	(773,540,071)
Cash and cash equivalents at the beginning of the year		20	588,679,391	<u>1,362,219,462</u>
Cash and cash equivalents at the end of the year			384,394,607	588,679,391
Net cash used in investing activities				



Chief Financial Officer



Chief Executive Officer

Chairman

The accompanying notes from (1) to (39) form an integral part of these consolidated financial statements

1. INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES

Elm Company formerly known as (Al Elm Information Security Company) ("the Company") is a Saudi Joint Stock Company, incorporated in the city of Riyadh, Kingdom of Saudi Arabia on Shawwal 24, 1408 AH (corresponding to June 8, 1988) and is registered with commercial registration no. 1010069210.

The Company's activities are represented in providing information security services, working in the field of electronic business, consulting services, exchanging credit information, managing and operating data and information centers, importing, developing, selling and maintaining hardware, software, information systems and communication networks, providing sites for buying and selling via the Internet, and working in the field of training and workforce development.

The Company owns a branch under commercial registration no. 4030446307 dated Jumada Al-Thani 12, 1443 AH (corresponding to December 16, 2021), in Jeddah.

Subsidiaries

The company subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

All amounts in Saudi Riyals

		December 31, 2023	December 31, 2022
Saudi Information Exchange Company	Kingdom of Saudi Arabia	100%	100%
Emdad Al Khebrat Company Limited	Kingdom of Saudi Arabia	100%	100%
Elm Technical Investment Company	Kingdom of Saudi Arabia	100%	100%
Future Resources Company Limited	Kingdom of Saudi Arabia	100%	100%
Asdam Digital Company	United Arab Emirates	100%	100%
Elm Arkan Company	Kingdom of Saudi Arabia	60%	60%
Elm Europe Limited	United kingdom	100%	100%
Umrah Company for Specialized Services	Kingdom of Saudi Arabia	100%	100%

1. Saudi Information Exchange Company, a limited liability company registered with commercial register number 1010274503 and its headquarter is in Riyadh, was established through Royal Decree No. M/39 dated Rajab 7, 1430 AH (corresponding to December 31, 2009) and operates in the sectors of information and communications technology, installation, maintenance and support and support programs, systems and applications of communications and information technology, establishing, developing, operating and managing communications and information technology facilities and participating in the development, creation, operation, maintenance, and management of technical areas.
2. Emdad Al Khebrat Company Limited, a limited liability company registered under commercial registration number 1010414975 on Rajab 22, 1435 AH (corresponding to May 21, 2014). And its headquarter is in Riyadh. The principal activity of the Company is to manage call centers, service centers and to provide consultation services in the field of electronic business, operation and maintenance, import, export, and sale of devices, hardware, software, systems, and workforce development.

1. INFORMATION ABOUT THE COMPANY AND IT SUBSIDIARIES (CONTINUED) Subsidiaries (continued)
3. Elm Technical Investment Company, a Limited Liability Company registered under commercial registration number 1010599252 on Ramadan 11, 1440 AH (corresponding to May 16, 2019). And its headquartered is in Riyadh. The main activities of the Company are to manage call centers, service centers, computer systems programming, computer consultancy activities, information technology services, data processing, website hosting, and retail sale of information and communication equipment in specialized stores.
4. Future Resources Company Limited, a Limited Liability Company registered under commercial registration number 1010606896 on Rabi Al Awal 8, 1441 AH (corresponding to November 5, 2019). The Company headquartered is in Riyadh. The main activities of the Company are systems analysis, design and programming of special software, maintenance of software and web page design, investment activities for the special account of the concerned units, including venture capital companies, investment clubs, and providing of senior management consulting services.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023**

All amounts in Saudi Riyals

5. Asdam Digital Company, a free zone limited liability Company under the Dubai commercial Companies Law, registered under commercial registration no. 99019, dated Safar 9, 1443 AH (corresponding to September 16, 2021), headquartered in Dubai. The main activities of the Company are consulting services, customer service, developing and providing solutions, and supporting service providers for technical systems.
6. Elm Arkan Company, a Limited Liability Company Registered under commercial registration number 1010209530, dated Rabi' Thani 15, 1426 AH (corresponding to May 23, 2005), headquartered in Riyadh. The Company's main activities are systems analysis, design and programming of special software, application development, and financial technology solutions, and providing Service management and control of communications and information networks, cybersecurity and the establishment of infrastructure for hosting websites on the internet, data processing services and related activities.
7. Elm Europe Limited, a private Limited Company, registered under commercial Registration number 14554402, dated Jumada al-awwal 28, 1444 AH (corresponding to December 22, 2022), headquartered in London. The main activities of the Company are conducting research and development activities related to emerging technologies.
8. Umrah Company for Specialized Services, a Single Person Limited Liability Company registered under commercial registration number 1010656805 on Safar 12, 1442 AH (corresponding to September 30, 2020). And it's headquarter is in Riyadh. The principal activities of the Company are bus transport of passengers between the cities, catering services for Hajj and Umrah, inspection of different systems and measuring their performance, providing marketing services on behalf of others, marketing and reservation of tourist accommodation units, reception, and farewell services for pilgrims.

The Company and its subsidiaries mentioned above are referred to collectively as the "Group" in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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**2. BASIS OF PREPARATION**

**2.1 Statement of compliance and basis of preparation**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and professional Accountants ("SOCPA").

Certain prior year figures have been reclassified to conform to the current period's presentation (Note 37).

**2.2 Basis of consolidation**

The accompanying consolidated financial statements include the financial statements of Elm Company and its subsidiaries (collectively referred as "the Group").

A subsidiary is an entity controlled by the group. The Group controls an enterprise when it has controlling interest over the investee Company and when the Company is exposed to variable returns or has rights to these returns as a result of its participation with the entity and it also has the ability to influence these returns through the power it exerts on the enterprise.

The results of subsidiaries acquired or excluded during the year are included in the consolidated statement of profit or loss and other comprehensive income from the actual acquisition date or until the actual date of disposal, as appropriate.

All inter-Company balances, assets, liabilities and equities, revenue, expenses, and cash flows related to group transactions between the Company and its subsidiaries are eliminated upon consolidation of the financial statements.

The non-controlling interests in the net assets of the subsidiary are determined separately from the equity of the Company.

The accounting policies applied by the subsidiaries are in accordance with the group's accounting policies. Adjustments are made to the financial statements of the subsidiaries to comply with the financial statements of The Group, as required.

In case of loss of control over a subsidiary, it ceases to recognize the related assets (including goodwill, if applicable), liabilities, non-controlling interests and other components of equity, and the resulting gain or loss is then recognized in the consolidated statement of profit or loss.

**2.3 Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for :

- Employee end-of-service benefits which have been measured at the present value of future obligations using projected unit credit method which is measured at fair value through other comprehensive income;
- Other financial assets which are measured at fair value through other comprehensive income or profit or loss; and
- Long-term interest (advances payment for future equity shares) in associate companies, where they are measured at fair value through profit or loss.
- Share-based payment measured at fair value for the share price at the grant date.

**2.4 Functional and presentation currency**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

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**2. BASIS OF PREPARATION (CONTINUED)**

These consolidated financial statements are presented in Saudi Riyals which represents the functional currency for the group.

**2.5 Use of assumptions and estimates and important accounting judgments**

**2.5.1 Important accounting judgments in applying accounting policies**

The following are important judgments, regardless of those that include estimates made by the Group's management during the process of applying the Group's accounting policies which have a significant and major impact on the amounts recognized in the consolidated financial statements:

**Determining Significant influence**

Management considers that the group has significant influence over an entity when the group is exposed to risks or has rights to a significant part of the variable returns arising from its involvement with the investee and when it has the ability to make changes to the investee Company to affect or participate in affecting that returns through its ability to participate in directing the related activities of the investee companies.

The determination of significant influence depends on the way decisions are made regarding the relevant activities and the Group's rights in the investee companies.

In general, there is an assumption that owning a significant portion of the voting rights (typically above 20% of the voting rights) leads to a significant influence.

Management use the equity method for investees where it has a significant influence, when ownership is in ordinary shares and other instruments that are substantially similar to the ordinary shares of the investee ("in-substance ordinary shares"). Management assesses that for an instrument to qualify as an in-substance ordinary share for this purpose, an instrument would need to carry rights that are substantially the same as the investee's ordinary shares and provide returns associated with those ordinary shares. When investing in Start-up's management assess whether the investment is substantially similar to the investment in the ordinary shares of the investee, and take into consideration all the characteristics below:

1- Subordination rights

2-Risks and rewards of ownership

3- Obligation to transfer value

Management has assessed that there are substantive subordination rights of the preferred shares the group owns as compared to the ordinary shares, causing the instruments not to be substantially similar. Accordingly, the management measures these investment at fair value, and present it as part of other financial assets.

**Determination of control**

Subsidiaries are all investee companies that the Group controls. Management considers that the Group controls an entity when the Group is exposed to, or has rights, to most variable returns from its involvement with the investee and has the ability to use its power over the investee to affect those returns through its ability to direct relevant activities. Relationship with the investee companies.

The determination of the group's control depends on the way decisions are made regarding the related activities and the Group's rights in the investee companies.

In general, there is an assumption that having a majority of voting rights leads to control. In support of this presumption, when The Group has equal or less than a majority of the voting rights of the investee, the Group considers all relevant facts and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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**2. BASIS OF PREPARATION (CONTINUED)**

circumstances when assessing whether it exercises control over the investee, including contractual and other arrangements that have an effect on activities that affect the returns of the investee companies.

**2.5 Use of assumptions and estimates and important accounting judgments (continued)**

**2.5.1 Important accounting judgments in applying accounting policies (continued)**

**Principal versus agent**

The Group has made an assessment of its arrangements to determine whether it is acting as principal and then presents revenue at gross or agent and then presents revenue on a net basis. In this evaluation, the group took into account obtaining or not obtaining control over the stipulated goods or services before they are transferred to the customer. As well as other indicators like if the party is primarily responsible for fulfillment and appreciation when setting the price, and in cases where the group conducts Agency activities related In accordance with a contract whereby the end customer receives project management and coordination support. The group only proves net commission income where you arrange for a third party to transfer goods or services under that arrangement and thus act as an agent.

**Determine the lease term for contracts that include renewal and termination options**

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination clauses. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

**2.5.2 Using assumptions and estimates**

The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the amounts of assets and liabilities, and disclosure of contingent liabilities as at the date of the consolidated financial statements and the amounts of revenue and expenses during the reporting period. Although these estimates are based on management's knowledge of current events and procedures, actual results may ultimately differ from these estimates due to circumstances out of the groups control. The estimates and underlying assumptions are reviewed on an ongoing basis, and adjustments to accounting estimates are recognized in the period in which the estimates are revised if the adjustment affects only that period or in the period of the review and future periods if the adjustment affects current and future periods.

The following are important assumptions that relates to future periods and other major sources of uncertainty in the estimates in the financial reporting period that may have significant risks that result in substantial adjustments to the carrying amounts of assets and liabilities for the upcoming financial year:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2023  
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2. BASIS OF PREPARATION (CONTINUED)

Estimated useful lives and residual values of property and equipment and intangible assets

The useful lives and residual values of property, equipment and intangible assets are calculated for the purposes of calculating depreciation and amortization, respectively. These estimates are made based on the expected usage of individual assets. The residual value is determined based on experience and observable data when available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

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(CONTINUED)

2. BASIS OF PREPARATION

2.5 Use of assumptions and estimates and important accounting judgments (continued)

2.5.2 Using assumptions and estimates (continued)

The assumptions used to estimate the impairment of non-current assets

Determining the impairment of non-current assets requires making a value-in-use for non-current assets or the cashgenerating unit where the non-current assets belong. The value used in the calculation requires the management to make an estimate of the expected future cash flows from the non-current assets or the cash generating unit and an appropriate discount rate in order to calculate the present value. An impairment loss can be significant when the actual future cash flows are less than expected.

The assumptions used to determine the actuarial value of end of service benefits provision

Defined benefit obligations are discounted at a rate set by reference to relevant market yields at the end of the reporting period. Significant judgment is required when setting the criteria for which yield curve is derived. this includes government premium risk and identifying changes to be eliminated.

Zakat provision

Zakat provision is estimated at the end of each reporting period in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA), and on an annual basis zakat returns are submitted to the Zakat, Tax and Customs Authority. The adjustments resulting from the final zakat assessment are recorded during the reporting period in which this assessment is approved by the Zakat, Tax and Customs Authority.

Calculation of expected credit losses provision

The estimate of the expected credit loss allowance is calculated in accordance with the accounting policy detailed in (Note 3). The Group uses a dedicated matrix for the purpose of calculating expected credit losses for accounts receivable, contract assets and employee receivables. This matrix is initially based on historical default rates. The Group calibrates the matrix to adjust the historical experience of credit losses for forward-looking information, at each reporting date the Group updates the historical default rates and this is reflected in the forward-looking estimates. Management also estimates the credit loss for specific cases separately.

The Group also utilizes a dedicated matrix for the purpose of calculating the present value of money for government receivables, through which it estimates the expected collection date by applying certain assumptions and inputs such as historical collection experience per client.

Expected credit losses are recognized in the consolidated statement of profit or loss. The difference between the amounts collected in future periods and the amounts expected will be recognized in the consolidated statement of profit or loss.

The assumptions used to determine the actuarial value of end of service benefits provision

The Group has made various estimates to determine the actuarial value of the employee end of service benefits provision. These estimates are disclosed in Note 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

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(CONTINUED)

2. BASIS OF PREPARATION

2.5 Use of assumptions and estimates and important accounting judgments (continued)

2.5.2 Using assumptions and estimates (continued)

The assumptions used to measure revenue

The Group estimates revenue based on the expected average collection of control and inspection projects, based on historical data associated with these projects.

Incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entityspecific estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a statement of the significant accounting policies used by the group in preparing these consolidated financial statements:

3.1 Classification of assets and liabilities as "current" and "non-current"

The group presents the assets and liabilities in the consolidated statement of financial position as current / noncurrent. The assets are classified current when:

- It is expected to be realized or intended to be sold or exhausted during the normal operations cycle.
- If it is acquired mainly for trading purposes;
- It is expected to be realized within 12 months after the financial period; or
- When it is cash and cash equivalents unless there are restrictions on their replacement or their use to pay off any liabilities for a period not less than 12 months after the financial period.

All other assets are classified as "non-current".

All liabilities are classified current when:

- It is expected to be paid during the normal operations cycle;
- If acquired mainly for trading purpose;
- It is due for payment within 12 months after the financial period; or
- There is no unconditional right to postpone the payment of liabilities for a period not less than 12 months after the financial period.

All other liabilities are classified as "non-current".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.2 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability ;or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses appropriate valuation methods in accordance with the circumstances, and sufficient data are available for it to measure the fair value and increase the use of observable inputs and reduce the use of unobservable inputs. All other assets and liabilities that are measured at fair value or disclosed in the consolidated financial statements are categorized within the fair value hierarchy mentioned below and based on the lowest level inputs that are significant to the fair value measurement as whole.

- Level 1 - quoted prices in active markets for identical assets or liabilities (i.e. without modifying or renewing prices);
- Level 2 - fair value measurements that consider significant lower level inputs that are observable directly or indirectly; and
- Level 3 - fair value measurements that don't consider significant lower level inputs that are unobservable.

With respect to the assets and liabilities that are recognized in the consolidated financial statements at fair value on a frequent basis, the Group determines whether the transfer has occurred between the hierarchical levels to measure the fair value by recalibrating the classification (based on significant lower level inputs to measure the fair value as a whole) at the end of each financial period.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of assets and liabilities and a hierarchy of levels of fair value measurement mentioned above.

**3.3 Business Combination process for common-controlled entities**

Business combination process that involves common-controlled entities and that does not include a consideration is accounted for using business combination pooling of interest method where the assets and liabilities are recorded at their book value in the books of the acquirer. As for business combination process that involves common-controlled entities and that includes a consideration is accounted for using acquisition method of accounting. The consolidated financial statements after the acquisition are presented from the declaration date of the combination without consolidating or restating the comparative

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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(CONTINUED)

year figures and goodwill resulting from the acquisition is not recorded. Any costs incurred from the acquisition are directly recognized in the consolidated statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investments in associates

An associate is an entity over which the Group has significant influence but does not have control or joint control over it. Significant influence is the Group's ability to participate in the financial and operating policies decisions of the investee but has no control or joint control over those policies.

The considerations made in determining significant influence are holding—directly or indirectly—voting rights in the investee, representation on the board of directors or equivalent governing body of the investee, participation in policymaking, including participation in decisions about dividends or other distributions; material transactions between the Group and its investee; interchange of managerial personnel; or provision of essential technical information.

The investment in associates are accounted for in the consolidated financial statement of the Group using the equity method of accounting. The investment in associates in the consolidated statement of financial position is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit and loss and other comprehensive income of the associate adjusted for any impairment in the value of net investment. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. When the Group's share of losses of an associate exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses.

Additional losses are recognized and recorded as liabilities only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealized gain or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Unrealized gains or losses resulting from transactions between the Group and the associate company are excluded to the extent of the Group's ownership share in the associate company.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

When the Group discontinues accounting for an investment under the equity method due to a loss of control or significant influence, any retained interest in the entity is re-measured at fair value, and the change in carrying amount is recognized in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or a financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified directly to the consolidated statement of profit or loss or the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Revenue recognition

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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3.

Revenue from contracts with customers

The Group recognizes revenue from contracts with customers using five steps method as mentioned in IFRS 15: Step (1): Identify the contract (s) with the customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and clarifies the foundations and criteria that must be fulfilled for each contract.

Step (2): Identify the performance obligations in the contract. A performance obligation is an undertaking stipulated in the contract with the customer to transfer a good or service to the customer.

Step (3): Determine the transaction price: The transaction price represents the amount of compensation that the group expects to have the right in exchange for transferring the promised goods or services to the customer except the amounts that are collected on behalf of third parties.

Step (4): Allocate the transaction price to the performance obligations stipulated in the contract. For contracts that involve more than one performance obligation, the Group will allocate the transaction price to each performance obligation, in an amount that the Group expects to have the right to fulfill each performance obligation.

Step (5): Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group fulfills a performance obligation and recognizes revenue over a period of time if one of the following controls is met:

- A) The performance of the Group does not originally create an asset with an alternative use to the Group, and the group has the right to enforce payment in exchange for the performance completed to date.
- B) Group performance creates or improves a customer-controlled asset at the same time that the asset is constructed or improved.
- C) The customer receives the benefits provided by the performance of the facility and consumes it at the same time once the group has performed.

With regard to performance obligations, if any of the above conditions are not met, revenue is recognized at a point of time in which the performance obligation is fulfilled.

In the event that the Group fulfills the performance obligation through providing the promised services, this will lead to the creation of an asset based on a contract in exchange for compensation earned from the performance. In the event that the compensation received by the customer exceeds the amount of proven revenue, a contract obligation may arise. The Group takes in consideration the transition of the asset (or service) that fulfills the performance obligation, if applicable.

Revenue is measured at the fair value of the consideration received or receivable, after taking into consideration the terms of the contractual payment, and after excluding taxes and fees. The Group reviews revenue arrangements in accordance with specific criteria to ascertain whether it is acting as principal or agent.

When the Group is not highly certain of the possibility of collecting from certain customers, the revenue is recognized upon collection.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Revenue recognition (continued)

Revenue from contracts with customers (continued)

Revenue is recognized to the extent that it is probable that the economic benefits of the Group will flow, and that revenue and costs, if applicable, can be measured reliably.

The following is an explanation of the revenue recognition method for each segment:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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- 1- Digital Business: Digital business revenue consists of two types: products and projects, revenue from products are recognized as follows for subscriptions over a period of time, as for transactions, they are recognized at a point in time. Project revenue over time and at a point in time based on the nature of the performance obligation specified in the contract.
- 2- Business Process Outsourcing: Revenue from the business process outsourcing segment consists of projects. Revenue can be recognized over time and at a point in time based on the nature of the performance obligation specified in the contract.
- 3- Professional Services: Professional services segment revenue consists of projects. Revenue can be recognized over time and at a point in time based on the nature of the performance obligation specified in the contract.

3.6 Foreign currencies

Balances and foreign transactions

Originally, transactions in foreign currencies are transferred by the Group's entities at the exchange rates prevailing in the functional currency of the date on which the transaction occur.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing in the functional currency at the date of preparation of the consolidated financial statements. Differences arising from settlement or transfer of monetary items are recognized in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost, recorded in a foreign currency, are translated at the exchange rates prevailing at the date of the initial transactions. Non-monetary items recorded in foreign currencies that are measured at fair value at the exchange rates prevailing at the date when the fair value is determined are transferred. Profits or losses resulting from the conversion of non-monetary items that are measured at fair value are treated in accordance with the recognition of gains or losses resulting from the change in the fair value of the item (i.e. exchange differences are recognized on items whose profit or loss is measured at fair value in other comprehensive income or consolidated statement of profit or loss, respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.7 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. This cost includes cost of replacing part of the property, plant and equipment and borrowing costs related to long-term construction projects, in case the evidentiary standards are met. If the replacement of important parts of plant and equipment is required on stages, the group consumes these parts independently over their useful lives. Conversely, when a major examination is performed, its cost is recognized in the carrying amount of the equipment as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred. The present value of the expected cost of removing an asset (if any) after its use is included in the cost of the underlying asset in the event that the evidentiary criteria related to the recognition of the allowance are fulfilled.

Any item of property and equipment and any significant part that was initially recognized is discontinued upon exclusion or when there are no future benefits expected from use or disposal. Any gains or losses arising from discontinuation of any asset (calculated as the difference between the net proceeds from disposals and the carrying amount of the asset) are included in the consolidated statement of profit or loss for the year in which the asset is discontinued.

The residual value, useful lives, and methods of depreciation of property and equipment are reviewed at the end of each financial period and adjustments are made in the future, if appropriate.

Under construction projects appear at the cost incurred until the asset is prepared for the purpose for which it was created. This cost is then capitalized to the related assets. Cost includes the cost of contractors, materials, services, and capital advances.

The Group depreciates property, plant and equipment on a straight line basis. The following are the expected useful life of the group's property and equipment:

- Leasehold improvements: 5 years or contract term, whichever is less
- Information system devices: 3-5 years
- Buildings: 25 – 33 years
- Vehicles: 4 - 5 years
- Furniture and fixtures : 4 - 7 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Intangible assets

Intangible assets acquired independently are initially measured at cost. The cost of intangible assets acquired in the acquisition of entities represents the fair value at the date of acquisition. After initial recognition, intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Internally developed intangible assets are capitalized.

Intangible assets with a specified life are amortized over their estimated useful lives, and reviewed to ensure that there is an impairment in its value when there is evidence that indicates that a decrease has occurred. The period and method for amortization of intangible assets with a finite useful life are reviewed at least at the end of each financial reporting period. Changes in the accounting of expected useful life or the method of amortizing future economic benefits embodied in the asset – through adjusting the amortization period or method, as appropriate, and it is considered as changes in accounting estimates. Amortization expense for intangible assets with specific lives is recognized in the consolidated statement of profit or loss as an expense and in line with the function of the intangible assets.

Intangible assets that do not have a specific life are not amortized, but are tested annually to ensure that there is no impairment in their value either alone or at the cash-generating unit level. The indefinite life asset is reviewed annually to ensure that the assessment made for the unspecified useful life is still supported, otherwise the change from "specified life" to "unspecified life" will be made on a future basis.

Profits or losses resulting from discontinuation of the recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of profit or loss upon discontinuation of the asset.

Computer programs , platforms , Licenses and patents are recorded at cost, less accumulated amortization, and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accumulated impairment losses. Historical cost includes the expenses directly related to purchasing items.

Projects under development related to intangible assets are presented within the capital work-in-progress item in the financial position until the asset is ready for its intended use. It is then transferred to the relevant intangible assets category. The cost primarily includes software license fees and developer salaries.

Amortization is charged to the consolidated statement of profit or loss using the straight-line method over the estimated useful lives, and may be charged against the related assets if it represents a portion of their costs

Computer software, electronic systems, and licenses are amortized over a period of 5 years unless they have an indefinite useful life. Patents are amortized based on the term of the issued certificate.

**3.9 Impairment of non-financial assets**

The Group, at the date of preparing the consolidated financial statements, makes an assessment to ensure that there is no evidence of any impairment in the value of an asset. In case that such evidence exists or when an annual test is required to confirm the existence of an impairment in the value, the Group estimates the recoverable amount for that asset.

**3.9 Impairment of non-financial assets (continued)**

The recoverable amount represents the higher value of the fair value of the asset or cash generating unit, less costs of disposal and the present value, and is determined for each asset, except in cases where the asset does not generate cash inflows that are largely independent of those from other assets or group assets. In cases where the carrying amount of the asset or cash generating unit exceeds the recoverable amount, the asset is considered to be impaired and is written down to the recoverable amount.

When estimating the present value, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects market assessments for the time value of money and the risks inherent in the asset. When determining the fair value less cost of sales, it is taken into consideration the latest market transactions that are available. Where no such factors can be identified, appropriate valuation methods are used.

The Group calculates present value based on the information used in calculating the detailed budgets and forecasts, which are prepared independently for each cash generating unit in the group to which the asset is allocated. The information used to calculate budgets and expectations usually covers a five-year period. A long-term growth rate is calculated and applied to the expected future cash flows after the fifth year.

Impairment losses from continuing operations are recognized in the consolidated statement of profit or loss.

For assets, except goodwill, an evaluation is performed at the date of preparing all consolidated financial statements, to ensure that there is any indication that there were no previously reported impairment losses or decreases. If such evidence exists, the Group estimates the recoverable amount of the asset or cash generating unit. The previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount since the last

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

impairment loss was recognized. The reversal of the entry is limited so that the book value of the asset does not exceed the recoverable value of it nor the book value that was supposed to be determined after deduction of depreciation if the impairment loss was not proven in previous years. This reversal is recognized in the consolidated statement of profit or losses.

