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MAKING LIFE EASIER
ANNUAL REPORT 2022



Mohammad Bin Salman Bin Abdulaziz Al Saud

His Royal Highness the Crown
Prince and Prime Minister



King Salman bin Abdulaziz Al-Saud

The Custodian of the Two Holy Mosques

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ELM FOR AN EASIER LIFE

Elm Company was established as a limited liability company on 24/10/1408H (09/06/1988 AD) with a capital of 500,000 SAR, headquartered in Riyadh, Kingdom of Saudi Arabia.

Elm has gone through stages of development during the past thirty-three years, eventually becoming a joint-stock company, listing on the Tadawul exchange on 10/11/1442H (16/02/2022AD), with a fully paid up capital of 800,000,000 SAR divided into 80,000,000 ordinary shares with a fully paid up nominal value of 10 SAR per share. The Company carries out its operations in the Kingdom and abroad.

COMPANY TIMELINE

1988

The Company was incorporated as a limited liability company under the name "Al-Elm Research and Development Company", as a research company operating in the transfer and localization of technology from around the world.



2002

The Group started providing electronic services and all services related to information security, and expanded the scope of its services to the government.

2002

The Company's name was changed to "Al-Elm Information Security Company".



2004

The Yakeen service for real-time documentation was launched as the first electronic documentation service in the Kingdom.



2007

Muqem was launched as the first integrated interactive service.

2007

The Company was converted from a limited liability company into a closed joint stock company.



2010

The Group operated the first model centre for Government services.



2011

The Group launched Estihkak, the first engine to verify eligibility.

2011

The Group expanded its business activity to provide consulting and information technology services such as Hafiz and Absher, as well as outsourcing and training services.

2017

The Group became the first to be assigned inspection work in the public sector through Ejada, an electronic inspection service.



2018

The Group moved from automation to digitization through a strategy relying on innovation as its main pillar, making it the first digital platform to provide an integrated customer experience, and began to expand on a global level.

2020

The company's name was changed to Elm.

2020

The Company acquired Tabadul.

2022

The Company announced its intention to offer 30% of its issued share capital to the public through an Initial Public Offering (IPO) and listing its shares on the Main Market of the Saudi Exchange.

SUBSIDIARIES, ASSOCIATE COMPANIES AND COMPANY INVESTMENTS

Subsidiaries

EMDAD AL KHEBRAT COMPANY

Capital: 500,000 SAR

ELM TECHNICAL INVESTMENT COMPANY

Capital: 500,000 SAR

FUTURE RESOURCES COMPANY

Capital: 500,000 SAR

UMRAH PREMIUM SERVICES COMPANY

Capital: 500,000 SAR

SAUDI COMPANY FOR EXCHANGING DIGITAL INFORMATION (TABADUL)

Capital: 500,000 SAR

ASDAM DIGITAL COMPANY

Capital: 50,000 AED

ELM EUROPE LIMITED

Capital: 50,000 GDP

ELM ARKAN INFORMATION SYSTEMS TECHNOLOGY

Capital: 500,000 SAR

Actual ownership

| Company Name | Country of incorporation | 31 Dec 2022 | 31 Dec 2021 |
|--|--------------------------|-------------|-------------|
| Emdad AlKhebrat Company | Saudi Arabia | 100% | 100% |
| Elm Technical Investment Company | Saudi Arabia | 100% | 100% |
| Future Resources Company | Saudi Arabia | 100% | 100% |
| Umrah for Specialized Services Company | Saudi Arabia | 100% | 100% |

Actual ownership

| Company Name | Country of incorporation | 31 Dec 2022 | 31 Dec 2021 |
|--|--------------------------|-------------|-------------|
| Saudi Company for Exchanging Digital Information (Tabadul) | Saudi Arabia | 100% | 100% |
| Asdam Digital Company | United Arab Emirates | 100% | 100% |
| Elm Arkan Information Systems Technology | Saudi Arabia | 60% | 60% |
| Elm Europe Limited | United Kingdom | 100% | - |

SUBSIDIARIES, ASSOCIATE COMPANIES AND COMPANY INVESTMENTS

(continued)

Subsidiaries (continued)

Elm entered 2022 with a series of clear but ambitious goals: to strengthen its portfolio, simplify its operations, and broaden its ecosystem. Elm's financial performance is a direct reflection of its ability to execute against these goals. Throughout the year, the Group continued to align its offerings with a series of the most transformational technologies in history: AI, IoT, blockchain, big data, and cloud computing.

In addition, the Company is broadening the architecture of its networks to a next-generation bundle offering, providing improved efficiency and virtualization, increased automation and opportunities for edge services.

As such, Elm is engaging more deeply with clients and driving additional business value for them by advising on workflow structure components and in helping innovate faster to stay relevant. This high-value work also helps the Company attract and retain top talent and strengthens financial profile.

EMDAD AL KHEBRAT CO. LTD.

A Limited Liability Company registered under commercial registration number 1010414975 on Rajab 22, 1435H (corresponding to May 21, 2014).

The Company is wholly owned by Elm and is headquartered in Riyadh.

The principal activity of Emdad Al Khebrat 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.

ELM TECHNICAL INVESTMENT COMPANY

A Limited Liability Company registered under commercial registration number 1010069210 on Ramadan 11, 1440H (corresponding to May 16, 2019). The Company is wholly owned by Elm and is headquartered in Riyadh.

The principal activities of the company is 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.

FUTURE RESOURCES CO. LTD.

A Limited Liability Company registered under commercial registration number 1010606896 on Rabi Al Awal 8, 1441H (corresponding to November 5, 2019). The Company is headquartered in Riyadh. The Company is 0.02% owned by Emdad Al Khebrat Limited and is 99.98% owned by Elm Technical Investment Company.

The principal activity of the company is in financial services and experienced consultancy activities in the field of management and computer programming.

UMRAH FOR SPECIALIZED SERVICES COMPANY

A Single Person Limited Liability Company registered under commercial registration number 1010656805 on Safar 12, 1442H (corresponding to September 30, 2020). The company is wholly owned by Elm and is headquartered in Riyadh. The principal activities of the company is inter-city passenger transportation, 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.

SAUDI COMPANY FOR EXCHANGING DIGITAL INFORMATION (TABADUL)

A closed Saudi Joint Stock Company registered with Commercial Register No. 1010274503, was established through Royal Decree No. M/39 dated Rajab 7, 1430 AH (corresponding to December 31, 2009) operating 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.

ASDAM DIGITAL FZ LLC

A free zone company with limited liability 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, and wholly owned by the Future Resources Company Limited.

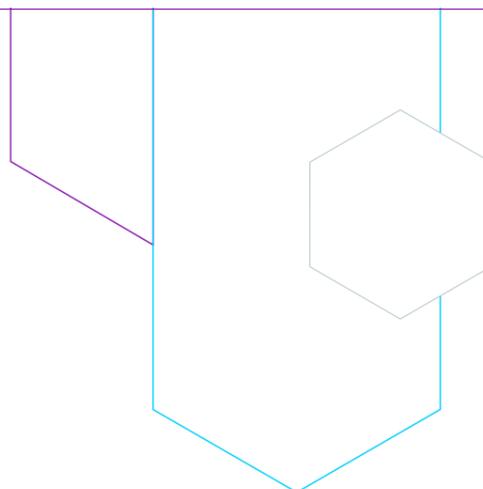
The main activities of the company is in consulting services, customer service, developing and providing solutions and supporting service providers for technical systems.

ELM ARKAN INFORMATION SYSTEMS TECHNOLOGY

A Limited Liability Company Registered under commercial reiteration number 1010209530, dated Rabi' Thani 15, 1426 AH (corresponding to 23 2005), headquartered in Riyadh, and 60% owned by Elm. The company's main activities is 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.

ELM EUROPE LIMITED

Elm Europe Limited Company, a private limited company registered with Commercial Registration No. 14554402, dated Jumada Al-Awwal 28, 1444 AH (corresponding to December 22, 2022 AD), headquartered in London, and 100% owned by Elm Technology Investment Company. The main activity of the company is to conduct research and development activities related to emerging technologies.



SUBSIDIARIES, ASSOCIATE COMPANIES AND COMPANY INVESTMENTS

(continued)

ASSOCIATE COMPANIES



SAHL AL MADAR TRADING COMPANY

Country of incorporation: Saudi Arabia

Actual ownership:

| | |
|----------|-----|
| 31.12.22 | 30% |
| 31.12.21 | 30% |

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.



SMART NATIONAL SOLUTIONS

Country of incorporation: Saudi Arabia

Actual ownership:

| | |
|----------|-----|
| 31.12.22 | 24% |
| 31.12.21 | 24% |

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.



AL DAL REAL ESTATE SERVICES

Country of incorporation: Saudi Arabia

Actual ownership:

| | |
|----------|-----|
| 31.12.22 | 30% |
| 31.12.21 | 30% |

Al-Dal Real Estate Services Company, a Limited Liability Company registered with Commercial Registration No. 1010680496, on Jumada Al-Awwal 29, 1442 AH (corresponding to January 13, 2021), with headquarters is in Riyadh.

The company's main activities are as 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.

SUBSIDIARIES, ASSOCIATE COMPANIES AND COMPANY INVESTMENTS

(continued)

Company Investments

Elm's CVC and acquisitions is investing in regions leading early stage growth start-ups.



Unifonic Company

The company provides the latest technology to develop strong communications by adopting a secure API defined by text messages and voice calls, two-factor verification and number verification in order to ensure reliable communication channels between companies and customers.

| | |
|--|--------------|
| Country of incorporation: British Virgin Islands | |
| Actual ownership: | |
| 31.12.22 | 0.85% |
| 31.12.21 | 0.85% |



Zid Holding Limited

The company provides integrated technological solutions for the retail sector, where the user can set up an electronic portal and specify payment and delivery methods for his customers through an electronic platform.

| | |
|---|---------------|
| Country of incorporation: Abu Dhabi | |
| Actual ownership: | |
| 31.12.22 | 17.79% |
| 31.12.21 | 14.28% |



Foodics.

The company provides a unified cloud platform for managing restaurant services, enabling the restaurant to manage its sales and receive digital payments.

| | |
|--|--------------|
| Country of incorporation: British Virgin Islands | |
| Actual ownership: | |
| 31.12.22 | 1.21% |
| 31.12.21 | 1.60% |



Syarah Company

The company provides many services provided to car buyers and sellers through the "Syarah Online" platform and is considered an integrated shopping platform that provides its customers with financing, marketing, summary report and more services.

| | |
|--|---------------|
| Country of incorporation: British Virgin Islands | |
| Actual ownership: | |
| 31.12.22 | 15.21% |
| 31.12.21 | 15.21% |



Curative Care

The activity Systems analysis, design and programming of special software, software maintenance, web page design, remote care centers and telemedicine.

| | |
|--|--------------|
| Country of incorporation: Cayman Islands | |
| Actual ownership: | |
| 31.12.22 | 7.29% |
| 31.12.21 | 7.29% |



Bayzat Company

The company provides insurance solutions where the user can compare and choose the best option according to his requirements via the platform, as well as the company provides through its platform human resources systems and automate it safely.

| | |
|--|--------------|
| Country of incorporation: Cayman Islands | |
| Actual ownership: | |
| 31.12.22 | 2.50% |
| 31.12.21 | 2.50% |



Healthify Me

The company provides a smartphone application that helps users track their sports activity and diet and connects them with nutrition and fitness specialists from human or artificial intelligence specialists.

| | |
|---|--------------|
| Country of incorporation: Singapore | |
| Actual ownership: | |
| 31.12.22 | 0.98% |
| 31.12.21 | 0.94% |

VISION, MISSION & VALUES

OUR VISION

INNOVATE TO EMPOWER COMMUNITIES AND MAKE LIFE EASIER

The Company's vision is to be the digital enabler of the governmental and business sectors in the Kingdom of Saudi Arabia and the region. The Company's mission is to innovate to empower communities and make life easier by building digital solutions such as platforms and products, implementing digital projects and outsourcing solutions related to the Company's business while providing supportive advisory services in the digital and surrounding business fields. The Company also aspires to expand its business through partnerships and acquisitions and by entering new markets.



OUR MISSION

TO BE THE DIGITAL ENABLER FOR GOVERNMENT AND BUSINESS SECTORS IN THE KINGDOM AND THE REGION

At Elm, our mission is to guide our clients, partners and employees towards bold choices to build a positive future by putting digital technology to work in service of humanity. Beyond technology, we set great stores by collective intelligence, believing it can help make the world better. Together, we are building a promising future by delivering tangible benefits: sustainable solutions with positive impacts that fully account for interactions between digital technology and society. Yet, there's still so much more we can achieve together.



OUR VALUES

To help solve humanity's toughest challenges while at the same time addressing our own, we must continue to amplify Elm's core values that created our success.

TRUST: Promote honesty, integrity and openness among employees, partners and clients.

CLIENT-CENTRIC: Putting the client journey at the heart of every product and service.

INNOVATION: Proactivity and thinking outside the box to satisfy the Company's partners and client.

AGILITY: Unleashing employees' capabilities to respond quickly to satisfy the Company's clients.

RELIABILITY: Commitment to employees and fulfilling the Company's promises to clients and partners.



WHO WE ARE

Elm is a large company with diverse activities and unified disciplines; each of its activities can be considered as an independent company.

The Company's unique selling point is its capacity to implement all services adequately and harmoniously between major sectors and in adherence with the highest international standards, governed by an integrated and innovative environment, to achieve an outstanding customer experience. In line with this aim, Elm have divided the business sectors according to specializations (health, industry, transportation, interior, labour, Hajj and Umrah, justice, finance, digital trans-

formation, urban development, investment fund, international business, and others) to ensure specialization and professionalism in the service provided across each unit.

Each business unit analyzes customer experiences, finds collaborative opportunities with its customers, and represents the link between the Company's sectors and its customers to achieve the desired results.

WHAT WE DO

The main activity of Elm is to provide secure digital services, following the highest standards of privacy and information security.

In addition to providing consultancy, support services, and operational and training solutions. Elm also run projects for their clients with the belief that they are guests.

Furthermore, given the Company's tendency to expand regionally and globally, Elm have established the International Business Sector, through which it seeks to export its services and expand the scope of their investments abroad. Through the professional services sector, Elm provide their clients with many consultations in analyzing opportunities, problems and obstacles and developing solutions to suit the aspirations of these clients. The Company also offers data analysis services for corporate businesses and the future steps that the Company will rely on, and help companies use

their data to gain a competitive advantage.

Through the Digital Solutions Sector, Elm implements technical solutions. Furthermore, the company implements and manages all phases of projects, in addition to technological development and quality management according to the highest standards, which include integrated technical works, engines and digital platforms, through which the package provides integrated technical business solutions to clients from the governmental and private sectors.

HOW WE OPERATE

Elm holistic approach combines its professionalism in creating and inventing solutions and services with high agility in dealing with clients through various professional business models tailored to client requirements.

The company also seeks, through the human resources department, to qualify national cadres to the highest international standards, whether job seekers or current employees, through a vigorous and extensive recruitment processes to fill vacancies within the Company.

These include, for example, but are not limited to:

Development of integrated solutions

Partnership with the government sector

Partial solution development

Profit sharing

Implementation of integrated solutions

Subscription to various packages

The following are the essential activities that the Company is working on:

- Providing the services of telecommunications, information technology, information security, e-business, and credit information exchange.
- Providing electronic connectivity services across the public and private sectors.
- Managing, processing, operating and maintaining data and information centres.
- Managing, maintaining, operating and developing electronic devices and mechanisms, information systems and communication networks.
- Providing specialized consultations in information technology and security, communications, e-business and credit information exchange.
- Providing all activities and services of development, marketing and technology investment.
- Providing and supervising the implementation of technical project management services.
- Investing, inside and outside the Kingdom, in companies and technical projects.
- Attraction local and foreign investments.
- Providing, training and developing human resources to manage, operate and develop the business and services of the public and private sectors in information and communication technology and other fields.

INVESTOR RELATIONS

2022 marked a significant milestone in the history of Elm; a year in which the Company transitioned to a public-listed entity.

This heralded the start of a new era, a springboard upon which Elm will continue to pioneer the information technology sector, spearheading the digital transformation in line with Saudi Arabia's Vision 2030, further cementing itself as the market leader in its sector.

With all the challenges faced during the IPO process, the strong foundations Elm laid since inception meant the Company were adept at meeting them head on, and the IPO was an astounding success.

Over the course of the year, the Company went from strength to strength, growing its Investor Relations team to meet the ever-increasing demands of the investor community, and showcasing why Elm is at the forefront of the sector.

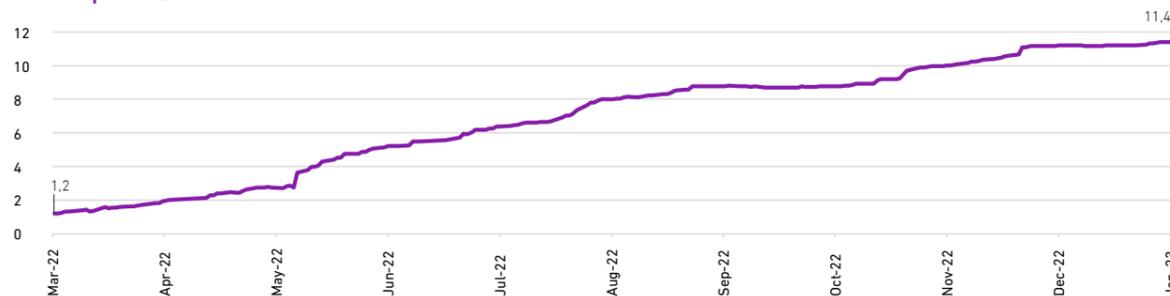
Graph of SHARE PRICE



To compliment the significant increase in share-price, the number of qualified foreign investors (QFIs) followed a similar pattern, highlighting the

attractiveness of Elm globally. The percentage of QFI investors at year-end was over 11%.