Intangible assets with indefinite useful lives are tested to ensure that there is no annual decrease in their value, either individually or at the cash-generating unit level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**3.10 Cash and cash equivalents**

Cash and cash equivalents are shown in the consolidated statement of financial position comprise cash at banks, cash in hand, and murabaha deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and short-term deposits as stated above after deducting bank overdrafts (if any) since it's considered an integral part of the Group's cash management.

**3.11 Murabaha deposits**

Long-term murabaha deposits include long-term deposits with banks with an original maturity of more than three months. Bank deposits are considered as a cash management tool for the group. Returns from bank deposits are accounted for in the consolidated statement of profit or loss when due.

**3.12 Dividend distribution**

The Group recognizes distributions to shareholders as a liability when the distribution is approved. The corresponding amount is recognized directly in equity.

**3.13 Provisions**

Provisions are recognized when the Group has current or expected legal obligations as a result of past events, it is probable that the outflow of resources with economic benefits will be necessary to settle the obligation and a reliable estimate of the amount of the obligation can be performed. When the Group expects that some or all of the provisions will be recovered, for example under an insurance contract, the recoveries are recognized as a separate asset but only when these recoveries are almost confirmed. The expense related to the provision is displayed in the consolidated statement of profit or loss after discounting any recoverable amounts. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate, which reflects, when appropriate the risks related to the obligation. When using a discount, the increase in the provision due to the passage of time is recognized as a finance cost.

**3.14 Segmental reporting**

The Group's operating segments are identified based on internal reports that are regularly reviewed by the Group's chief operating decision maker (chief operating decision maker) in order to allocate resources between the segments and to assess their performance.

**3.15 Employee end of service benefits**

The group provides end of service benefits to the employees if eligible as a defined benefit program.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The net assets or liabilities of the retirement program recognized in the consolidated statement of financial position are the fair value of the program assets, (if any), less the present value of the defined benefit obligations expected at the preparation date of the consolidated financial statements.

The Group is required to make assumptions about variables such as discount rates, salary increase rate, longevity, employee turnover and future healthcare costs, where applicable. Changes in the underlying assumptions can have a significant impact on the expected benefit obligations and the costs of defined employee benefits. All assumptions are reviewed at each reporting date.

The defined benefit liabilities are periodically re-measured by independent actuaries using the expected credit unit method. The present value of the defined benefit liabilities is determined by discounting the estimated future cash flows using commission rates for high-quality corporate bonds that are recorded in the currency in which the benefits are to be paid, and which have terms close to the terms of the related obligations. Commission cost is calculated by applying the discount rate to the net balance of the defined benefit liabilities and the fair value of the program assets. This cost is included in employee benefits expenses in the consolidated statement of profit or loss and other comprehensive income.

3.15 Employee end of service benefits (continued)

The costs of the defined benefit liabilities for the initial periods are calculated on an annual basis using the rate of actuarially defined pension cost at the end of prior year, after adjusting for significant market fluctuations and any significant one-time events, such as program adjustments or manpower cuts and reimbursement. In the absence of such significant market fluctuations and one-time events, actuarial liabilities are carried forward based on assumptions at the beginning of the year. If there are material changes to the assumptions or arrangements during the initial period, a re-measurement of these liabilities is taken into consideration.

Re-measurements, comprising actuarial gains and losses, are reflected immediately in other comprehensive income in the period in which they occur. Changes in the present value of the defined benefit liabilities resulting from settlements or downsizing the program are recognized directly in consolidated statement of profit or loss and other comprehensive income as a past service cost.

A liability assessment under these programs is performed by an independent actuary based on the expected credit unit method. The costs related to these programs consist mainly of the present value of related benefits, on an equal basis, in each year of service and commissions on this obligation in relation to employee services in prior years.

The costs of current and prior services related to post-employment benefits are recognized directly in the consolidated statement of other comprehensive income while the increase in the commitment to the discount rates recorded as a financing

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

costs. Any changes in net liabilities as a result of actuarial valuations and changes in assumptions are remeasured to other comprehensive income.

In the Kingdom of Saudi Arabia, with regard to the employee end of service benefits provision, the actuarial valuation process takes into consideration the Saudi labor law and the group policy.

3.16 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual instrument. The following are the significant accounting policies followed by the group for the classification, recognition, and measurement of financial instruments:

A. Financial assets

A.1 Classification and initial Recognition

The classification and initial recognition of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies and recognizes its financial assets as follows:

- Financial asset at amortized cost;
- Financial asset at Fair value through Profit or loss ("FVTPL"); and
- Financial asset at fair value through other comprehensive income ("FVOCI").

Below is a detailed statement of the classification and initial proof of each of the above-mentioned items;

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(continued)

3.16 Financial instruments

A. Financial assets (continued)

Financial asset 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:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows (HTC); and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. It results in cash flows that are only payments of the principal amount and commission on the principal amount outstanding. This evaluation is referred to as the “pay test only from principal and commission”, and this evaluation is performed at the level of the financial instrument.

Accounts receivable and contract assets, which are held to collect contractual cash flows that are expected to result in cash flows that are solely payments of principal, or cash flows that are solely payments of principal and commission on the principal amount that do not carry a significant financing portion, are measured at transaction cost.

Financial asset at FVOCI

Equity instruments

On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Debt instruments

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (HTCS); and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset at FVTPL

All financial assets not classified as held at amortized cost or FVOCI are classified as FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

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All amounts in Saudi Riyals

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(continued)

3.16 Financial instruments

A. Financial assets (continued)

A.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

Financial asset at amortized cost

-Debt Instruments

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate ("EIR") method and are subject to impairment. Gain and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at the date of preparing these consolidated financial statements, the Group does not have any debt instrument assets.

-Accounts receivable and contract assets

Accounts receivable and contract assets, which are held to collect contractual cash flows that are expected to result in cash flows that are solely payments of principal, or cash flows that are solely payments of principal and commission on the principal amount that do not carry a significant financing portion, are measured at transaction cost. Subsequent measurement and impairment are described in the note on impairment (Note 3.16, Paragraph A.4).

Financial asset at FVTPL

The financial assets measured at fair value through profit or loss ("FVTPL") are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future.

Financial asset at FVOCI

Financial assets are measured at fair value through other comprehensive income at the end of each reporting period and the transaction costs that the Group incurs when the assets are disposed of in the future are not discounted.

A.3 De-recognition

A financial asset or a part of a financial asset is de-recognized when:

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(continued)

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either: a) The Group has transferred substantially all the risks and rewards of the asset; or
- b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount assigned to the part of the asset for which recognition was expected) and the sum of (i) the consideration received and (ii) any cumulative gain or loss recognized in other comprehensive income It is recognized in the consolidated statement of profit or loss.

3.16 Financial instruments

A.4 Impairment

Management assesses on a forward-looking basis the ECL associated with its account receivables, contract assets and employee receivables.

Management applies the simplified approach in calculating ECL's. Therefore, management does not track changes in credit risk, but instead recognized a loss allowance base on lifetime ECL's at each reporting date. Management has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Also, management evaluate on on-going basis the credit risk where it takes additional ECL for specific cases where applicable.

A.5 Business model assessment

The Group makes an assessment of the objective of a business model under which an asset is held, at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated-e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of Financial assets that

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(continued)

are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held to collect contractual cash flows and to sell financial assets.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.16 Financial instruments

**A.6 Assessments whether contractual cash flows are solely payments of principal and interest ("SPPI" criteria)** For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

**B. Financial liabilities B.1 Initial recognition and measurement**

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at gain value through profit or loss ("FVTPL"); and
- Other financial liabilities measured at amortized cost using the effective interest method ("EIR") method.

The category of financial liability at FVTPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVTPL upon initial recognition; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(continued)

- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are classified as held for trading.

All financial liabilities are recognized initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value.

As of the date of this financial statement the group doesn't have any financial liabilities at FVTPL.

**B.2 Subsequent measurement**

Financial liabilities at FVTPL continue to be recorded at fair value with changes being recorded in the consolidated statement of profit or loss.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortized cost using the EIR method. Gain or loss are recognized in the consolidated statement of profit or loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

For accounts payables and contract liabilities. They are initially recognized at fair value and subsequently measured at amortized cost.

**3.16 Financial instruments**

**B. Financial liabilities (continued) B.3**

**De-recognition**

A financial liability is de-recognized when the obligation under the liability is settled or discharged.

**3.17 Leases**

The Group assesses whether a contract is based on or contains a lease based on the lease concept and determines whether the arrangement is based on or contains a lease based on the substance of the arrangement at the inception of the lease. An arrangement is or contains a lease if the arrangement is based on a right to use an asset or assets and the arrangement provides a right to use the asset or assets for a specified period even if this right is not expressly stated in the arrangement.

**A. The group as a Lessee Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs, and any lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated over the estimated useful life of the asset or the term of the lease on a straight line basis, whichever is shorter. If ownership of the leased asset passes to the Group at the end of the lease term or the right-of-use cost reflects the Group's exercise of the option to purchase the leased asset, then the asset is depreciated over the estimated useful life of the asset.

**Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(continued)

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

All lease payments are allocated between the obligation and the finance cost. The finance cost is recognized in the consolidated statement of profit or loss over the term of the lease.

Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Impaired assets are those items that do not reach the Group's capitalization threshold. Payments related to short-term leases and leases of low-value assets are recognized on a straight-line basis in the consolidated statement of profit or loss.

B. Group as a lessor

Leases in which the Group does not transfer all the significant risks and rewards of ownership of the asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included within other income in the consolidated statement of profit or loss. Initial direct costs incurred during the negotiation and arrangement of an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as a lease expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.18 Zakat**

The Group calculates and records zakat provision based on the zakat base in its consolidated financial statements in accordance with Zakat, Tax, and Customs Authority (“ZATCA”) regulations in the Kingdom of Saudi Arabia. Adjustments arising from final zakat assessment are recorded in the reporting period in which such assessment is approved by the Zakat, Tax, and Customs Authority (“ZATCA”).

**3.19 Treasury shares**

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the shares. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity.

**3.20 Share based payment**

Company employees receive remuneration in the form of shares under the long-term employee incentive program, under which employees provide services in consideration for Company shares (repayable transactions in the form of equity instruments). The cost is determined through the fair value of the financial instrument at the grant date. The grant date is the date on which both the Company and the employee agree to a share-based payment agreement, so that there is a common understanding of the terms and conditions of the agreement between the parties (Note 24).

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense included in the salaries and benefits of the employees, with a corresponding increase in the other reserves at the equity statement, over the vesting period of the awards.

The cumulative expense recognized at each reporting date until the long-term employee incentive program end date reflects the Group’s best estimate of the number of shares that will ultimately vest.

In case of program terms adjusted, the minimum expense recognized is equal to the value of the expense as if the terms had not been adjusted, if the original terms are met. Any additional expense is recognized for any adjustment leading to an increase in the fair value of the awards or bringing benefit to the employees and measured at fair value on the date of the adjustment.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

In case of cancellation of the program, the process of the cancellation is an acceleration of vesting, and recognize immediately the amount of expenses that would have been recognized including those benefits that are not earned and are controlled by the Company or the employee and which are not yet due. In case a new program is implemented to replace one that has been terminated, and it determined as an alternative program on the grant date to the new program, the terminated program and the new program are processed as if it was an adjustment to the original program, as mentioned in the previous paragraph.

**4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023 (unless otherwise indicated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

A, New and amended standards and interpretations

- Amendments to IAS 8

The amendments are intended to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.

- Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that lead, on initial recognition, to equal amounts of temporary differences that are deductible and taxable.

B, New and amended IFRSs not yet effective

- Amendments to IFRS 16 - Lease liabilities in Sale and Leaseback Transactions

These amendments include requirements for sale and leaseback transactions in IFRS 16 to clarify how a Company accounts for sale and leaseback transactions after the date of the transaction. Sale and leaseback transactions in which some or all of the lease payments are considered to be variable lease payments depend on the index or rate that is highly likely to be affected.

- Amendments to IAS 1 - Non-current liabilities with commitments and classification of liabilities as current or non-current

These amendments explain how compliance with the conditions with which a Company must comply during the twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information provided by the Company regarding the liabilities subject to these conditions.

- Amendments to IAS 7 and IFRS 7. Supplier financing arrangements - Amendments to IAS 27. Non-convertibility

5. REVENUE

**ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

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The following is the group revenue analysis, as per business unit:

	December 31, 2023	December 31, 2022
Digital business	4,254,973,267	3,151,784,457
Business process outsourcing	1,478,990,609	1,301,376,963
Professional services	<u>164,398,964</u>	<u>152,937,473</u>
	<u>5,898,362,840</u>	<u>4,606,098,893</u>

Revenue sources:

	December 31, 2023	December 31, 2022
Revenue from private parties	3,775,264,378	2,655,220,084
Revenue from government agencies	<u>2,123,098,462</u>	<u>1,950,878,809</u>
	<u>5,898,362,840</u>	<u>4,606,098,893</u>

\*The amounts above include transactions with related parties (Note 31).

Revenue recognition time:

	December 31, 2023	December 31, 2022
At a point in time	4,231,277,288	3,495,512,431
Over a period of time	<u>1,667,085,552</u>	<u>1,110,586,462</u>
	<u>5,898,362,840</u>	<u>4,606,098,893</u>
	<u>                        </u>	<u>                        </u>

## 6. COST OF REVENUE

Cost of revenue is as follows:

	December 31, 2023	December 31, 2022
Direct costs	1,949,474,399	1,437,414,287
Salaries and employee benefits	<u>1,597,835,831</u>	<u>1,282,823,953</u>
	<u>3,547,310,230</u>	<u>2,720,238,240</u>

\*The amounts above include transactions with related parties (Note 31).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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**7. SELLING AND MARKETING EXPENSES**

Selling and marketing expenses are as follows:

	December 31, 2023	December 31, 2022
Salaries and employee benefits	170,502,084	157,756,293
Partnerships sales commission	39,267,220	40,579,335
Advertising and exhibitions	38,636,504	18,984,476
Bank commission costs and invoice fees	16,694,688	11,670,807
Public relations	7,653,034	4,010,176
Other expenses	<u>4,273,679</u>	<u>2,184,252</u>
	<u><b>277,027,209</b></u>	<u><b>235,185,339</b></u>

**8. GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses are as follows:

	December 31, 2023	December 31, 2022
Salaries and employee benefits	369,049,905	300,130,870
Consulting and professional services	25,957,077	14,519,508
Subscriptions and memberships	19,076,194	12,252,915
Hospitality and activities	18,729,810	12,161,738
Contractor expenses	14,663,305	10,777,122
Utilities and communications	4,085,224	2,078,543
Repair and maintenance expenses	3,109,318	4,289,882
Other expenses	<u>21,130,276</u>	<u>16,747,635</u>
	<u><b>475,801,109</b></u>	<u><b>372,958,213</b></u>

**9. OTHER INCOME, NET**

Other income are as follows:

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	December 31, 2023	December 31, 2022
Income from Call Accounts	17,157,199	335,377
Funds received from HRDF to support Saudization	13,137,385	11,617,797
Reversal of retention payable	-	8,035,001
Donations	(1,000,000)	(1,000,000)
Foreign exchange losses	(728,890)	(529,472)
Others	<u>23,190</u>	<u>443,853</u>
	<u><u>28,588,884</u></u>	<u><u>18,902,556</u></u>

**ELM COMPANY**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**YEAR ENDED 31 DECEMBER 2023**

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**10. PROPERTY AND EQUIPMENT**

	Land (A)	Buildings (A)	Information system devices	Furniture and fixtures	Leasehold improvements	Vehicles	Total
<b><u>Cost</u></b>							
Balance as at January 1, 2022	33,760,000	293,598,577	125,075,783	45,290,139	113,835,602	10,982,872	622,542,973
Additions during the year	-	-	28,303,649	584,795	338,141	7,888,061	37,114,646
Transfer from capital work in progress (Note 11)	-	-	12,068,973	43,850	-	-	12,112,823
Disposals during the year	-	-	(4,134,155)	(1,544,418)	-	(1,946,701)	(7,625,274)
Balance as at December 31, 2022	<u>33,760,000</u>	<u>293,598,577</u>	<u>161,314,250</u>	<u>44,374,366</u>	<u>114,173,743</u>	<u>16,924,232</u>	<u>664,145,168</u>
Additions during the year	-	2,170,482	62,604,191	1,318,819	1,317,274	6,360,128	73,770,894
Disposals during the year	-	-	(856,309)	(10,933)	(11,182,006)	(2,449,840)	(14,499,088)
Balance as at December 31, 2023	<u>33,760,000</u>	<u>295,769,059</u>	<u>223,062,132</u>	<u>45,682,252</u>	<u>104,309,011</u>	<u>20,834,520</u>	<u>723,416,974</u>

**Accumulated depreciation and impairment**

Balance as at January 1, 2022	-	39,945,647	83,920,948	40,007,016	107,834,346	4,274,534	275,982,491
Depreciation during the year	-	9,052,507	25,124,831	2,010,263	1,666,023	3,165,697	41,019,321
Impairment during the year	-	-	71,400	-	-	-	71,400
Disposals during the year	-	-	(3,856,741)	(1,353,700)	-	(1,216,568)	(6,427,009)

Balance as at December 31, 2022	-	48,998,154	105,260,438	40,663,579	109,500,369	6,223,663	<u>310,646,203</u>
Depreciation during the year	-	9,062,507	34,014,909	1,870,674	2,040,535	4,388,994	51,377,619
Disposals during the year	-	-	(800,385)	(10,537)	(11,023,333)	(1,955,839)	<u>(13,790,094)</u>
Balance as at December 31, 2023	-	58,060,661	138,474,962	42,523,716	100,517,571	8,656,818	348,233,728
Net book value:							
As at December 31, 2023	33,760,000	237,708,398	84,587,170	3,158,536	3,791,440	12,177,702	375,183,246
As at December 31, 2022	33,760,000	244,600,423	56,053,812	3,710,787	4,673,374	10,700,569	353,498,965

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10. PROPERTY AND EQUIPMENT (CONTINUED)

The following is a classification of depreciation if presented by function in the consolidated statement of profit or loss and other comprehensive income:

	December 31, 2023	December 31, 2022
Cost of revenue	33,588,158	16,671,105
General and administrative expenses	16,927,281	23,575,603
Selling and marketing expenses	862,180	772,613
	<u>51,377,619</u>	<u>41,019,321</u>

(A) During year 2011, Elm Company purchased a land and a main building for the company in the amount of SR 25 million and SR 228 million, respectively. Noting that the amount will be paid according to a schedule of payments agreed in the sales contract, where the last payment will be in 2024, and the ownership of the land and building will be transferred to the company when the last payment is made. The company added improvements to the building amounting to SR 50 million, the cost of the building then become SR 278 million.

The liabilities for purchasing a property are presented in the consolidated statement of the financial position as follows:

	December 31, 2023	December 31, 2022
Liabilities for purchasing a property - non current	-	25,396,063
Liabilities for purchasing a property – current	25,396,063	24,746,387
	<u>25,396,063</u>	<u>50,142,450</u>

The following are finance costs related to the property that is charged to the consolidated statement of profit or loss and other comprehensive income:

	December 31, 2023	December 31, 2022
Finance cost	<u>1,580,181</u>	<u>2,206,489</u>

The following is the payment schedule based on the undiscounted cash flows due over the subsequent years:

<u>Year</u>	<u>Value</u>
First year	<u>26,062,795</u>
	<u><u>26,062,795</u></u>

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#### 11. CAPITAL WORK IN PROGRESS

Capital work in progress consists of platforms, electronic systems, and improvements to rented buildings. The movement of capital work in progress is as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	57,778,145	58,031,644
Additions	115,757,975	42,155,522
Transferred to property and equipment (Note 10)	-	(12,112,823)
Transferred to intangible assets (Note 13)	(53,313,932)	(30,296,198)
Impairment during the year (A)	(408,341)	-
Balance at the end of the year	<u>119,813,847</u>	<u>57,778,145</u>
<b>A) Impairment</b>		

As on December 31, 2023, the Group recorded an impairment against its internally developed work in progress, amounted to SR 0.4 million (December 31, 2022: Nil). due to the presence of indicators of impairment, as the management conducted a study to assess the recoverable amount through forecasting the expected future cash flows of the asset and which resulted in recoverable amount being less than the current value of the asset. Impairment will be classified under cost of revenue if presented by function.

#### 12. RIGHT -OF- USE ASSETS AND LEASE LIABILITIES

The movement of right -of- use assets during the year are as follows:

	Buildings and land	Printers	Total
Balance as at January 1, 2022	107,579,580	504,571	108,084,151
Adjustment during the year	(12,577,568)	-	(12,577,568)
Additions during the year	10,678,782	-	10,678,782
Disposals during the year	(735,726)	-	(735,726)
Depreciation during the year	<u>(24,558,246)</u>	<u>(504,571)</u>	<u>(25,062,817)</u>
Balance as at 31 December 2022	<u>80,386,822</u>	<u>-</u>	<u>80,386,822</u>
Additions during the year	180,132,179	1,208,070	181,340,249
Disposals during the year	(4,212,244)	-	(4,212,244)
Depreciation during the year	<u>(26,439,723)</u>	<u>(276,367)</u>	<u>(26,716,090)</u>
Balance as at December 31, 2023	<u>229,867,034</u>	<u>931,703</u>	<u>230,798,737</u>

The following is a classification of depreciation of right of use assets if presented by function in the consolidated statement of profit or loss and other comprehensive income:

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	December 31, 2023	December 31, 2022
Cost of revenue	<u>10,252,843</u>	<u>7,142,817</u>
General and administrative expenses	<u>16,463,247</u>	<u>17,920,000</u>
	<u><b>26,716,090</b></u>	<u><b>25,062,817</b></u>

12. RIGHT -OF- USE ASSETS AND LEASE LIABILITIES (CONTINUED) The lease liability consists of the following:

	December 31, 2023	December 31, 2022
Lease liabilities- non current	<u>212,090,689</u>	<u>71,192,414</u>
Lease liabilities- current	<u>11,988,772</u>	<u>11,572,140</u>
	<u><b>224,079,461</b></u>	<u><b>82,764,554</b></u>

The following table outlines the remaining cash obligations of the company for lease contracts. The table has been prepared based on the undiscounted cash flows for lease obligations as of the nearest date the group can be required to make payment:

		Buildings and land	Printers	Total
First year	42,761,092	466,278	Second year	35,173,469
	336,000			43,227,370
Third year	21,903,426	22,632,318	336,000	35,509,469
Fourth year	37,722	15,577,200	-	22,968,318
Fifth year	-			
More than five year		98,308,800	-	21,941,148
		<u>236,356,305</u>	<u>1,176,000</u>	<u>15,577,200</u>
				<u>98,308,800</u>
				<u><b>237,532,305</b></u>

The following are finance costs that were charged to the consolidated statement of profit or loss:

	December 31, 2023	December 31, 2022
Finance cost	<u>4,281,048</u>	<u>5,737,079</u>

13. INTANGIBLE ASSETS

Intangible assets consist of electronic platforms and systems, licenses and patents. The movement during the year is as follows:

	December 31, 2023	December 31, 2022
Cost		
Balance at the beginning of the year	<u>562,806,330</u>	<u>458,088,090</u>

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Transferred from capital work in progress (Note 11)	53,313,932	30,296,198
Additions during the year	19,067,691	74,422,042
Disposals during the year	(1,615,974)	-
Balance at the end of the year	<u>633,571,979</u>	<u>562,806,330</u>
Accumulated amortization		
Balance at the beginning of the year	(383,173,199)	(292,821,363)
Impairment during the year (A)	(5,510,351)	(36,384,286)
Amortization during the year	(71,857,862)	(53,967,550)
Disposals during the year	1,615,974	-
Accumulated amortization at the end of the year	<u>(458,925,438)</u>	<u>(383,173,199)</u>
Net Book Value at the end of the year	<u>174,646,541</u>	<u>179,633,131</u>

13. INTANGIBLE ASSETS (CONTINUED)

A) Impairment

As on December 31, 2023, the Group recorded an impairment against internally developed technology platforms, amounted to SR 5,5 million (December 31, 2022: SR 36,3 million) due to the presence of indicators of impairment. The management conducted a study to assess the recoverable amount through forecasting the expected future cash flows of the asset which resulted in recoverable amount being less than the current value of the asset.

Impairment is classified under cost of revenue if presented by function.

The following is a classification of amortization if presented by function in the consolidated statement of profit or loss and other comprehensive income:

	December 31, 2023	December 31, 2022
Cost of revenue	<u>63,467,667</u>	<u>47,010,076</u>
General and administrative expenses	<u>8,390,195</u>	<u>6,957,474</u>
	<u>71,857,862</u>	<u>53,967,550</u>

14. INVESTMENTS IN ASSOCIATES

The following is the details of each of the Group's associate companies as at the end of the year:

<u>Associate Company name</u>	<u>Country of Origin/ place of operations</u>	<u>Ownership share percentage</u>	
		December 31, 2023	December 31, 2022
Sahel Al Madar Trading Company (A)	Kingdom of Saudi Arabia	30%	30%
Smart National Solution Company (B)	Kingdom of Saudi Arabia	24%	24%
Al Dal Real Estate Services Company (C)	Kingdom of Saudi Arabia	-	30%

- A) Sahel Al Madar Trading Company established under the Saudi Companies Law under commercial registration no. 1010586820. The Company is engaged in directing goods transport vehicles, freight brokers. The group invested an amount of SR 14 million divided into SR 60 thousand, representing an equity investment, according to which the group

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obtained an ownership percentage representing 30% of the Company, and an advance payment for future equity in the Company representing the remaining amount of SR 13,9 million. And valued at fair value through profit or loss using the multiples method (fair value level 3).