Graph of QFI



As a newly listed entity, Elm established a fully functioning Investor Relations department to act as a gateway between the Company and the investment community. The main aim of the recently-established function is to streamline communication by integrating critical financial and business information in a concise manner, passing it on to stakeholders, and maximising exposure for Elm with investors and stakeholders. Led by a highly experienced Head of Department, the team will assist the executive leadership in communicating key messages to the investment community, and aims

to quickly become a market leader, recognised for its world-class IR program, following international best-practice standards. Looking further ahead, Elm will continue to invest heavily in its Investor Relations function, as it looks to capitalise on the gains made over the previous years. The team will continue to grow and be highly active in communicating to meet the demands of the investor community, supporting Elm and the Senior Management team in the process to continue delivering clear, concise and succinct information to the wider public.

Metrics

Market Cap (at listing and as of 31/12/22) **SAR10,240m** at listing to **SAR26,560m** at year end

Number of analysts covering company at year end - **5**

26.4 m shares offered

Earnings Calls Held - **1**

Institutional investors – **69.5** times oversubscribed

Number of Conferences Attended – **6** conferences and met with **300+** investors

Retail subscribers **1,311%** times oversubscribed

Number of Investor Meetings Held - **50+** (exc conferences)

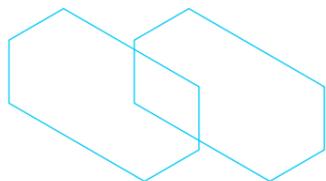
LEADERSHIP

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CHAIRMAN'S MESSAGE



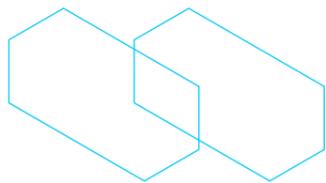
The start of 2022 marked a pivotal milestone for Elm, as we listed the Company on Tadawul, the Saudi Stock Exchange. This significant event reflects the strategic vision of the Company and highlights the consistent, positive financial results we have achieved, all of which complement the strategic direction to provide secure and sustainable digital services in line with the Kingdom's Vision 2030.

Since our inception, we have strived to be the regional leader in the digital transformation field by consistently developing and implementing major projects and initiatives, providing advisory services and support in the digital space. It is indeed our ultimate goal to digitise and make the user experience for all, whether citizens, residents or visitors, more luxurious by leveraging our experience and utilising modern technology, coupled with innovative solutions, that promote sustainability and serve the environment, all in the best interests of society.



CHAIRMAN'S MESSAGE

(continued)



Elm has, over 20 years, managed to develop meaningful relationships with stakeholders, using effective communication as a foundation.

As a result, we have successfully built a trusted customer base by servicing clients through our commitment to providing professional services and adding value to their business growth by employing our in-house expertise.

In light of the significant acceleration experienced by the technology industry, along with our longstanding commitment to the environment and society in general, Elm has boosted its financial flexibility to help achieve its strategic goals and provide enhanced returns to shareholders, all whilst ensuring a safe, sustainable and ethical journey. This has been achieved by supporting the Government in its digital transformation drive in Saudi Arabia.

One of the Company's goals is to effectively contribute towards making the digital space safe and sustainable for our customers and employees, all in a socially responsible manner.

Our in-depth knowledge of this field gives us the strength to provide the highest calibre service, starting with charting an evolutionary course of action for our employees. This enables more people to participate in the exciting digital revolution more meaningfully and allows us to retain the trust of all stakeholders by effectively applying the principles of governance and all related procedures.

These aspirations require an integrated approach and coordination to invest in our strengths and improve the synergy between all business units, thus allowing us to focus on achieving regional growth in the market by 2030. As a result, we have carried out a study to look into all aspects surrounding how to maximise our administrative resources to gain a significant competitive advantage that would allow us to reap the rewards from the expected growth in the market fully.

With that, we also continued to invest in our most valuable asset, our people.

We provided them with a platform to acquire new skills and obtain relevant, mar-

ket-leading certificates, all to enhance the "employee experience", whilst continually investing in cutting-edge technology.

We maintained the expansion of our multiple partnerships and strategic alliances, all of which help motivate us as we look towards the future with confidence and optimism and place the responsibility on us to achieve our goals. All of these things, along with the solid foundations we have laid, make this an exciting journey as we embark on the new phase, where we will continue to provide inspiring opportunities and long-term value for our customers, partners and shareholders.

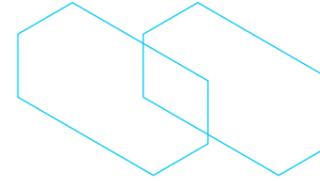
To conclude, I express my sincere gratitude to our wise leadership. May God protect them and show great appreciation to all our shareholders, the senior management team and all of the employees of Elm for their strong, steadfast support over 2022, enabling the Company to achieve its enormous success over 2022.

We look forward to continuing our journey of success and strengthening our cooperation in 2023 and beyond, God willing.

**Raed Abdullah
Ibrahim Bin Ahmed**
Chairman ELM



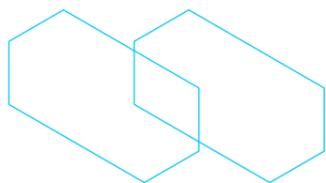
CEO'S MESSAGE



Despite the remarkable global developments witnessed in the world of technology over recent years, it is fair to say we are at the beginning of this transformative journey. Technology has become an integral part of our everyday lives, and that has provided Elm with the perfect opportunity to further expand its client base and provide its market-leading digital solutions across more industries and sectors, not just within the Kingdom but around the world. 2022 marked a significant year in which Elm furthered its leading position in the digital services and solutions field. 2022 was key in taking Elm to the next level, which culminated in us listing on Tadawul's main market; a milestone that we continue to embrace as we take the Company to the next stage in its bright history.

CEO'S MESSAGE

(continued)



The year started on the front foot with the Company listing on the main market of the Saudi stock exchange, Tadawul, marking a key milestone upon which we seek to continue building as we take Elm to the next stage of its development, full of ambition and looking forward to the upcoming challenges and continued success.

In this regard, our journey of transformation marches towards new horizons, with our results and achievements showcasing our commitment towards excellence. It is our goal to impact positive change for our customers, employees, and society in general; enabling our stakeholders to constantly develop and improve is something we are proud to be a part of. And nothing brings us more joy than to see them move, with our help and support, towards more distinguished horizons, embracing the latest technological development to serve future generations. And while customer centricity remains a core pillar in our activities, we are also keen to continue focusing on the care and well-being of our employees.

For it is because of what they commit to doing day-to-day, with dedication and sincerity, that allows us to achieve our collective goals. They continue to share the same values with us and are the face of the Company, developing and presenting our culture to all our valued stakehold-

ers. With that, we are pleased to present, through this report, an overview of the strong operational and financial performance of Elm over the course of 2022. We have taken maximum advantage of the presented opportunities in an ever-changing and highly competitive market, with our strong financial performance in terms of revenue and profits signifying that. Elm ended 2022 with SAR 3.8b in revenue and a net income figure of SAR 567m.

As we head into 2023, we will continue to deliver on our core values or provide outstanding value to our customers, with a key focus on strength, operational efficiency, continuous improvement and innovation with the aim of continuing our upward trajectory year on year. As I look confidently towards the future, Elm will continue to work towards its goal of removing barriers and obstacles to help both citizens and residents of our beloved Kingdom to advance in the world of modern technology.

I would like to emphasise that as a result of our customer-centric model, coupled with our commitment to the employees of Elm, we are well-positioned to achieve sustainable, high-quality growth to the benefit of not only our shareholders but all stakeholders. I am immensely proud of the distinguished leadership and the pioneering path carved by Elm. I look forward to

taking full advantage of all future opportunities which are presented to us, which will enable us to build a better digital world, a goal that can only be achieved by maintaining our market-leading position as a trusted partner to our customers and partners.

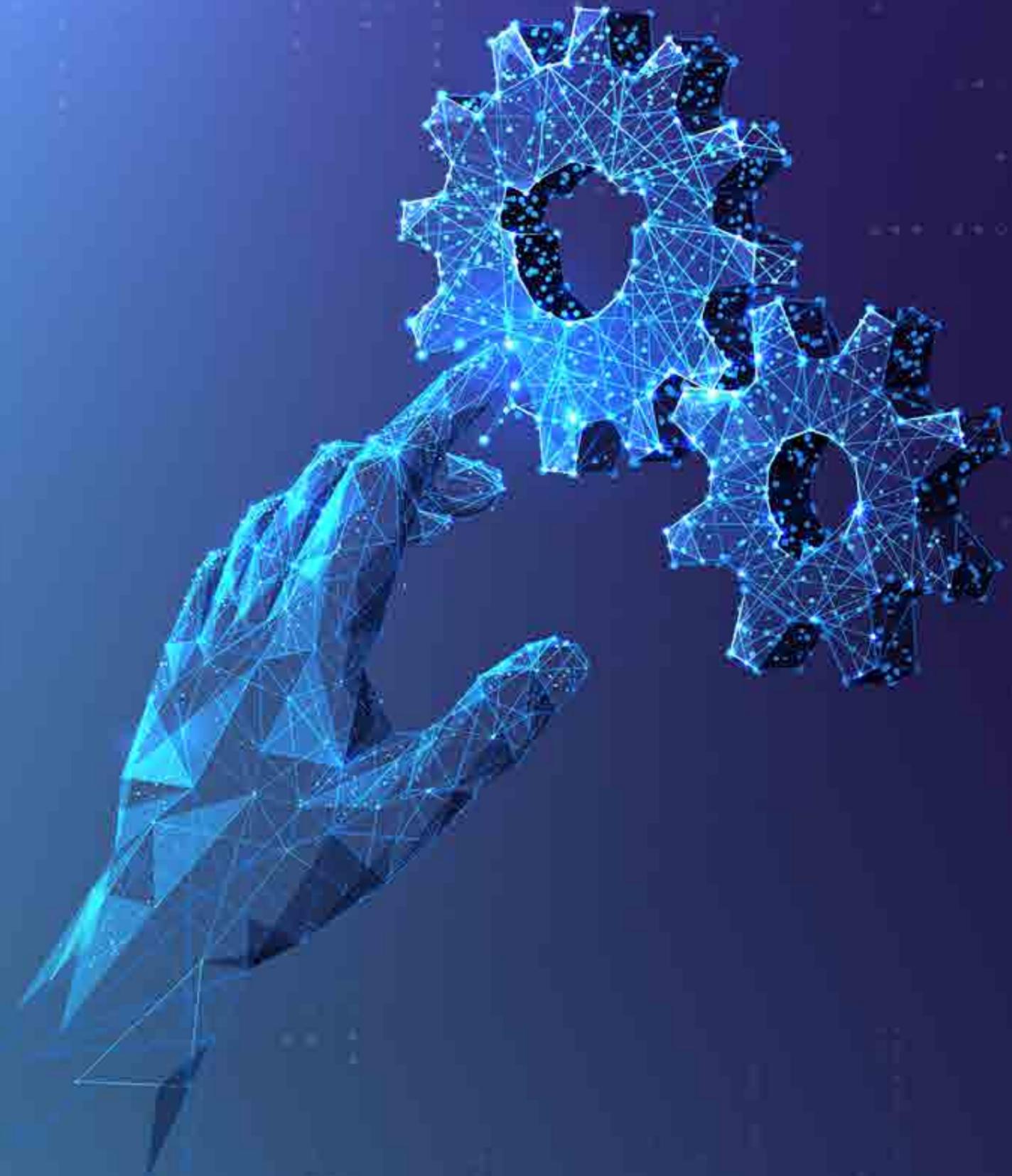
I would also like to take this opportunity to convey with sincerity my gratitude and appreciation to the Chairman and members of the Board of Directors for their unwavering support. I am extremely grateful for the commitment extended by our shareholders, as well as the trust and ongoing support of our customers and stakeholders, as well as my colleagues at Elm for their relentless efforts and hard work. Their dedication and teamwork, and our shared belief allow me to look towards a brighter future for all, where we will enhance our distinguished position at the forefront of digitalization and digital transformation and showcase our pioneering role in serving economic prosperity in our beloved country. To conclude, I am immensely happy with the achievements of Elm, and I am confident that, with God's help, we will continue to provide excellence and value to our customers and colleagues, not just in 2023 but for the long term, whilst continuing to be at the forefront of the digital market and information technology sector both in Saudi and around the world.

God grants success.

**Dr. Abdulrahman
Saad Al-Jadhi**
CEO ELM

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MACRO OVERVIEW

Market Overview and Vision 2030:

* The financial data included in this report were obtained from the Ministry of Finance, SAMA, and Reuters

The Saudi Arabian government is committed to achieving its 2030 Vision by enabling citizens and businesses to reach their full potential, diversifying the economy, supporting local content, and developing innovative opportunities. The Vision 2030 program aims to attract a cumulative investment of SR 12.5 trillion by 2030, which would increase the total fixed capital formation to 30% of GDP from approximately 19% in 2022.

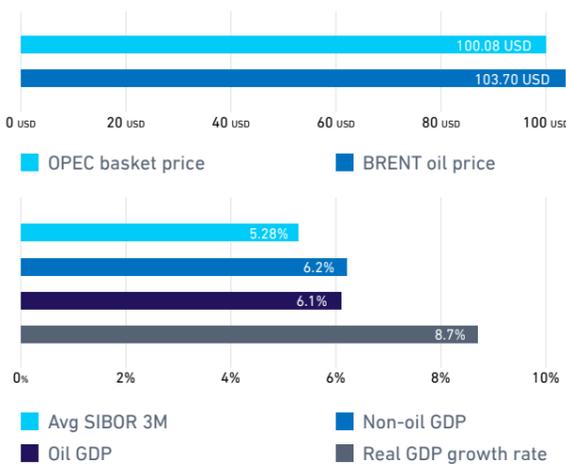
Efficient investment in infrastructure, industry, and human capital is expected to enhance productivity and sustain high levels of GDP per capita growth, which over the course of 2022 witnessed the fastest rate of growth for Saudi in more than ten years; Saudi was indeed one of the fastest-growing economies in the world, with a growth rate of 8.7% recorded in 2022, the highest among G20 nations.

The growth performance in the country has remained strong, despite the challenging external environment, and the economy has shown significant resilience in the face of global negative shocks.

The growth of the country's Gross Domestic Product (GDP) has been supported by both consumption

and investment, and these drivers are expected to remain in place due to the favourable labour force dynamics and increased investment by the Public Investment Fund and other investors.

GDP Growth 2022



The budget for current spending in Saudi Arabia has been set at SR 957 billion for 2023, which is an 11% increase from the 2022 budget but a 2.4% decrease compared to the official estimate of spending in 2022. This indicates a slight decrease in overall spending from the previous year, despite an increase in budget allocation.

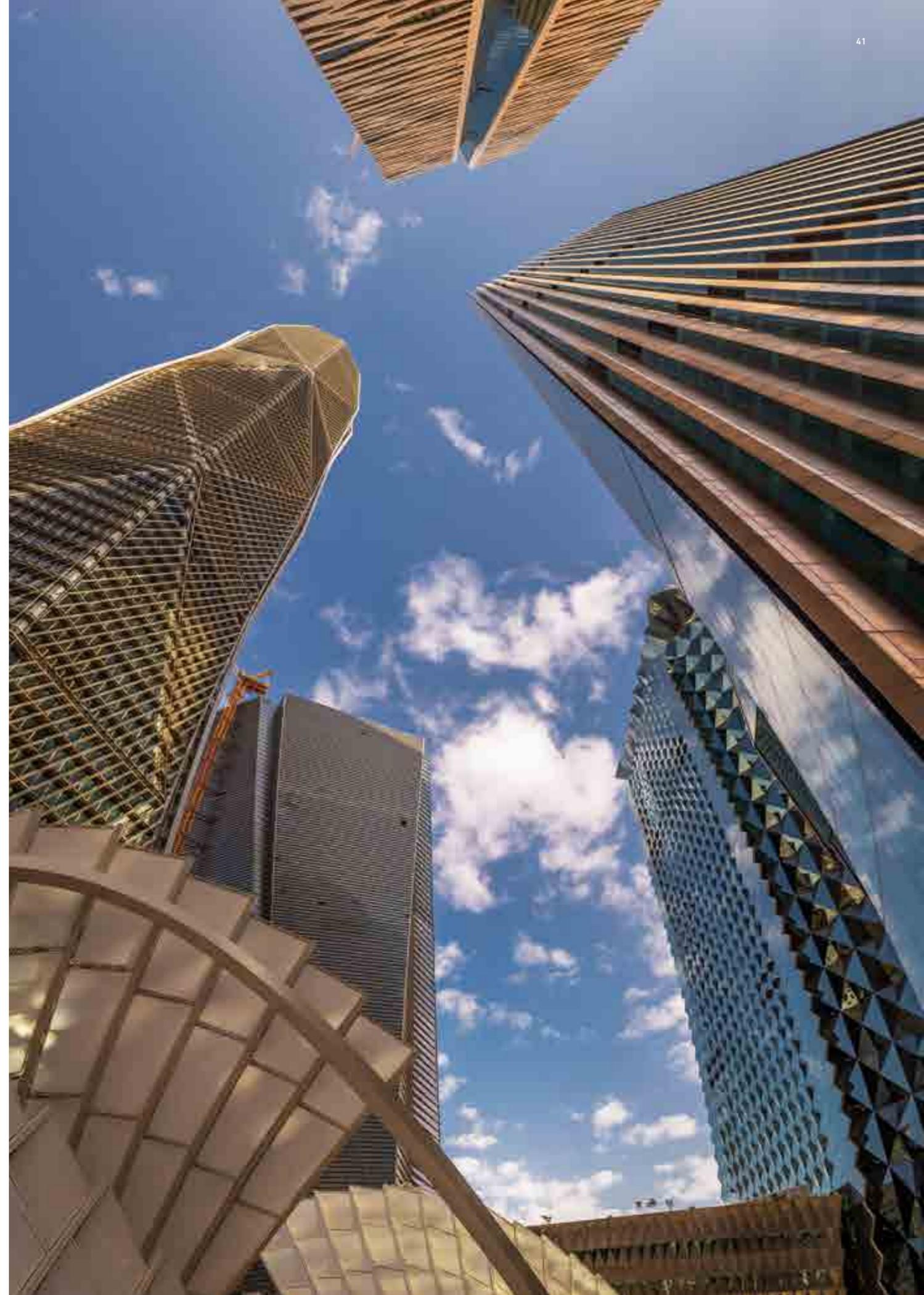
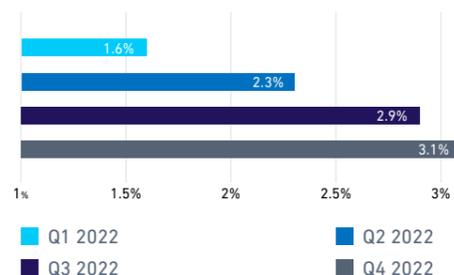
The overall unemployment rate in Saudi Arabia hovered just under 6% by the end of 2022, although the unemployment rate for Saudi nationals increased slightly to around 9.9% towards the end of the year. Despite the increase, this is still a significant improvement from the 11.3% unemployment rate seen in the previous year.

In 2022, inflation in Saudi Arabia remained low at 2.5% despite the rise in prices for imported commodities.

This reflects the government's efforts to support local content and develop innovative opportunities

for citizens and businesses to reach their fullest potential. Reserve buffers remained ample, and key successes included a 60% homeownership rate among citizens and a 33.2% participation rate for women in the workforce. The increase in homeownership and women's workforce participation indicates progress towards the goals set out in Saudi Arabia's 2030 Vision.

Inflation



MACRO OVERVIEW

(continued)

Non Oil Sector

The non-oil sector in Saudi Arabia saw a slight decline in revenue, around 3 per cent, but this is largely attributed to the high base in 2021 and changes in the timing of VAT tax collection.

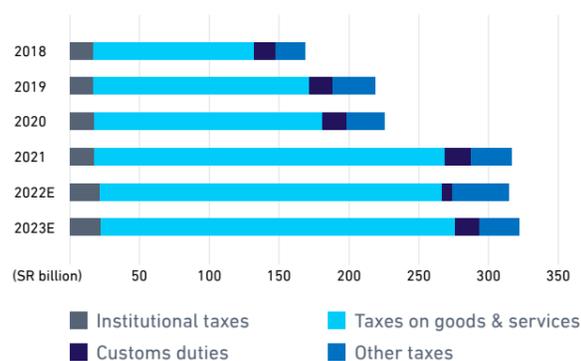
The public finances and external position of the country strengthened significantly due to a 122% increase in non-oil government revenue and higher proceeds from oil exports.

This decline reflects the government's confidence in the strength of the non-oil economy, which is expected to record strong growth in the coming years.

This growth is partly driven by the investments of state-owned institutions like the PIF, as well as supply-side reforms that have improved the business environment for private investors.

Despite this, the Government's spending is still expected to decline as a share of non-oil GDP, reaching 41% in 2025 compared to 48% in 2022.

Non Oil Tax Revenue by Type



Operating Environment

ICT Sector

The government of Saudi Arabia launched the Digital Economy Policy in 2020 to guide the ICT sector towards achieving the objectives of Vision 2030. The policy aims to improve coordination among ICT stakeholders and has eight pillars: accessibility, technology adoption, innovation, human capital enhancement, social prosperity, inclusion, digital confidence, and open market dynamics. These pillars focus on various aspects of the ICT sector to support its growth and development in line with Vision 2030 goals.

The government of Saudi Arabia is actively promoting the growth of its digital economy as part of its larger economic diversification plan. The development of the Information and Communications Technology (ICT) services market in Saudi Arabia is mainly driven by the government's initiatives to promote the digital economy. The IT and emerging technology sub-sector are expected to be the main driver of this growth. To achieve this expansion, inward foreign direct investment (FDI) is crucial as it provides capital, technology, management expertise, and new market opportunities. Inward foreign direct investment (FDI) positively impacts the Saudi Arabian ICT sector beyond just the capital inflow; it also provides access to advanced technology, transfer of management knowledge, creation of jobs, and entry into new markets, leading to a multiplier effect that contributes to the overall growth and development of the sector.

The ICT market in Saudi Arabia was last valued at SR 127.33 billion in 2021 and is expected to grow at a compound annual growth rate (CAGR) of 7.7% to reach SR 184.86 billion by 2026. The cumulative revenue generation opportunities in the ICT sector are estimated to be SR 798.69 billion from 2022 to 2026, with the manufacturing sector being a major contributor to the growth of the ICT industry in the country.



BUSINESS MODEL

Through its offerings, the Company develops and integrates a series of system solutions for automating government tasks, helping in the digital transition of the public sector and bringing e-Government closer to citizens.

Elm serves as a leading local provider of digital software products and services to Government bodies, commercial entities, and society at large. The Company is acting through its Subsidiaries in providing digital products, omnichannel platforms and custom solutions equipped with professional services as well as business process outsourcing to ensure customers' needs are being fulfilled, either as bundled services or a specific service. The Group offers integrated Systems Operations and managed solutions to public and private institutions through E-administration platforms that allow citizens to interact with the public administration, along with other types of organizations through digital realms while facilitating and streamlining the internal processing of administrative procedures.

To compete effectively in today's dynamic marketplace, the Company focuses on the capabilities of high-performing networks to drive growth for its customers. The Group establishes platforms based on understanding the needs of Governmental, Municipal, and Private Sector entities, responding with an eminent approach towards human resource management, operational monitoring, supply chain management, and other significant data processes. In addition, Elm maintains best practices to provide the necessary flexibility to carry out performance activities thanks to the implementation of tools and work methods that are adapted to the reality of end users and employees as part of the work cycle to enable entities to use and manage their informational, material, and human resources with great effectiveness and efficiency.

End-to-end capabilities and broad service offerings help clients acquire, retain, and improve the value of their customer relationships whilst optimizing their support office processes that allow smooth performance of procedures and operations with a simple display for workflow tracking and a design compatible with smart devices. The client-first, problem-solving approach is the reason why retainer agreements are increasing, and revenue base is growing. Through Elm's offerings, clients benefit from having multiple resources that enable them to address the entire customer journey and meet customers' demand for reliable software systems that simplify and accelerate the process of creating, deploying and harmonizing information systems. Provided services are developed with a focus on providing innovation, quality and productivity at scale.

The Company frameworks and methods are tailored towards a custom approach in responding flexibly to changing acceptance criteria and market conditions, which enhance the ability to develop and deploy solutions based on next-generation technologies. Through its offerings, the Company develops and integrates a series of system solutions for automating government tasks, helping in the digital transition of the public sector and bringing e-Government closer to citizens.

Elm entered 2022 strategically, with a view to capturing a large, growing, addressable spectrum of synergies, maintaining commercial momentum, and driving profitable revenue growth. The Company's offerings aim to increase efficiency and productivity, reduce the time taken to implement and submit applications, ensure adherence to quality standards, and integrate operation management. The Group operating model is leveraging three core competencies:

DIGITAL BUSINESS

BUSINESS PROCESS OUTSOURCING (BPO)

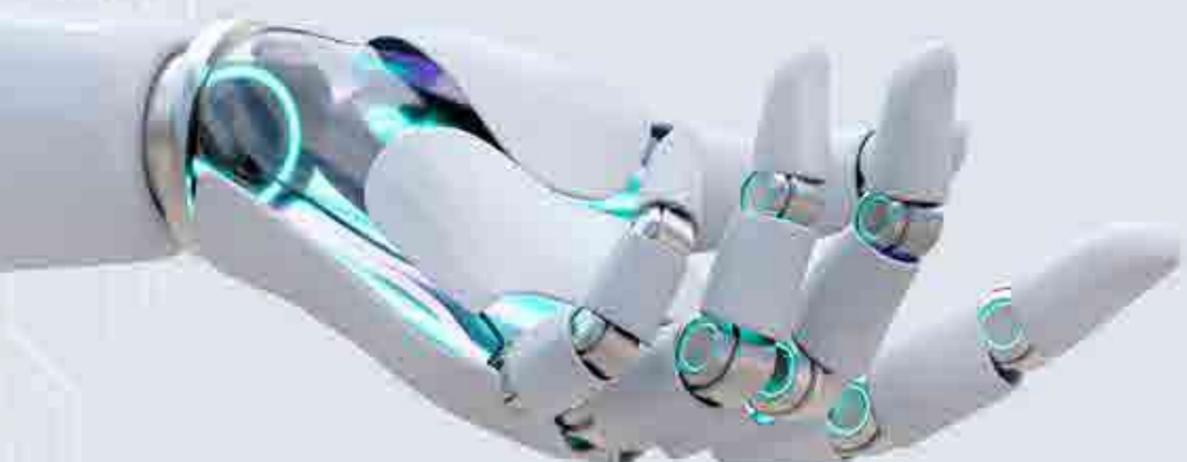
PROFESSIONAL SERVICES

3 DIVISIONS



BUSINESS MODEL (continued)

1ST DIVISION DIGITAL BUSINESS



As a pioneer in IT solutions, Elm provides extensive digital support for the most significant and critical infrastructures, allowing them to provide market-leading services following international best practices and global expertise in technical solutions. The Group's core focus is on modernizing digital infrastructure, systems and security for Government and commercial entities, both locally and regionally.

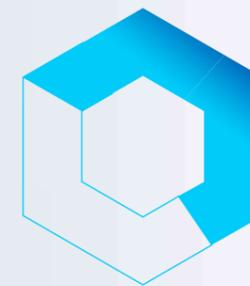
Government Agencies and Business Enterprises require scalable, industry-leading data protection and security, technological innovation coupled with the proliferation of smart devices and mobile connectivity to generate sensitive data at scale. At the same time, the avenues for access have become numerous, and an increasing number of malicious software actors are becoming more sophisticated and active. Data security is paramount in an environment where external intrusion, improper access, or carelessness can compromise an individual's privacy and society as a whole.

By applying innovative technologies and business acumen, Elm helps customers achieve their goals and take on the connected world with data-driven insights, improved efficiencies and technological advantages in soft solutions, automation, digital transformation services and IT infrastructure.

As a result, the Company is engaging more deeply with clients and driving additional business value for them by accelerating digital means, enhancing its portfolio of Digital Business by extending its leadership on Digital Delivery Projects and Digital Products through organic investments and a strengthened partner ecosystem. In addition, the

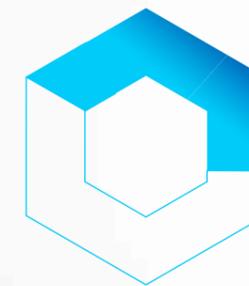
Company maintains IT environments to provide stability and flexibility to mission needs. Digital business, includes ready-to-use solutions in the form of technical services, portals, electronic applications and related support work developed by the Company in cooperation with a large number of public and private institutions to provide integrated services that cover a large segment of society by creating advanced services that solve an existing problem or fill an existing service gap through converting traditional procedures into electronic transactions.

The Digital Enterprise Solutions, aims to enhance digital government transformation and leverage technologies and public projects. The Digital Enterprise Solutions approach is essential to success on the promotion of technology enablers such as digital skills and favourable regulations. In addition, a crucial aspect of The Digital Enterprise Solutions is the modernization and improvement of operational systems by project execution, including core public management systems, supporting the core functions of central government operations creating strong enabling and safeguarding institutions, and fostering an innovative environment. Successful implementation requires solid and sustained commitment from allocating sufficient resources, dedicated teams to drive modernization, budget allocation for innovation and training, and investments in improving digital infrastructure. Digital business accounted for 68% of total revenues for 2022, compared to 55% in 2021. Focusing on developing digital solutions, the company achieved 42% of revenues from the government sector, and 58% of revenues from the private sector in 2022.



Digital Business Total Revenue

58%
2022



Government Contracts Revenue

42%
2022



Commercial Entities Revenue

68%
2022

1ST DIVISION DIGITAL BUSINESS (continued)

A: Digital Products

The Digital Business portfolio helps solve customers' challenges through complex technical and functional competencies and has enabled the Company to build meaningful relationships with Government and Municipal Structures and

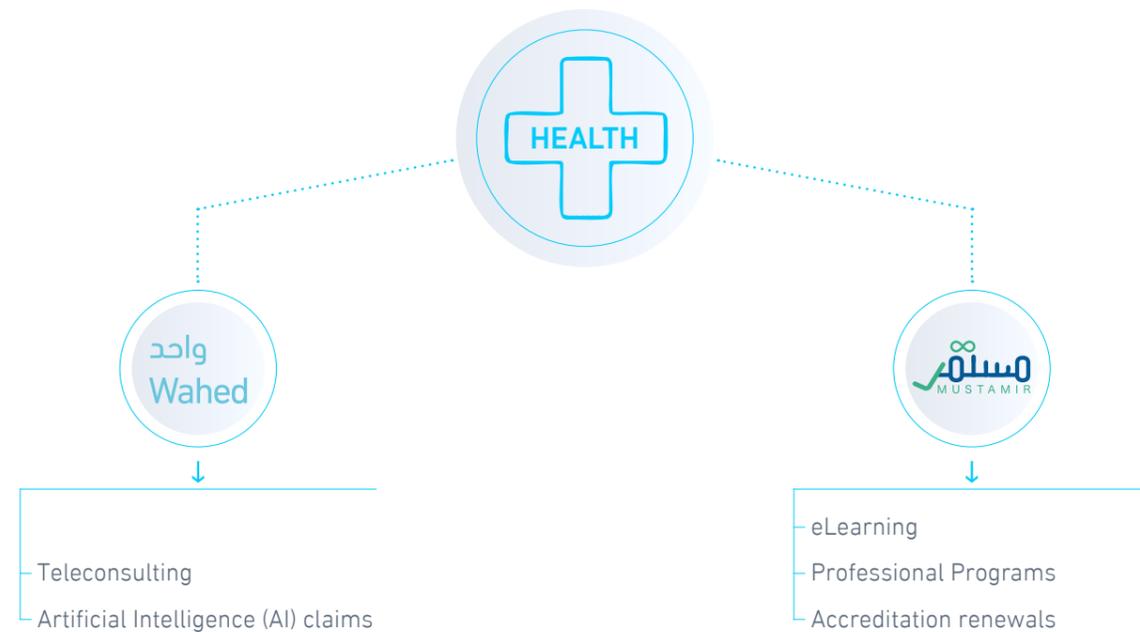
Commercial Entities. The Group provides integrated digital solutions in many fields for public and private sectors with a specific scope, along with turnkey and custom systems.

1 - HEALTH SUITE

With mounting evidence that health systems can deliver equitable services and efficiency, Elm addresses increased attention to strengthening provided health systems in the dynamic interlinkages and cross-cutting nature of the different components. The Company proceeds to enhance e-health system services delivery alongside its continuous efforts in improving complex structures through a harmonized approach to health systems withmon-

itoring and evaluation, including quality standards and securing access as key functions. This implies defining health system performance indicators whilst developing and implementing appropriate, sustainable measurement strategies to generate the input and output components to the Health Industry, including health workforce managerial systems, cross-divisional operational channels and Harmonized System (HS) Codes for medical products.

TABLE 1: PRODUCT FUNCTIONALITY UPDATE 2022



2 - EMERGING PRODUCTS SUITE

To ensure a large-scale digitisation effort as part of a broader management system is essential, Elm harnesses relevant innovation quickly to meet the shifting demands of emerging services.

A fully orchestrated emerging products strategy, viewed as a broad list of drivers particular to each business, industry, and region that generally change over time, is likely to impact the business environment for the foreseeable factors. The suit also provides the foundation for a broad set of examples to illustrate the types of issues public and private sectors are wrestling how given sectors can proactively develop capabilities to support and facilitate the ability to grow and scale up the functionality across industries.

Emerging products represent a critical frontline response, supporting and protecting the public. The emerging products domain offers a particular product measure going beyond supporting the new culture to improve conduct and drive up standards combined with responsibility.

TABLE 2: PRODUCT FUNCTIONALITY UPDATE 2022

New / Current Product

2022 Service Functionality Update



New / Current Product

2022 Service Functionality Update



1ST DIVISION DIGITAL BUSINESS (continued)

A: Digital Products

3 - BUSINESS SOLUTIONS SUITE

From functionalities onwards, Elm applies its expertise at every stage of Business Solutions Offerings, a full-scale operating model that is inextricable and highly attuned to new launches and updates.

Business Solutions suite provides streamlines to purchasing, product planning, manufacturing, marketing, materials and inventory management, shipping and payment, and human resources set on specific digital initiatives that deliver on business priorities. Elm focuses on the large public and private markets and looks to maintain a growing number of customers who contribute more than

X million SAR in the margin as a key driver for the Business Solutions domain. Successful companies prioritise speed and execution over perfection. That requires agility in delivering and a willingness to take appropriate risks.

Elm's Business Solutions suite covers the whole spectrum of understanding an organisation's business and technical requirements in assessing its IT infrastructure. The Business Solutions domain span all relevant infrastructure areas, ensuring customers have access to a reliable, secure, and flexible technology platform to accelerate their business.