The following is a summary of the book value of the Group's share in the Company's net assets according to the equity method:

	December 31, 2023	December 31, 2022
Net assets of Sahel Al Madar	6,282,077	11,413,621
The Group's share in the ownership of Sahel Al-Madar	30%	30%
The book value of the Group's share	<u>1,884,623</u>	<u>3,424,086</u>
	<hr/>	<hr/>

14. INVESTMENTS IN ASSOCIATES (CONTINUED)

- B) Smart National Solutions Company Technology established under the Companies Law in Saudi Arabia under Commercial Registration No. 1010463892. The main activities of the Company are designing and programming special software, software maintenance and designing web pages. The group invested an amount of SR 4,9 million, divided into SR 49 thousand, representing an equity investment, according to which the group obtained an ownership percentage representing 24% of the Company, and an advance payment for future equity in the Company representing the remaining SR 4,8 million. And valued at fair value through profit or loss using the multiples method (fair value level 3).

The following is a summary of the book value of the Group's share in the Company's net assets according to the equity method:

	December 31, 2023	December 31, 2022
Net assets of Smart National Solutions	3,472,054	18,551,171
The Group's share in the ownership of Smart National Solutions	24%	<hr/>
	833,293	4,452,281
The book value of the Group's share		

- C) Al-Dal Real Estate Services Company, a Limited Liability Company registered with commercial register no. 1010680496, on Jumada Al-Awwal 29, 1442 AH (corresponding to January 13, 2021), and its headquarters is in Riyadh. The Company's main activities are in auctioneers and auction brokers. For all commodities, wholesale online, residential home auctions activities, non-store auctions, brokerage agents' activities, real estate management activities for commission, providing marketing services on behalf of others.

During the year, the Group sold all of its shares in Al Dal Real Estate Services Company, in exchange for SR 150 Thousand. The disposal resulted in a loss of SR 29 Thousand, which has been recognized in the condensed consolidated statement of profit or loss under other income, net.

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The movement in the balance of investments in associates are as follows:

	December 31, 2023			
	Sahel Al Madar	Smart National Solutions	Al Dal Real Estate Services	Total
<b><u>Investment using the equity method:</u></b>				
Balance at the beginning of the year	-	2,218,741	179,017	2,397,758
Disposals during the year	-	-	) 179,017(	) 179,017(
Share of results from associates	-	-	-	(2,218,741)
		) 2,218,741(	-	-
<b><u>Long Term Interest:</u></b>				
Balance at the beginning of the year	4,846,150	11,139,149	-	15,985,299
Gain/ (Loss) at FVTPL	4,176,503	) 8,297,021(	-	(4,120,518)
Group share in total accumulated losses (A)	) 8,327,378(	) 1,400,250(	-	(9,727,628)
	695,275	1,441,878	-	2,137,153
Group's net investment balance	<u>695,275</u>	<u>1,441,878</u>	<u>-</u>	<u>2,137,153</u>

14. INVESTMENTS IN ASSOCIATES (CONTINUED)

	Sahel Al Madar	Smart National Solutions	Al Dal Real Estate Services	Total
	December 31, 2022			
<b><u>Investment using the equity method:</u></b>				
Balance at the beginning of the year	-	3,347,224	150,000	3,497,224
Share of results from associates	-	) 1,128,483(	29,017	(1,099,466)
	-	2,218,741	179,017	2,397,758
<b><u>Long Term Interest:</u></b>				
Balance at the beginning of the year	2,163,978	12,421,724	-	14,585,702
Additions during the year	8,430,000	-	-	8,430,000
Gain/ (Loss) at FVTPL	) 5,747,828(	) 1,282,575(	-	) 7,030,403(
	4,846,150	11,139,149	-	15,985,299
Group's net investment balance	<u>4,846,150</u>	<u>13,357,890</u>	<u>179,017</u>	<u>18,383,057</u>

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(A) The amount represents the Group's share of losses in excess of the value of the investment using the equity method, where losses are recognized by reducing other components of the company's interest in associates.

**15. OTHER FINANCIAL ASSETS**

	December 31, 2023	December 31, 2022
The Group's other financial assets balances consist of:		
<u>Financial assets at FVTPL</u>		
Money Market Funds (A)	18,797,335	85,853,919
Advance payment for future equity (B)	19,936,296	29,972,335
	<hr/> 38,733,631	<hr/> 115,826,254
<u>Financial assets at FVTOCI</u>		
Unquoted equity investments (C)	<hr/> 207,970,028	<hr/> 151,576,757

Other financial assets are presented in the statement of financial position as follows:

Current	18,797,335	85,853,919
Non-current	227,906,324	181,549,092
	<hr/> 246,703,659	<hr/> 267,403,011

- A) An investment in money market funds represents an investment in a public murabaha fund, aimed at achieving low-risk returns for unit holders while preserving capital and providing liquidity. (Fair value level 2).
- B) The advance payment for future equity represents amounts that the Group has paid to obtain shares in the upcoming investment rounds of these companies. All advance payments are considered debt instruments in accordance with IFRS 9, And during valuation, fair value is measured using various methods such as multiples methods and investment rounds (Fair value level 3).

**15. OTHER FINANCIAL ASSETS (CONTINUED)**

- C) Investments in unquoted equity represent venture capital investments for companies operating in the information technology sector in Saudi Arabia and abroad, And during valuation, fair value is measured using various methods such as multiples methods and investment rounds (Fair value level 3). These investments are retained for medium to long-term strategic purposes. Accordingly, management has chosen to classify these investments in equity at fair value through other comprehensive income, as short-term fluctuations in fair value do not align with the group's

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strategy of holding these investments for long-term purposes and realizing their potential performance over the long-term.

The movement in financial assets measured at fair value during the year is as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	267,403,011	597,340,291
Additions during the year	432,696,961	118,592,303
Collected from financial assets	(467,929,663)	(446,352,768)
(Loss)/gain on financial assets at FVTPL	(11,848,122)	6,628,318
Gain/(loss) on financial assets at FVTOCI (Note 25)	26,381,472	(8,805,133)
Balance at the end of the year	246,703,659	267,403,011

**16. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	December 31, 2023	December 31, 2022
Government receivables	1,487,490,009	928,308,495
Trade receivables	1,278,516,916	904,392,219
Expected credit losses provision	2,766,006,925 (443,653,224)	1,832,700,714 (367,622,511)
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	2,322,353,701	1,465,078,203
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

\*The above amounts include balances with related parties (Note 31).

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Account receivable ageing is as follows:

December 31, 2023	December 31, 2022	Government	Private
0-90 days	520,838,382	: 277,734,067	467,398,827
91-180 days	303,443,740	: 42,800,548	84,812,999
181-365 days	59,458,087	: 23,250,420	102,783,606
More than 365 days	603,749,800	: 584,523,460	249,396,787
	<b>1,487,490,009</b>	<b>1,: 928,308,495</b>	<b>904,392,219</b>

**16. ACCOUNTS RECEIVABLE (CONTINUED)**

The movement of expected credit losses provision is as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	367,622,511	263,216,898
Provision for the year (Note 35-A)	76,030,713	104,405,613
Balance at the end of the year	<b>443,653,224</b>	<b>367,622,511</b>

**17. CONTRACT ASSETS**

Contract assets represent revenues generated by services performed by the Group that have not been invoiced to customers up to the date of the consolidated financial statements, and that revenue will be invoiced in subsequent financial periods.

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Contract assets consists of the following:

	December 31, 2023	December 31, 2022
Government contract assets	701,502,502	807,711,945
Trade contract assets	274,984,648	111,954,500
	<hr/>	<hr/>
Balance at the beginning of the year	115,204,452	70,947,564
Provision for the year (Note 35-A)	<u>13,657,014</u>	<u>44,256,888</u>
Balance at the end of the year	<u>128,861,466</u>	<u>115,204,452</u>

**18. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consist of the following:

	December 31, 2023	December 31, 2022
Advance to vendors	93,910,498	21,985,226
Prepaid expenses	77,400,840	59,965,903
Deferred costs	70,830,503	58,031,098
Accrued murabha deposit income	37,495,313	23,799,051
Letter of guarantee	30,466,718	26,102,849
Employees receivable, net*	26,020,880	21,052,388
Other, net*	<u>1,317,073</u>	<u>1,776,842</u>
	<hr/>	<hr/>
Expected credit losses provision	<u>976,487,150</u>	<u>919,666,445</u>
	<hr/>	<hr/>
	<u>(128,861,466)</u>	<u>(115,204,452)</u>
	<hr/>	<hr/>
	<u>847,625,684</u>	<u>804,461,993</u>

\*The above amounts include balances with related parties (Note 31).

The movement of expected credit losses is as follows:

	December 31, 2023	December 31, 2022
	<hr/>	<hr/>
	<u>337,441,825</u>	<u>212,713,357</u>

\*Employee receivables and Other balances are shown net after deducting the allowance for expected credit losses.(Note 35-A).

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**19. MURABAHA DEPOSITS**

The balance of murabaha deposits consists of deposits with a term of more than three months. The average commission is 6.20% annually (December 31, 2022: 4.98% annually), and the consolidated statement of profit or loss income has been charged with a total deposit income amounting to 127,9 SR million during the year ended December 31, 2023 (December 31, 2022: SR 37,9 million). All murabaha deposits mature within one year.

**20. CASH AND CASH EQUIVALENTS**

Cash and Cash equivalents consists of the following:

	December 31, 2023	December 31, 2022
Cash at banks	320,390,132	63,190,550
Short term murabaha deposits *	64,004,475	525,488,841
	<u>384,394,607</u>	<u>588,679,391</u>

\*The balance of short-term murabaha deposits consists of short-term deposits of three months and less. The average commission is 5.79% annually (2022: 5.01%).

\*\* The Company has a balance of SR 2.6 billion as at December 31, 2023 (December 31, 2022: SR 1.4 billion) restricted in its bank accounts, which has not been recorded within the group's assets, as this amount relates to services in which the Company links them to technical systems for the purpose of transferring them between the parties benefiting from these services and the consolidated statement of profit or loss was not charged with deposit income during the year ended December 31, 2023 (December 31, 2022: SR 3.3 million).

**21. SHARE CAPITAL**

The issued and fully paid-up capital consists of 80,000,000 shares with a nominal value of SR 10 per share (December 31, 2022: 80,000,000 shares with a par value of SR 10 per share).

**22. STATUTORY RESERVE**

As at December 31, 2023, the statutory reserve balance was SR 174,7 million (December 31, 2022: SR 174,7 million). According to the corporate law and the company's updated Article of Association, no statutory reserve has been formed during the current year.

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### 23. TREASURY SHARES

On February 16, 2022, the Group purchased 2,4 million shares of its shares from the main shareholder at a value of SR 128 per share, for a total cash consideration of SR 307,2 million. The Group maintains these shares as treasury shares in order to support the long-term future incentive plans for the employees (Note 24), knowing that the purchased shares will not have the right to vote in the general assemblies of the Company's shareholders and are not entitled to any dividends during the Company's holding period.

	December 31, 2023	December 31, 2022
The following table shows the number of shares and changes during the year:		
The number of outstanding treasury shares at the beginning of the year	2,400,000	-
The number of shares purchased during the year	-	2,400,000
The number of shares settled and reissued during the year	<u>(97,200)</u>	<u>-</u>
	<u>2,302,800</u>	<u>2,400,000</u>

### 24. SHARE BASED PAYMENT

Share-Based payment is one of the employee incentive programs which aims to attract, motivate and retain the Group's employees. The program provides a share-based payment plan for eligible employees participating in the program in which they are granted shares in the Company upon fulfillment of terms of service and performance. And the expenses related to the program is included in the employee benefits expense item in the consolidated statement of profit or loss, and recording the amount corresponding to the expenses in other reserves in equity, in accordance with the requirements of International Financial Reporting Standard (2): Share- Based Payment.

#### A) Broad based Stock ownership program

During the year, the Company settled a broad based stock ownership program for its employees, the details which are as follows:

Grant date	March 30, 2022
Due date	February 16, 2023
Average fair value of the shares	SR 210
Number of shares granted	97,200 shares
Settlement method	Equity

#### A) long-term future incentive plans program- Tranche 1

During the year 2022, the group announced the first phase of the long-term incentive plan program for its employees:

Grant date	December 1, 2022
Due date	March 31, 2025
Average fair value of the shares	SR 322
Maximum number of shares granted	162,596 Shares
Settlement method	Equity

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**24. SHARE BASED PAYMENT (CONTINUED)**

C) long-term future incentive plans program- Tranche 2

During the year 2023, the group announced the second phase of the long-term incentive plan program for its employees:

Grant date	September 7, 2023
Due date	March 31, 2026
Average fair value of the shares	SR 767
Maximum number of shares granted	119,621 Shares
Settlement method	Equity

The following is the share-based payment expenses by program type:

	December 31, 2023	December 31, 2022
Broad based stock ownership program	2,813,352	17,632,670
long-term future incentive plans program- Tranche 1	21,166,876	1,907,217
long-term future incentive plans program- Tranche 2	12,554,727	-
	<u>36,534,955</u>	<u>19,539,887</u>

**25. OTHER RESERVES**

Other reserves consist of the following:

	December 31, 2023	December 31, 2022
<u>Employees end of service benefits remeasurement</u>		
Opening balance	(53,360,943)	(44,984,753)
Remeasurement losses (Note 27)	(5,463,042)	(8,376,190)
	<u>(58,823,985)</u>	<u>(53,360,943)</u>
<u>Other financial assets revaluation reserve</u>		
Opening balance	9,640,169	18,445,302
Gain/(Loss) on revaluation (Note 15)	26,381,472	(8,805,133)
	<u>36,021,641</u>	<u>9,640,169</u>
<u>Share based payment</u>		
Opening balance	19,539,887	-
Additions	36,534,955	19,539,887
Settlement	(20,446,020)	-
	<u>35,628,822</u>	<u>19,539,887</u>

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Balance at the end of the year	12,826,478	(24,180,887)
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26. EARNINGS PER SHARE

	December 31, 2023	December 31, 2022
Net profit attributable to equity holders of the parent Company	<u>1,356,230,754</u>	<u>930,189,589</u>
Number of Shares		
Weighted average number of shares for calculation for basic earnings per share	77,684,684	77,903,297
Weighted average number of shares for repurchased shares	2,315,316	2,096,703
Weighted average number of shares for calculation for diluted earnings per share	<u>80,000,000</u>	<u>80,000,000</u>
EARNINGS PER SHARE:		
Basic	<u>17.46</u>	<u>11.94</u>
Diluted	<u>16.95</u>	<u>11.63</u>

27. END OF SERVICES BENEFITS PROVISION

	December 31, 2023	December 31, 2022
<u>Financial assumptions:</u>		
Discount rate	4.5% - 5.00%	4.5% - 4.55%
Salary increase rate	4.50% - 7.00%	4.50% - 7.00%
Employee end of service benefits provision movement in present value is as follows:		
	December 31, 2023	December 31, 2022

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Balance at the beginning of the year	307,462,112	263,057,441
Current service cost	53,971,227	56,260,945
Current service financing cost	13,789,543	6,498,750
Benefits paid	(19,996,797)	(26,731,214)
Actuarial losses (Note 25)	<u>5,463,042</u>	<u>8,376,190</u>
<b>Balance at the end of the year</b>	<b><u>360,689,127</u></b>	<b><u>307,462,112</u></b>

**27. END OF SERVICES BENEFITS PROVISION (CONTINUED)**

Following is sensitivity analysis for the actuarial assumptions:

Income sharing accruals	1,578,815,235	812,510,288
Contractual cost	384,390,554	370,623,525
Employee accruals	368,550,827	319,331,953
Accounts payable	328,851,291	318,805,227
Value added tax (VAT)	74,902,463	35,396,601
Incentives & marketing	42,273,245	38,345,939

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Litigation provision (Note 34)	1,070,417	16,386,478
Retention payable	3,535,720	2,156,491
Dividend Payable	1,987,042	1,986,500
Others	20,678,630	12,769,365
	<b><u>2,805,055,424</u></b>	<b><u>1,928,312,367</u></b>

\*The above amounts include balances with related parties (Note 31).

**29. CONTRACT LIABILITIES**

Contract liabilities are as follows:

	December 31, 2023	December 31, 2022
Deferred revenue from subscriptions	301,738,702	261,667,633
Advance from customers	<u>201,968,688</u>	<u>210,595,586</u>
	<b><u>503,707,390</u></b>	<b><u>472,263,219</u></b>
	December 31, 2023	December 31, 2022
	<u>Rate change</u>	<u>Increase</u>
	Decrease	<u>Increase</u>
Discount rate	1%	(21,192,645)
		23,980,303
		(22,032,918)
Increase salary rate	1%	24,460,710
		4,681,208
Employee turnover rate	10%	(4,230,933)

**28. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES**

Accounts payable and other current liabilities are as follows:

December 31, 2023	December 31, 2022

**30. ZAKAT**

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**30-1 Zakat and Tax position**

- The group submitted all its zakat returns until the end of the year 2022, with paying the zakat due based on those returns and received the zakat certificate for that year. The group has not received any zakat assessments until the date of preparing the consolidated financial statements.
- The Group pays VAT on a monthly basis and VAT returns have been submitted for all previous fiscal years. The Group underwent a tax examination for the years 2018, 2019 and 2020, 2022 and the process of examining tax returns submitted for these years was closed and did not result in any tax differences.

**30-2 Zakat Base**

The Group calculates and records the zakat provision on zakat base in accordance with the rules and regulations of zakat in the Kingdom of Saudi Arabia the details of which are as follows:

	December 31, 2023	December 31, 2022
Capital at beginning of the year	800,000,000	800,000,000
Additions:		
Retained earnings - beginning of the year	2,411,684,121	1,954,509,071
Provision and reserves	931,855,233	640,908,026
Accounts payable and other liabilities	371,752,158	525,531,570
Net adjusted profit	<u>1,772,115,104</u>	<u>1,287,803,391</u>
Total adjusted equity	<u>6,287,406,616</u>	<u>5,208,752,058</u>
Disposals:		
Dividends paid	(466,183,200)	(388,000,000)
Purchase of treasury shares	(294,758,400)	(307,200,000)
Net property (adjusted) and investments	<u>) 931,863,431(</u>	<u>) 871,229,212(</u>
Total adjusted disposals	<u>) 1,692,805,031(</u>	<u>) 1,566,429,212</u>
Zakat base	<u>2,822,486,481</u>	<u>2,354,519,455</u>
Zakat base during the year	<u>4,682,305,967</u>	<u>3,715,485,880</u>
2.5% Zakat from the zakat base during the year	<u>117,057,649</u>	<u>92,887,147</u>

**30-3 Zakat Provision**

The movement in the provision for zakat during the year was as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	138,434,452	103,465,145
Charge during the year	117,057,649	92,887,147
Paid during the year	<u>(71,878,782)</u>	<u>(57,917,840)</u>
Balance at the ending of the year	<u>183,613,319</u>	<u>138,434,452</u>

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31. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties consist of governmental entities, including ministries, authorities, and other government affiliated entities (including the Public Investment Fund "the main shareholder"), government-related entities are subsidiaries of the main shareholder, associate companies, and members of the board of directors and senior management of the Company. All of these transactions are carried out according to the terms agreed by the management of the Group. As at the date of preparing the consolidated financial statements, balances with related parties were unguaranteed.

The transactions with related parties are similar to commercial transactions with external parties. Below are the details of the significant transactions with related parties during the year:

	December 31, 2023	December 31, 2022
Transactions with government entities (*)		
Service revenue (Note 5)	2,123,098,462	1,950,878,809
Services cost (Note 6)	1,035,654,707	642,584,511
Transactions with government related entities		
Service revenue (Note 5)	228,010,829	188,971,456
Services cost (Note 6)	59,519,482	41,282,273
Transactions with Associate companies		
Services cost (Note 14)	7,704,913	15,928,053
* Service revenues from government entities include transactions with the main shareholder amounting to SR 30,0		
Transaction with board of directors and senior executive managers		
Salaries and benefit	25,627,146	20,101,227
Remunerations and allowances	29,087,389	22,590,750
Share based payment Expense	8,344,559	613,424
End of service benefits Expense	<u>4,010,484</u>	<u>3,775,462</u>
	<u>67,069,578</u>	<u>47,080,863</u>
Balances	December 31, 2023	December 31, 2022
million (2022: SR 74,0 million)		

Due from related parties (\*)  
Due from government entities classified under:

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Accounts receivable (Note 16)	1,487,490,009	928,308,495
Contract assets (Note 17)	701,502,502	807,711,945
<b><u>Due from government related entities classified under:</u></b>		
Accounts receivable (Note 16)	182,117,569	160,880,654
Contract assets (Note 17)	20,364,362	37,254,998
<b>Due to Related Parties:</b>		
<b><u>Due to government related classified under:</u></b>		
Accounts payable and other current liabilities (Note 28)	1,588,614,267	840,661,466
<b><u>Due to government related entities classified under:</u></b>		
Accounts payable and other current liabilities (Note 28)	30,513,812	26,022,401
<b><u>Due to associate companies classified under:</u></b>		
Accounts payable and other current liabilities (Note 28)	2,099,460	6,750,717

\* Balances due from government entities include amounts due from the main shareholder included in receivables at an amount of SR 11,2 million (2022: SR 29,8 million). And due balances included in contract assets amounting to SR 25,6 million (2022: SR 47,7 million).

### 31. SEGMENT INFORMATION

The information regarding the Group's operating segments is described below in accordance with IFRS 8, where the standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's operating decision maker.

The Company's business includes the following:

- 1- **Digital business:** These are ready-to-use solutions in the form of technical services, portals, electronic applications, and related support work, which were developed by the Company in cooperation with a large number of facilities in the public and private sectors with the aim of creating integrated services that cover a large segment of society, by creating advanced services that contribute to solving an existing problem or filling an existing service gap, by converting traditional procedures into electronic transactions. In addition to integrated technology businesses, entitlement engines and digital platforms, The Group provides integrated technology business solutions to clients from the public and private sectors.
- 2- **Business process outsourcing:** The Group seeks through business attribution solutions to enhance its competitive advantage in the field of operation and service provision in the areas of competence; and that is through the management and the total operation of services, or partial support for them in specific areas, and their progression towards a digital vision.
- 3- **Professional services:** These include advisory services and professional services in data analysis and artificial intelligence, through which The Group understands the problems of the facility and develops a comprehensive action plan to develop its overall performance and raise customer satisfaction levels.

Below are the summarized financial data for these sectors:

December 31, December 31,

Revenue

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Digital business	4,254,973,267	3,151,784,457
Business process outsourcing	1,478,990,609	1,301,376,963
Professional services	164,398,964	152,937,473
	5,898,362,840	4,606,098,893
Cost		
Direct cost	) 3,547,310,230(	) 2,720,238,240(
Operating expenses (except depreciation and amortization, ECL and impairment)	(752,828,318)	(608,143,552)
Expected credit loss (ECL)	(91,770,357)	(148,819,716)
Depreciation and amortization	(149,951,571)	(120,049,688)
Impairment of non-current assets	(5,918,692)	(36,455,686)
Other income, net	122,668,731	50,684,725
	<hr/>	<hr/>
	2023	2022
Zakat	<hr/>	<hr/>
	) 117,057,649(	(92,887,147)
	) 4,542,168,086(	(3,675,909,304)
Net profit	<hr/> <u>1,356,194,754</u>	<hr/> <u>930,189,589</u>

**32. SEGMENT INFORMATION (CONTINUED)**

	December 31, 2023	December 31, 2022
Digital business	1,959,970,691	1,452,328,755
Business process outsourcing	366,554,707	399,379,038
Professional services	24,527,212	34,152,860
	2,351,052,610	1,885,860,653

The following is an analysis of the Group's assets and liabilities on the basis of segments

	December 31, 2023	December 31, 2022
<b>Assets</b>		
Digital business	5,841,184,113	4,123,634,856
Business process outsourcing	2,030,343,296	1,702,655,584
Professional services	225,685,229	200,095,629
	8,097,212,638	6,026,386,069

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## Liabilities

Digital business	2,959,499,413	2,038,679,830
Business process outsourcing	1,028,695,497	841,774,240
Professional services	114,345,874	98,925,084
	4,102,540,784	2,979,379,154

Below is an analysis of gross profit by segments:

- ### **33. BANK FACILITIES**

The Group has facilities agreements with local banks to meet the working capital requirements and support the Group's business requirements in the form of cash withdrawals and letters of guarantee with a maximum limit of SR 500 million as of December 31, 2023 (December 31, 2022: SR 150 million). The Group has utilized some of those facilities agreements to issue bank guarantees for its projects as disclosed in (Note 34).

### 34. CONTINGENT LIABILITIES

- The Group has outstanding bank letters of guarantee amounting to SR 109 million as of December 31, 2023 (December 31, 2022: SR 97 million).
  - The Group has operating and capital commitments amounting to SR 1,3 billion (December 31, 2022: SR 840 million).
  - In the normal course of business, the Group is a party to legal cases either as a plaintiff or defendant. As on December 31, 2023, the Group recorded a provision against legal cases amounting to SR 1,1 million (December 31, 2022: SR 16,4 million), which is the best estimate of management. Over the provisions of these issues and management does not expect that there will be any additional liability over the amount recorded as a provision for these issues.
  - As of December 31, 2023, the associate companies have no contingent liabilities (December 31, 2022: SR 0,5 million). The Group discloses its share of contingent liabilities from its associates.

### 35. RISK MANAGEMENT

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The Group's activities are exposed to a number of financial risks: market risk (including currency risk, fair value, cash flow interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out by senior management in accordance with the policies approved by the Board of Directors. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for establishing and monitoring the Group's risk management framework. Executive management is responsible for developing and monitoring the Group's risk management policies, and any changes and compliance issues are reported to the Board of Directors through the Audit Committee.

The Group Audit Committee oversees how management monitors compliance with The Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The internal audit department assists The Group Audit Committee in carrying out its oversight role. The internal audit department performs regular and ad hoc reviews of risk management controls and procedures and the results are reported to the Audit Committee.

A. Credit risk

Credit risk is the risk that the Group will incur financial loss in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's receivables from customers as well as employees.

The carrying amounts of accounts receivable, contract assets and employees receivable represent the maximum exposure to credit risk.

The movement in the expected credit loss in respect of accounts receivable, contract assets and employee receivables during the year, as follows:

	December 31,	December 31,
2023		2022
Balance at the beginning of the year	484,140,695	335,320,979 Provision for accounts receivable (Note 16)
76,030,713	104,405,613 Provision for contract assets (Note 17)	13,657,014
44,256,888		
Provision for Other receivable (Note 18)		2,232,412
(Reversal) /provision for employees (Note 18)		(149,782) 157,215
Balance at the end of the year	<u>575,911,052</u>	<u>484,140,695</u>

The exposure to credit risk for trade receivables and contract assets by type of customer (governmental or nongovernmental) was as follows:

	Accounts Receivable		Contract Assets	
	December 31, <u>2023</u>	December 31, <u>2022</u>	December 31, <u>2023</u>	December 31, <u>2022</u>
Government	1,487,490,009	928,308,495	701,502,502	807,711,945

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Private	1,278,516,916	904,392,219	274,984,648	111,954,500
	<u>2,766,006,925</u>	<u>1,832,700,714</u>	<u>976,487,150</u>	<u>919,666,445</u>

35. RISK MANAGEMENT (CONTINUED)

A. Credit risk (continued)

The following tables present information about exposure to credit risk and expected credit losses for receivables:

	<u>Government receivables (A)</u>			
	December 31, 2023		December 31, 2022	
	Book value	ECL	Book value	ECL
Low risk	1,339,954,623	41,224,181	787,071,797	540,009
Loss	<u>147,535,386</u>	<u>147,535,386</u>	<u>141,236,698</u>	
141,236,698	<u>1,487,490,009</u>	<u>188,759,567</u>	<u>928,308,495</u>	<u>141,776,707</u>

	<u>Trade account receivable</u>			
	December 31, 2023		December 31, 2022	
	Book value	ECL	Book value	ECL
1-90 days	733,104,253	-	467,398,827	-
91-180 days	131,237,836	4,318,875	84,812,999	2,801,520
181 - 365 days	122,080,896	18,796,015	102,783,606	16,311,125
More than 365 days	292,093,931	231,778,767	249,396,787	206,733,159
	<u>1,278,516,916</u>	<u>254,893,657</u>	<u>904,392,219</u>	<u>225,845,804</u>

The following tables present information about exposure to credit risk and expected credit losses for contract assets:

	<u>Government contract assets</u>			
	December 31, 2023		December 31, 2022	
	Book value	ECL	Book value	ECL
Low risk	590,764,961	-	708,510,461	-
Loss	110,737,541		110,737,541	99,201,484
99,201,484	701,502,502	110,737,541	807,711,945	99,201,484

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	<u>Trade contract assets</u>		
	<u>December 31, 2023</u>		<u>December 31, 2022</u>
	<u>Book value</u>	<u>ECL</u>	<u>Book value</u>
Low risk	256,860,724	-	95,951,532
Loss	18,123,924		18,123,924
16,002,968			16,002,968
	274,984,648	18,123,924	111,954,500
			16,002,968

The amount of provision for credit loss also includes provisions related to employee receivables in the amount of SR 1,163,950 as at December 31, 2023 (December 31, 2022: SR 1,313,732).

The amount of provision for credit loss also includes provisions related to other receivables in the amount of SR 2,232,412 as at December 31, 2023 (December 31, 2022: nil ).

The Group uses a dedicated matrix for the purpose of calculating expected credit losses for trade receivables, contract assets and employee receivables. This matrix is based initially on historical default rates. The Group calibrates the matrix to adjust the historical experience of credit losses, taking into account the information expected in the future. At the date of each financial report, The Group updates the historical default rates and this is reflected in future estimates, in addition, it calculates additional provisions for specific cases.

(A) During the year 2023, the Group implemented a dedicated matrix for the purpose of calculating the present value of money for governmental receivables. Through this matrix, the Group estimates the expected collection date by applying certain assumptions and inputs such as historical collection experience per client, which is reflected within the low-risk category of the risk items.

## 35. RISK MANAGEMENT (CONTINUED)

## A. Credit risk (continued)

Low value financial assets

A financial asset is considered impaired when one or more events that have a negative impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is impaired includes observable data about the following events:

- Significant financial difficulties for the issuer of securities or the lender;
- A breach of contract, such as a late payment or default;
- The lender(s) granted the borrower, for economic or contractual reasons related to the borrower's financial difficulty, a privilege(s) that the lender would not consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization; and
- The disappearance of an active market for that financial asset due to financial difficulties.

Definition of default

The Group considers the following to be default events, for the purpose of managing credit risk internally because past experience indicates that receivables that meet any of the following criteria are generally unrecoverable.

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- When there is a non-compliance with the financial commitments of the counterparty; or
- Information prepared internally or obtained from external sources indicates that the debtor is unlikely to pay its debt (without regard to any collateral held by the Group).

write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial distress and there is no realistic prospect of recovery. For example: when the counterparty is under liquidation or has entered into bankruptcy proceedings. Written-off financial assets may continue to be subject to enforcement activities under The Group's recovery procedures, subject to legal advice where appropriate. Any recoveries are recognized in the consolidated statement of profit or loss.

B. Liquidity risk

Liquidity risk represents the Group's inability to meet its financial obligations as they fall due. The Group minimizes liquidity risk by ensuring that the necessary liquidity is always available. Except for the obligation to purchase property and lease obligations, all other financial liabilities are expected to be settled in the following 12 months.

The Group ensures that it has sufficient cash on demand to meet the expected operating expenses, including servicing its financial obligations, and this does not include the potential impact of emergency conditions that cannot be reasonably foreseen such as natural disasters. In addition, the Group maintains various lines of credit.

The Group monitors the risk of shortfall in liquidity using forecast models to determine the effects of operating activities on the overall availability of liquidity. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of revolving credit facilities and other sources of liquidity if needed.

35. RISK MANAGEMENT (CONTINUED)

B. Liquidity risk (continued)

The table below summarizes the maturities of the Group's financial liabilities based on undiscounted contractual payments:  
December 31, 2023

	Within one year	Between 1 and 5 years	More than 5 years	Total
Accounts payable and other current liabilities	2,783,306,377	-	-	2,783,306,377

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Liabilities of purchasing property				
	26,062,795	-	-	26,062,795
Lease liabilities	<u>43,227,370</u>	<u>95,996,135</u>	<u>98,308,800</u>	<u>237,532,305</u>
	<u>2,852,596,542</u>	<u>95,996,135</u>	<u>98,308,800</u>	<u>3,046,901,477</u>
<hr/> December 31, 2022				
	Within one year	Between 1 and 5 years	More than 5 years	Total
Accounts Payable and other current liabilities	1,899,156,526	-	-	1,899,156,526
Liabilities of purchasing property	26,062,795	26,062,795	-	52,125,590
Lease liabilities	<u>15,775,056</u>	<u>16,123,197</u>	<u>75,578,787</u>	<u>107,477,040</u>
	<u>1,940,994,377</u>	<u>42,185,992</u>	<u>75,578,787</u>	<u>2,058,759,156</u>

C- Credit risk

Managing the risks of fluctuation in currency exchange rates

Currency risk is the risk that a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Group did not carry out significant transactions in foreign currencies except the US dollar, the British pound and the Euro during the year. The Group was not exposed to the risks of fluctuation in currency exchange rates during the period, and the management does not expect that the Group will be subject in the future to transactions related to these risks substantially. interest rate risk

It is the exposure to various risks associated with the impact of fluctuations in the prevailing interest rates on the financial position and cash flows of the Group. The Group's interest rate risk arises from bank deposits, short-term bank debt and long-term debt which are at floating interest rates. All debts and deposits are subject to regular repricing. Management monitors changes in interest rates and believes that the fair value and cash flow interest rate risks are not significant to The Group.

35. RISK MANAMGMENT (CONTINUED)

C. Credit risk (continued)

Interest Rate Sensitivity Analysis

For rate deposits, the analysis is prepared assuming that the amount of the deposit outstanding at the end of the reporting period was due throughout the year. An increase or decrease of 50 basis points represents management's assessment of a reasonable possible change in interest rates.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

All amounts in Saudi Riyals

On December 31, 2023, if the group's short-term deposit rates were 50 basis points higher/lower with all other variables held constant, the profit for the year would be SR 16,9 million higher/lower, as a primary result of higher interest income/ low on variable rate deposits (December 31, 2022: SR 12,6 million).

**D - Capital management**

The Group's objective when managing capital is to protect the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustainable development of its business.

**36. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Below table shows the book values and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value. If the book value reasonably approximates the fair value, there were no reclassifications of financial assets measured at fair value through the fair value hierarchy levels during the year:

ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

All amounts in Saudi Riyals

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	December 31, 2023						
	Book value			Fair value			
	At amortized cost						
Financial assets	At fair value	Total	Level one	Level two	Level three	Total	
Other financial assets Accounts receivable	246,703,659	-	246,703,659	-	18,797,335	227,906,324	246,703,659
Prepaid expenses and other current assets							
Murabaha deposits	-	2,322,353,701	2,322,353,701	-	-	-	2,322,353,701
Cash and cash equivalents							
<b>Total</b>	-	93,982,911	93,982,911	-	-	-	93,982,911
Financial liabilities							
Accounts payable and other current liabilities	-	3,056,113,638	3,056,113,638	-	-	-	3,056,113,638
Liabilities of purchasing property							
Lease liabilities Total	246,703,659	5,856,844,857	6,103,548,516	-	18,797,335	227,906,324	<u>6,103,548,516</u>
	-	2,805,055,424	2,805,055,424	-	-	-	2,805,055,424
	-	25,396,063	25,396,063	-	-	-	25,396,063
	-	224,079,461	224,079,461	-	-	-	224,079,461
	-	3,054,530,948	3,054,530,948	-	-	-	3,054,530,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

All amounts in Saudi Riyals

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	December 31, 2022							
	Book value				Fair value			
	At fair Value	At amortized cost	Total	Level one	Level two	Level three	Total	
Financial assets								
Other financial assets Trade receivables								
Prepaid expenses and other current assets Murabaha deposits	283,388,310	-	283,388,310	-	85,853,919	197,534,391	283,388,310	
Cash and cash equivalents	-	1,465,078,203	1,465,078,203	-	-	-	1,465,078,203	
Total	-	15,324,785	15,324,785	-	-	-	15,324,785	
Financial liabilities								
Accounts payable and other current liabilities	-	1,998,369,994	1,998,369,994	-	-	-	1,998,369,994	
Liabilities of purchasing property	-	588,679,391	588,679,391	-	-	-	588,679,391	
Lease liabilities	283,388,310	4,067,452,373	4,350,840,683	-	85,853,919	197,534,391	4,350,840,683	
Total	-	1,928,312,367	1,928,312,367	-	-	-	1,928,312,367	
	-	50,142,450	50,142,450	-	-	-	50,142,450	
	-	82,764,554	82,764,554	-	-	-	82,764,554	
	-	2,061,219,371	2,061,219,371	-	-	-	2,061,219,371	

ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)

ELM COMPANY  
 (A SAUDI JOINT STOCK COMPANY)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

All amounts in Saudi Riyals

37. COMPARATIVE FIGURES

Reclassification

As part of the regular review of the financial disclosures and presentation, certain comparative figures have been reclassified to conform to the current period presentation of the consolidated financial statements. The reclassification had no impact on the net assets of the Group.

1- Consolidated statement of financial position

The Group has reclassified some items of non-current assets and current liabilities to enhance presentation and align with the nature of these balances, the following table presents the reclassification:

	December 31, 2022	<u>Reclassification</u>	Balance after reclassification
<b><u>Non-current assets</u></b>			
Other financial assets	197,534,391	(15,985,299)	181,549,092
Investment in associate	2,397,758	15,985,299	18,383,057
	<b>199,932,149</b>	-	<b>199,932,149</b>
<b><u>Current liabilities</u></b>			
Accounts payable and other current liabilities	1,903,401,458	24,910,909	1,928,312,367
Due to related parties	24,910,909	(24,910,909)	-
	<b>1,928,312,367</b>	-	<b>1,928,312,367</b>

The reclassification impact on the consolidated financial position of the Group has a similar effect on the consolidated statement of cash flows, and this impact has been reversed.

2- Segment information

The Group has reclassified certain segment information to align with changes in the presentation of internal reports for operational decision-maker within the Group, the following table presents the reclassification :

	December 31, 2022	Reclassification	Amount after reclassification
<b>Digital business</b>			
	3,139,716,782	12,067,675	3,151,784,457
Business process outsourcing	1,301,376,963	-	1,301,376,963
Professional services	165,005,148	(12,067,675)	152,937,473
	<b>4,606,098,893</b>	-	<b>4,606,098,893</b>

2-B Gross profit:

	December 31, 2022	Reclassification	Amount after reclassification
<b>2- A Revenues:</b>			
Digital business	1,456,365,284	(4,036,529)	1,452,328,755
Business process outsourcing	399,379,038	-	399,379,038
Professional services	30,116,331	4,036,529	34,152,860
	<b><u>1,885,860,653</u></b>	<b><u>-</u></b>	<b><u>1,885,860,653</u></b>

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**ELM COMPANY**

**(A SAUDI JOINT STOCK COMPANY)**

#### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

All amounts in Saudi Riyals

#### **38. DIVIDENDS**

- The Board of Directors, in its meeting held on Ramadan 5, 1444 AH (corresponding to March 27, 2023), approved cash dividends of SR 233,1 million (at SR 3 per share) for the second half of the year 2022. During April, the dividends were paid.
- The Board of Directors, in its meeting held on Muharram 18, 1445 AH (corresponding to August 5, 2023), approved cash dividends of SR 233,1 million (at SR 3 per share) for the first half of the year 2023. During August, the dividend were paid.
- The Board of Directors, in its meeting held on Shaaban 28, 1445 AH (corresponding to March 9, 2024), approved cash dividends of SR 310,8 million (at SR 4 per share) for the second half of the year 2023.

#### **39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were approved by the Board of Directors on Shaaban 28, 1445 AH (corresponding to March 9, 2024).



## 2024 First Quarter Financial statement

ELM COMPANY (A SAUDI JOINT STOCK COMPANY) INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE MONTHS PERIOD ENDED March 31, 2024

ELM COMPANY (A SAUDI JOINT STOCK COMPANY) INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

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4 Interim condensed consolidated statement of cash flows 5 Notes to the interim condensed consolidated financial statements 6 – 21



## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

To the shareholders of  
**Elm Company**  
**Saudi Joint Stock Company**  
**Riyadh – Kingdom of Saudi Arabia**

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Elm Company** ("the Company") and its subsidiaries (collectively referred to as "the Group"), as of 31 March 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three month period then ended, and other explanatory notes.

The Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards 34 – ("IAS 34") "*Interim Financial Reporting*" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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" 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently 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 interim condensed consolidated financial information is not prepared in all material respects in accordance with IAS (34) That is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362

Riyadh, on: 8 Duul Qa'adah 1445 (H)  
corresponding to: 16 May 2024 (G)

**ELM COMPANY**  
**( A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR  
 THE THREE PERIOD ENDED MARCH 31, 2024 All amounts in Saudi Riyals**

For the three months period

ended March 31

		2024	2023
Revenue	5	1,639,012,444	1,288,160,010
Cost of revenue		(1,012,533,451)	(743,700,940)
GROSS PROFIT		626,478,993	544,459,070
EXPENSES			
Selling and marketing		(85,432,288)	)67,252,261(
Expected credit losses		(24,668,823)	)17,227,084(
General and administrative		(131,028,950)	)105,452,322(
Depreciation and amortization	6,7,8	(50,971,522)	)34,211,233(
OPERATING PROFIT		334,377,410	320,316,170
Finance cost		(4,690,478)	)1,085,622(
Income from murabaha deposit	14,15	43,618,982	31,187,205
Share of result from investment in associate	9	(226,805)	)2,218,741(
Gain at fair value of financial assets through profit or loss	10	901,720	740,791
Other income, net		4,388,091	7,341,004
		<u>Note</u>	
		(Unaudited)	(Unaudited)
PROFIT BEFORE ZAKAT		378,368,920	356,280,807

**Net profit attributable to:**

Equity holders of the parent Company	344,782,745	322,403,364
Non-controlling interests	(12,456)	-
	<u>344,770,289</u>	<u>322,403,364</u>

**OTHER COMPREHENSIVE INCOME FOR THE PERIOD:**

**Items that may be reclassified subsequently to Profit or loss:**

Foreign currency translation difference	(5,966)	-
Items that will not be reclassified subsequently to profit or loss	-	-
TOTAL COMPREHENSIVE INCOME	<u>344,764,323</u>	<u>322,403,364</u>

**Total comprehensive income attributable to:**

Equity holders of the parent Company		344,776,779	322,403,364
Non-controlling interests		(12,456)	-
		<u>344,764,323</u>	<u>322,403,364</u>

Earnings per share from net profit attributable to equity holders of the parent company:

Zakat 20 (33,598,631) (33,877,443) NET PROFIT 344,770,289 322,403,364

The accompanying notes from (1) to (29) form an integral part of these interim condensed consolidated financial statements

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ELM COMPANY

(A SAUDI JOINT STOCK COMPANY) INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

All amounts in Saudi Riyals

Basic	18	4.44	4.15
Diluted	18	4.31	4.03
		<u>        </u>	<u>        </u>



Chief Financial Officer



Chief Executive Officer

Chairman

#### ASSETS

##### NON – CURRENT ASSETS

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Property and equipment	6	370,380,708	375,183,246
Capital work in progress		130,633,060	119,813,847
Right-of-use assets	7	583,586,917	230,798,737
Intangible assets	8	183,888,203	174,646,541
Investments in associates	9	1,910,348	2,137,153
Other financial assets	10	227,906,324	227,906,324
TOTAL NON – CURRENT ASSETS		1,498,305,560	1,130,485,848

##### CURRENT ASSETS

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts receivable	11	2,252,033,009	2,322,353,701
Contract assets	12	877,998,159	847,625,684
Prepaid expenses and other current assets	13	458,696,385	337,441,825
Other financial assets	10	375,232,706	18,797,335
Murabaha deposit	14	1,902,914,373	3,056,113,638
Cash and cash equivalents	15	1,652,033,322	384,394,607
TOTAL CURRENT ASSETS		7,518,907,954	6,966,726,790
TOTAL ASSETS		9,017,213,514	8,097,212,638

#### EQUITY AND LIABILITIES

##### EQUITY

Share capital	800,000,000	800,000,000
Statutory reserve	174,708,101	174,708,101
Treasury share	(294,758,400)	(294,758,400)
Other reserves	29,897,336	12,826,478
Retained earnings	3,335,725,620	3,301,731,675
Equity attributable to equity holders of the parent Company	<u>4,045,572,657</u>	<u>3,994,507,854</u>
Non-controlling interest	151,544	164,000
<b>TOTAL EQUITY</b>	<b><u>4,045,724,201</u></b>	<b><u>3,994,671,854</u></b>

#### LIABILITIES

##### NON – CURRENT LIABILITIES

Lease liabilities	529,272,832	212,090,689
End of service benefits provision	17 375,982,855	360,689,127
<b>TOTAL NON – CURRENT LIABILITIES</b>	<b><u>905,255,687</u></b>	<b><u>572,779,816</u></b>

##### CURRENT LIABILITIES

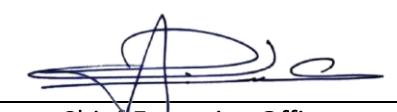
Accounts payable and other current liabilities	19 3,274,474,415	2,805,055,424
Contract liabilities	538,139,481	503,707,390
Zakat	20 217,211,950	183,613,319
liabilities of purchasing property	25,396,063	25,396,063
Lease liabilities	11,011,717	11,988,772
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>4,066,233,626</u></b>	<b><u>3,529,760,968</u></b>

  
\_\_\_\_\_  
4,066,233,626 3,529,760,968

##### TOTAL LIABILITIES

4,971,489,313  
4,102,540,784 TOTAL EQUITY

AND LIABILITIES 9,017,213,514 8,097,212,638

  
\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chairman

Chief Financial Officer

The accompanying notes from (1) to (29) form an integral part of these interim condensed consolidated financial statements

## ELM COMPANY

## (A SAUDI JOINT STOCK COMPANY) INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 All

amounts in Saudi Riyals

## Equity attributable to the equity holders of the Parent

	<u>Note</u>	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total	Non - controlling interest	Total equity
Balance as at January 1, 2023 (Audited)		800,000,000	)307,200,000(	174,708,101	)24,180,887(	2,403,679,701	3,047,006,915	-	3,047,006,915
Net profit		-	-	-	-	322,403,364	322,403,364	-	322,403,364
Other comprehensive income		-	-	-	-	322,403,364	322,403,364	-	322,403,364
		-	-	-	-	(5,966)	344,782,745	344,776,779	(12,456)
		-	-	-	-	17,076,824	-	17,076,824	17,076,824
		-	-	-	-	(310,788,800)	(310,788,800)	-	(310,788,800)
Balance as at March 31, 2024 (Unaudited)		<u>800,000,000</u>	<u>(294,758,400)</u>	<u>174,708,101</u>	<u>29,897,336</u>	<u>3,335,725,620</u>	<u>4,045,572,657</u>	<u>151,544</u>	<u>4,045,724,201</u>

Chief Financial Officer

Chief Executive Officer

Chairman

The accompanying notes from (1) to (29) form an integral part of these interim condensed consolidated financial statements

Total comprehensive income								
Treasury shares Settlement		-	12,441,600	-	(20,446,020)	8,004,420	-	-
Share-based payment	16	-	-	-	8,350,430	-	8,350,430	8,350,430
Dividends		-	-	-	)233,091,600(	)233,091,600(	-	)233,091,600(
Balance as at March 31, 2023 (Unaudited)		800,000,000	(294,758,400)	174,708,101	12,826,478	3,301,731,675	3,994,507,854	164,000 3,994,671,854
Balance as at January 1, 2024 (Audited)		-	-	-	(5,966)	344,782,745	344,782,745	(12,456) 344,770,289
Net profit		-	-	-	-	-	(5,966)	- (5,966)
Other comprehensive income		_____	_____	_____	_____	_____	_____	_____
Total comprehensive income		<u>800,000,000</u>	<u>(294,758,400)</u>	<u>174,708,101</u>	<u>(36,276,477)</u>	<u>2,500,995,885</u>	<u>3,144,669,109</u>	<u>-</u> <u>3,144,669,109</u>
Share-based payment	16							
Dividends	25							



**ELM COMPANY**

(A SAUDI JOINT STOCK COMPANY) INTERIM CONDENSED

**CONSOLIDATED STATEMENT OF CASH FLOWS**

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 All  
amounts in Saudi Riyals

	<u>Note</u>	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat		378,368,920	356,280,807
Adjustments for non-cash items:			
Depreciation and amortization	6,7,8	50,971,522	34,211,233
Expected credit losses		24,668,823	17,227,084
End of service benefits provision	17	19,873,952	17,495,096
Share based payment	16	17,076,824	8,350,430
Finance cost		4,690,478	1,085,622
Income from murabaha deposit	14,15	(43,618,982)	)31,187,205(
Share of result from investment in associate	9	226,805	2,218,741
Fair value gain from financial assets at fair value through profit or loss		451,356,622	404,964,051
Working capital adjustments:			
Accounts receivable	10	(901,720)	)740,791(
Other expenses, net	11	45,710,729	) 198,252,438(
Contract assets	12	) 30,372,474(	) 23,034
Prepaid expenses and other current assets	13	(79,793,668)	) 81,340,228(
Accounts payable and other current liabilities	19	469,044,011	) 60,500,087(
Contract liabilities		34,432,091	170,331,682
Cash from operations		<u>890,377,311</u>	<u>30,558,202</u>
Zakat paid	20	-	265,761,182
Proceeds, income from murabaha deposit		28,076,663	<u>) 3,319(</u>
End of service benefits paid	17	(4,580,224)	11,567,750
Net cash generated from operating activities		<u>913,873,750</u>	<u>)1,558,106(</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Murabaha deposit		1,126,892,728	364,812,369
Purchase of property and equipment and intangible assets		(18,619,773)	)11,688,932(
Proceeds from disposal of property and equipment		-	<u>130,834</u>
Proceeds from other financial assets	10	26,000,000	26,000,000
Investments in other financial assets	10	(381,533,651)	) 22,517,301(
Payments for capital works in progress		(31,313,844)	) 9,571,625(
Net cash generated from investing activities		<u>721,425,460</u>	<u>347,165,345</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b> Payment of principal portion of lease liabilities Finance cost paid			
		(57,236,305)	)5,053,387(
		(4,404)	)124,501(

Dividends paid	(310,413,820)	-
Net cash used in financing activities	(367,654,529)	(5,177,888)
Net Change in cash and cash equivalents 1,267,644,681 617,754,964 Cash and cash equivalents at the beginning of the period 15 <u>384,394,607</u> 588,679,391		
Net, Foreign currency exchange difference	(5,966)	-
Cash and cash equivalents at the end of the period	<u>1,652,033,322</u>	<u>1,206,434,355</u>



Chief Financial Officer



Chief Executive Officer

Chairman

The accompanying notes from (1) to (29) form an integral part of these interim condensed consolidated financial statements - 5 -

ELM COMPANY (A SAUDI JOINT STOCK COMPANY) NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 All amounts in Saudi Riyals

## 1. INFORMATION ABOUT THE COMPANY

Elm Company formerly known, as (Al Elm Information Security Company) ("the Company") is a Saudi joint stock company, incorporated in the city of Riyadh, Kingdom of Saudi Arabia on Shawwal 24, 1408 (corresponding to June 8, 1988) and is registered with Commercial Registration No. 1010069210.

The company's activities are represented in providing information security services, working in the field of electronic business, consulting services, exchanging credit information, managing and operating data and information centers, importing, developing, selling and maintaining hardware, software, information systems and communication networks, providing sites for buying and selling via the Internet, and working in the field of training and workforce development.