New / Current Product 2022 Service Functionality Update TABLE 3.1: PRODUCT FUNCTIONALITY UPDATE 2022

| | |
|------------------|--|
| مزادات Mzadat | <ol style="list-style-type: none"> 1. Mazadat Aldal 2. Mazadat - E-Auctions platform |
| Khibrah | <p>Khibrah new feature:</p> <ol style="list-style-type: none"> 1. The integration with Taqueem in Khibrah 2. Launch Khibrah in all courts across KSA 3. Build experts categories and standards in khibrah 4. Develop notification system in khibrah |
| ضامن Dhamen | <ol style="list-style-type: none"> 1. Integration and launch of Dhamen with VOT service in Tamm 2. Integration with Payment Channels in SABB Bank 3. Integration with Sadad 4. Auto switch between Banks 5. Enhancement to Dhamen dashboard 6. Mada/Credit card payment method 7. Apple Pay |
| مقيم Muqeeem | <ol style="list-style-type: none"> 1. Muqeeem\Visitor travel notification 2. Add API Services 3. Alnasher integration (Saudi Post product) 4. Fly Akeed Integration 5. Makkah permit new Portal enhancement 6. Adding new reports for client 7. Audit requirement enhancement |

New product launched Service Functionality TABLE 3.2: NEW PRODUCT LAUNCHED 2022

| | |
|---------|--|
| Kawader | Kawader - delivery sectors |
| Mowaze | Confirmation delivery Multi supplier registration |

1ST DIVISION DIGITAL BUSINESS (continued)

A: Digital Products

4 - MOBILITY SUITE

The mobility technology framework includes sourcing, supplying, mapping, maintaining, and delivering across every aspect of the network for large corporates and the public sector, from business-critical data centers to industrial networks.

The mobility suite is dedicated to helping government, non-profit and commercial organisations undergo digital transformation and discover critical vulnerabilities and risks to prioritise them according to their impact.

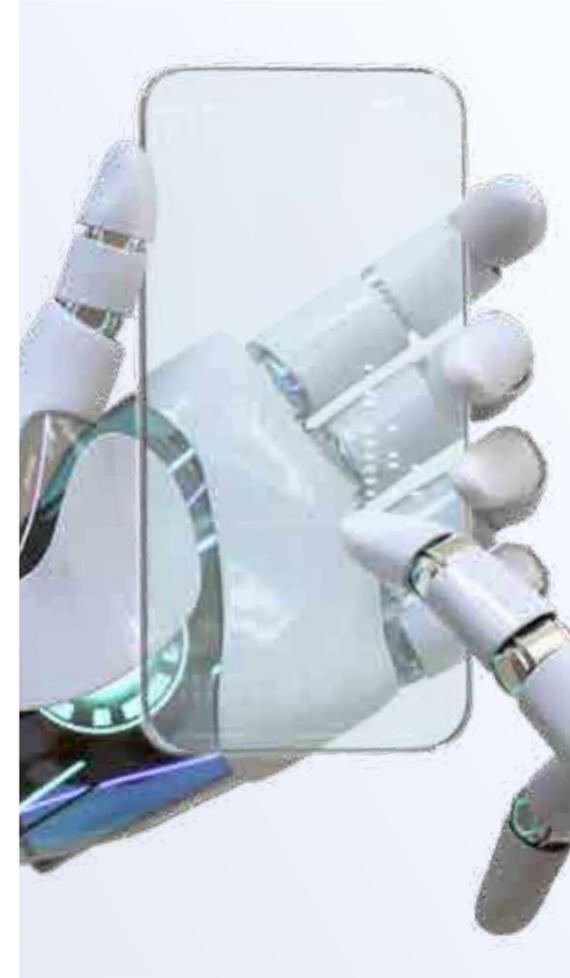
One adopted systematic approach involves asking whether a new interface is needed and then determining the most efficient integration approach. Elm helps organisations gain value from their

investment in technology by simplifying and automating complex frameworks through integrating mobility solutions positioned to help governing structures develop integrated and comprehensive architectures.

Extensive experience across both public and private sectors underpins the agile response to public needs, improving collaboration internally and externally, reducing unnecessary spending, and relieving pressure on resources to become digitally empowered and strengthen public safety by harnessing technology as an enabler of change. Increasing behavioral science, economic analysis, and available data capabilities to targeted, adequate disclosures.

TABLE 4.1: PRODUCT FUNCTIONALITY UPDATE 2022

| NAQL | WASL |
|---|--|
| <p>2022 Service Functionality Update</p> <ol style="list-style-type: none"> 1 Launching Freight Forwarder Activity Services 2 Launching of Class (H) of Car rental Activity services 3 Launching Family Taxi services 4 Launching Taxi Broker Activity Services 5 Launching domestic and international parcel transport activity services 6 Orders Delivery Activity Services 7 Launching the final phase of Naql Mobile App for individuals 8 Driver card for heavy transport 9 Launching the Automation of proof of the need for private transport | <p>2022 Service Functionality Update</p> <ol style="list-style-type: none"> 1 Allow authorized drivers in e-hailing activity which increase the number of trips and drivers 2 Applying the specifications of the tow cars as per General Transport Authority regulations 3 Launching Family Taxi Integration Services 4 Allow transfer of operating companies to another tracking service provider has been completed automatically 5 Enhancement of monitoring pages and reports 6 Integration with the Ministry of Municipal and Rural Affairs 7 Specialized and Educational transport Trips Management |



BAYAN

2022 Service Functionality Update

- 1 Launching the Technical Integration services for freight forwarders
- 2 Launching the Technical integration with Towing cars, dangerous materials transport, and petrol products transport
- 3 Launching the Technical integration with construction materials transport, and metals transport

TAJEER

2022 Service Functionality Update

- 1 Launching the service of the executive contract through integration with the Ministry of Justice
- 2 Activating technical integration services for companies and system providers
- 3 Introducing improvements to the visitor and GCC citizens' experience
- 4 Launch the new identity and design for the executive contract

BAHRI

2022 Service Functionality Update

- 1 Unify marine platforms into one unified platform (ships, marine units, sea passport)
- 2 Launch of Ship Services (license registration, registration of Saudi and foreign ships, Seafarers competence certificate, ship insurance, mortgage and removal, navigational licenses, continuous summary record certificate)
- 3 Launch Marine Services (Operating License, Acquisition Bond, Registration of Marine Unit, Add Unit engines, remove Unit engines, Mortgage Marine Unit, Change of work Area, Change of nature of work)
- 4 Launching of the Passport Services (issuance - Renewal of a sea passport)

CITY ENTRY

2022 Service Functionality Update

- 1 Integration with Absher
- 2 Allow freight forwarders to register in the portal
- 3 Integration with Wasl to receive the notifications and trips summary

TAWSEEL

2022 Service Functionality Update

- 1 Integration with Saudi Human Resources Development Fund to support delivery Apps drivers
- 2 Technical validation Service for Naql portal

1ST DIVISION DIGITAL BUSINESS (continued)

A: Digital Products

5 - SAFETY & SECURITY SUITE

Safety and Security has always been a priority in the Public and Private sectors. Getting electronic services in safety and security domain is crucial for any organization. Elm's safety and security product suite

provides wide range of safety and security services including but are not limited to border guard services, public security services, civil defense services and general authorities for civil aviation security services.

TABLE 5.1: PRODUCT FUNCTIONALITY UPDATE 2022

| New / Current Product | 2022 Service Functionality Update |
|---|--|
|  أمن Amn | <ol style="list-style-type: none"> Civil Explosive Service Air Gun Fash Service |
|  سلامة Salamah | <ol style="list-style-type: none"> "Adding Engineer" Service For Safety Companies "Deleting Engineer" Service For Safety Companies Salamah's Permits Modification |
|  البوابة الذكية Smart Gate | <ol style="list-style-type: none"> Employees Permits Service Parking Reservation Service Materials Permits Service |
|  زاوّل Zawil | <ol style="list-style-type: none"> "Port Permit" Fully Automation |

TABLE 5.2: NEW PRODUCT LAUNCHED 2022

| New product launched | Service Functionality |
|---|---|
|  NUZHAT | <ol style="list-style-type: none"> Product for sea trip reservation management |

6 - VEHICLES SUITE

The vehicle suit provides the public and governmental sectors with comprehensive, innovative, and digital solutions for all vehicle needs. Its aim is to achieve the highest levels of customer satisfac-

tion and providing high-quality services that meet our clients' needs. By developing innovative E-platforms/Products/services to elevate the vehicle market and services in Saudi Arabia.

TABLE 6.1: PRODUCT FUNCTIONALITY UPDATE 2022

| New / Current Product | 2022 Service Functionality Update |
|--|---|
|  تم Tamm | <ol style="list-style-type: none"> Launch public transport services Launch Phase 1 of Absher and TAMM engagement single sign-on Launch Vehicle authorization for KSA visitors Integration with Absher bus. for Vehicle Ownership Cancelation Allow the companies to issuance the vehicle repair permit Launch report Service (vehicle list with QR. Code) Launch TAMM 2.0 first phase |
|  باشر Basher | <ol style="list-style-type: none"> Launch New Basher 2.0 (including ID scanning and reducing users' input) Register violations using individual's ID Adding AI tool for accidents images to capture # of people, vehicles and blur faces for privacy Developing the electronic complaint and waiver services in cooperation with Absher Developing an electronic bail in application and portal. Add accident forms to Basher application |
|  مسارات Masarat | <ol style="list-style-type: none"> Starting phase 1 of the integration between Masarat and the unified rental contract |

1ST DIVISION DIGITAL BUSINESS (continued)

A: Digital Products

7 - REAL ESTATE SUITE

The Real Estate Domain is now more than ever under pressure from public authorities and tenants to become more socially inclusive. Increasingly, Real Estate realises the instrumental role IT has to play. Transforming how responsibilities and digital interaction are integral to new flexible working practices that enable residents to engage with landlords and developers to connect with local authorities.

Elm's long-established presence in the housing sector is based upon end-to-end capabilities in solution

design, consultancy, project management, logistics, and support. In short, Elm harnesses new technology's power to become leaner and more competent, accelerating innovation while maintaining the highest levels of reliability and cyber security.

Real Estate model solutions are effectively achieved by setting guiding principles to align with the business's anticipated needs. This approach flows through designing processes, organisations, technologies, and third-party providers collectively delivering the desired outcomes.

TABLE 7.1: NEW PRODUCT LAUNCHED 2022

| New product launched | Service Functionality Brief |
|---|---|
|  <p>كشف Kashf</p> | An application that allows customers to obtain the best offers from leak detection companies that are qualified to provide leak detection services to customers in their properties to reduce water leakage problems |
|  <p>NAQLAT</p> | A platform for managing the transportation and tracking of construction, restoration, excavation and commercial waste electronically to ensure proper disposal of waste from business sites through to landfills, by linking with multiple vehicles tracking systems and using modern technical solutions |
|  <p>مركن Marken</p> | MVP mobile Application for parking management application that provides booking and payment services, searching for vacant parking spaces, and directing the vehicle owner to it |

8 - PRODUCTS INTEGRATION SUITE

The Products Integration department provides solutions that help accelerate the achievement of a broader digitalisation system while reducing the impact and administrative load on the workforce regarding digital identity and data verification needs. That requires an understanding of what creates value across a given journey from the customer's point of view, cross-channel functionality personalisation, and what drives costs and revenues. With investments in the products integration suite underpinned by systems and processes, Elm helps customers integrate and

deploy digital technology that scales growth. Increasingly, providing a way to data monetization and robust digital service delivery. Those outcomes are effectively achieved by setting guiding principles to align with the business's anticipated needs. This approach flows through designing processes, organisations, technologies, and third-party providers that collectively deliver the established desired outcomes. For example, organisations can select the soft capabilities needed to meet their transfer requirements and extend resources that function in other premises.

TABLE 8.1: PRODUCT FUNCTIONALITY UPDATE 2022

| New / Current Product | Service Functionality Brief |
|---|--|
|  <p>رابط Rabet</p> | <ol style="list-style-type: none"> 1 Launch 7 new Products (4 products In production) & (3 products planned in Q4) 2 Launch 17 new services (7 services in production) & (10 services planned in Q4) Working with partners (TGA & Tabadul) 3 Launch first API service wit Tabadul |
|  <p>يقين Yakeen</p> | <ol style="list-style-type: none"> 1 Support sectors that need a one-time verification process, such as verifying the identity or data of residents or citizens 2 Verify all data and resend it to the entity within a specified timeframe 3 Support sectors that require verification on a daily basis, as verifying data remains basic and necessary procedure, such as banks and insurance sectors 4 Verify all data and re-send it to entities immediately, by connecting thier systems directly to government systems databases |
|  <p>نفاذ</p> | <p>An application that allows unified central access to all service providers by verifying the user's identity. The application provides two main products</p> <ol style="list-style-type: none"> 1 1. Accept Requests: Approval of login requests and more from the integrated applications with NAFATH 2 2. Activating biometric features: the ability to verify the user's identity using their biometrics, by matching user's biometric data |
|  <p>دخلي Dakhli</p> | <ol style="list-style-type: none"> 1 A financial data hub aim to provide data services and intelligent around understanding the financial classification of an individual 2 Working with data providers through share revenue agreements to deliver data services around salary and assets information to financial industries |

1ST DIVISION DIGITAL BUSINESS (continued)

A: Digital Products:

9 - HAJJ & UMRAH SUITE

Hajj & Umrah framework provides a compliant route for journeys management by developing the platforms to contribute to providing the opportunity for the largest number of Muslims to perform Hajj and Umrah and to reflect the honorable image of the Kingdom in serving the Two Holy Mosques.

The development include:

- Providing a distinguished digital guest experience, starting from the stage before arrival, then coming and leaving, moving around, visiting the Two Holy Mosques and holy sites, with the aim of providing the opportunity for the largest number of Muslims to perform Hajj and Umrah.
- Providing basic services and value-added services to pilgrims and Umrah performers Local & External, with a user experience that suits the needs of Muslims of all their cultures and identities.
- Contributes to the integration of services and raising the level of performance between the government, private and non-profit sectors, and facilitating procedures to host more pilgrims.

The shape and scope of these priorities allow Elm to efficiently analyses the movement behavior of visitors, identify potential, and control the crowd via intelligent communication chain management and secure data provision of applications.

To achieve this, the Company assists with consulting, implementing, and operating networks and data center infrastructures on and off customers' premises.

The ongoing successful execution of the Haj & Umrah disposal program had driven growth in the core businesses.

In addition, Elm acts as a trusted technology partner to the government with an unparalleled breadth of services, solutions, and a deep and pervasive understanding of the sector.

TABLE 9.1: PRODUCT FUNCTIONALITY UPDATE 2022

NUSUK

2022 Service Functionality Update

Portal & Application enabling the guests of Rahman to prepare for them journey to perform Umrah, Hajj, visit and prayers.

- 1) Launch Nusuk Identity
- 2) The local Hajj registration feature has been added
- 3) The lottery result has been displayed
- 4) Enabling visitors to register and issue permits from outside KSA



THE ELECTRONIC PATH FOR LOCAL PILGRIMS

2022 Service Functionality Update

Adding a lottery procedure for selecting pilgrims.



THE ELECTRONIC PATH FOR EXTERNAL PILGRIMS.

2022 Service Functionality Update

- 1) Issuing permits for enter the two Holy Mosques to perform Umrah, visit and prayers.
- 2) Adding the contracting for basic service packages



TABLE 9.2: NEW PRODUCTS LAUNCHED 2022

BUSINESS SOLUTIONS PLATFORM

Service Functionality Brief

A system that serves Hajj companies in sending and processing requests for qualification, operations, camp allocation and pilgrims' reservations.



ELECTRONIC PAYMENTS PORTAL

Service Functionality Brief

The electronic payment portal allows Umrah companies to create wallets for global distribution system (GDS) services and pay through them.



NUSUK CRS

Service Functionality Brief

Admin portal for quota management for all permits type.



1ST DIVISION DIGITAL BUSINESS (continued)

A: Digital Products:



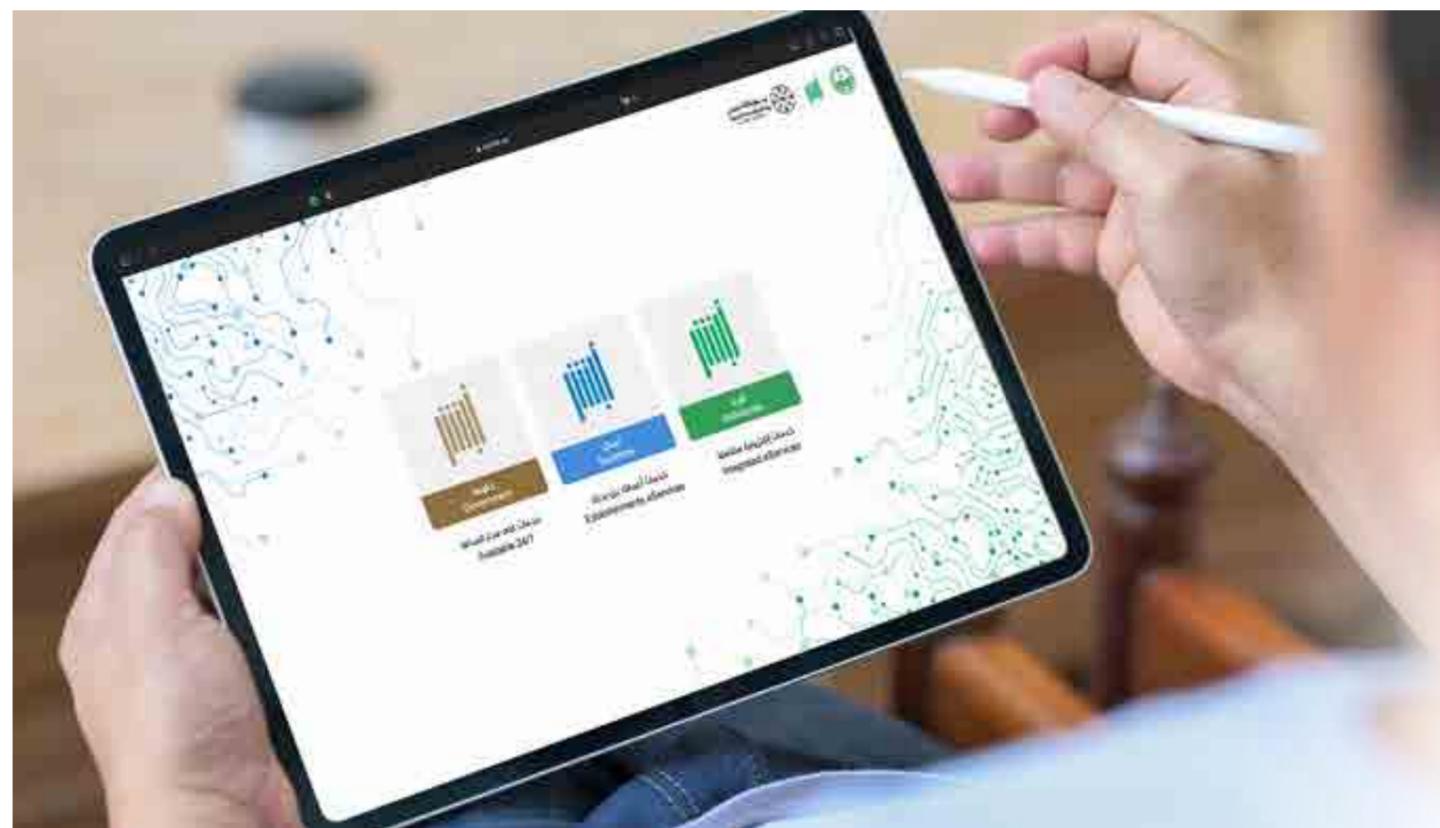
10 - ABSHER SUITE

The government is responsible for running the country and ensuring that public services are securely and efficiently available to support the nation. Each department offers a unique service, from saving lives or protecting the nation's beauty, to running infrastructure, to providing services to a citizen during their time of need. In every case, the ministerial departments, agencies, and public bodies focus on delivering the best service to the nation.

The demand on the digital government to provide public services in an efficient, robust, and secure manner in line with expectations and functionality stipulated by how the population utilizes consumer technology has driven a heightened priority of digital transformation for Elm.

Services to the public and internal civil servants need to be readily available, flexible, easily accessible, and easy to use while controlling the spending of the public's money. Absher framework covers communications with citizens through various solutions and communication channels in providing the following services:

- NATIONAL ID RENEWAL
- SAUDI PASSPORT SERVICES
- ABSHER DIGITAL WALLET
- VEHICLE PLATE REPLACEMENT
- VEHICLE OWNERSHIP CANCELLATION SERVICE



“Absher is an all-in-one solution allowing a sole chain of care focusing on beneficiary and relationship centered approaches, both of which hold a dialogical viewpoint at the core and are programmed to simplify the legal structure on the following.

ABSHER NOTIFICATIONS SERVICE

Service Description

A group of notification services provided by sending text messages or notifications in the Absher App., by using registered beneficiary customer identification numbers.

ELECTRONIC BAIL SERVICE

Service Description

Service that sends a text message with the electronic notary code to the beneficiary mobile phone numbers registered in Absher platform.

VEHICLE OWNERSHIP TRANSFER

Service Description

It is a service available to individuals that enables the vehicle to be sold online through Absher platform, after the vehicle has been inspected by the buyer, and an agreement between the buyer and the seller has been obtained for a specific price.

VEHICLE OWNERSHIP CANCELLATION SERVICE

Service Description

A vehicle drop-off service that allows citizens and citizens to drop all types of unwanted and damaged vehicles.

DOCUMENT DELIVERY SERVICE

Service Description

It is a service that allows citizens and residents to request delivery of documents through Absher platform (national identity, e-passport).

1ST DIVISION DIGITAL BUSINESS (continued)

B: Digital Delivery Suites (Projects)

Elm's Digital Enterprise Solutions aims to improve government services by digitizing the public sector and improving data management between online services and processing systems. The projects are part of the Company's effort to enhance public-sector productivity and streamline government operations.

The Company is committed to creating a future-ready environment for the nation and its citizens through continuous innovation. The focus is on delivering high-quality programs and services more efficiently and with less risk by using technology as a tool and enabler for innovation.

The Company believes that improving the delivery process of large projects, especially those that

exceed a certain public value, will lead to better outcomes, synergize economic growth, and enable environmental and social capital. Elm's success in delivering large projects is attributed to solid leadership, organizational skills, mindsets, and culture, as well as well-designed processes and methodologies.

The Company's commitment is to creating robust and future-ready aspirations for the nation and its stakeholders through continuous innovation across all main drivers of social environment. Elm's Digital Enterprise Solutions models aim to enable the digital transformation of the public sector, improve productivity and efficiency, and reduce costs through a combination of digitization, innovation, and agile methodologies.



2ND DIVISION

BUSINESS PROCESS OUTSOURCING (BPO)

Through the business sector, the company seeks to enhance its competitive advantage in operation and service delivery competence through the management and total operation of services or partial support in specific areas.

The company provides its services within the government authority and private sector, which helps the beneficiary establishments achieve operational excellence and successfully transform the operating activities according to the highest international standards and conduct.

1. INSPECTION AND MONITORING

Inspection and monitoring services are intended to increase efficiency and quality through operational and digital solutions. They aim to transform services from regulatory practices to economic value-added services.

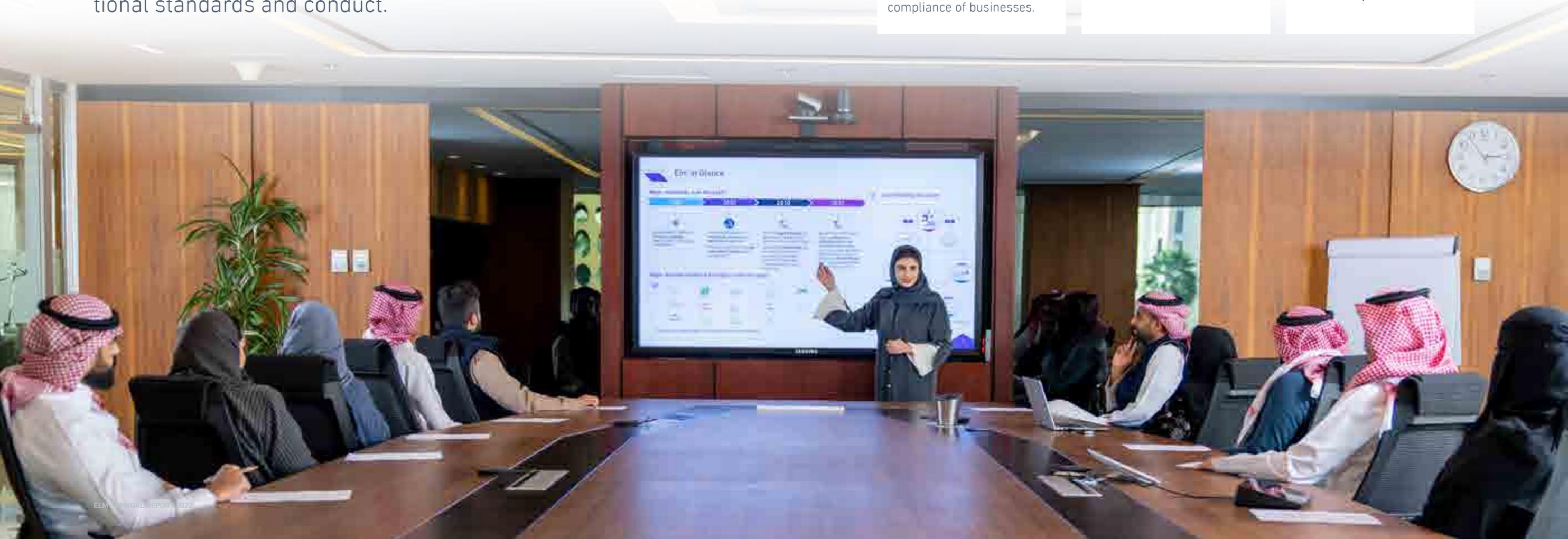
Inspection and monitoring services include:

Field inspection services, fleet management, and financial management: building, managing, and operating governmental inspection services to ensure high levels of quality output and increase compliance. Examples include Ejada program, which conducts control and inspection activities on behalf of the Ministry of Municipal and Rural Affairs and Housing, which aims to increase the compliance of businesses.

Questionnaire and monitoring: providing operational and technological solutions to collect and monitor complex data to provide qualitative information.

Examples include the readiness of holy sites, where it worked with the Ministry of Hajj and Umrah to ensure the readiness of the holy sites and control all facilities during the 2019G Hajj season.

Meqyas: a service that includes a set of quality standards that are provided to entities that provide direct services to their customers. It is applied through periodic visits to the beneficiary entity to ensure that the standards of Meqyas are applied. Meqyas aims to provide reports, notes, and future improvement plans in a manner that suits the beneficiary and enables it to improve its services.



2ND DIVISION BUSINESS PROCESS OUTSOURCING (BPO) (continued)

2. BUSINESS CENTERS

Through the "Business Centres" system, the Group provides optimal solutions for service entities that deal directly with the public when providing services. Through the package of services, the Group seeks to achieve high efficiency in all stations of the customer's journey. The Group's Business Centre services include:

Service centres: providing operational solutions that suit the needs of the service provider by developing and operating central service channels to ensure excellence and quality in services provided. Operational solutions are offered as a business venture with the government or on an income-sharing basis.

Mobile customer services: transforming services with central channels into mobile services supported by a digital operating model that facilitates access by beneficiaries according to the place and time determined by the beneficiary.

Customer journey: studying the complex and intertwined customer journey in preparation for its transformation, through an advanced operating model supported by various digital elements, into an easy, uncomplicated experience enriched with value-added services for the customer.

Crowd management: providing technological or technical solutions to manage human crowds and control their pathways in open areas and spaces.

3. SUPPORT WITH MODERN TECHNOLOGY

The Group offers this system to employ modern technologies that support business in various fields to enable beneficiaries to achieve qualitative results to solve complex problems by investing in advanced technology. The support services that the Group provides to its customers include smart devices that are supplied and installed to help provide qualitative solutions that achieve value and benefit for the beneficiary and are used in the implementation of outsourcing operational work.

4. OPERATIONAL BUSINESS OUTSOURCING

The company provides a range of business support services in specific specialized areas, which contribute effectively to achieving the required operational goals, without requiring full operation of the services. The operational business outsourcing services provided by the company include the following:

Communication channels: managing and operating the operations of the various channels of communication with customers, and providing advanced solutions that support communication with the beneficiary, such as visual communication channels.

Modern laboratories: Providing the best expertise in laboratories to provide design, testing and measurement services for products based on modern technologies, including, but not limited to, covid-19 testing laboratories.

Digitisation and Archiving Service: a service that is intended to convert paper documents into electronic documents, store electronic documents, manage and store paper documents, process and restore damaged documents, safely destroy documents, and provide mobile archiving. The service is provided to assist entities in electronic transformation while preserving their entire documentary history.

Printing Service: a service for printing official and sensitive documents through an integrated technological and technical system through high quality procedures and under real-time security monitoring as the Group prints documents and other instruments. The Group also provides a delivery service to the end user with multiple options, which serves the parties it deals with and achieves the satisfaction of end users.

Digital platform management and operation:

Managing the quality of digital platforms, checking and auditing them to achieve service continuity. Examples include Ithra, electronic learning and training platform that is provided through the cloud science environment to efficiently manage, follow up, and evaluate the training process and easily deliver training programs by automating all activities related to training and continuing education.

2ND DIVISION BUSINESS PROCESS OUTSOURCING (BPO) (continued)

THE MOST IMPORTANT ACHIEVEMENTS OF THE BUSINESS PROCESS OUTSCORING DIVISION FOR THE YEAR 2022:

BUSINESS CENTERS

- ⬡ Signing contract the operation of heritage centers with the Heritage Commission.
- ⬡ Signing the supervision and operation contract of AlUla Airport with the Royal Commission of AlUla.
- ⬡ Signing the operation of Makkah Road contract.
- ⬡ Renewal of the comprehensive service center contract in AlUla with the Royal Commission of AlUla.
- ⬡ Signing a Etizaz project contract with the Ministry of Defense.
- ⬡ Signing a partnership contract between Najiz Center for Justice Services and Zain Telecommunications Company.
- ⬡ Signing a partnership contract between Najiz Center for Justice Services and Mobily.
- ⬡ Operating each of: (Albahah Center, Yanbu Center, Najran Center) in regard to the Heritage Commission Project.
- ⬡ Opening of Najiz Center for Justice Services branch in Dammam in February.
- ⬡ Signing an agreement with the Libraries Commission.

INSPECTION:

- ⬡ Signing the Project Coordination Office contract for the projects of the city of Makkah and Asir, to inspect the excavations.
- ⬡ Signing the inspection and quality contract for the Royal Commission for AlUla.
- ⬡ Signing buildings control contract with the Jeddah Province and the Municipality of the Holy Capital.
- ⬡ Signing the control and inspection contract of facilities in the city of Makkah.
- ⬡ Signing the inspection contract for Diplomatic Quarter in Riyadh with the Royal Commission of Riyadh City.
- ⬡ Extension of control and inspection contract of tourism activities.
- ⬡ Executed more than one million inspection visits as part of the inspection work.
- ⬡ Launching digital inspection initiatives (artificial intelligence - computerized vision).

OUTSOURCING:

- ⬡ Signing a call center development contract with the Ministry of Hajj and Umrah.
- ⬡ Signing a security preparation contract with the Ministry of Interior.
- ⬡ Signing Saudi Bedia contract with the Ministry of Media.
- ⬡ Renewal of the contract for the Real Estate Digitization with the Ministry of Justice.
- ⬡ Completion of the digitization of 100,000,000 million documents in the month of 06/2022 for the Central Digitization Laboratories Project (Phase I) - Ministry of Justice.
- ⬡ Processing, printing and distributing 913,282 Hajj smart cards - Ministry of Hajj and Umrah.
- ⬡ The printing center achieved 2,335,206 requests from the beginning of the year to 11/2022 for all products.
- ⬡ Activated and added 3 new products related to Absher printing centre (National Identity - Vehicle Plates - Saudi Passport).

3RD DIVISION PROFESSIONAL SERVICES

The Group's objective is to develop the overall performance of entities and improve customer satisfaction, using experts and consultants with extensive experience in multiple disciplines.

The Group's offerings include professional services, through which the nature of an existing problem in an entity is understood, its dimensions are discovered, the work stages used to include their advantages and disadvantages are studied, future challenges are perceived, and obstacles that may impede the application of new work methods

are identified. This is to develop a clear vision of the business plan along with its stages and parts, and define the goals to be achieved. The Group's objective is to develop the overall performance of entities and improve customer satisfaction, using experts and consultants with extensive experience in multiple disciplines.

PROFESSIONAL SERVICES OFFERED



- 1. CONSULTANCY SERVICES
- 2. STRATEGIC AND MANAGEMENT CONSULTING AND BUSINESS TRANSFORMATION PROGRAMS
- 3. DIGITIZATION CONSULTING SERVICES
- 4. PROFESSIONAL SERVICES IN DATA ANALYSIS AND ARTIFICIAL INTELLIGENCE (AI)
- 5. ADVANCED ANALYTICS



3RD DIVISION PROFESSIONAL SERVICES (continued)

1. CONSULTANCY SERVICES

Elm Consulting covers the organization's journey from designing strategic plans to implementing them through programs and projects, through a team of consulting staff with significant experience in many digital, technical, administrative and operational fields.

2. STRATEGIC AND MANAGEMENT CONSULTING AND BUSINESS TRANSFORMATION PROGRAMS

Carrying out business transformation programs for the entities, starting from defining the strategic direction and ending with designing the optimal operational model for it.

The Group's strategic and management consulting and business transformation programs services include:

- Business Transformation
- Business Process Reengineering
- Transformation in Customer Experience
- Beneficiary Service Centers Design
- Establishing and Operating Institutional Excellence Centers
- Establishing and operating performance measurement and beneficiary satisfaction centers

3. DIGITALIZATION CONSULTING SERVICES

In Digitalization Consulting Services unit, Elm support organizations and agencies to adopt digital transformations according to strategic and executive plans for digitalization and technology transformation, leveraging international best practices in modern and emerging technologies that organization's are required to adopt and develop to enable new, innovative digital business models.

The Group's Digitalization consulting services include:

- Developing digital transformation and information technology strategies
- Data Management and Data Governance Strategy Development, Data Office Establishment and Execution Support
- Digital Maturity assessment and Digitalization and IT needs identifications
- Enterprise Architecture Office establishment and Execution support
- Digital Platform Architectural requirement identification and Reference Architecture Design



4. TRANSFORMATION MANAGEMENT CONSULTING AND ORGANIZATIONAL RESTRUCTURE

Initiating transformation by establishing and supporting the operation of several strategic transformation departments as required by organizational needs, coupled with following through with strategy implementation processes and measuring the level of compliance with the goals and providing technical solutions to facilitate them.

The Group's transformation management consulting and organizational restructure services include:

- Strategy Management Office establishment and Operation support (SMO)
- Project Management office establishment and Operation support (PMO)
- Vision Realization office establishment & Operation support (VRO)
- Enterprise restructure management
- Establishment and operation support for transformation management office (TMO)
- Strategic transformation programs governance
- Design Transformation Initiatives Strategies
- Leadership Development Center

5. ADVANCED ANALYTICS:

The Group provides analytics products and services that help decision makers diagnose the reasons for current underlying challenges, predict the future, and answer complex future questions through the application of data mining and AI technologies. Such advanced analytics leads, for example, to exploring the main drivers or causes behind certain phenomena, or choosing the best way to deal with a problem.