## 2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). These interim condensed and consolidated financial statements do not include all the information and disclosures required in the complete annual consolidated financial statements in accordance with International Financial Reporting Standards. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the group at December 31, 2023.

Certain prior period's figures have been reclassified to conform to the current period's presentation (Note 27).

### 2.1 Use of assumptions, estimates, and important accounting judgments

The significant accounting assumptions, estimates and judgments used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2023.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2023.

## 4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

**A, New and amended standards and interpretations**

There are no new and amended standards and interpretations applicable as of March 31, 2024.

**B, New and amended IFRSs not yet effective**

Standards issued but not yet effective are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Noting that the Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

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**ELM COMPANY (A SAUDI JOINT STOCK COMPANY) NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 All amounts in Saudi Riyals**

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**5. REVENUE**

The following is the group revenue analysis, as per business unit:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Digital business	1,169,658,233	970,819,086
Business process outsourcing	438,384,929	279,638,909
Professional services	30,969,282	37,702,015
	<b>1,639,012,444</b>	<b>1,288,160,010</b>

Revenue sources:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Revenue from private parties	1,065,936,786	850,902,205
Revenue from government agencies	573,075,658	437,257,805
	<b>1,639,012,444</b>	<b>1,288,160,010</b>

Revenue recognition time:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)

At a point in time	1,226,004,068	987,930,301
Over a period of time	<u>413,008,376</u>	<u>300,229,709</u>
	<u>1,639,012,444</u>	<u>1,288,160,010</u>

\*The amounts above include transactions with related parties (Note 21).

## 6. PROPERTY AND EQUIPMENT

The movement in property and equipment are as follows:

	For the three months period ended March 31	
	2024	2023
Balance at the beginning of the period	(Unaudited)	(Unaudited)
Additions during the period	<u>375,183,246</u>	353,498,965
Transfer from capital work in progress	9,035,116	6,543,401
Disposals during the period	1,068,125	-
Depreciation during the period	<u>(14,905,779)</u>	<u>(11,406,463)</u>
	<u>370,380,708</u>	<u>348,482,037</u>

## 6. PROPERTY AND EQUIPMENT(CONTINUED)

The following is a classification of depreciation if presented by function in the interim condensed consolidated statement of profit or loss and other comprehensive income:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Cost of revenue	10,072,906	7,823,761
General and administrative expenses	4,591,328	3,374,182
Selling and marketing expenses	<u>241,545</u>	208,520
	<u>14,905,779</u>	<u>11,406,463</u>

## 7. RIGHT -OF- USE ASSETS

The movement in right-of-use assets are as follows:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Balance at the beginning of the period	230,798,737	80,386,822
Additions during the period	369,084,421	17,291,433
Depreciation during the period	<u>(16,296,241)</u>	<u>(6,080,811)</u>
	<u>583,586,917</u>	<u>91,597,444</u>

The following is a classification of depreciation if presented by function in the interim condensed consolidated statement of profit or loss and other comprehensive income:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Cost of revenue	4,298,071	2,370,513
General and administrative expenses	<u>11,998,170</u>	<u>3,710,298</u>
	<u>16,296,241</u>	<u>6,080,811</u>

## 8. INTANGIBLE ASSETS

The movement in intangible assets are as follows:

	2024	For the three months period ended March 31	
		2023 (Unaudited)	(Unaudited)
Balance at the beginning of the period		174,646,541	179,633,130
Additions during the period		9,584,657	5,145,531
Transfer from capital work in progress		19,426,507	9,721,780
Amortization during the period		(19,769,502)	(16,723,959)

183,888,203	<u><u>177,776,482</u></u>
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## 8. INTANGIBLE ASSETS (CONTINUED)

The following is a classification of amortization if presented by function in the interim condensed consolidated statement of profit or loss and other comprehensive income:

	For the three months period ended March 31	
	2024	2023
Cost of revenue	(Unaudited) 17,526,517	(Unaudited) 15,927,131
General and administrative expenses	2,242,985	796,828
	<b>19,769,502</b>	<b>16,723,959</b>

## 9. INVESTMENTS IN ASSOCIATES

The movement in the balance of investments in associates are as follows:

	March 31, 2023 (Unaudited)	December 31, 2023(Audited)
<b><u>Investment using the equity method:</u></b>		
Balance at the beginning of the period	-	2,397,758
Disposals during the period	-	) 179,017(
Share of results from associates	-	(2,218,741)
	-	-
<b><u>Long Term Interest:</u></b>		
Balance at the beginning of the period	2,137,153	15,985,299
Losses at FVTPL	-	(4,120,518)
Share in total accumulated losses (A)	(226,805)	(9,727,628)
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	1,910,348	2,137,153
Group's net investment balance	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	1,910,348	2,137,153

A) The amount represents the Group's share of losses in excess of the value of the investment using the equity method, where losses are recognized by reducing other components of the company's interest in associates.

## 10. OTHER FINANCIAL ASSETS

The group's other financial assets balances consist of:

	March 31, 2023 (Unaudited)	December 31, 2023(Audited)
<b><u>Financial assets at FVTPL</u></b>		
Money Market Funds (A)	375,232,706	18,797,335

Advance payment for future equity (B)		19,936,296	19,936,296
395,169,002	38,733,631 <u>Financial assets at FVTOCI</u>		
Unquoted equity investments (C)		<u>207,970,028</u>	<u>207,970,028</u>

Other financial assets are presented in the statement of financial position as follows:

Current	375,232,706	18,797,335
Non-current	<u>227,906,324</u>	<u>227,906,324</u>
	<u>603,139,030</u>	<u>246,703,659</u>

- A) An investment in money market funds represents an investment in a public murabaha fund, aimed at achieving low risk returns for unit holders while preserving capital and providing liquidity.
- B) The advance payment for future equity represents amounts that the Group has paid to obtain shares in the upcoming investment rounds of these companies. All advance payments are considered debt instruments in accordance with IFRS 9, and when it's fair valued, cash flow and multiple methods are used for measurement. Using various methods such as cash flow models, multiples method, and Equity rounds (fair value level 3).
- C) Investments in unquoted equity represent venture capital investments for companies operating in the information technology sector in Saudi Arabia and abroad, and when it's fair valued, cash flow models and Equity rounds (Fair value level 3). Accordingly, management has chosen to classify these investments in equity at fair value through other comprehensive income, as short-term fluctuations in fair value do not align with the group's strategy of holding these investments for long-term purposes and realizing their potential performance over the long-term

#### 10. OTHER FINANCIAL ASSETS (CONTINUED)

Balance at the beginning of the period / year	246,703,659	267,403,011
Additions	381,533,651	432,696,961
Proceeds	(26,000,000)	(467,929,663)
Gain / (losses) on financial assets at FVTPL	901,720	(11,848,122)
Gain on financial assets at FVTOCI	-	26,381,472
Balance at the end of the period / year	<u>603,139,030</u>	246,703,659

#### 11. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Government receivables	1,469,723,074	1,487,490,009
Private receivables	<u>1,250,573,122</u>	<u>1,278,516,916</u>
Expected credit losses provision	2,720,296,196 (468,263,187)	2,766,006,925 (443,653,224)
	<u>2,252,033,009</u>	<u>2,322,353,701</u>

The movement in financial assets measured at fair value during the period/ year is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
	<u>                        </u>	<u>                        </u>

\*The above amounts include balances with related parties (Note 21).

## 12. CONTRACT ASSETS

Contract assets represent revenues generated from services performed by the group that have not been invoiced to customers up to the date of the interim condensed consolidated financial statements, and that revenue will be invoiced subsequent to the financial period.

Contract assets consists of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Government contract assets	735,328,294	701,502,502
Private contract assets	274,984,648	<u>271,531,330</u>
Expected credit losses provision	<u>1,006,859,624</u> <u>(128,861,465)</u> <u>877,998,159</u>	<u>(128,861,466)</u> <u>847,625,684</u>
	976,487,150	<u>                        </u>

\*The above amounts include balances with related parties (Note 21).

## 13. PREPAYMENTS AND OTHER CURRENT ASSETS

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Payments under Settlement (A)	159,220,954	-

Deferred costs	82,173,646	70,830,503
Prepaid expenses	68,456,206	77,400,840
Accrued murabha deposit income	43,665,944	37,495,313
Advance payments to vendors	42,616,764	93,910,498
Letter of guarantee	33,488,170	30,466,718
Employees receivable	27,289,757	26,020,880
Other	1,784,944	<u>1,317,073</u>
	<u>458,696,385</u>	<u>337,441,825</u>

Prepayments and other current assets consist of the following:

- A) The balance represents amounts that the Group transferred to its accounts that were not included in its assets as part of the operational activities in which the Group acts as an agent for those balances on behalf of the contracting parties. These balances are settled once they are collected (Note 15-B).

#### 14. MURABAHA DEPOSITS

The balance of long-term murabaha deposits consists of long-term deposits with a term of more than three months. The average commission is 6.26% annually (2023: 5.20% annually), and the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 41.1 million during the three months period ended March 31, 2024 (2023:SR 24.2 million). All murabaha deposits mature within one year.

#### 15. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consists of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash at banks	852,033,322	320,390,132
Short term murabaha deposits (15-A)	800,000,000	64,004,475
	<u>1,652,033,322</u>	<u>384,394,607</u>

15-A The balance of short-term murabaha deposits consists of short-term deposits of three months and less. The average commission is 6.13% annually (31 December 2023: 5.4%). the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 2.5 million during the three months period ended March 31, 2024 (2023:SR 7 million).

15-B The Company has a balance of SR 11.4 billion as at 31 March 2024 (31 December 2023: SR 2.6 billion) restricted in its bank accounts, which has not been recorded within the group's assets, The group acts as an agent for these balances on behalf of the contracted parties to operate and provide the services.

#### 16. SHARE BASED PAYMENT

During the first quarter of 2024, the Group announced the third phase of the long-term incentive plan program for its employees, the details of which are as follows:

Grant date	January 1, 2024
Due date	March 31, 2027
Average fair value of the shares	797 Saudi Riyals
Maximum number of shares granted	51,789 shares

The following is a table of share-based payment transaction expenses by program type:

	ended March 31	
	2024	2023
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Broad based Stock ownership program	-	3,064,635
Tranche 1- Long term incentive plan program	5,392,608	5,285,795
Tranche 2 – Long term incentive plan program	8,602,740	-
Tranche 3 - Long term incentive plan program	3,081,476	-
	17,076,824	8,350,430

## 17. END OF SERVICES BENEFITS PROVISION

Employee end of service benefits provision movement as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period / year	360,689,127	307,462,112
Current service cost during the period / year	16,126,839	53,971,227
Current service financing cost during the period / year	3,747,113	13,789,543
Benefits paid during the period / year	(4,580,224)	(19,996,797)
Actuarial losses during the period / year	-	5,463,042
Balance at the end of the period / year	<u>375,982,855</u>	<u>360,689,127</u>

#### 18. EARNINGS PER SHARE

Earnings per share for the period has been calculated by dividing the profit for the period by the weighted average number of shares outstanding at the end of the period. The calculation of basic and diluted earnings per share is based on the following information:

	For the three months period ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Net profit attributable to equity holders of the parent Company	<u>344,782,745</u>	<u>322,403,364</u>
Number of shares		
Weighted average number of shares for calculation for basic earnings per share	77,697,200	77,646,440
average number of shares for repurchased shares	2,302,800	2,353,560
Weighted average number of shares for calculation for diluted earnings per share	80,000,000	80,000,000

EARNINGS PER SHARE:

Basic	<u>4.44</u>	<u>4.15</u>
Diluted	<u>4.31</u>	<u>4.03</u>

19. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

	March 31, 2023 (Unaudited)	December 31, 2023 (Audited)
Accounts payable and other current liabilities are as follows:		
Income sharing and business partners payables	1,948,325,855	1,582,095,955
Employee accruals	426,230,901	368,550,827
Contractual cost	379,743,279	384,390,554
Accounts payable	339,231,932	328,851,291
Value added tax	103,525,968	74,902,463
Incentives & marketing	45,639,683	42,273,245
Retention payable	4,191,456	3,535,720
Dividend payable	2,362,022	1,987,042
Litigation provision (Note 24)	1,110,250	1,070,417
Other	<u>24,113,069</u>	<u>17,397,910</u>
	<u>3,274,474,415</u>	<u>2,805,055,424</u>

The above amounts include balances with related parties (Notes 21).

20. ZAKAT

The group submitted all its zakat returns until the end of the year 2023, with paying the zakat due based on those returns and received the zakat certificate for that year. The group has not received any zakat assessments until the date of preparing the consolidated financial statements.

20. ZAKAT (CONTINUED)

The Group pays VAT on a monthly basis and VAT returns have been submitted for all previous fiscal years. The Group underwent a tax examination for the years 2018, 2019, 2020 and 2022. The process of examining tax returns submitted for these years was closed and did not result in any tax differences.

The movement in the provision for zakat during the period / year was as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period / year	183,613,319	138,434,452
Charge during the period / year	33,598,631	117,057,649
Paid during the period / year	-	(71,878,782)
Balance at the end of the period / year	<u>217,211,950</u>	<u>183,613,319</u>

21. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties consist of governmental entities, including ministries, authorities, and other government affiliated entities (including the Public Investment Fund "the main shareholder"), government-related entities are subsidiaries of the main

shareholder, associate companies, and members of the board of directors and senior management of the Company. All of these transactions are carried out according to the terms agreed by the management of the Group. As at the date of preparing the interim consolidated financial statements, balances with related parties were unguaranteed.

## 21.1 Trading transactions

The transactions with related parties are similar to commercial transactions with external parties. Below are the details of the significant transactions with related parties:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Transactions with government entities (*)		
Service revenue (Note 5)	573,075,658	437,257,805
Services cost	307,190,136	265,283,855
Transactions with government related entities		
Service revenue (Note 5)	72,993,437	52,610,832
Services cost	50,897,123	33,147,248
Transactions with Associate companies		
Services cost	509,709	729,139
* Service revenues from government entities include transactions with the main shareholder amounting to SR 7,5 million (2023: SR 8,8 million).		
Transaction with board of directors and senior executive managers		
Salaries and benefit	7,418,215	7,762,787
Remunerations and allowances	5,110,700	5,035,625
Share based payment Expense	3,144,179	1,344,018
End of service benefits Expense	1,133,096	471,692
	<u>16,806,190</u>	<u>14,614,122</u>

## 21 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	March 31, 2024	December 31, 2023	Due 2023
Balances			
from / to related parties			
Due from related parties (*)			
<u>Due from government entities classified under:</u>			
Accounts receivable (Note 11)	1,469,723,074	1,487,490,009	
Contract assets (Note 12)	735,328,294	701,502,502	
<u>Due from government related entities classified under:</u>			
Accounts receivable (Note 11)	244,545,490	182,117,569	
Contract assets (Note 12)	57,725,044	20,364,362	
Due to Related Parties:			
<u>Due to government related classified under:</u>			
Accounts payable and other current liabilities (Note 19)	1,863,323,213	1,588,614,267	
<u>Due to government related entities classified under:</u>			

Accounts payable and other current liabilities (Note 19)	67,734,370	30,513,812
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Due to associate companies classified under:

Accounts payable and other current liabilities (Note 19)	1,469,679	2,099,460
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\* Balances due from government entities include amounts due from the main shareholder included in receivables at an amount of SR 3.8 million (2023: SR 11.2 million). And due balances included in contract assets amounting to SR 22.8 million (2023: SR 25.6 million).

## 22. SEGMENT INFORMATION

The information regarding the Group's operating segments is described below in accordance with IFRS 8, where the standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's operating decision maker. The company's business includes the following:

- 1- **Digital Business:** These are ready-to-use solutions in the form of technical services, portals, electronic applications, and related support work, which were developed by the company in cooperation with a large number of facilities in the public and private sectors with the aim of creating integrated services that cover a large segment of society, by creating advanced services that contribute to solving An existing problem or filling an existing service gap, by converting traditional procedures into electronic transactions. In addition to integrated technology businesses, entitlement engines and digital platforms, The Group provides integrated technology business solutions to clients from the public and private sectors.
- 2- **Business Process Outsourcing:** The Group seeks through business attribution solutions to enhance its competitive advantage in the field of operation and service provision in the areas of competence; And that is through the management and the total operation of services, or partial support for them in specific areas, and their progression towards a digital vision.
- 3- **Professional Services:** These include advisory services and professional services in data analysis and artificial intelligence, through which The Group understands the problems of the facility and develops a comprehensive action plan to develop its overall performance and raise customer satisfaction levels.

## 22. SEGMENT INFORMATION (CONTINUED)

The selected financial data for these sectors follows:

For the three months period  
ended March 31

	2024	2023
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Revenue

Digital Business	1,169,658,233	970,819,086
Business Process Outsourcing	438,384,929	279,638,909
Professional Services	30,969,282	37,702,015
	1,639,012,444	1,288,160,010

Cost

Direct cost

(1,012,533,451)	(743,700,940)	
Operating expenses (except depreciation and amortization, and ECL)	(216,461,238)	) 172,704,583(
Expected credit loss (ECL)	(24,668,823)	(17,227,084)
Depreciation & amortization	(50,971,522)	(34,211,233)
Other income, net	43,991,510	35,964,637

	(Unaudited)	(Unaudited)
Zakat	<u>(33,598,631)</u>	<u>(33,877,443)</u>
	<u>(1,294,242,155)</u>	<u>(965,756,646)</u>
Net profit	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

Below is a breakdown of gross profit by segments:

	For the three months period ended March 31	
Digital Business	344,770,289	322,403,364
Business Process Outsourcing	88,178,953	95,181,992
Professional Services	6,958,522	6,504,949
	626,478,993	544,459,070
	<u> </u>	<u> </u>
	2024	2023
	(Unaudited)	(Unaudited)
	<u> </u>	<u> </u>

## 22. SEGMENT INFORMATION (CONTINUED)

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	The December 31, 2023 (Audited)
<u>Assets</u>			
Digital Business	6,435,007,900	5,841,184,113	
Business Process Outsourcing	2,411,824,584	2,030,343,296	
Professional Services	170,381,030	225,685,229	
	9,017,213,514	8,097,212,638	
	<u> </u>	<u> </u>	<u> </u>
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	
<u>Liabilities</u>			
Digital Business	3,547,833,592	2,959,499,413	
Business Process Outsourcing	1,329,719,000	1,028,695,497	
Professional Services	93,936,721	114,345,874	
	4,971,489,313	4,102,540,784	
following is an analysis of the Group's assets and liabilities on the basis of segments as of:	<u> </u>	<u> </u>	<u> </u>
	<u> </u>	<u> </u>	<u> </u>

## 23. BANK FACILITIES

The Group has facilities agreements with local banks to meet the working capital requirements and support the Group's business requirements in the form of cash withdrawals and letters of guarantee with a maximum limit of SR 500 million as of March 31, 2024 (December 31, 2023: SR 500 million). The Group has utilized some of those facilities agreements to issue bank guarantees for its projects as disclosed in (Note 24).

## 24. CONTINGENT LIABILITIES

- The Group has outstanding bank letters of guarantee amounted to SAR 88 million as of March 31, 2024 (December 31, 2023: SR 109 million).
- In the normal course of business, the Group is a party to legal cases either as a plaintiff or defendant. As on March 31, 2024, the Group recorded a provision against legal cases in the amount of SR 1.1 million (December 31, 2023: SAR 1.1 million), which is the best estimate of management over the provisions of these cases and management does not expect that there will be any additional liability over the amount recorded as a provision for these cases. (Note 19).
- As of March 31, 2024, the associate companies have contingent liabilities amounted to SAR 0.67 million (December 31, 2023: nil). The Group discloses its share of contingent liabilities from its associates.

## 25. DIVIDENDS

The following table shows details of the dividends to the company's shareholders during the period::

Announcement	Date	Distribution Date	(SAR per share)	Amount	
				Distributed	Total
March 9, 2024			4	310,788,800	Interim Paid

## 26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial assets and liabilities have been accounted at amortized cost except for other financial assets which have been carried at fair value. The management assessed that fair value of current financial assets and liabilities approximate their carrying amounts.

There have been no transfers between levels during the three months period ended 31 March 2024. The fair valuation techniques are as applied as of 31 December 2023.

The below table shows the book values and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value:

	As at 31 March 2024			
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	- 375,232,706	227,906,324		603,139,030

	As at 31 December 2023			
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	- 18,797,335	227,906,324		246,703,659

## 27. COMPARATIVE FIGURES

### Reclassification

As part of the regular review of the financial disclosures and presentation, certain comparative figures have been reclassified to conform to the current period presentation of the interim condensed consolidated financial statements. The reclassification had no impact on the net assets of the Group.

## 27. COMPARATIVE FIGURES(CONTINUED)

### 1- Interim condensed consolidated statement of profit or loss and other comprehensive income

The Group has reclassified some items of expenses to enhance presentation and align with the nature of these balances, the following table presents the reclassification:

	March 31, 2023	Reclassification	Amount after reclassification
Cost of Revenue	754,971,243	(11,270,303)	743,700,940
Selling & Marketing Expenses	64,047,824	3,204,437	67,252,261
General & Admin. Expenses	97,386,456	8,065,866	105,452,322
	<u>916,405,523</u>	<u>-</u>	<u>916,405,523</u>

### 2- Interim condensed consolidated statement of cash flows

The Group has reclassified some items of current liabilities to enhance presentation and align with the nature of these balances, the following table presents the reclassification:

	March 31, 2023	Reclassification	Amount after reclassification
<u>Cash Flows from Operating Activities</u>			
Working capital adjustments:			
Accounts payable and other current liabilities	182,056,451	(11,724,769)	170,331,682
Due to related parties	(11,724,769)	11,724,769	-

### 3- Segment information

The Group has reclassified certain segment information to align with changes in the presentation of internal reports for operational decision-maker within the Group, the following table presents the reclassification:

	March 31, 2023	Reclassification	Amount after reclassification	2- A
Digital business	968,903,108	1,915,978	970,819,086	
Business process outsourcing	277,367,554	2,271,355	279,638,909	
Professional services	41,889,348	(4,187,333)	37,702,015	
	<u>1,288,160,010</u>	<u>-</u>	<u>1,288,160,010</u>	

### 2- B Gross profit:

	March 31, 2023	Reclassification	Amount after reclassification
<b>Revenues:</b>			
Digital business	447,685,479	(4,913,350)	442,772,129
Business process outsourcing	82,279,650	12,902,342	95,181,992
Professional services	3,223,638	3,281,311	6,504,949
	<u>533,188,767</u>	<u>11,270,303</u>	<u>544,459,070</u>

### 28. SUBSEQUENT EVENTS

The Extraordinary General Assembly in its meeting held on 22 Shawwal 1445 H (corresponding to 1 May 2024) approved transferring the balance of statutory reserve amounting to SR 174,708,101 to retained earnings. The financial effects of the above transaction have not been brought to account at 31 March 2024. The transfer of the group statutory reserve will be brought to account from the resolution date.

### 29. APPROVAL OF THE FINANCIAL STATEMENTS

These Interim condensed consolidated financial statements were approved by the Board of Directors on 1 Dhu alQadah 1445H (corresponding to 9 May 2024).

2024 Second Quarter Financial statement

**ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024**

**ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

---

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED  
CONSOLIDATED FINANCIAL STATEMENTS**

To the shareholders of  
**Elm Company**  
**Saudi Joint Stock Company**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Elm Company** ("the Company") and its subsidiaries (collectively referred to as "the Group"), as of 30 June 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three and six month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards 34 – "*Interim Financial Reporting*" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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 statements 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 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 interim condensed consolidated financial statements is not prepared in all material respects in accordance with IAS 34 That is endorsed in the Kingdom of Saudi Arabia.