The Group's advanced analytics include:

- Spending Analysis
- Customer Segmentation and Analytics
- Geospatial Analytics
- Logistics Services Analytics
- Product Analytics
- End-to-End Big Data Analytics Platform

3RD DIVISION PROFESSIONAL SERVICES (continued)

The most important achievements of the Professional Services Division for the year 2022:

Establishing the Project Management Office in the Second Health Cluster - Central Region - Ministry of Health.

Leadership Development Program - Ministry of Finance.

Launching the Saudi Bedia platform and enriching its content - Ministry of Information - Saudi Bedia platform program.

Providing leadership development programs in Saudi Post - SPL

Etizaz Program - Consulting Management - Ministry of Defense.

Consultancy services project for the development of the Saudi Shooting Federation.

Executed consultancy support for the Yachts Platform Consultancy Support- Public Transport Authority.

Re-engineering of yacht platform procedures - Public Transport Authority.

Executed analysis and planning of the Suez Canal initiatives programme - Public Transport Authority.

Executed independent procedures for comprehensive inspection and screening of recruitment companies and offices - Ministry of Human Resources and Social Development.

Home Workers recruitment process - Ministry of Human Resources and Social Development.

Executed project on developing and upgrading the quality of the work of recruitment companies and offices - Ministry of Human Resources and Social Development.

Qiadya - Women Leadership Training Program - Princess Nourah University.



BUSINESS PERFORMANCE

With a client-centric culture, the Company remains focused on meeting clients' needs today, and continue to shape tomorrow's digital ecosystem.

Elm Business Performance is aligned into three reportable segments;

- Digital Businesses
- Business Process Outsourcing
- Professional Services

With a client-centric culture, the Company remains focused on meeting clients' needs today, and continue to shape tomorrow's digital ecosystem. This is why Elm continues to advance the fundamental science of customer engagement driving innovation and pioneering a new era of accelerated discovery

In 2021, the Company announced a strategic reorganization of its business streams and have entered with strong momentum on a solid growth trajectory.



BUSINESS PERFORMANCE ACHIEVEMENTS

ABSHER



38 MILLION
operations

700 THOUSAND
subscriptions

13 MILLION
Tamm total transactions for 2022

9 MILLION
Authorization (transactions)

700 THOUSAND
Issue and renew Driving Licenses (transactions)

1.6 MILLION
Ownership transfer (transactions)

تم
Tamm

يقين
Yakeen

2 BILLION
operations

ضامن
Dhamen

950 THOUSAND
contracts

فسيج
FASAH

28 MILLION
operations

مقيم
Muqeem

5 MILLION
Iqama Renew (transactions)

2 MILLION
Iqama Print (transactions)

1 MILLION
Iqama Issue (transactions)

MAKKAH ROUTE INITIATIVE:

The Makkah Route Initiative comes as a function of the directives of King Salman and Crown Prince Mohammed bin Salman.

The directives are to serve pilgrims in line with NTP 2020 and Vision 2030 under the direct supervision of the Ministry of Interior, heading the Supreme Hajj Committee. The initiative aims to enhance the pilgrimage services, and facilitate the journeys of the pilgrims, to benefit from immigration pre-clearance system and help Hajj pilgrims to fast-track journeys to the Holy Land.

THE INITIATIVE INCLUDES:

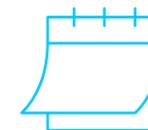
- Ensuring compliance with health requirements
- Issuance of visas
- Codifying and sorting luggage according to transportation and housing arrangements in Saudi Arabia
- Completion of customs and passport procedures



98,816
Pilgrims



5
Countries benefiting from the initiative



28
Number of days of the initiative



0:01:48
MINUTES

Average check-in time for pilgrims (minutes)



274

Flights



58

Service stations

OUR STRATEGY



OUR STRATEGY REFLECTS ON A COMMITMENT TO A SET OF COHERENT, MUTUALLY REINFORCING POLICIES OR BEHAVIOURS AIMED AT ACHIEVING A SPECIFIC COMPETITIVE GOAL.

The Company's strategy reinforces the concept:

"Elm is the digital enabler for governmental and business sectors in the Kingdom and the region."

With this vision, the Group has secured significant achievements that resulted in developing commercial and internal capabilities, with the continuous improvement of the Company's annual financial performance. The Company's mission is to innovate to empower communities and make life easier. Being committed to building a lean and scalable business to grow in excess of the market and drive best-in-class margins and strong free cash flow. Working together with customers across the product life cycle to create solutions that make it easy for our customers.

The strategy shapes everything Elm does, including its approach to talent and the importance of having a compelling purpose. Elm adheres to a governing principle, steadily building momentum through a reinforcing cycle of disciplined actions that combine its strategy, portfolio, partnerships, talent, and investments. Each step builds on previous work and transfers momentum to the subsequent outcome.

Organic growth requires a consistent focus and appropriate allocation of resources by senior leadership through articulating a clear strategy and the design of perpetuated cycles. An in-depth analysis of customer requirements is the primary consideration in designing operations, supply chain dynamics

and customer support systems. A customer-centred approach is imperative for the Company's growth.

Emphasising the need for operational efficiency, adequate investment in emerging technologies is central to the Company's competitiveness. Investment decisions are highly centralised, identifying investment opportunities and processes diffused throughout the operating agenda.

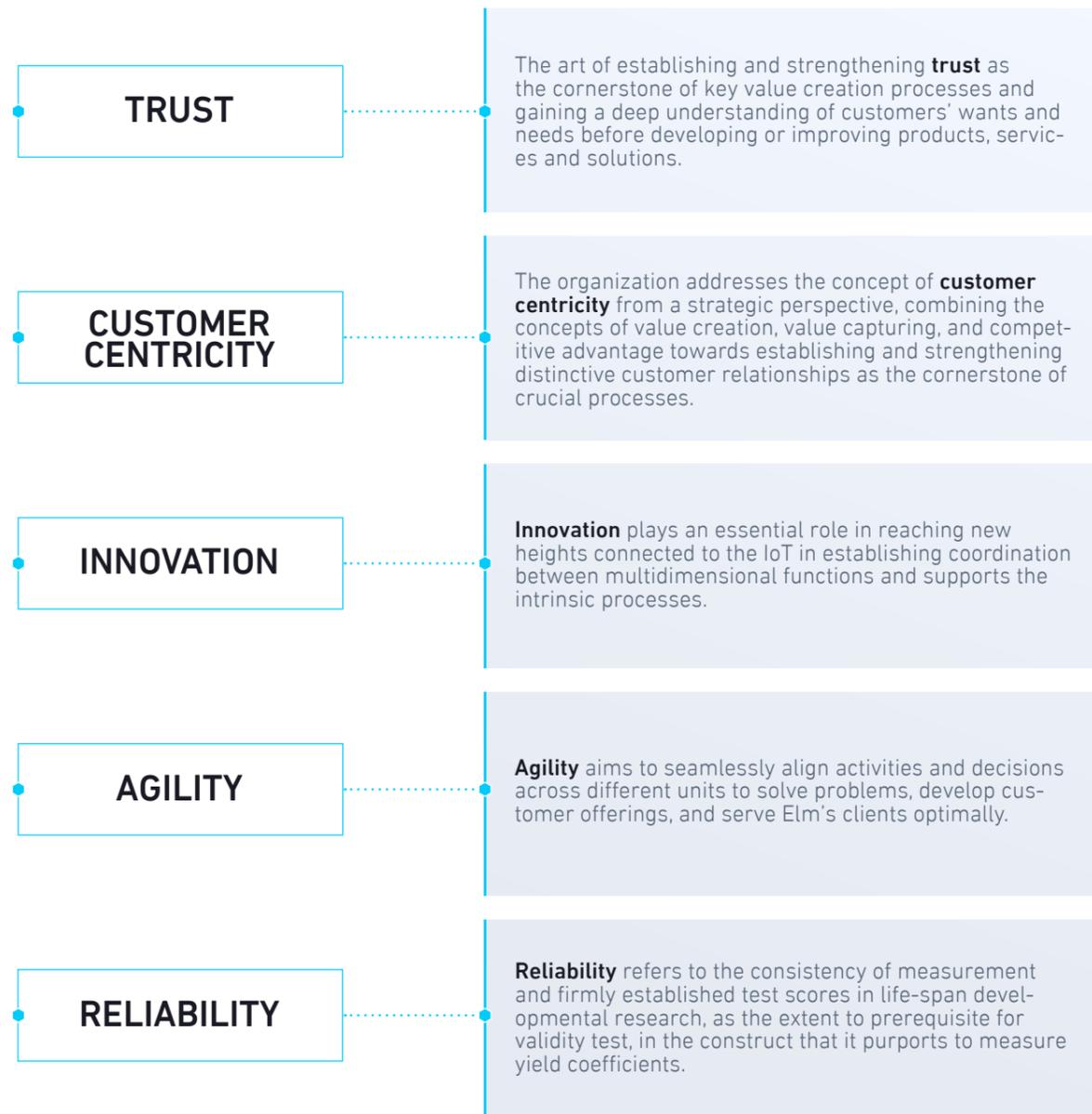
Elm's offerings are in providing digital services and integrated digital solutions (digital products/platforms and custom solutions) equipped with professional services as well as business process outsourcing for a comprehensive digital transformation, greater convenience, reduced cost, greater proximity to existing and new customers and with the ability to leverage network effects.

Digital platforms are utilised to help and support business growth and market diversification, by facilitating the provision of services following the same approach towards business process outsourcing outlines the potential opportunities on a horizontal basis. These opportunities are typically described on a range in relevance and degree depending on the precise business model, and platform structure adopted.

OUR STRATEGY (continued)

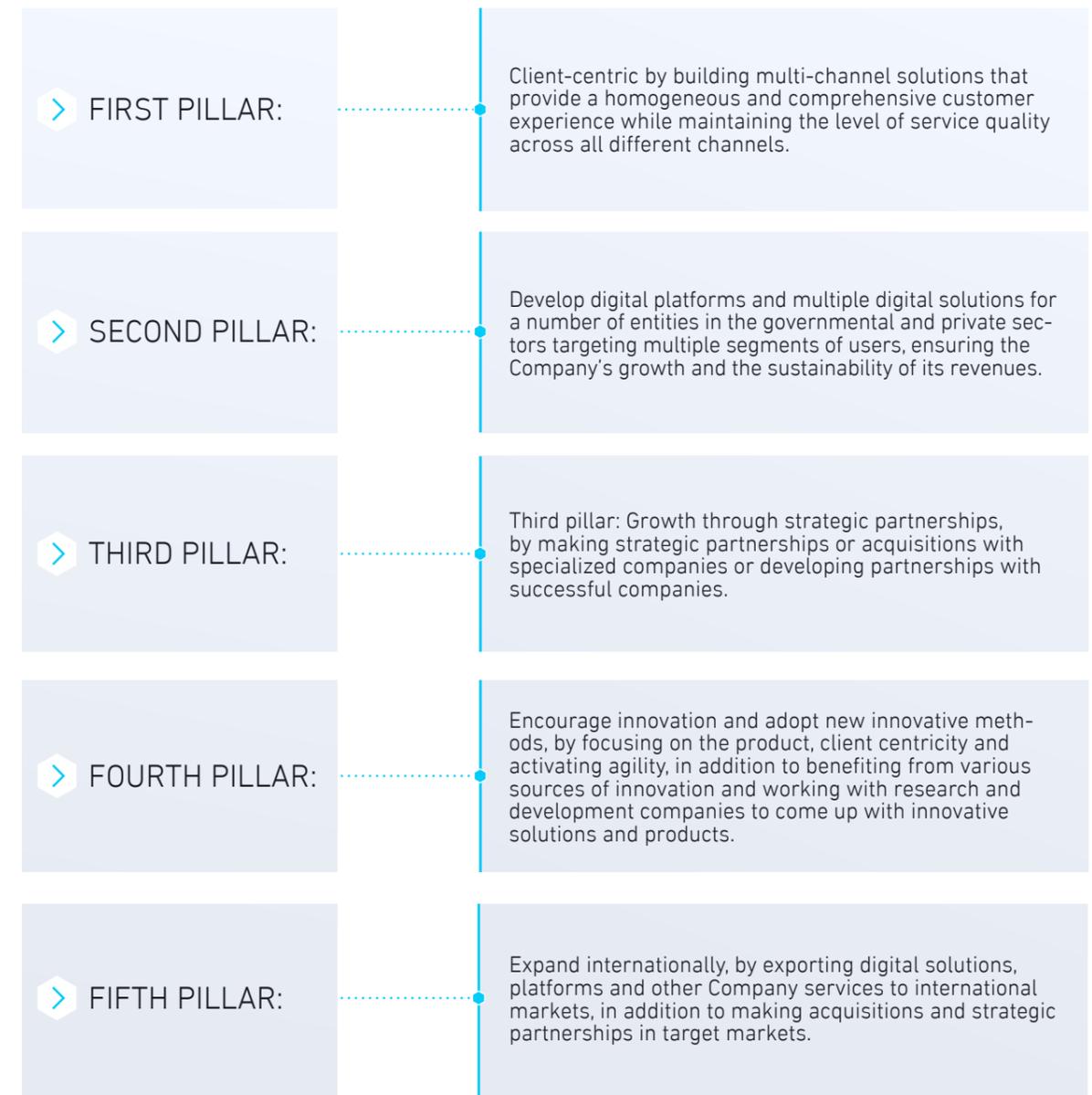
Elm's strategy is based on five main values:

CORE VALUES:

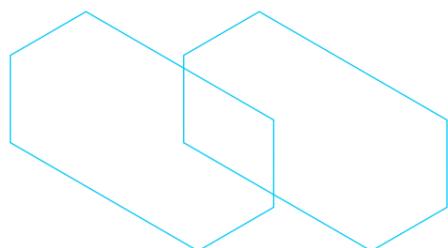


The main 5 strategic pillars for the organization are summarized below, grouped around the five core values:

STRATEGIC PILLARS:



CFO REVIEW



Elm achieved remarkable financial results during 2022, reflecting the Company's ability to associate digital expertise and industry-specific excellence to deliver innovation in order to support our customer's digital transformation with a superior user experience.

Revenues reached SAR 4.6 billion, an increase of 20% compared to 2021, mainly due to the growth in the Digital Business where new products were launched, such as the Hajj and Umrah Services Center, Tawseel and Daman products, in addition to the growth in revenues of existing products such as Yaqeen, Tamm and Absher.

Gross profit increased by 42%, due to the increase in the share of the Digital Business to total revenue, which enjoys higher profit margins than other operating segments.

The total operating profit increased by 58%, driven by the growth in gross profit, despite the increase in operating costs by SAR 205 million due to the recording of non-cash expenses related

to the provision for expected credit losses and a decrease in impairment of non-current assets, in addition to the expansion in the number of employees.

Net income increased by 64%, affected by the increase in total operating profit. We also positively affected by the global trends represented in the rise in interest rates, which resulted in a growth in the return of Murabaha deposits. On the other hand, there was an increase in Zakat provisions.

Earnings per share amounted to SAR 11.94, and the diluted earnings per share amounted to SAR 11.63.

In conclusion, I extend my sincere gratitude and appreciation to our customers, shareholders, the Board of Directors, and the senior management team, and of course, the people who make this all happen, my colleagues. It is motivating for us that we know we are contributing towards the achievement of the Kingdom's Vision 2030, and we look forward to what the future holds.

**Mr. Othman
bin Mohammad Al-Twaijri**
VP of Finance Division ELM



CFO REVIEW (continued)

Consolidated statement of profit or loss and other comprehensive income from the fiscal year 2018 to 2022, in millions (SAR)

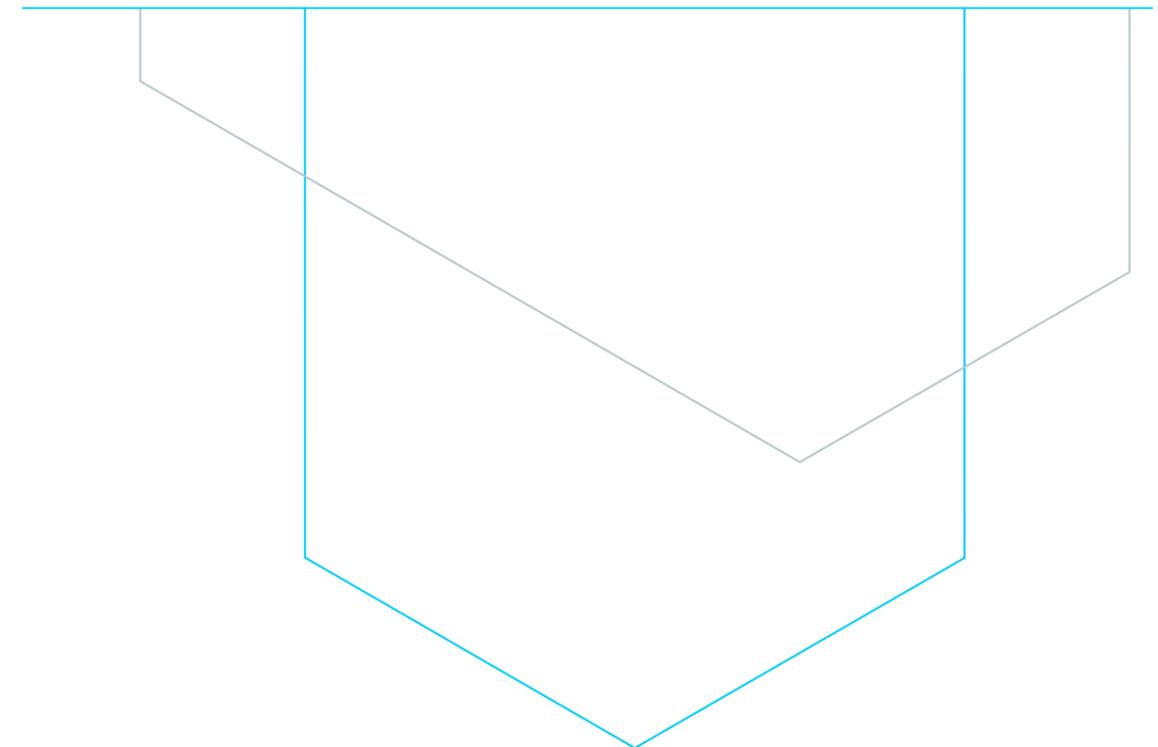
| Description | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------------------|---------|---------|---------|---------|---------|
| Revenue | 4,606 | 3,828 | 2,466 | 2,102 | 1,926 |
| Cost of revenue | (2,720) | (2,505) | (1,629) | (1,421) | (1,206) |
| Gross profit | 1,886 | 1,323 | 837 | 681 | 720 |
| Total operating expenses | (913) | (708) | (481) | (381) | (360) |
| Operating profit | 972 | 615 | 356 | 300 | 360 |
| Other income/ (expenses), net | 51 | 34 | 17 | 7 | 5 |
| Net profit before zakat | 1,023 | 649 | 373 | 307 | 365 |
| Zakat | (93) | (82) | (66) | - | - |
| Net profit | 930 | 567 | 307 | 307 | 365 |
| Gross profit Margin | 41% | 35% | 34% | 32% | 37% |
| Net profit Margin | 20% | 15% | 12% | 15% | 19% |

Consolidated statement of financial position from the fiscal year 2018 until 2022, in millions (SAR)

| Description | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------------------|-------|-------|-------|-------|-------|
| Total Non-current assets | 871 | 802 | 742 | 592 | 421 |
| Total Current assets | 5,155 | 4,392 | 3,282 | 2,220 | 2,034 |
| Total assets | 6,026 | 5,194 | 4,025 | 2,812 | 2,455 |
| Total Non-current liabilities | 404 | 401 | 404 | 401 | 265 |
| Total current liabilities | 2,575 | 1,984 | 1,387 | 901 | 978 |
| Total liabilities | 2,979 | 2,385 | 1,791 | 1,302 | 1,243 |
| Total Equity | 3,047 | 2,810 | 2,234 | 1,510 | 1,212 |
| Total liabilities and equity | 6,026 | 5,194 | 4,025 | 2,812 | 2,455 |

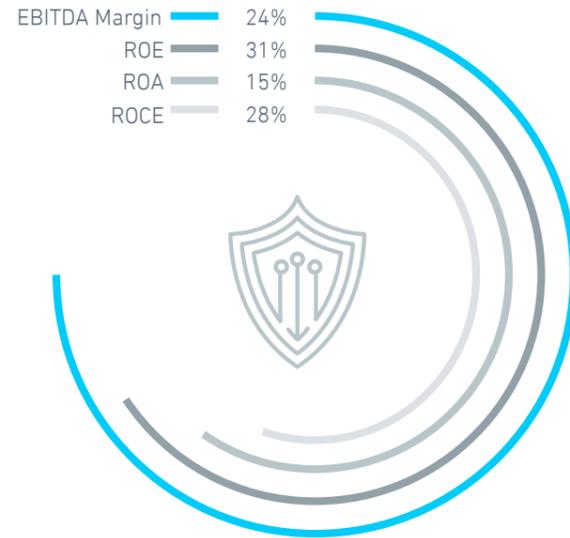
Highlights operation results in 2022 compared to 2021 in millions (SAR)

| Description | 2022 | 2021 | Difference | Percentage (%) |
|-------------------------------|---------|---------|------------|----------------|
| Revenue | 4,606 | 3,828 | 778 | 20% |
| Cost of revenue | (2,720) | (2,505) | (216) | 9% |
| Gross profit | 1,886 | 1,323 | 563 | 43% |
| Total operating expenses | (913) | (708) | (205) | 29% |
| Operating profit | 972 | 615 | 358 | 58% |
| Other income/ (expenses), net | 51 | 34 | 17 | 49% |
| Net profit before zakat | 1,023 | 649 | 374 | 58% |
| Zakat | (93) | (82) | (11) | 14% |
| Net profit | 930 | 567 | 363 | 64% |

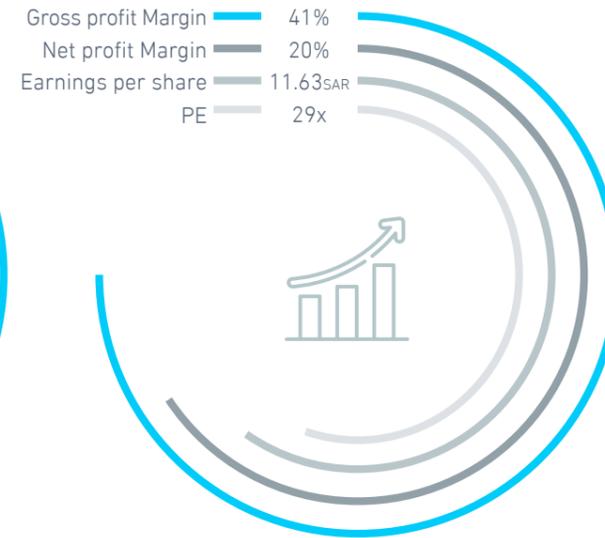


CFO REVIEW (continued)

Financial Ratio



Financial Ratio



Revenue by segments for the fiscal year 2022:



Geographical analysis of revenues of the Company and its Subsidiaries during 2022 in million (SAR)

| Revenues of the Kingdom of Saudi Arabia - Local | Other Revenues - Non-Local | TOTAL |
|---|----------------------------|-------|
| Elm Company SAUDI COMPANY FOR EXCHANGING DIGITAL INFORMATION (TABADUL) EMDAD AL KHEBRAT COMPANY | ASDAM DIGITAL COMPANY | |
| 4,605 | 1 | 4,606 |

Group revenue details for each company for the fiscal year 2022, in millions (SAR):

| Company Name | Company Standalone Revenue | Company Consolidated Revenue |
|--|----------------------------|------------------------------|
| Elm Company | 4,101 | 4,103 |
| Saudi Company for Exchanging Digital Information (Tabadul) | 383 | 383 |
| Emdad Al Khebrat Company | 803 | 121 |
| Asdam Digital Company | 1 | 1 |
| TOTAL | 5,290 | 4,606 |

* The revenues of some subsidiaries were not presented due to the lack of revenues during the year (Elm Technical Investment Company, Future Resources Limited Company, Al-Umrah Company for Distinguished Services, Elm Arkan Company for Information Systems Technology, Elm Europe Company).

RISK MANAGEMENT

Risk Management Framework

Elm recognises that the primary role of risk management is to protect its customers, business, shareholders and the communities it serves while ensuring that the Company executes its strategy, achieves its objectives and ensures sustainable growth.

The framework fosters continual monitoring, promotes risk awareness and encourages sound operational and strategic decision-making.

It also supports a consistent approach in identifying, assessing, managing, monitoring, reporting, and setting accountability for the risks and exposures in its activities.

Elm continuously enhances its risk management framework and approach to managing risks through its activities.

Elm manages risks through its day-to-day activities covering the following categories relevant to its context: strategy, operational, governance, regulatory and compliance, financial, information systems and technology, sustainability and people.

The Risk Management Framework enables a standard, unified approach to the risk management process and provides principles and practices for Risk Management aligned with ISO 31000:2018 guidelines.

MONITOR



MANAGE



ASSESS



REPORT



IDENTIFY



RISK MANAGEMENT (continued)

Company Risks

Elm’s risk management approach supports risk-informed decision making, based on an approved risk appetite, and with clearly adopted risk response strategies; setting out those risks the Company is prepared to pursue as opportunities and others that must be mitigated and tracked.

Risk limits and required internal control standards are monitored to ensure risks and exposures remain within the overall risk appetite. The Company’s risks include strategic and technology risks; competition and a rapidly changing market landscape; bureaucracy and pace of change; talent and workforce challenges.

The following table explains the risks Elm may face during the implementation of its business and the risk response strategies.

| Risks | Response Strategy |
|--|--|
| STRATEGIC RISK | |
| Concentration of revenue from key customers | To expand its customer base and revenue streams, the Company continuously grows partnerships with strategic government sectors, building private digital platforms and developing revenue-sharing projects. Elm is also increasing its market share in the local and international markets by adding products. The Company monitors macroeconomic conditions, changing regulatory landscape, and market movements to continuously enhance its business plans. |
| TECHNOLOGY RISK | |
| Rapidly evolving technology landscape and fast pace of innovation | Elm’s core values of customer centricity, innovation, trust, agility and reliability guide Elm’s responses to all challenges and risks. Specifically with regards risks around technology, the company focuses on designing resilience into its products, projects and services as well as being at the forefront of adoption of cutting-edge technologies. |
| Prevalence of cyber threats impacting service continuity, integrity, and availability | Adopting a 3 lines model for governance ensures implementing robust preventive and detective cyber security controls to mitigate relevant threats. Elm validates and certifies its cybersecurity practices with the international security standards including ISO 27001. The ISO 27001 certification provides assurance of the cybersecurity infrastructure and control that the company manages for its services and supports it in staying in line with all cyber-related challenges. |

Sustaining the Company’s Risk Culture

Elm acknowledges the importance of a strong culture that shapes the behaviours related to risk awareness, risk-based decision making and management.

All employees are responsible for managing risk, with the ultimate accountability residing with the Executive Management and the Board.

A well-established risk culture and good communication between the business and different control and assurance functions are essential characteristics of Elm’s sound operational risk governance. Elm ensures a process of continual improvement and enhancement in risk governance and execution through its performance management system and oversight through relevant committees.

| Risks | Response Strategy |
|--|--|
| COMPETITION AND A RAPIDLY CHANGING MARKET LANDSCAPE | |
| Increased competition in the market with major players, new market entrants and innovative startups | Elm aspires to be the leader in state-of-the-art technologies by adopting a culture that inspires innovation. The Company has been growing and developing its in-house Research and Development capabilities while investing in and developing synergies with start-ups, leveraging talent in the local and international markets, and partnering with leading players. Elm considers competition as an enabler for further growth and, in fact, enables new start-ups through its API integration ecosystem to maximize its shareholder value. |
| BUREAUCRACY AND PACE OF CHANGE | |
| Compliance to policies while adapting to fast pace of change in the industry and ecosystem | Agility is a key value in Elm’s current strategy. Through adoption of agility, Elm has further enabled delegation of authority, efficient process workflows and collaboration across different departments in key value chains resulting in faster decision making, response to change, and time to market for Elm’s products and services. |
| TALENT AND WORKFORCE CHALLENGES | |
| Hiring and retention of key talents in a competitive market | Several initiatives have been developed to ensure Elm remains an attractive workplace and can attract and retain the best talent in the Kingdom. The Company maintains a healthy turnover rate and continuously monitors and reports talent and workforce-related risks to ensure business continuity and minimum disruption. Elm takes pride in its hiring process, development and continuous learning culture, and the ability to attract key talents. Employee engagement and experience are key strategic initiatives at Elm that foster a collaborative work culture and are monitored and reported periodically as per Gallup international practice. |

A STEPPING STONE TOWARDS ESG



The Company has developed multiple instruments to integrate ESG concerns into management activities; all its ESG integration activities are implemented through company-wide risk management and investment rules.

Elm believes that building a sustainable business means increasing transparency and promoting open dialogue about its opportunities and challenges. That is why Elm aims to communicate openly and comprehensively about its ESG commitments, approach and performance. The Company stands for trust and strives for profitable and sustainable growth that ensures everyone who belongs to its community benefits. Elm aims to lead its industry in integrating ESG into its businesses as part of its everyday decision-making. The Company has developed multiple instruments to integrate ESG concerns into management activities; all its ESG integration activities are implemented through company-wide risk management and investment rules.

As responsible employers and investors, the Company contributes to positive social and economic development in all aspects in which they are present. Therefore, the idea of ranking in sustainability indices motivates Elm. Moreover, it shows that sustainability experts will acknowledge their focus on environmental, social and governance criteria.

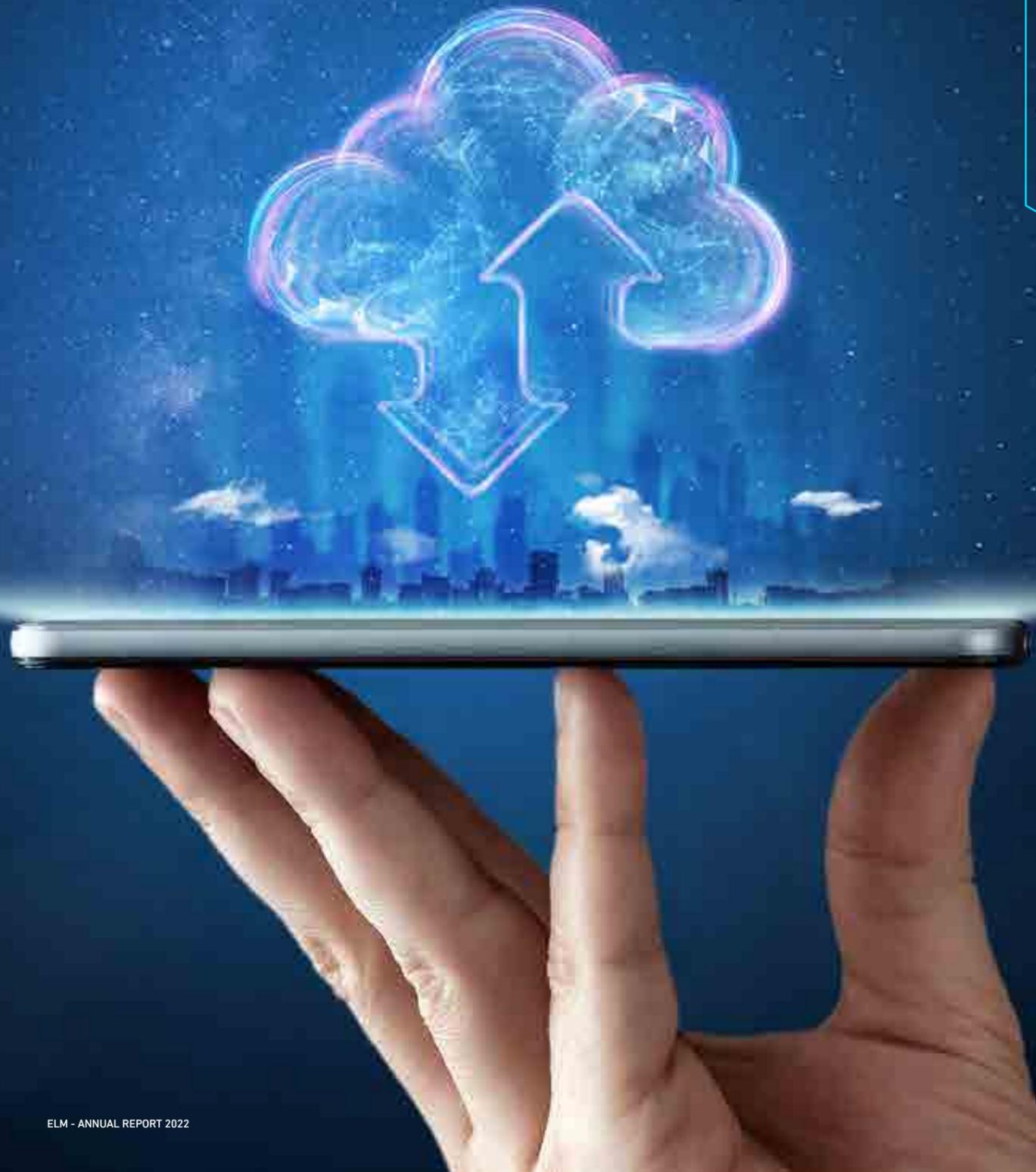
The Company wants its stakeholders to know that Elm is a financially solid, trustworthy Company that embraces sustainability. A Company that genuinely cares for its customers and its employees. Integrating ESG into its company strategy is highly relevant to stakeholders, as is the topic of company culture and a strong board and senior

management support. Besides its commitments to international and national sustainability bodies and initiatives, Elm's engagement activities focus on the four stakeholder groups (investors, customers, society, and employees) most impacted by its business. The challenges faced as an IT business are diverse and complex, and Elm must understand stakeholder needs to form its products, services and approach.

With its partners, Elm works according to a flexible concept that simulates various new ideas and trends. The Company keeps pace with a renewed work approach and the changing requirements of the government and private sector; to offer a range of training, technical, administrative and advisory products and solutions of higher reliability, efficiency and flexibility.

To be considered a Responsible Investor, Elm will continue to integrate ESG criteria across its investment decisions. Improving customer satisfaction and reducing its environmental impact all play a significant part in being a Trusted Company. Elm's role as an Attractive Employer is highly relevant as the Company depends on having the best people in place and keeping them motivated to serve its customers. The Company puts all of its efforts into being a Committed Corporate Citizen to maximize its positive contribution and to create a more stable national economy and resilient markets.

ESG MANAGEMENT



Consistency is key, as is taking new initiatives in addressing the most relevant issues of concern to all stakeholders.

Whilst the Company has always considered ESG matters during its decision-making, including evaluating risks and opportunities, Elm must strive to adhere to the evolving standards expected in its industry. Consistency is key, as is taking new initiatives in addressing the most relevant issues of concern to all stakeholders. Once a rhythm is found, Elm will work on its communication methods with regard to its approach, targets, performance and progress surrounding material ESG issues. The Company will continue to focus on the main items important to its senior management team in uplifting Elm's sustainability standards, which will lead towards a more structured ESG policy.