**For Dr. Mohamed Al-Amri & Co.**

Gihad Al-Amri  
Certified Public Accountant  
License No. 362  
Riyadh on: 8 August 2024 (G)  
corresponding to: 4 Safar 1446 (H)



**ELM COMPANY**  
**( A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024 All amounts in Saudi Riyals**

For the three months period For the six months period ended June 30 ended June 30

		2024	2023	2024	2023
Revenue	5	1,767,013,240	1,403,834,362	3,406,025,684	2,691,994,372
Cost of revenue		<u>(1,032,065,648)</u>	<u>(801,841,671)</u>	<u>(2,044,599,099)</u>	<u>(1,545,543,611)</u>
	<u>Note</u>	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>GROSS PROFIT</b>		<b>734,947,592</b>	<b>601,992,691</b>	<b>1,361,426,585</b>	<b>1,146,450,761</b>
EXPENSES					
marketing		Selling and Expected credit	(71,949,685)	(59,444,949)	) 157,381,973(
losses, net			6,403,154	(20,967,861)	(18,265,669)
General and administrative			) 144,724,218(	(112,136,596)	(275,753,168)
Depreciation and amortization	6,7,8	(59,930,436)	(32,225,327)	(110,901,957)	(66,436,560)
Impairment of non-current assets		(815,642)	-	(815,642)	-
<b>OPERATING PROFIT</b>		<b>463,930,765</b>	<b>377,217,958</b>	<b>798,308,176</b>	<b>697,534,128</b>
Finance cost		Income from murabaha deposit 14,15	(7,877,607)	(1,031,039)	(12,568,085)
			29,601,838	26,380,573	73,220,820
Share of result from investment in associate	9	Gain at fair value of financial assets through profit or loss 9,10	201,104	-	(25,701)
			19,120,313	392,077	20,022,033
			19,629,856	3,513,321	1,132,868
Other income, net			<b>524,606,269</b>	<b>406,472,890</b>	<b>24,017,946</b>
<b>PROFIT BEFORE ZAKAT</b>			<b>902,975,189</b>	<b>902,975,189</b>	<b>10,839,663</b>
Zakat	21	) 38,368,502(	(33,702,206)	) 71,967,133(	(67,579,649)
<b>NET PROFIT</b>		<b>486,237,767</b>	<b>372,770,684</b>	<b>831,008,056</b>	<b>695,174,048</b>
Net profit attributable to:					
Equity holders of the parent Company		486,237,767	372,770,684	831,020,512	695,174,048
Non-controlling interests		-	-	(12,456)	-
		<b>486,237,767</b>	<b>372,770,684</b>	<b>831,008,056</b>	<b>695,174,048</b>

OTHER COMPREHENSIVE INCOME FOR THE PERIOD:

Items that may be reclassified subsequently to Profit or loss:

Foreign currency translation difference

5,879

(87)

Items that will not be reclassified subsequently to profit or loss:

Change in fair value of financial assets through other comprehensive income

10 ) 3,442,139( TOTAL COMPREHENSIVE INCOME 482,801,507

) 3,442,139(

372,770,684

827,565,830

695,174,048

Total comprehensive income attributable to: Equity holders of the parent

Company	<u>482,801,507</u>	<u>372,770,684</u>	<u>827,578,286</u>	<u>695,174,048</u>
Non-controlling interests	<u>-</u>	<u>-</u>	<u>) 12,456(</u>	<u>-</u>
	<u>482,801,507</u>	<u>372,770,684</u>	<u>827,565,830</u>	<u>695,174,048</u>

Earnings per share from net profit attributable to equity holders of the parent company:

Basic	<u>19</u>	<u>6.26</u>	<u>4.80</u>	<u>10.70</u>	<u>8.95</u>
Diluted	<u>19</u>	<u>6.08</u>	<u>4.66</u>	<u>10.39</u>	<u>8.69</u>



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from (1) to (30) form an integral part of these interim condensed consolidated financial statements

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ELM COMPANY

(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2024

All amounts in Saudi Riyals

	<u>Note</u>	<u>June 30, 2024 (Unaudited)</u>	<u>December 31, 2023 (Audited)</u>
<b>ASSETS</b>			
<b>NON – CURRENT ASSETS</b>			
Property and equipment	6	414,408,157	375,183,246
Capital work in progress		115,181,555	119,813,847
Right-of-use assets	7	594,393,595	230,798,737
Intangible assets	8	167,795,383	174,646,541
Investments in associates	9	3,282,478	2,137,153
Other financial assets	10	239,632,714	227,906,324
<b>TOTAL NON – CURRENT ASSETS</b>		<b>1,534,693,882</b>	<b>1,130,485,848</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	11	2,455,309,711	2,322,353,701
Contract assets	12	1,025,778,899	847,625,684
Prepaid expenses and other current assets	13	294,890,115	337,441,825
Other financial assets	10	735,516,064	18,797,335
Murabaha deposit	14	896,216,040	3,056,113,638
Cash and cash equivalents	15	2,329,023,569	384,394,607
<b>TOTAL CURRENT ASSETS</b>		<b>7,736,734,398</b>	<b>6,966,726,790</b>

<b>LIABILITIES</b>			
<b>NON – CURRENT LIABILITIES</b>			
Lease liabilities		527,298,663	212,090,689
End of service benefits provision	18	367,170,067	360,689,127
<b>TOTAL NON – CURRENT LIABILITIES</b>			<b>572,779,816</b>
<b>CURRENT LIABILITIES</b>		<b>894,468,730</b>	
Accounts payable and other current liabilities	20	3,041,488,388	2,805,055,424
Contract liabilities		557,612,516	503,707,390
<b>TOTAL ASSETS</b>		<b>9,271,428,280</b>	<b>8,097,212,638</b>
Zakat	2 <sup>1</sup>	163,119,744	183,613,319
liabilities of purchasing property		25,396,063	25,396,063
Lease liabilities		43,521,975	11,988,772
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,831,138,686</b>	<b>3,529,760,968</b>
<b>TOTAL LIABILITIES</b>		<b>4,725,607,416</b>	<b>4,102,540,784</b>

			
Chief Financial Officer	Chief Executive Officer	Chairman	
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		800,000,000	800,000,000
Statutory reserve	16	-	174,708,101
Treasury share		(294,758,400)	(294,758,400)
Other reserves		43,756,232	12,826,478
Retained earnings		3,996,671,488	3,301,731,675
Equity attributable to equity holders of the parent Company		<b>4,545,669,320</b>	<b>3,994,507,854</b>
Non-controlling interest		151,544	164,000
<b>TOTAL EQUITY</b>		<b>4,545,820,864</b>	<b>3,994,671,854</b>
TOTAL EQUITY AND LIABILITIES		9,271,428,280	8,097,212,638

The accompanying notes from (1) to (30) form an integral part of these interim condensed consolidated financial statements

ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024 All  
amounts in Saudi Riyals

Equity attributable to the equity holders of the Parent										
	<u>Note</u>	Share capital	Treasury earnings	Statutory	Other	Retained shares	reserve	reserves	Non - controlling interest	Total equity
Balance as at January 1, 2023 (Audited)		800,000,000	(307,200,000)	174,708,101	(24,180,887)	2,403,679,701		3,047,006,915	-	3,047,006,915
Net profit	-	-	-	-	-	-	695,174,048	695,174,048	-	695,174,048
Other	695,174,048	695,174,048	comprehensive income	-	-	Total comprehensive income				
			- - -	-	-	- - -	695,174,048			
Treasury shares settlement		-	12,441,600	-	(20,446,020)	8,004,420	-	-	-	-
Share-based payment	17	-	-	-	13,475,744	-	13,475,744	-	-	13,475,744
Dividends		-	-	-	-	(233,091,600)	(233,091,600)	-	-	(233,091,600)
Balance as at June 30, 2023 (Unaudited)		800,000,000	(294,758,400)	174,708,101	(31,151,163)	2,873,766,569	3,522,565,107	-	-	3,522,565,107
(294,758,400)	174,708,101	12,826,478	3,301,731,675	3,994,507,854	164,000	3,994,671,854	Balance as at January 1, 2024	(Audited)	800,000,000	
Net profit		-	-	-	-	-	831,020,512	831,020,512	(12,456)	831,008,056
Other comprehensive income	- - -	(3,442,226)	- (3,442,226)	- (3,442,226)	Total comprehensive income	- - -	(3,442,226)	831,020,512	827,578,286	(12,456)
									827,565,830	

Share-based payment	17	-	-	-	34,371,980	-	34,371,980	-	34,371,980
Transfer of Statutory reserve	16	-	-	(174,708,101)	-	174,708,101	-	-	-
Dividends	26	-	-	-	-	(310,788,800)	(310,788,800)	-	)310,788,800(
Balance as at June 30, 202 <sup>4</sup>									
(Unaudited)		<u>800,000,000</u>	<u>(294,758,400)</u>		<u>43,756,232</u>	<u>3,996,671,488</u>	<u>4,545,669,320</u>	<u>151,544</u>	<u>4,545,820,864</u>



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from (1) to (30) form an integral part of these interim condensed consolidated financial statements



**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024 All**  
**amounts in Saudi Riyals**

	<u>Note</u>	June 30, 2024 <u>(Unaudited)</u>	June 30, 2023 <u>(Unaudited)</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat		902,975,189	762,753,697
Adjustments for non-cash items:	6, 7, 8		
Depreciation and amortization		110,901,957	66,436,560
Impairment of non-current assets Expected credit losses		815,642	38,194,945
End of service benefits provision	18	18,265,669	34,954,888
Share based payment	17	36,941,305	13,475,744
Finance cost		34,371,980	2,116,661
Income from murabaha deposit	14,15	12,568,085	(57,582,440)
Share of result from investment in associate	9	) 73,220,820(	2,218,741
Fair value gain from financial assets at fair value through profit or loss	9, 10	25,701	
Working capital adjustments:		1,024,137,153)	861,412,894
Other expenses, net		514,482	(1,132,868)
Accounts receivable	11	(151,008,552)	)524,733,479(
Contract assets	12	(178,309,493)	(195,734,103)
Prepaid expenses and other current assets	13	72,468,789	(71,820,448)
Accounts payable and other current liabilities	20	236,057,984	212,458,644
Contract liabilities		<u>53,905,126</u>	<u>(23,791,068)</u>
Cash from operations		<u>1,057,251,031</u>	257,792,440
Zakat paid	21		(71,905,032)
Proceeds, income from murabaha deposit			
End of service benefits paid	18	(92,460,708)	32,307,620
Net cash generated from operating activities		58,033,353	(8,144,022)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<u>(30,460,365)</u>	210,051,006
Murabaha deposit		992,363,311	
Purchase of property and equipment and intangible assets	6, 8	) 29,145,604(	(15,518,200)
Proceeds from disposal of property and equipment			280,886
Proceeds from other financial assets	10	34,000,000	64,000,000
Investments in other financial assets	10	(747,036,251)	(33,767,302)

Payments for capital works in progress	<u>(74,939,705)</u>	(34,242,441)
Net cash generated from investing activities	<u>1,327,440,634</u>	526,428,280
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b> Payment of		
principal portion of lease liabilities	) 63,442,227(	(5,097,875) (23,429,979)
Payment of principal portion of purchasing property	-	(1,442,621)
Finance cost paid Dividends paid	) 1,319,267(	(233,091,600) <u>(310,413,820)</u>

Net cash used in financing activities	<u>(375,175,314)</u>	<u>(263,062,075)</u>
Net Change in cash and cash equivalents	1,944,628,631	473,417,211




Cash and cash equivalents at the beginning of the period	15	<u>384,394,607</u>	588,679,391
Net, Foreign currency exchange difference		<u>331</u>	-
Cash and cash equivalents at the end of the period		<u>2,329,023,569</u>	1,062,096,602

  
Chief Financial Officer

Chief Executive Officer

Chairman

The accompanying notes from (1) to (30) form an integral part of these interim condensed consolidated financial statements

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ELM COMPANY

(A SAUDI JOINT STOCK COMPANY)

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024

All amounts in Saudi Riyals

### 1. INFORMATION ABOUT THE COMPANY

Elm Company formerly known, as (Al Elm Information Security Company) ("the Company") is a Saudi joint stock company, incorporated in the city of Riyadh, Kingdom of Saudi Arabia on Shawwal 24, 1408 (corresponding to June 8, 1988) and is registered with Commercial Registration No. 1010069210.

The company's activities are represented in providing information security services, working in the field of electronic business, consulting services, exchanging credit information, managing and operating data and information centers, importing, developing, selling and maintaining hardware, software, information systems and communication networks, providing sites for buying and selling via the Internet, and working in the field of training and workforce development.

### 2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). These interim condensed and consolidated financial statements do not include all the information and disclosures required in the complete annual consolidated financial statements in accordance with International Financial Reporting Standards. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the group at December 31, 2023.

Certain prior period's figures have been reclassified to conform to the current period's presentation (Note 28).

#### 2.1 Use of assumptions, estimates, and important accounting judgments

The significant accounting assumptions, estimates and judgments used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2023.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2023.

#### 4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

##### A- New and amended standards and interpretations

There are no new and amended standards and interpretations applicable as of June 30, 2024, that have a material impact on the interim condensed consolidated financial statements.

##### B- New and amended IFRSs not yet effective

Standards issued but not yet effective are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Noting that the Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

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ELM COMPANY

(A SAUDI JOINT STOCK COMPANY)

#### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024

All amounts in Saudi Riyals

#### 5. REVENUE

The following is the group revenue analysis, as per business unit:

	For the three months period		For the six months period ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Digital business	1,254,365,762	1,012,121,206	2,424,023,995	1,982,940,292
Business process outsourcing	478,333,834	356,594,603	916,718,763	636,233,512
Professional services	34,313,644	35,118,553	65,282,926	72,820,568
	1,767,013,240	1,403,834,362	3,406,025,684	2,691,994,372

Revenue sources:

	For the three months period ended June 30		For the six months period ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
	_____	_____	_____	_____
Revenue from private parties	1,085,550,429	873,174,129	2,151,487,215	1,724,076,334
Revenue from government agencies	681,462,811	530,660,233	1,254,538,469	967,918,038

Revenue recognition time:

	For the three months period ended		For the six months period ended June 30	
	June 30		3,406,025,684	2,691,994,372
	2024	2023	(Unaudited)	(Unaudited)
At a point in time				
Over a period of time				
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At a point in time	1,205,243,607	1,055,472,987	2,431,247,675	2,043,403,288
Over a period of time	561,769,633	348,361,375	974,778,009	648,591,084
	1,767,013,240	1,403,834,362	3,406,025,684	2,691,994,372

The amounts above include transactions with related parties (Note 22).

## 6. PROPERTY AND EQUIPMENT

The movement in property and equipment are as follows:

			For the six months period ended
			June 30
Balance at the beginning of the period			375,183,246
Additions during the period			17,358,055
Transfer from capital work in progress			56,224,772
Disposals during the period			(514,482)
Depreciation during the period			(33,843,434)
			414,408,157
			340,562,892

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR  
THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024 All amounts in Saudi Riyals

**6. PROPERTY AND EQUIPMENT (CONTINUED)**

The following is a classification of depreciation if presented by function in the interim condensed consolidated statement of profit or loss and other comprehensive income:

	For the three months period		For the six months period ended		
	June 30		ended June 30		
	2024	2023	2024	2023	
Cost of revenue	14,323,020	7,278,315	24,395,926	15,102,074	
General and administrative expenses	4,340,415	3,549,595	8,931,743	6,923,777	
Selling and marketing expenses	274,220	137,715	515,765	346,236	
	<u>18,937,655</u>	<u>10,965,625</u>	<u>33,843,434</u>	<u>22,372,087</u>	

**7. RIGHT -OF- USE ASSETS**

The movement in right-of-use assets are as follows:

	For the six months period ended	
	June 30	
	2024	2023
Balance at the beginning of the period	230,798,737	80,386,822
Additions during the period	399,483,091	17,291,433
Disposals during the period	-	(4,212,243)
Depreciation during the period	) 35,888,233(	<u>(10,454,321)</u>
	<u>594,393,595</u>	<u>83,011,691</u>

The following is a classification of depreciation if presented by function in the interim condensed consolidated statement of profit or loss and other comprehensive income:

	For the three months period		For the six months period ended	
	June 30		ended June 30	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR  
THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024 All amounts in Saudi Riyals

Cost of revenue	5,480,462	1,427,461	9,778,533	3,797,975
General and administrative expenses	14,111,530	2,946,048	26,109,700	6,656,346
	<u>19,591,992</u>	<u>4,373,509</u>	<u>35,888,233</u>	<u>10,454,321</u>

## 8. INTANGIBLE ASSETS

The movement in intangible assets are as follows:

	For the six months period ended June 30	
	2024 (Unaudited)	2023 (Unaudited)
Balance at the beginning of the period	174,646,541	179,633,130
Additions during the period	11,787,549	5,824,325
Transfer from capital work in progress	22,531,583	16,463,762
Amortization during the period	) 41,170,290(	(33,610,152)
	<u>167,795,383</u>	<u>168,311,065</u>

	For the three months period ended June 30		For the six months period ended June 30	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of revenue	18,914,454	14,703,241	36,440,971	30,630,372
General and administrative expenses	2,486,335	2,182,952	4,729,319	2,979,780
	<u>21,400,789</u>	<u>16,886,193</u>	<u>41,170,290</u>	<u>33,610,152</u>

## 9. INVESTMENTS IN ASSOCIATES

The movement in the balance of investments in associates are as follows:

June 30, 2024 (Unaudited)	December 31, 2023(Audited)
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR  
THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024 All amounts in Saudi Riyals

The following is a classification of amortization if presented by function in the interim condensed consolidated statement of profit or loss and other comprehensive income:

	<u><u>3,282,478</u></u>	<u><u>2,137,153</u></u>
Group's net investment balance	<u><u>3,282,478</u></u>	<u><u>2,137,153</u></u>
	<u><u>3,282,478</u></u>	<u><u>2,137,153</u></u>

A) The amount represents the Group's share of losses in excess of the value of the investment using the equity method, where losses are recognized by reducing other components of the company's interest in associates.

#### 10. OTHER FINANCIAL ASSETS

The group's other financial assets balances consist of:

Investment using the equity method:

Balance at the beginning of the period	-	2,397,758
Disposals during the period	-	) 179,017(
Share of results from associates	-	(2,218,741)
	-	-

Long Term Interest:

Balance at the beginning of the period	2,137,153	15,985,299
Gain / (losses) at FVTPL	1,171,026	(4,120,518)
Share in total accumulated losses (A)	(25,701)	(9,727,628)
	<hr/>	<hr/>
	June 30, 2024 (Unaudited)	December 31, 2023(Audited)

Financial assets at FVTPL

Money Market Funds (A)	735,516,064	18,797,335
Advance payment for future equity (B)	1,385,207	19,936,296
	<hr/>	<hr/>
	736,901,271	38,733,631

Financial assets at FVTOCI

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR  
 THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024 All amounts in Saudi Riyals

Unquoted equity investments (C)	<u>238,247,507</u>	<u>207,970,028</u>
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Other financial assets are presented in the statement of financial position as follows:

Current	735,516,064	18,797,335
Non-current	<u>239,632,714</u>	<u>227,906,324</u>
	<u>975,148,778</u>	<u>246,703,659</u>

- A) An investment in money market funds represents an investment in a public murabaha fund, aimed at achieving low risk returns for unit holders while preserving capital and providing liquidity (fair value level 2).
- B) The advance payment for future equity represents amounts that the Group has paid to obtain shares in the upcoming investment rounds of these companies. All advance payments are considered debt instruments in accordance with IFRS 9, and when it's fair valued, cash flow and multiple methods are used for measurement. Using various methods such as multiples method and Equity rounds (fair value level 3).
- C) Investments in unquoted equity represent venture capital investments for companies operating in the information technology sector in Saudi Arabia and abroad, and when it's fair valued, cash flow models and Equity rounds (Fair value level 3). Accordingly, management has chosen to classify these investments in equity at fair value through other comprehensive income, as short-term fluctuations in fair value do not align with the group's strategy of holding these investments for long-term purposes and realizing their potential performance over the long-term.

10. OTHER FINANCIAL ASSETS (CONTINUED)

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period / year	246,703,659	267,403,011
Additions	747,036,251	432,696,961
Proceeds	(34,000,000)	(467,929,663)
Gain / (losses) on financial assets at FVTPL	18,851,007	(11,848,122)
(Losses) / Gain on financial assets at FVTOCI	) 3,442,139(	26,381,472

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR  
THE THREE AND SIX MONTHS PERIOD ENDED JUNE 30, 2024 All amounts in Saudi Riyals

Balance at the end of the period / year	975,148,778	246,703,659
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**11. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
The movement in financial assets measured at fair value during the period/ year is as follows:	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>

Government receivables	1,528,849,230	1,487,490,009
Private receivables	<u>1,388,166,227</u>	1,278,516,916
		2,766,006,925
Expected credit losses provision	(461,705,746)	(443,653,224)
	<u>2,455,309,711</u>	<u>2,322,353,701</u>

The above amounts include balances with related parties (Note 22).

## 12. CONTRACT ASSETS

Contract assets represent revenues generated from services performed by the group that have not been invoiced to customers up to the date of the interim condensed consolidated financial statements, and that revenue will be invoiced subsequent to the financial period.

Contract assets consists of the following:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government contract assets	850,542,706	701,502,502
Private contract assets	<u>304,253,937</u>	274,984,648
	1,154,796,643	976,487,150
Expected credit losses provision	)129,017,744(	(128,861,466)
	<u>1,025,778,899</u>	<u>847,625,684</u>

The above amounts include balances with related parties (Note 22).

## 13. PREPAYMENTS AND OTHER CURRENT ASSETS

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred costs	111,164,421	70,830,503
Prepaid expenses	40,287,726	77,400,840
Accrued murabha deposit income	36,565,959	37,495,313
Advance payments to vendors	31,526,841	93,910,498
Payments under Settlement (A)	27,989,572	-
Employees receivable	25,591,637	26,020,880
Letter of guarantee	20,117,654	30,466,718
Other	1,646,305	1,317,073
	<u>294,890,115</u>	<u>337,441,825</u>

Prepayments and other current assets consist of the following:

A) The balance represents amounts that the Group transferred to its accounts that were not included in its assets as part of the operational activities in which the Group acts as an agent for those balances on behalf of the contracting parties. These balances are settled once they are collected (Note 15-B).

#### 14. MURABAHA DEPOSITS

The balance of long-term murabaha deposits consists of long-term deposits with a term of more than three months. The average commission is 6.26% annually (2023: 5.65% annually), and the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 11 million during the three months period ended June 30, 2024 (2023: SR 23.8 million), and during the six months period ended June 30, 2024 SR 27.4 million (2023: SR 51.8 million). All murabaha deposits mature within one year.

#### 15. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consists of the following:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash at banks	696,023,569	320,390,132
Short term murabaha deposits (15-A)	<u>1,633,000,000</u>	<u>64,004,475</u>
	<u>2,329,023,569</u>	<u>384,394,607</u>

(15-A) The balance of short-term murabaha deposits consists of short-term deposits of three months and less. The average commission is 5.98% annually (2023: 5.4% annually). the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 18.6 million during the three months period ended June 30, 2024 (2023: SR 2.6 million), and during the six months period ended June 30, 2024 SR 45.8 million (2023: SR 5.8 million).

(15-B) The Company has a balance of SR 7.8 billion as at 30 June 2024 (31 December 2023: SR 2.6 billion) restricted in its bank accounts, which has not been recorded within the group's assets, The group acts as an agent for these balances on behalf of the contracted parties to operate and provide the services.

#### 16. STATUTORY RESERVE

The Extraordinary General Assembly in its meeting held on 22 Shawwal 1445 H (corresponding to 1 May 2024) approved transferring the balance of statutory reserve amounting to SR 174,708,101 to retained earnings. During the period ended June 30, 2024, the required procedures have been completed and the balance of the statutory reserve has been transferred to retained earnings.

#### 17. SHARE BASED PAYMENT

During the first quarter of 2024, the Group announced the third phase of the long-term incentive plan program for its employees, the details of which are as follows:

Grant date	Due date	Average fair value of the shares	Maximum number of shares granted	Settlement method	January
1, 2024	March 31, 2027	797	48,648	Equity	
May 23, 2024	March 31, 2027	844	24,934	Equity	

The following is a table of share-based payment transaction expenses by program type:

For the six months period ended June 30	2024	2023

	(Unaudited)	(Unaudited)
Broad based Stock ownership program	-	3,179,780
Tranche 1- Long term incentive plan	10,178,372	10,295,964
Tranche 2 - Long term incentive plan	16,611,779	-
Tranche 3 - Long term incentive plan	<u>7,581,829</u>	<u>-</u>
	<u>34,371,980</u>	<u>13,475,744</u>

## 18. END OF SERVICES BENEFITS PROVISION

Employee end of service benefits provision movement as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period / year	360,689,127	307,462,112
Current service cost during the period / year	28,210,627	53,971,227
Current service financing cost during the period / year	8,730,678	13,789,543
Benefits paid during the period / year	) 30,460,365(	(19,996,797)
Actuarial losses during the period / year	-	5,463,042
Balance at the end of the period / year	<u>367,170,067</u>	<u>360,689,127</u>

## 19. EARNINGS PER SHARE

Earnings per share for the period has been calculated by dividing the profit for the period by the weighted average number of shares outstanding at the end of the period. The calculation of basic and diluted earnings per share is based on the following information:

	For the three months period		For the six months period	
	ended June 30		ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Number of shares				
Weighted average number of shares for calculation for basic earnings per share	77,697,200	77,697,200	77,697,200	77,671,960
Weighted average number of shares for repurchased shares	2,302,800	2,302,800	2,302,800	2,328,040
Net Profit	486,237,767	372,770,684	831,020,512	695,174,048
Weighted average number of shares for calculation for diluted earnings per share	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>

EARNINGS PER SHARE:

Basic	<u>6.26</u>	<u>4.80</u>	<u>10.70</u>	<u>8.95</u>
	<u>6.08</u>	<u>4.66</u>	<u>10.39</u>	<u>8.69</u>

Diluted

## 20. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Income sharing and business partners payables	1,903,204,569	1,582,095,955
Contractual cost	445,364,046	384,390,554
Accounts payable	316,016,067	328,851,291
Employee accruals	243,220,694	368,550,827
Value added tax	63,779,215	74,902,463
Incentives & marketing	44,976,262	42,273,245
Retention payable	5,188,584	3,535,720
Dividend payable	2,362,022	1,987,042
Litigation provision (Note 25)	1,235,047	1,070,417
Other	<u>16,141,882</u>	<u>17,397,910</u>
	<u>3,041,488,388</u>	<u>2,805,055,424</u>

The above amounts include balances with related parties (Notes 22).

## 21. ZAKAT

The group submitted all its zakat returns until the end of the year 2023, with paying the zakat due based on those returns and received the zakat certificate for that year. The group has not received any zakat assessments until the date of preparing the interim condensed consolidated financial statements.

### 21. ZAKAT (CONTINUED)

The Group pays VAT on monthly basis and VAT returns have been submitted for all previous fiscal years. The Group underwent a tax examination for the years 2018, 2019, 2020 and 2022. The process of examining tax returns submitted for these years was closed and did not result in any tax differences.

The movement in the provision for zakat during the period / year was as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period / year	183,613,319	138,434,452
Charge during the period / year	71,967,133	117,057,649
Paid during the period / year	<u>(92,460,708)</u>	<u>(71,878,782)</u>
Balance at the end of the period / year	<u>163,119,744</u>	<u>183,613,319</u>

## 22. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties consist of governmental entities, including ministries, authorities, and other government affiliated entities (including the Public Investment Fund “the main shareholder”), government-related entities are subsidiaries of the main shareholder, associate companies, and members of the board of directors and senior management of the Company. All of these transactions are carried out according to the terms agreed by the management of the Group. As at the date of preparing the interim consolidated financial statements, balances with related parties were unguaranteed.

## 22.1 Related party transactions

The transactions with related parties are similar to commercial transactions with external parties. Below are the details of the significant transactions with related parties:

	For the three months period ended June 30		For the six month period ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Transactions with government entities (*)				
Service revenue (Note 5)	681,462,811	530,660,233	1,254,538,469	967,918,038
Services cost	267,240,872	181,994,433	574,431,008	447,278,288
Transactions with government related entities				
Service revenue (Note 5)	24,506,332	52,016,417	97,499,769	104,627,249
Services cost	15,308,845	33,478,885	66,205,968	66,626,133
Transactions with Associate companies				
Services cost	122,072	903,062	631,780	1,632,201
* Service revenues from government entities include transactions with the main shareholder amounting to SR 11.3 million (2023: SR 14.6 million).				
Transaction with board of directors and senior executive managers				
Salaries and benefit	7,522,326	6,793,688	14,940,541	12,908,034
Remunerations and allowances	4,040,077	9,528,153	9,150,777	16,212,219
Share based payment Expense	3,140,700	837,332	6,284,879	2,181,350
End of service benefits Expense	1,188,143	2,474,932	2,321,239	2,946,624
	15,891,246	19,634,105	32,697,436	34,248,227

**22. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

## 22.2 Related party balances

June 30, 2024      December 31,

Balances	(Unaudited)	2023 (Audited)
Due from related parties (*)		
<u>Due from government entities classified under:</u>		
Accounts receivable (Note 11)	1,528,849,230	1,487,490,009
Contract assets (Note 12)	850,542,706	701,502,502
<u>Due from government related entities classified under:</u>		
Accounts receivable (Note 11)	228,850,392	182,117,569
Contract assets (Note 12)	53,043,197	20,364,362
Due to Related Parties:		
<u>Due to government related classified under:</u>		
Accounts payable and other current liabilities (Note 20)	2,555,677,902	1,588,614,267
<u>Due to government related entities classified under:</u>		
Accounts payable and other current liabilities (Note 20)	8,083,435	30,513,812
<u>Due to associate companies classified under:</u>		
Accounts payable and other current liabilities (Note 20)	<u>2,275,562</u>	<u>2,099,460</u>

\* Balances due from government entities include amounts due from the main shareholder included in receivables at an amount of SR 5.6 million (2023: SR 11.2 million). And due balances included in contract assets amounting to SR 22.5 million (2023: SR 25.6 million).

## 23. SEGMENT INFORMATION

The information regarding the Group's operating segments is described below in accordance with IFRS 8, where the standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's operating decision maker. The company's business includes the following:

- 1- Digital Business: These are ready-to-use solutions in the form of technical services, portals, electronic applications, and related support work, which were developed by the company in cooperation with a large number of facilities in the public and private sectors with the aim of creating integrated services that cover a large segment of society, by creating advanced services that contribute to solving An existing problem or filling an existing service gap, by converting traditional procedures into electronic transactions. In addition to integrated technology businesses, entitlement engines and digital platforms, The Group provides integrated technology business solutions to clients from the public and private sectors.
- 2- Business Process Outsourcing: The Group seeks through business attribution solutions to enhance its competitive advantage in the field of operation and service provision in the areas of competence; And that is through the management and the total operation of services, or partial support for them in specific areas, and their progression towards a digital vision.
- 3- Professional Services: These include advisory services and professional services in data analysis and artificial intelligence, through which The Group understands the problems of the facility and develops a comprehensive action plan to develop its overall performance and raise customer satisfaction levels.

## 23. SEGMENT INFORMATION (CONTINUED)

For the three months period ended June 30

For the six  
months  
period

ended  
June  
30  
The

selected financial data for these sectors follows:

Revenue

	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Digital Business	1,254,365,762	1,012,121,206	2,424,023,995	1,982,940,292
Business Process Outsourcing	478,333,834	356,594,603	916,718,763	636,233,512
Professional Services	34,313,644	35,118,553	65,282,926	72,820,568
	1,767,013,240	1,403,834,362	3,406,025,684	2,691,994,372
Cost				
Direct cost	(1,032,065,648)	(801,841,671)	) 2,044,599,099(	(1,545,543,611)
Operating expenses (except depreciation and amortization, ECL, Impairment)	) 216,673,903(	(171,581,545)	) 433,135,141(	(344,285,128)
Expected credit loss (ECL)	6,403,154	(20,967,861)	(18,265,669)	(38,194,945)
Depreciation & amortization	(59,930,436)	(32,225,327)	(110,901,957)	(66,436,560)
Impairment of non-current assets	) 815,642(	-	) 815,642(	-
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other income, net	60,675,504	29,254,932	104,667,013	65,219,569
Zakat	(38,368,502)	(33,702,206)	(71,967,133)	(67,579,649)
	)1,280,775,473(	(1,031,063,678)	)2,575,017,628(	(1,996,820,324)
Net profit	486,237,767	372,770,684	831,008,056	695,174,048

Below is a breakdown of gross profit by segments:

	For the three months period ended June 30		For the six months period ended June 30	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Digital Business	600,662,292	489,165,868	1,132,003,810	931,937,997
	128,788,329	109,032,084	216,967,282	204,213,076
Professional Services	5,496,971	3,794,739	12,455,493	10,299,688
	734,947,592	601,992,691	1,361,426,585	1,146,450,761

23. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities on the basis of segments as of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Assets</b>		
Digital Business	6,598,354,418	5,841,184,113
Business Process Outsourcing	2,495,369,399	2,030,343,296
Professional Services	177,704,463	225,685,229
	<b>9,271,428,280</b>	<b>8,097,212,638</b>
<b>Liabilities</b>		
Digital Business	3,363,153,079	2,959,499,413
Business Process Outsourcing	1,271,879,130	1,028,695,497
Professional Services	90,575,207	114,345,874
	<b>4,725,607,416</b>	<b>4,102,540,784</b>
	<hr/>	<hr/>
	<hr/>	<hr/>

## 24. BANK FACILITIES

The Group has facilities agreements with local banks to meet the working capital requirements and support the Group's business requirements in the form of cash withdrawals and letters of guarantee with a maximum limit of SR 500 million as of June 30, 2024 (December 31, 2023: SR 500 million). The Group has utilized some of those facilities agreements to issue bank guarantees for its projects as disclosed in (Note 25).

## 25. CONTINGENT LIABILITIES

- The Group has outstanding bank letters of guarantee amounted to SAR 66 million as of June 30, 2024 (December 31, 2023: SR 109 million). (Note 24).
- In the normal course of business, the Group is a party to legal cases either as a plaintiff or defendant. As on June 30, 2024, the Group recorded a provision against legal cases in the amount of SR 1.2 million (December 31, 2023: SAR 1.1 million), which is the best estimate of management over the provisions of these cases and management does not expect that there will be any additional liability over the amount recorded as a provision for these cases. (Note 20).
- As of June 30, 2024, the associate companies have contingent liabilities amounted to SAR 0.67 million (December 31, 2023: nil). The Group discloses its share of contingent liabilities from its associates.

## 26. DIVIDENDS

The following table shows details of the dividends to the company's shareholders during the period:

Announcement	Date	Distribution Date	(SAR per share)	Amount		Type	Paid
				Total Distributed	Type		
March 9, 2024	March 9, 2024	March 25, 2024	4	310,788,800	Interim		

## 27. FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial assets and liabilities have been accounted at amortized cost except for other financial assets which have been carried at fair value. The management assessed that fair value of current financial assets and liabilities approximate their carrying amounts.

There have been no transfers between levels during the six months period ended 30 June 2024. The fair valuation techniques are as applied as of 31 December 2023.

The below table shows the book values and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value:

	As at 30 June 2024			
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	-	735,516,063	239,632,715	975,148,778

	As at 31 December 2023			
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	-	18,797,335	227,906,324	246,703,659

## 28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation of the interim condensed consolidated financial statements. The reclassification had no impact on the net assets of the Group.

## 28. COMPARATIVE FIGURES(CONTINUED)

### 1- Interim condensed consolidated statement of cash flows

The Group has reclassified some items of its interim condensed consolidated statement of cash flows, the following table presents the reclassification:

	June 30, 2023	Reclassification	Amount after reclassification
Cash Flows from Operating Activities			
Working capital adjustments:			
Accounts payable and other current liabilities	210,761,883	1,696,761	212,458,644
Due to related parties	1,696,761	(1,696,761)	-

### 2- Segment information

The Group has reclassified certain segment information to align with changes in the presentation of internal reports for operational decision-maker within the Group, the following table presents the reclassification:

## 2- A Revenues:

	2023	Amount after reclassification		2023	Amount after reclassification
		1,012,121,206			1,982,940,292
	For the three months period ended June 30			For the six months period ended June 30	
<b>Reclassification</b>		<b>Reclassification</b>			
Digital business	1,016,339,586	(4,218,380)		1,985,242,694	(2,302,402)
Business process outsourcing	352,376,223	4,218,380	356,594,603	629,743,777	6,489,735
Professional services	<u>35,118,553</u>	<u>-</u>	<u>35,118,553</u>	77,007,901	(4,187,333)
	<u>1,403,834,362</u>	<u>-</u>	<u>1,403,834,362</u>	2,691,994,372	72,820,568
					-
					2,691,994,372

## 2- B Gross profit:

	For the three months period ended June 30			For the six months period ended June 30		
	Amount after Amount	Amount after Amount	Amount after Amount	Amount after Amount	Amount after Amount	Amount after Amount
after						
Digital business	481,452,989	7,712,879	489,165,868	937,614,793	(5,676,796)	931,937,997
Business process outsourcing	117,969,766	(8,937,682)	109,032,084	202,675,931	1,537,144	204,213,075
Professional services	<u>2,569,936</u>	<u>1,224,803</u>	<u>3,794,739</u>	<u>6,160,037</u>	<u>4,139,652</u>	<u>10,299,689</u>
	<u>601,992,691</u>	<u>-</u>	<u>601,992,691</u>	<u>1,146,450,761</u>	<u>-</u>	<u>1,146,450,761</u>

## 29. SUBSEQUENT EVENTS

There are no subsequent significant events since the period ended 30 June 2024 that could have a material impact on the financial position of the Group as shown in these interim condensed consolidated financial statements.

## 30. APPROVAL OF THE FINANCIAL STATEMENTS

These Interim condensed consolidated financial statements were approved by the Board of Directors on 26 Muharram 1446H (corresponding to 1 August 2024).

2024 Third Quarter Financial statement

ELM COMPANY (A SAUDI JOINT STOCK COMPANY) INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE AND NINE MONTHS PERIODS ENDED  
SEPTEMBER 30, 2024

ELM COMPANY (A SAUDI JOINT STOCK COMPANY) INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024

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## INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of  
**Elm Company**  
(A Saudi Joint Stock Company)

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Elm Company** ("the Company") and its subsidiaries (collectively referred to as "the Group"), as at 30 September 2024, and the related interim condensed consolidated statement of profit or loss and statement of other comprehensive income for the three and nine month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine month period then ended, and other explanatory notes. The Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards ("IAS 34") "*Interim Financial Reporting*" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated 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 statements 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 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 interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34 That is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.

Gihad Mohamed Al-Amri  
Certified Public Accountant  
License No. 362



Riyadh, on: 7 November 2024 (G)  
Corresponding to: 5 Jumada al Ula 1446 (H)

**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024**  
All amounts in Saudi Riyals

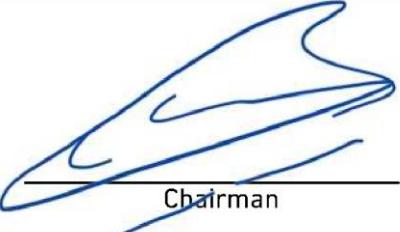
	Note	For the three months period ended September 30		For the nine months period ended September 30	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue	5	<b>1,871,539,614</b>	1,521,000,195	<b>5,277,565,298</b>	4,212,994,567
Cost of revenue		<b>(1,034,431,063)</b>	(945,534,356)	<b>(3,079,030,161)</b>	(2,491,077,967)
<b>GROSS PROFIT</b>		<b>837,108,551</b>	575,465,839	<b>2,198,535,137</b>	1,721,916,600
<b>EXPENSES</b>					
Selling and marketing		<b>(78,109,450)</b>	(66,952,781)	<b>(235,491,423)</b>	(193,650,020)
Expected credit losses, net		<b>(43,873,773)</b>	(25,642,756)	<b>(62,139,442)</b>	(63,837,701)
General and administrative		<b>(150,392,660)</b>	(121,799,551)	<b>(426,145,828)</b>	(339,387,440)
Depreciation and amortization	6,7,8	<b>(69,633,097)</b>	(38,114,788)	<b>(180,535,053)</b>	(104,551,348)
Impairment of non-current assets		<b>(1,126,789)</b>	-	<b>(1,942,431)</b>	-
<b>OPERATING PROFIT</b>		<b>493,972,782</b>	322,955,963	<b>1,292,280,960</b>	1,020,490,091
Finance cost		<b>(8,069,170)</b>	(1,250,655)	<b>(20,637,255)</b>	(3,367,316)
Income from murabaha deposit	14,15	<b>32,718,237</b>	33,577,664	<b>105,939,057</b>	91,160,104
Share of result from investment in associate	9	<b>(490,565)</b>	-	<b>(516,266)</b>	(2,218,741)
Gain at fair value of financial assets through profit or loss	9,10	<b>7,961,811</b>	352,090	<b>27,983,846</b>	1,484,958
Other income, net		<b>5,448,707</b>	8,373,859	<b>29,466,645</b>	19,213,522
<b>PROFIT BEFORE ZAKAT</b>		<b>531,541,802</b>	364,008,921	<b>1,434,516,987</b>	1,126,762,618
Zakat	21	<b>(33,300,181)</b>	(29,762,998)	<b>(105,267,314)</b>	(97,342,647)
<b>NET PROFIT</b>		<b>498,241,621</b>	334,245,923	<b>1,329,249,673</b>	1,029,419,971
<b>Net profit attributable to:</b>					
Equity holders of the parent Company		<b>498,241,621</b>	334,245,923	<b>1,329,262,129</b>	1,029,419,971
Non-controlling interests		<b>-</b>	-	<b>(12,456)</b>	-
		<b>498,241,621</b>	334,245,923	<b>1,329,249,673</b>	1,029,419,971
<b>Earnings per share from net profit attributable to equity holders of the parent company:</b>					
Basic	19	<b>6.41</b>	4.30	<b>17.11</b>	13.25
Diluted	19	<b>6.23</b>	4.18	<b>16.62</b>	12.87



Chief Financial Officer



Chief Executive Officer



Chairman

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**ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024**

All amounts in Saudi Riyals

Note	For the three months period ended September 30		For the nine months period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
NET PROFIT	498,241,621	334,245,923	1,329,249,673	1,029,419,971
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD:</b>				
<i>Items that may be reclassified subsequently to Profit or loss:</i>				
Foreign currency translation difference	(1,025)	-	(1,112)	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in fair value of financial assets through other comprehensive income	10	(9,245,262)	-	(12,687,401)
<b>TOTAL COMPREHENSIVE INCOME</b>		488,995,334	334,245,923	1,316,561,160
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent Company	488,995,334	334,245,923	1,316,573,616	1,029,419,971
Non-controlling interests	-	-	(12,456)	-
	488,995,334	334,245,923	1,316,561,160	1,029,419,971

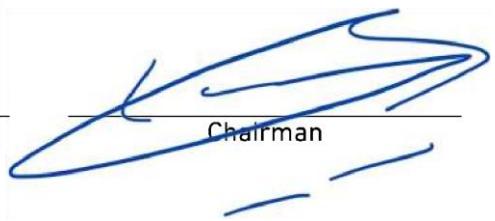
مراجع



Chief Financial Officer



Chief Executive Officer



Chairman

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**ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT SEPTEMBER 30, 2024**

**All amounts in Saudi Riyals**

	Note	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>ASSETS</b>			
<b>NON – CURRENT ASSETS</b>			
Property and equipment	6	458,532,214	375,183,246
Capital work in progress		75,383,195	119,813,847
Right-of-use assets	7	574,726,877	230,798,737
Intangible assets	8	184,400,488	174,646,541
Investments in associates	9	6,968,760	2,137,153
Other financial assets	10	230,387,453	227,906,324
<b>TOTAL NON – CURRENT ASSETS</b>		<b>1,530,398,987</b>	<b>1,130,485,848</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	11	2,724,391,975	2,322,353,701
Contract assets	12	971,584,622	847,625,684
Prepaid expenses and other current assets	13	347,811,272	337,441,825
Other financial assets	10	473,801,028	18,797,335
Murabaha deposit	14	2,135,305,606	3,056,113,638
Cash and cash equivalents	15	603,320,355	384,394,607
<b>TOTAL CURRENT ASSETS</b>		<b>7,256,214,858</b>	<b>6,966,726,790</b>
<b>TOTAL ASSETS</b>		<b>8,786,613,845</b>	<b>8,097,212,638</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		800,000,000	800,000,000
Statutory reserve	16	-	174,708,101
Treasury share		(294,758,400)	(294,758,400)
Other reserves		55,018,838	12,826,478
Retained earnings		4,222,972,905	3,301,731,675
<b>Equity attributable to equity holders of the parent Company</b>		<b>4,783,233,343</b>	<b>3,994,507,854</b>
Non-controlling interest		151,544	164,000
<b>TOTAL EQUITY</b>		<b>4,783,384,887</b>	<b>3,994,671,854</b>
<b>LIABILITIES</b>			
<b>NON – CURRENT LIABILITIES</b>			
Lease liabilities		530,663,769	212,090,689
End of service benefits provision	18	371,935,310	360,689,127
<b>TOTAL NON – CURRENT LIABILITIES</b>		<b>902,599,079</b>	<b>572,779,816</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current liabilities	20	2,234,858,049	2,805,055,424
Contract liabilities		625,040,409	503,707,390
Zakat	21	196,419,925	183,613,319
liabilities of purchasing property		-	25,396,063
Lease liabilities		44,311,496	11,988,772
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,100,629,879</b>	<b>3,529,760,968</b>
<b>TOTAL LIABILITIES</b>		<b>4,003,228,958</b>	<b>4,102,540,784</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,786,613,845</b>	<b>8,097,212,638</b>

برقم



Chief Financial Officer



Chief Executive Officer



Chairman

**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

All amounts in Saudi Riyals

<b>Equity attributable to the equity holders of the Parent</b>									
	<b>Note</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Statutory reserve</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>	<b>Non - controlling interest</b>	<b>Total equity</b>
<b>Balance as at January 1, 2023</b> <b>(Audited)</b>		800,000,000	(307,200,000)	174,708,101	(24,180,887)	2,403,679,701	3,047,006,915	-	3,047,006,915
Net profit		-	-	-	-	1,029,419,971	1,029,419,971	-	1,029,419,971
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	1,029,419,971	1,029,419,971	-	1,029,419,971
Treasury shares settlement		-	12,441,600	-	(20,446,020)	8,004,420	-	-	-
Share-based payment transaction	17	-	-	-	21,235,153	-	21,235,153	-	21,235,153
Dividends		-	-	-	-	(466,183,200)	(466,183,200)	-	(466,183,200)
<b>Balance as at September 30, 2023</b> <b>(Unaudited)</b>		800,000,000	(294,758,400)	174,708,101	(23,391,754)	2,974,920,892	3,631,478,839	-	3,631,478,839
<b>Balance as at January 1, 2024</b> <b>(Audited)</b>		800,000,000	(294,758,400)	174,708,101	12,826,478	3,301,731,675	3,994,507,854	164,000	3,994,671,854
Net profit		-	-	-	-	1,329,262,129	1,329,262,129	(12,456)	1,329,249,673
Other comprehensive income		-	-	-	(12,688,513)	-	(12,688,513)	-	(12,688,513)
<b>Total comprehensive income</b>		-	-	-	(12,688,513)	1,329,262,129	1,316,573,616	(12,456)	1,316,561,160
Share-based payment transaction	17	-	-	-	54,880,873	-	54,880,873	-	54,880,873
Transfer of Statutory reserve	16	-	-	(174,708,101)	-	174,708,101	-	-	-
Dividends	26	-	-	-	-	(582,729,000)	(582,729,000)	-	(582,729,000)
<b>Balance as at September 30, 2024</b> <b>(Unaudited)</b>		800,000,000	(294,758,400)	-	55,018,838	4,222,972,905	4,783,233,343	151,544	4,783,384,887



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from (1) to (30) form an integral part of these interim condensed consolidated financial statements

**ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

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**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

**All amounts in Saudi Riyals**

	Note	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat		<b>1,434,516,987</b>	1,126,762,618
<i>Adjustments for non-cash items:</i>			
Depreciation and amortization	6, 7, 8	<b>180,535,053</b>	104,551,348
Impairment of non-current assets		<b>1,942,431</b>	-
Expected credit losses		<b>62,139,442</b>	63,837,701
End of service benefits provision	18	<b>52,644,381</b>	50,657,629
Share based payment transaction	17	<b>54,880,873</b>	21,235,153
Finance cost		<b>20,637,255</b>	3,367,316
Income from murabaha deposit	14,15	<b>(105,939,057)</b>	(91,160,104)
Share of result from investment in associate	9	<b>516,266</b>	2,218,741
Fair value gain from financial assets at fair value through profit or loss	9, 10	<b>(27,983,846)</b>	(1,484,958)
Other expenses, net		<b>835,556</b>	5,983
		<b>1,674,725,341</b>	1,279,991,427
<i>Working capital adjustments:</i>			
Accounts receivable	11	<b>(464,653,170)</b>	(694,283,091)
Contract assets	12	<b>(123,843,483)</b>	(286,865,930)
Prepaid expenses and other current assets	13	<b>13,938,310</b>	(35,481,132)
Accounts payable and other current liabilities	20	<b>(569,838,608)</b>	599,706,049
Contract liabilities		<b>121,333,019</b>	19,957,101
		<b>651,661,409</b>	883,024,424
<b>Cash from operations</b>			
Zakat paid	21	<b>(92,460,708)</b>	(71,905,032)
Proceeds, income from murabaha deposit		<b>143,910,435</b>	55,335,566
End of service benefits paid	18	<b>(41,398,198)</b>	(10,575,546)
<b>Net cash generated from operating activities</b>		<b>661,712,938</b>	855,879,412
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Murabaha deposit		<b>858,131,090</b>	(429,283,518)
Purchase of property and equipment and intangible assets	6, 8	<b>(79,298,520)</b>	(46,510,374)
Purchase of investments in associates	9	<b>(4,500,000)</b>	-
Proceeds from disposal of property and equipment		<b>-</b>	280,884
Proceeds from other financial assets	10	<b>304,000,000</b>	298,793,135
Proceeds from investments in associates		<b>-</b>	150,000
Investments in other financial assets	10	<b>(747,036,250)</b>	(278,560,436)
Payments for capital works in progress		<b>(97,172,296)</b>	(96,073,069)
<b>Net cash generated from/(used in) investing activities</b>		<b>234,124,024</b>	(551,203,378)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		<b>(66,391,764)</b>	(23,047,351)
Payment of principal portion of purchasing property		<b>(25,396,063)</b>	(23,429,979)
Finance cost paid		<b>(2,728,762)</b>	(1,840,954)
Dividends paid		<b>(582,395,800)</b>	(466,183,200)
<b>Net cash used in financing activities</b>		<b>(676,912,389)</b>	(514,501,484)
<b>Net Change in cash and cash equivalents</b>		<b>218,924,573</b>	(209,825,450)
Cash and cash equivalents at the beginning of the period	15	<b>384,394,607</b>	588,679,391
Net, Foreign currency exchange difference		<b>1,175</b>	-
<b>Cash and cash equivalents at the end of the period</b>		<b>603,320,355</b>	378,853,941

Chief Financial Officer

Chief Executive Officer

Chairman

The accompanying notes from (1) to (30) form an integral part of these interim condensed consolidated financial statements



**ELM COMPANY (A SAUDI JOINT STOCK COMPANY) NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024 All amounts in Saudi Riyals**

**1. INFORMATION ABOUT THE COMPANY**

Elm Company formerly known, as (Al Elm Information Security Company) ("the Company") is a Saudi joint stock company, incorporated in the city of Riyadh, Kingdom of Saudi Arabia on Shawwal 24, 1408 (corresponding to June 8, 1988) and is registered with Commercial Registration No. 1010069210.

The company's activities are represented in providing information security services, working in the field of electronic business, consulting services, exchanging credit information, managing and operating data and information centers, importing, developing, selling and maintaining hardware, software, information systems and communication networks, providing sites for buying and selling via the Internet, and working in the field of training and workforce development.

**2. BASIS OF PREPARATION**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). These interim condensed and consolidated financial statements do not include all the information and disclosures required in the complete annual consolidated financial statements in accordance with International Financial Reporting Standards. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the group at December 31, 2023.

Certain prior period's figures have been reclassified to conform to the current period's presentation (Note 28).

**2.1 Use of assumptions, estimates, and important accounting judgments**

The significant accounting assumptions, estimates and judgments used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2023.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2023.

**4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

**A- New and amended standards and interpretations**

There are no new and amended standards and interpretations applicable as of September 30, 2024, that have a material impact on the interim condensed consolidated financial statements.

**B- New and amended IFRSs not yet effective**

Standards issued but not yet effective are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2023. Noting that the Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

**ELM COMPANY (A SAUDI JOINT STOCK COMPANY) NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024 All amounts in Saudi Riyals**

## 5. REVENUE

The following is the group revenue analysis, as per business unit:

	For the three months period ended September 30		For the nine months period ended September 30	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Digital business	1,435,167,754	1,087,905,435	3,859,191,749	3,070,845,727
Business process outsourcing	408,172,650	391,259,024	1,324,891,413	1,027,492,536
Professional services	28,199,210	41,835,736	93,482,136	114,656,304
	<u>1,871,539,614</u>	<u>1,521,000,195</u>	<u>5,277,565,298</u>	<u>4,212,994,567</u>

Revenue sources:

	For the three months period ended September 30			For the nine months period ended September 30	
	2024	2023	(Unaudited)	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from private parties	1,199,640,540	976,168,850	3,351,127,755	2,700,245,184	
Revenue from government agencies	671,899,074	544,831,345	1,926,437,543	1,512,749,383	
	<u>1,871,539,614</u>	<u>1,521,000,195</u>	<u>5,277,565,298</u>	<u>4,212,994,567</u>	

Revenue recognition time:

	For the three months period ended September 30		For the nine months period ended September 30	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At a point in time	1,498,871,544	1,169,866,939	3,930,119,220	3,213,270,227
Over a period of time	372,668,070	351,133,256	1,347,446,078	999,724,340
	<u>1,871,539,614</u>	<u>1,521,000,195</u>	<u>5,277,565,298</u>	<u>4,212,994,567</u>

The amounts above include transactions with related parties (Note 22).

## 6. PROPERTY AND EQUIPMENT

The movement in property and equipment are as follows:

	For the nine months period ended September 30	
Balance at the beginning of the period (A)		
	<u>375,183,246</u>	<u>353,498,965</u>

**ELM COMPANY**

(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR  
THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2024 All amounts in Saudi Riyals

Additions during the period	55,147,017	44,488,476
Transfer from capital work in progress	89,207,693	-
Disposals during the period	(875,978)	(257,851)
Depreciation during the period	(60,129,764)	(36,127,235)
	<u>458,532,214</u>	<u>361,602,355</u>

**PROPERTY AND EQUIPMENT(CONTINUED)**

The following is a classification of depreciation if presented by function in the interim condensed consolidated statement of profit or loss:

	For the three months period 30 ended September 30	For the nine months period ended September	
	2024	2023	2024
	(Unaudited)	(Unaudited)	(Unaudited)
Cost of revenue	19,781,669	8,681,287	44,177,595
General and administrative expenses	6,135,842	4,810,988	15,153,845
Selling and marketing expenses	282,560	262,874	798,324
	<u>26,200,071</u>	<u>13,755,149</u>	<u>60,129,764</u>
	<u>                  </u>	<u>                  </u>	<u>                  </u>
	<u>                  </u>	<u>                  </u>	<u>                  </u>

(A) During 2011, the Company purchased land and a building to be the headquarters at a cost of SR 303 million. The last payment of the contract to purchase the head office was paid during the current quarter and the company is still working on the procedures for transferring ownership of the land and the building.

**RIGHT -OF- USE ASSETS**

The movement in right-of-use assets are as follows:

	For the nine months period ended September 30	
	2024	2023
	(Unaudited)	(Unaudited)
Balance at the beginning of the period	230,798,737	80,386,822
Additions during the period	399,483,091	87,053,248
Disposals during the period	-	(4,212,242)
Depreciation during the period	(55,554,951)	(16,544,748)
	<u>574,726,877</u>	<u>146,683,080</u>
	<u>                  </u>	<u>                  </u>

The following is a classification of depreciation if presented by function in the interim condensed consolidated statement of profit or loss:

	For the three months period ended September 30		For the nine months period ended September 30	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Cost of revenue	5,540,692	2,131,344	15,319,225	5,929,319
General and administrative expenses	<u>14,126,026</u>	<u>3,959,083</u>	<u>40,235,726</u>	<u>10,615,429</u>
	<u>19,666,718</u>	<u>6,090,427</u>	<u>55,554,951</u>	<u>16,544,748</u>

## INTANGIBLE ASSETS

The movement in intangible assets are as follows:

	For the nine months period ended September 30	
	2024 (Unaudited)	2023 (Unaudited)
Balance at the beginning of the period	174,646,541	179,633,130
Additions during the period	24,151,503	2,021,898
Transfer from capital work in progress	51,579,571	40,188,349
Amortization during the period	(64,850,338)	(51,879,365)
Impairment	(1,126,789)	-
	<u>184,400,488</u>	<u>169,964,012</u>

The following is a classification of amortization if presented by function in the interim condensed consolidated statement of profit or loss:

	For the three months period ended September 30	For the nine months period ended September 30
	2024 (Unaudited)	2023 (Unaudited)
Cost of revenue	21,293,915	15,538,03
General and administrative expenses	<u>2,472,393</u>	<u>2,731,178</u>
	<u>23,766,308</u>	<u>18,269,212</u>
	2024 (Unaudited)	2023 (Unaudited)
	57,734,886	46,168,407
	<u>7,115,452</u>	<u>5,710,958</u>
	<u>64,850,338</u>	<u>51,879,365</u>

## 9. INVESTMENTS IN ASSOCIATES

The movement in the balance of investments in associates are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<u>Investment using the equity method:</u>		
Balance at the beginning of the period/year	-	2,397,758
Disposals	-	) 179,017(
Share of results from associates	-	(2,218,741)
	-	
<u>Long Term Interest:</u>		
Balance at the beginning of the period/year	2,137,153	15,985,299
Additions	4,500,000	-
Gain / (losses) at FVTPL	847,873	(4,120,518)
Share in total accumulated losses (A)	) 516,266(	(9,727,628)
	<u>6,968,760</u>	<u>2,137,153</u>

Group's net investment balance	6,968,760	2,137,153
--------------------------------	-----------	-----------

A) The amount represents the Group's share of losses in excess of the value of the investment using the equity method, where losses are recognized by reducing other components of the company's interest in associates.

## 10. OTHER FINANCIAL ASSETS

The group's other financial assets balances consist of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Financial assets at FVTPL</b>		
Money Market Funds (A)	473,801,028	18,797,335
Advance payment for future equity (B)	1,385,208	19,936,296
	<hr/>	<hr/>
475,186,236	38,733,631	<b>Financial assets at FVTOCI</b>
	<hr/>	<hr/>
Unquoted equity investments (C)	<hr/>	<hr/>
	<hr/>	<hr/>
	<hr/>	<hr/>

Other financial assets are presented in the statement of financial position as follows:

Current	473,801,028	18,797,335
Non-current	<hr/>	<hr/>
	<hr/>	<hr/>

- A) An investment in money market funds represents an investment in a public murabaha fund, aimed at achieving low risk returns for unit holders while preserving capital and providing liquidity (fair value level 2).
- B) The advance payment for future equity represents amounts that the Group has paid to obtain shares in the upcoming investment rounds of these companies. All advance payments are considered debt instruments in accordance with IFRS 9, and when it's fair valued, cash flow and multiple methods are used for measurement. Using various methods such as multiples method and Equity rounds (fair value level 3).
- C) Investments in unquoted equity represent venture capital investments for companies operating in the information technology sector in Saudi Arabia and abroad, and when it's fair valued, cash flow models and Equity rounds (Fair value level 3). Accordingly, management has chosen to classify these investments in equity at fair value through other comprehensive income, as short-term fluctuations in fair value do not align with the group's strategy of holding these investments for long-term purposes and realizing their potential performance over the long-term.

## 10. OTHER FINANCIAL ASSETS (CONTINUED)

The movement in financial assets measured at fair value during the period/ year is as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period/year	246,703,659	267,403,011
Additions	747,036,250	432,696,961
Proceeds	) 304,000,000(	(467,929,663)
Gain / (losses) on financial assets at FVTPL	27,135,973	(11,848,122)
(Losses) / Gain on financial assets at FVTOCI	) 12,687,401(	26,381,472
Balance at the end of the period/year	<u>704,188,481</u>	<u>246,703,659</u>

## 11. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government receivables	1,774,533,917	1,487,490,009
Private receivables	1,456,126,178	<u>1,278,516,916</u>
		2,766,006,925
Expected credit losses provision	3,230,660,095 ) 506,268,120(	(443,653,224)
	<u>2,724,391,975</u>	<u>2,322,353,701</u>

The above amounts include balances with related parties (Note 22).

## 12. CONTRACT ASSETS

Contract assets represent revenues generated from services performed by the group that have not been invoiced to customers up to the date of the interim condensed consolidated financial statements, and that revenue will be invoiced subsequent to the financial period.

Contract assets consist of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government contract assets	715,709,523	701,502,502
Private contract assets	274,984,648	<u>384,621,115</u>
	976,487,150	<u>1,100,330,638</u>
Expected credit losses provision	) 128,746,016(	(128,861,466)

<u>971,584,622</u>	<u>847,625,684</u>
--------------------	--------------------

The above amounts include balances with related parties (Note 22).

### 13. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consist of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred costs	149,711,364	70,830,503
Prepaid expenses	59,463,548	77,400,840
Accrued murabha deposit income	34,974,652	37,495,313
Advance payments to vendors	29,952,613	93,910,498
Employees receivable	29,497,633	26,020,880
Letter of guarantee	24,474,061	30,466,718
Payments under Settlement (A)	19,113,262	-
Other	<u>624,139</u>	<u>1,317,073</u>
	<u>347,811,272</u>	<u>337,441,825</u>

A) The balance represents amounts that the Group transferred to its accounts that were not included in its assets as part of the operational activities in which the Group acts as an agent for those balances on behalf of the contracting parties. These balances are settled once they are collected (Note 15-B).

### 14. MURABAHA DEPOSITS

The balance of long-term murabaha deposits consists of long-term deposits with a term of more than three months. The average commission is 6.12% annually (2023: 5.94% annually), and the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 6.9 million during the three months period ended September 30, 2024 (2023: SR 17.1 million), and during the nine months period ended September 30, 2024 SR 34.3 million (2023: SR 68.9 million). All murabaha deposits mature within one year.

### 15. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consists of the following:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash at banks	263,320,355	320,390,132
Short term murabaha deposits (15-A)	<u>340,000,000</u>	<u>64,004,475</u>
	<u>603,320,355</u>	<u>384,394,607</u>

(15-A) The balance of short-term murabaha deposits consists of short-term deposits of three months and less. The average commission is 5.87% annually (2023: 5.79% annually). The interim condensed consolidated statement of

profit or loss has been charged with a total deposit income of SR 25.8 million during the three months period ended September 30, 2024 (2023: SR 16.4 million), and during the nine months period ended September 30, 2024 SR 71.6 million (2023: SR 22.3 million).

(15-B) The Company has a balance of SR 4.3 billion as at 30 September 2024 (31 December 2023: SR 2.6 billion) recorded in its bank accounts, which has not been recorded within the group's assets. The group acts as an agent for these balances on behalf of the contracted parties to operate and provide the services.

#### 16. STATUTORY RESERVE

The Extraordinary General Assembly in its meeting held on 22 Shawwal 1445 H (corresponding to 1 May 2024) approved transferring the balance of statutory reserve amounting to SR 174,708,101 to retained earnings. During the period ended September 30, 2024, the required procedures have been completed and the balance of the statutory reserve has been transferred to retained earnings.

#### 17. SHARE BASED PAYMENT

During the first quarter of 2024, the Group announced the third phase of the long-term incentive plan program for its employees, the details of which are as follows:

<u>Grant date</u>	<u>Due date</u>	<u>Average fair value of the shares</u>	<u>Maximum number of shares granted</u>	<u>Settlement method</u>	<u>January</u>
1, 2024	March 31, 2027	797	48,648	Equity	
May 23, 2024	March 31, 2027		844	24,934	Equity

The following is a table of share-based payment transaction expenses by program type:

	<u>For the nine months period ended September 30</u>	
	<u>2024</u>	<u>2023</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Broad based Stock ownership program	-	3,002,665
Tranche 1- Long term incentive plan	15,954,747	15,633,828
Tranche 2 - Long term incentive plan	25,956,749	2,598,660
Tranche 3 - Long term incentive plan	<u>12,969,377</u>	<u>-</u>
	<u>54,880,873</u>	<u>21,235,153</u>

#### 18. END OF SERVICES BENEFITS PROVISION

Employee end of service benefits provision movement as follows:

	<u>September 30, 2024 (Unaudited)</u>	<u>December 31, 2023 (Audited)</u>
Balance at the beginning of the period/year	360,689,127	307,462,112
Current service cost	41,920,536	53,971,227
Current service financing cost	10,723,845	13,789,543
Benefits paid	) 41,398,198(	(19,996,797)
Actuarial losses	-	5,463,042
Balance at the end of the period/year	<u>371,935,310</u>	<u>360,689,127</u>

## 19. EARNINGS PER SHARE

Earnings per share for the period has been calculated by dividing the profit for the period by the weighted average number of shares outstanding at the end of the period. The calculation of basic and diluted earnings per share is based on the following information:

	For the three months period ended September 30		For the nine months period ended September 30	
	2024 <u>(Unaudited)</u>	2023 <u>(Unaudited)</u>	2024 <u>(Unaudited)</u>	2023 <u>(Unaudited)</u>
	<hr/>			
Net profit attributable to equity holders of the parent company	498,241,621	334,245,923	<u>1,329,262,129</u>	<u>1,029,419,971</u>
Number of shares				
Weighted average number of shares for calculation for basic earnings per share	77,697,200	77,697,200	77,697,200	77,680,466
Weighted average number of shares for repurchased shares	<hr/>	<hr/>	<hr/>	<hr/>
	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>
	2,302,800	2,302,800	2,302,800	2,319,534
Weighted average number of shares for calculation for diluted earnings per share	<hr/>	<hr/>	<hr/>	<hr/>
EARNINGS PER SHARE:				
Basic	<u>6.41</u>	<u>4.30</u>	<u>17.11</u>	<u>13.25</u>
	<u>6.23</u>	<u>4.18</u>	<u>16.62</u>	<u>12.87</u>
Diluted				

## 20. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities are as follows:

	September 30, 2024 <u>(Unaudited)</u>	December 31, 2023 <u>(Audited)</u>
Income sharing and business partners payables	1,044,827,253	1,582,095,955
Contractual cost	388,013,079	384,390,554
Accounts payable	372,784,331	328,851,291
Employee accruals	286,485,596	368,550,827
Value added tax	61,777,462	74,902,463
Incentives & marketing	44,952,800	42,273,245
Retention payable	6,127,326	3,535,720
Dividend payable	2,320,242	1,987,042
Litigation provision (Note 25)	2,185,774	1,070,417

Other	<u>25,384,186</u>	<u>17,397,910</u>
	<u>2,234,858,049</u>	<u>2,805,055,424</u>

The above amounts include balances with related parties (Notes 22).

## 21. ZAKAT

The group submitted all its zakat returns until the end of the year 2023, with paying the zakat due based on those returns and received the zakat certificate for that year. The group has not received any zakat assessments until the date of preparing the interim condensed consolidated financial statements.

## 21. ZAKAT (CONTINUED)

The Group pays VAT on monthly basis and VAT returns have been submitted for all previous fiscal years. The Group underwent a tax examination for the years 2018, 2019, 2020 and 2022. The process of examining tax returns submitted for these years was closed and did not result in any tax differences.

The movement in the provision for zakat during the period / year was as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period year	183,613,319	138,434,452
Charge	105,267,314	117,057,649
Paid	<u>) 92,460,708(</u>	<u>(71,878,782)</u>
Balance at the end of the period/year	<u>196,419,925</u>	<u>183,613,319</u>

## 22. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties consist of governmental entities, including ministries, authorities, and other government affiliated entities (including the Public Investment Fund “the main shareholder”), government-related entities are subsidiaries of the main shareholder, associate companies, and members of the board of directors and senior management of the Company. All of these transactions are carried out according to the terms agreed by the management of the Group. As at the date of preparing the interim consolidated financial statements, balances with related parties were unguaranteed.

### 22.1 Related party transactions

The transactions with related parties are similar to commercial transactions with external parties. Below are the details of the significant transactions with related parties:

	For the three months period ended September 30		For the nine months period ended September 30	
			2024	2023
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Transactions with government entities (*)				
Service revenue (Note 5)	671,899,074	544,831,345	1,926,437,543	1,512,749,383

Services cost	325,409,274	126,111,126	899,840,282	573,389,414
Transactions with government related entities				
Service revenue (Note 5)	27,765,928	16,099,096	125,265,697	120,726,345
Services cost	13,196,159	12,716,465	79,402,128	79,342,598
Transactions with Associate companies				
Services cost	1,335,289	4,987,186	1,967,069	6,619,387
* Service revenues from government entities include transactions with the main shareholder amounting to SR 15.7 million (2023: SR 15.6 million).				
Transaction with board of directors and senior executive managers				
Salaries and benefit	7,147,854	8,293,338	22,088,395	24,545,851
Remunerations and allowances	3,194,357	4,665,131	12,345,134	14,826,560
Share based payment Expense	5,465,552	1,174,126	11,750,431	3,355,476
End of service benefits Expense	437,515	531,925	2,758,754	3,478,550
	<u>16,245,278</u>	<u>14,664,520</u>	<u>48,942,714</u>	<u>46,206,437</u>

## 22. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

### 22.2 Related party balances

		September 30, 2024	December 31, 2023
Balances		(Unaudited)	(Audited)
Due from related parties (*)			
<u>Due from government entities classified under:</u>			
Accounts receivable (Note 11)	1,774,533,917	1,487,490,009	
Contract assets (Note 12)	715,709,523	701,502,502	
<u>Due from government related entities classified under:</u>			
Accounts receivable (Note 11)	251,981,442	182,117,569	
Contract assets (Note 12)	42,469,435	20,364,362	
<u>Due to Related Parties:</u>			
<u>Due to government related classified under:</u>			
Accounts payable and other current liabilities (Note 20)	1,029,992,956	1,588,614,267	
<u>Due to government related entities classified under:</u>			
Accounts payable and other current liabilities (Note 20)	23,341,491	30,513,812	
<u>Due to associate companies classified under:</u>			
Accounts payable and other current liabilities (Note 20)	<u>5,532,161</u>	<u>2,099,460</u>	

\* Balances due from government entities include amounts due from the main shareholder included in receivables at an amount of SR 1.8 million (2023: SR 11.2 million). And due balances included in contract assets amounting to SR 24.2 million (2023: SR 25.6 million).

## 23. SEGMENT INFORMATION

The information regarding the Group's operating segments is described below in accordance with IFRS 8, where the standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's operating decision maker. The company's business includes the following:

- 1- **Digital Business:** These are ready-to-use solutions in the form of technical services, portals, electronic applications, and related support work, which were developed by the company in cooperation with a large number of facilities in the public and private sectors with the aim of creating integrated services that cover a large segment of society, by creating advanced services that contribute to solving an existing problem or filling an existing service gap, by converting traditional procedures into electronic transactions. In addition to integrated technology businesses, entitlement engines and digital platforms, The Group provides integrated technology business solutions to clients from the public and private sectors.
- 2- **Business Process Outsourcing:** The Group seeks through business attribution solutions to enhance its competitive advantage in the field of operation and service provision in the areas of competence; And that is through the management and the total operation of services, or partial support for them in specific areas, and their progression towards a digital vision.
- 3- **Professional Services:** These include advisory services and professional services in data analysis and artificial intelligence, through which the Group understands the problems of the facility and develops a comprehensive action plan to develop its overall performance and raise customer satisfaction levels.

### 23. SEGMENT INFORMATION (CONTINUED)

The selected financial data for these sectors follows:

	For the three months period ended September 30	For the nine months period ended September 30
<b>Revenue</b>		
Digital Business	1,435,167,754	3,859,191,749
Business Process Outsourcing	408,172,650	1,324,891,413
Professional Services	28,199,210	93,482,136
	<b>1,871,539,614</b>	<b>5,277,565,298</b>
<b>Cost</b>		
Direct cost	(1,034,431,063)	) 3,079,030,161(
Operating expenses (except depreciation and amortization, ECL, Impairment)	(228,502,110)	) 661,637,251(
Expected credit loss (ECL)	(43,873,773)	) 62,139,442(
Depreciation & amortization	(69,633,097)	) 180,535,053(
Impairment of non-current assets	(1,126,789)	) 1,942,431(
Other income, net	37,569,020	142,236,027
Zakat	) 33,300,181(	) 105,267,314(
	<hr/> <hr/>	<hr/> <hr/>
	2024 (Unaudited)	2023 (Unaudited)
	<hr/> <hr/>	<hr/> <hr/>
	) 1,373,297,993(	) 1,186,754,272(
Net profit	<hr/> <hr/> <b>498,241,621</b>	<hr/> <hr/> <b>334,245,923</b>
	<hr/> <hr/>	<hr/> <hr/>
	2024 (Unaudited)	2023 (Unaudited)
	<hr/> <hr/>	<hr/> <hr/>
	) 3,948,315,625(	) 3,183,574,596(
	<hr/> <hr/>	<hr/> <hr/>
	<b>1,329,249,673</b>	<b>1,029,419,971</b>

Below is a breakdown of gross profit by segments:

For the three months period

For the nine months period

	ended September 30		ended September 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Digital Business	725,130,263	458,244,615	1,857,134,073	1,390,182,612
112,847,271	325,828,132	317,059,347		Business Process Outsourcing
Professional Services	<u>3,117,438</u>	<u>4,373,953</u>	<u>15,572,932</u>	<u>14,674,641</u>
	<u>837,108,551</u>	<u>575,465,839</u>	<u>2,198,535,137</u>	<u>1,721,916,600</u>

### 23. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities on the basis of segments as of:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Assets</b>		
Digital Business	6,425,164,965	5,841,184,113
Business Process Outsourcing	2,205,810,554	2,030,343,296
Professional Services	155,638,326	225,685,229
	8,786,613,845	8,097,212,638
<b>Liabilities</b>		
Digital Business	2,927,340,031	2,959,499,413
Business Process Outsourcing	1,004,979,261	1,028,695,497
Professional Services	70,909,666	114,345,874
	4,003,228,958	4,102,540,784

### 24. BANK FACILITIES

The Group has facilities agreements with local banks to meet the working capital requirements and support the Group's business requirements in the form of cash withdrawals and letters of guarantee with a maximum limit of SR 500 million as of September 30, 2024 (December 31, 2023: SR 500 million). The Group has utilized some of those facilities agreements to issue bank guarantees for its projects as disclosed in (Note 25).

### 25. CONTINGENT LIABILITIES

- The Group has outstanding bank letters of guarantee amounted to SAR 73.6 million as of September 30, 2024 (December 31, 2023: SR 109 million). (Note 24).
- In the normal course of business, the Group is a party to legal cases either as a plaintiff or defendant. As on September 30, 2024, the Group recorded a provision against legal cases in the amount of SR 2.2 million (December 31, 2023: SAR 1.1 million), which is the best estimate of management over the provisions of these cases and management does not expect that there will be any additional liability over the amount recorded as a provision for these cases. (Note 20).
- As of September 30, 2024, the associate companies have contingent liabilities amounted to SAR 0.25 million (December 31, 2023: nil). The Group discloses its share of contingent liabilities from its associates.

### 26. DIVIDENDS

The following table shows details of the dividends to the company's shareholders during the period:

Announcement	Amount		(SAR per share)	Distributed Type	Status	March 9, 2024	March 25, 2024	4	310,788,800	Interim Paid	
	Date	Distribution Date									
August 4, 2024	August 20, 2024	3.5							271,940,200	Interim	Paid

## 27. FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial assets and liabilities have been accounted at amortized cost except for other financial assets which have been carried at fair value. The management assessed that fair value of current financial assets and liabilities approximate their carrying amounts.

There have been no transfers between levels during the nine months period ended 30 September 2024. The fair valuation techniques are as applied as of 31 December 2023.

The table below shows the book values and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value:

	As at 30 September 2024			
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	-	473,801,027	230,387,454	704,188,481

	As at 31 December 2023			
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	-	18,797,335	227,906,324	246,703,659

## 28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation of the interim condensed consolidated financial statements. The reclassification had no impact on the net assets of the Group.

## 28. COMPARATIVE FIGURES(CONTINUED)

### 1- Interim condensed consolidated statement of cash flows

The Group has reclassified some items of its interim condensed consolidated statement of cash flows, the following table presents the reclassification:

	September 30,	Reclassification	Amount after reclassification
	2023		
Cash Flows from Operating Activities			
Working capital adjustments:			

Accounts payable and other current liabilities	599,695,548	10,501	599,706,049
Due to related parties	10,501	(10,501)	-

## 2- Segment information

The Group has reclassified certain segment information to align with changes in the presentation of internal reports for operational decision-maker within the Group, the following table presents the reclassification:

### 2- A Revenues:

	For the three months period			For the nine months period ended September 30 ended September		
	30		Amount after reclassification	2023		Amount after reclassification
	2023	Reclassification		2023	Reclassification	
Digital business	1,098,851,342	(10,945,907)	1,087,905,435	3,087,763,301	(16,917,574)	3,070,845,727
Business process outsourcing	381,387,544	9,871,480	391,259,024	1,011,131,321	16,361,215	1,027,492,536
Professional services	<u>40,761,309</u>	<u>-</u>	<u>40,761,309</u>	<u>4,212,994,567</u>	<u>-</u>	<u>4,212,994,567</u>
	<u>1,521,000,195</u>	<u>1,074,427</u>	<u>1,521,000,195</u>	<u>41,835,736</u>	<u>114,099,945</u>	<u>556,359</u>

### 2- B Gross profit:

	For the three months period			For the nine months period ended September 30 ended September		
	30		Amount after reclassification	2023		Amount after reclassification
	2023	Reclassification		2023	Reclassification	
Digital business	<u>3,523,758</u>	<u>-</u>	<u>3,523,758</u>	<u>4,373,953</u>	<u>-</u>	<u>4,373,953</u>
	<u>575,465,839</u>	<u>-</u>	<u>575,465,839</u>	<u>13,726,451</u>	<u>-</u>	<u>13,726,451</u>
	<u>575,465,839</u>	<u>-</u>	<u>575,465,839</u>	<u>1,721,916,600</u>	<u>-</u>	<u>1,721,916,600</u>
Business process outsourcing	458,567,529	(322,914)	458,244,615	1,392,139,666	(1,957,054)	1,390,182,612
Professional services	113,374,552	(527,281)	112,847,271	316,050,483	1,008,864	317,059,347
		850,195			948,190	

## **29. SUBSEQUENT EVENTS**

There are no subsequent significant events since the period ended 30 September 2024 that could have a material impact on the financial position of the Group as shown in these interim condensed consolidated financial statements.

## **30. APPROVAL OF THE FINANCIAL STATEMENTS**

These Interim condensed consolidated financial statements were approved by the Board of Directors on 28 Rabi Althani 1446H (corresponding to 31 October 2024).