Through its sustainability strategy, Elm seeks to manage the business risks and opportunities across the material ESG topics that matter most to its stakeholders. This approach strengthens Elm's business resilience and operational practices whilst harnessing opportunities to support the transition to an inclusive, net-zero economy. Elm's strategy also enables it to play a leading role in contributing to the national vision and the country's strategic commitments to Sustainable Development Goals (SDGs).

Elm aspires to be a Company with the highest level of ethics in how it treats its employees and does business with its partners and customers. In pursuit of this aim, the Company enforces rigorous standards in its relationships with its customers and partners. It applies stringent due diligence requirements when entering any new association to prevent inappropriate, illegal, or corrupt behaviours or activities.

ESG MANAGEMENT (continued)

Managing Our Environmental Impacts

Elm recognises its obligation towards national and global sustainability goals. The Kingdom's commitment to creating a sustainable energy future that fosters continued economic growth while also protecting the environment inspired Elm to embed in its initiatives the common goals of Vision 2030.

As part of the Company's commitment towards aligning with Saudi Arabia's Vision 2030 concerning a more developed, sustained environment, Elm aims to reduce the environmental impact of its activities, which in turn leads to protecting the planet for the future by reducing its carbon footprint.

What is good for the environment is also good business practice. So, Elm will keep demonstrating that meeting the environmental goals doesn't have to

come at the expense of the bottom line. The Company aims to be a strategic enabler of sustainable growth by focusing on those issues where Elm can have the most significant impact.

Accordingly, the Company is committed to reducing its environmental footprint both from its operations and its products and services.

Elm is also contributing to enacting innovative and world-leading solutions across government agencies for society and contributing to Saudi Arabia's digital transformation, a catalysator of a more sustainable environment.

As a result, all our services have a good positive impact on the environment.

1. Encouraging the adoption of sustainable practices

Elm aims to ensure sustainable consumption patterns. Promoting sustainable consumption is an essential aspect of sustainable development, which depends on achieving long-term economic growth consistent with environmental and social needs. Reducing wasteful paper consumption and ensuring fair use is something that Elm is encouraging through its environmentally friendly products, which prevent paper consumption, gasoline burning, and waste management.

All of Elm's smart services and solutions are in the interest of optimal use of natural resources by converting a group of services that used to consume papers into electronic services that eliminate the need for paper. Thus, there is no longer the need to incur the hassle of travelling or crowding to complete transactions, saving fuel consumption and reducing carbon dioxide emissions that pollute the atmosphere. In addition, the time required to complete tasks is reduced for all auditors and employees involved in these transactions.

The automation of traffic services through the products and services developed by Elm in vehicle management has contributed to the enhancement of the concept of digital transformation of the journey of different beneficiaries, beginning with the reduction of paper dependence in the delivery of services. As a result, there was a reduction in vehicle exhaust carbon emissions because of fewer visits to the headquarters of the General Directorate of Traffic and other relevant government agencies.

Also, The Covid-19 pandemic gave rise to the largest remote work "experiment" in history, accelerating a long-term trend towards flexible, remote work and digitalisation. Working from home (WFH) is still practised within Elm, with its environmental sustainability gains. However, for Elm, remote work presents fresh challenges for how best to observe and influence behaviours that matter for sustainability, such as energy, travel, technology, and waste footprints.

Elm's environmentally friendly products/services

(In cooperation with related parties):

Nafath app.

It is an integration service that allows unified central access to any service providers that need to verify the user's identity.

Tasreh platform

It manages all displacement operations, including the rehabilitation of sewage tanks, the issuance and renewal of permits for sewage tanks, and the follow-up and organisation of environmental support services in the field of sanitation, such as draining, transporting and emptying wastewater.

Kashf service

It allows companies qualified by the National Center for Water Efficiency and Conservation to provide leak detection services to customers in their homes or establishments and real estate pre-selected by customers. The customer chooses the appropriate company to carry out the leak detection process. Thus, contributing to the environment.

2. Developing tools to monitor impacts of sustainable tourism

Tourism contributes directly or indirectly to sustainable economic growth, consumption, and production. Sustainable tourism is firmly positioned in the Saudi Vision 2030.

Elm, through its 100% owned Company Umrah for Distinguished Services Company, will contribute to the Makkah Route initiative, part of the "Doyof (Guests) Al Rahman Program", one of the Saudi Vision 2030 executive programs. The Company's main business is transporting passengers by bus between cities, catering providers for Hajj and Umrah, monitoring and inspecting various systems and measuring their performance, providing marketing services on behalf of others, booking and marketing tourist accommodation units, reception and farewell for pilgrims.

In 2022, Elm directly associated itself with the Initiative by enhancing the new portal for the Makkah permit through the Muqem Services as Hajj reopened. Therefore, to facilitate pilgrims with tedious entry procedures and have a seamless experience upon arrival in Saudi Arabia, all international arrivals could enter the Kingdom regardless of their vaccination status.

The Saudi government allowed all international arrivals to register their vaccination data to expedite entry procedures into the Kingdom on the Muqem portal.

Elm is proud to contribute to the Initiative and will continue to develop tools and enable sustainable practices for Hajj and tourism overall in Saudi Arabia.

RESPONSIBLE CUSTOMER RELATIONS

/// Elm aims to be at the forefront of the digital revolution, harnessing emerging technologies, data analytics and automation to serve its clients.

It is openly recognised within the Company that we are responsible for ensuring the digital world is inclusive.

As the IT industry continues to evolve, so do the needs and expectations of its customers. As a result, Elm's strong reputation is built on customers' trust in its integrity. This trust depends on the quality of its products, how it informs and advises customers and the personal conduct and capability of its sales employees and representatives.

Elm aims to grow in a sustainable yet responsible fashion where the customer is at the heart of everything the Company does. By creating customer value, the Company naturally builds sustainability into the working relationship. Combining added value with innovative high-performance services, the Company excels in guiding its clients through their transformation projects to help them make the most of digital technology.

The Company commits to its clients over the long term to enhance their performance and enable them to reach the next level by leveraging Elm's specialised knowledge of their activity and innovative technologies. Customers' trust in Elm is based on resilience, integrity and competence. The Company is forever changing how it thinks about and

engages with its customers to build on these attributes and ensure that they are fit for the future. Elm recognises that the way people communicate continues to evolve with technology. The Company uses these opportunities to empower, engage and inspire its customers and build longstanding, trusting relationships.

To achieve true customer-centricity, Elm is transforming into a company that revolves around its customers. The Company wants its customers to see Elm as a Company which designs its products and services from their perspective. This means radically simplifying their digital products and processes, ensuring that what is provided is relevant and ensuring superior value delivery through excellent and caring customer service.

Elm aims to be at the forefront of the digital revolution, harnessing emerging technologies, data analytics and automation to serve its clients

It is openly recognised within the Company that we are responsible for ensuring the digital world is inclusive.



TALENT DEVELOPMENT & RETENTION

Elm aims to recruit the best digital talent in the market. Empowering individuals for the collective good to ensure its employees are proud to work for them and are engaged and aligned with their ambitions as a Company.

The Company's vision is to offer our employees meaningful work with a clear purpose in an attractive, flexible and inclusive work environment where everyone can contribute. Elm is constantly looking for new ways to improve the well-being of society and prepare for the changing needs of the future, drawing on the know-how and experience of a diverse, multigenerational group of employees.

Pushing the limits of technology is only possible with an engaged and highly competent workforce. Elm's employees are critical to the performance of the organisation and Elm's long-term success as a company. As well as working hard to attract the world's top talent, the Company must focus on helping them all reach their full potential in an environment where they are proud to work and are engaged and aligned with the Company's ambitions. Elm fosters a culture where different identities, backgrounds, talents and passions are valued and celebrated. As such, the Company wants to offer its people the best possible employee experience, enabling them to develop their talent, feel respected and work to the best of their abilities and allowing Elm to attract and retain the best talent.

Drawing on the know-how and experience of a diverse, multigenerational group of people, Elm wants to ensure its employees can contribute to an organisation constantly looking for new ways to improve the well-being of society, where how the Company achieves results is as important as what is achieved.

Elm offers its employees the opportunity to develop skills and take professional certification courses that reflect the Company's overall performance. In addition, the Company organises and sponsors

many initiatives that aim to share its enthusiasm for and expertise in technology to inspire all generations. Elm also partners with multiple organisations and educational events that promote careers in technology. Elmers, the Company's employees, act as role models and guides for these initiatives. For example, Elm has a training program with the Centre for Creative Leadership for women leaders. This program was conducted to enable female Elmers to be capable of being leaders within Elm in future. In addition, Elm has developed some training programs like 'Full Stack', a complete end-to-end training program for fresh graduates who are trained in the IT sector. In addition, Elm has also started a partnership with Madinah University to hire new graduates; 20 employees are now working in Madinah, giving the Company flexibility in hiring candidates both inside and outside of Riyadh.

The Elm belief is that students are the future of Saudi Arabia and the nation's wealth. As a result, Elm launched the "Holom" program for male and female students in Saudi Arabia to train them on the best ways to overcome challenges and to encourage an innovative environment, set up research projects with universities, and support students' ideas and innovations by investing in them and turning dreams and visions into reality. Also, the Company sought to build partnerships with research centres and conclude agreements with universities to enhance cooperation with students and provide opportunities for them to achieve their ambitions, develop their research and innovations, and spread a culture of innovation in universities, led by Elm.



Through the "Holom" program, Elm offers many programs for university students and students, including:

I.T BOOTCAMPS

This program is concerned with solving business and technology challenges related to the new strategies at Elm and finding creative outputs that add to the market.

IDEA INCUBATORS

This program supports academic ideas and ways to transform them into essential services and products by providing financial and consulting services.

INNOVATION CENTRE

This program creates an attractive environment for academic competencies and provides complete services and laboratories to be a fertile place for research of the Internet of Things, robotics, 3D printing, augmented reality, virtual reality and drones, and to become an innovation centre fully prepared for student visits.

HACKATHON

The Company hosts the "Elm Hackathon" annually to present professional competitions that encourage innovation and enhance the efficiency of students in the Kingdom's universities studying computer majors. The Hackathon aims to increase their expertise, highlight their skills, and stimulate innovation by presenting technical problems and challenging participants to solve them.

JOINT RESEARCH AGREEMENT PROGRAM

Through this program, Elm provides financial funding to universities for many types of research, including studying problems, challenges, and opportunities for new and technology-specific ideas.

Elm has signed agreements with major local universities, including:

- King Abdullah University Science and Technology (KAUST)
- Taibah University - Taiba Valley Company
- King Faisal University
- King Khalid University
- Prince Sultan University
- King Saud University - Riyadh Valley Company

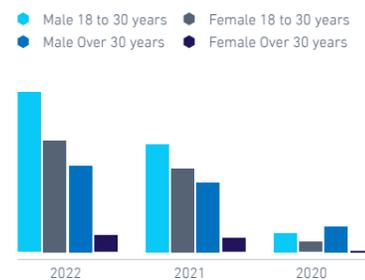
TALENT DEVELOPMENT & RETENTION (continued)

For the next year, Elm will continue to qualify and train citizens in new-age technologies such as artificial intelligence, cloud solutions, software, cybersecurity and other digitalization technologies.

For 2023, the Company is planning their CSR roadmap to continue contributing to serving the local community and people. For the next year, Elm will continue to qualify and train citizens in new-age technologies such as artificial intelligence, cloud solutions, software, cybersecurity and other digitalization technologies and will continue investing in developing their employees' digital capabilities as well as in the next generation of Talents.

Total new hires by age group and gender

| Year | 18 to 30 years | | | Over 30 years | | |
|------|----------------|--------|-------|---------------|--------|-------|
| | Male | Female | Total | Male | Female | Total |
| 2022 | 126 | 88 | 214 | 68 | 13 | 81 |
| 2021 | 85 | 66 | 151 | 55 | 11 | 66 |
| 2020 | 15 | 8 | 23 | 20 | 1 | 21 |



Training programme, participants and time

| | 2022 | 2021 | 2020 |
|----------------------------|--------|--------|-------|
| No. of training programmes | 501 | 373 | 35 |
| Total no. of participants | 1831 | 1,222 | 380 |
| Training days | 8,605 | 5,755 | 1,190 |
| Hours spent on training | 52,593 | 46,040 | 9,520 |
| No. of trained staff | 1058 | 814 | 349 |



Hours of training that the Company's employees have undergone during the year, by gender, employee category and skills type

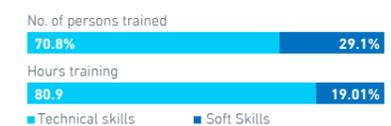
| Type | Number of employees | | | Number of person hours of training | | |
|--------------------------|---------------------|--------|-------|------------------------------------|--------|--------|
| | Male | Female | Total | Male | Female | Total |
| Mandatory/ Non-mandatory | 912 | 146 | 1058 | 26,048 | 6,848 | 32,896 |
| eLearning | 439 | 61 | 550 | Online access | | |



| Type | Number of employees | | | Number of person hours of training | | |
|-------------------|---------------------|--------|-------|------------------------------------|--------|--------|
| | Male | Female | Total | Male | Female | Total |
| Senior Management | 143 | 2 | 145 | 4196 | 40 | 4,236 |
| Middle Management | 283 | 9 | 292 | 15577 | 620 | 16,197 |
| Other | 494 | 135 | 629 | 24064 | 8096 | 32,160 |



| Type | No. of persons trained | Hours training |
|------------------|------------------------|----------------|
| Technical skills | 750 | 42593 |
| Soft skills | 308 | 10000 |



COMPENSATION & BENEFITS

Elm's reward strategy recognises sustainable performance; total compensation is a key component of recruitment and retention activities.

The Company aims to be fair and balanced about the remuneration of staff. As part of its remuneration policy, Elm is committed to gender equality and strives for global consistency whilst respecting common practices in the local market. The Company continuously reviews how staff remuneration compares to the market benchmark for technology professionals in each region where they operate and, where necessary, make changes to their remuneration policies and levels.

Elm's remuneration and incentive structures are designed to reward people fairly and appropriately using monetary and non-monetary rewards to encourage sustainable value creation. Elm's reward strategy recognises sustainable performance; total compensation is a key component of recruitment and retention activities. Elm's reward proposition is continually enhanced to reflect qualitative parameters with a focus on enhancing

Elm's reward proposition is continually enhanced to reflect qualitative parameters with a focus on enhancing customer experience and management of risk.

customer experience and management of risk. Incentive and bonus structures have been improved to align better individual rewards with a focus on the best outcomes.

The Company's remuneration system provides a transparent and balanced offering to attract, motivate and retain highly qualified employees. Compensation is reviewed annually to ensure the

remuneration offering remains competitive in relevant markets, considering individual performance and internal and external adequateness aspects. To continuously maintain market excellence, Elm obtains benchmarking information on an annual basis.



WOMEN EMPOWERMENT & SAUDIZATION

Elm cares about talent; as such, the Company aims to actively ensure equal opportunities, irrespective of a person's gender, whilst inspiring women to pursue a profession in IT.

The Company continued its efforts to empower women in the workplace. This is key to Elm's growth and essential to Saudi Arabia's Vision 2030 and the Country's long-term ambitions. Elm cares about talent; as such, the Company aims to actively ensure equal opportunities, irrespective of a person's gender, whilst inspiring women to pursue a profession in IT.

The Company formed a team from within HR, all female, who work with all the ladies in Elm to study and work on how to empower ladies further. They devised initiatives like the training program, an idea from within. Whatever females think they need more to empower them, they work on it.

Elm strives to provide equal opportunities to local talent and empower local people. Saudization is a key to Elm's strategy and a fundamental goal of Saudi Arabia's Vision 2030.

Working in line with the Vision, the Company continues to engage and attract Saudi nationals and offer company-sponsored training and education programs to Saudi employees. As a result, Elm achieved a 78% Saudization rate in 2022.

Elm continues to empower and enable Elmers to make decisions and drive performance. The Company has high hopes that applying agile methods will further improve how they empower their people and enable them to collaborate even more.

Workforce analysis

| | 2022 | 2021 | 2020 |
|------------------------------------|--------|--------|--------|
| Total number of employees | 1498 | 1402 | 1412 |
| % of female employees | 14.95% | 10.41% | 5.95% |
| % of Saudi employees | 78.37% | 76.03% | 74.58% |
| No. of employees departed | 214 | 237 | 190 |
| Turnover ratio | 14.2% | 16.9% | 13% |
| % of total hours spent on training | 52,593 | 46,040 | 9,520 |

Employees by grade and gender

| Grade | Male | | | Female | | |
|-------------------|------|------|------|--------|------|------|
| | 2022 | 2021 | 2020 | 2022 | 2021 | 2020 |
| Senior management | 147 | 143 | 146 | 2 | 2 | 2 |
| Middle management | 406 | 427 | 410 | 16 | 12 | 7 |
| Other | 721 | 686 | 772 | 206 | 132 | 75 |



HEALTH AND WELLBEING

Elm aims to provide a productive and health-promoting workplace to enable their employees to prioritise health and avoid stress.

Elmers' health, safety, and well-being are top priorities to the Company, where it actively promotes their physical and mental health. Elm aims to provide a productive and health-promoting workplace to enable their employees to prioritise health and avoid stress. This benefits the business through reduced absence and higher productivity and improves the overall employee experience.

At Elm, safety is integral to its daily work and how the Company leads others. Management does everything in its power to provide injury-free and healthy working conditions for everyone on their premises and ensure all operations are safe and secure, including for employees, contractors, customers, and visitors. Elmers count on each other, everyone working at and for Elm, to share this commitment because Elmers work to keep each other safe. Elm is working toward a long-term ambition of zero injuries and work-related illnesses.

It is impossible to eradicate risk, but the Company can work proactively at all levels to identify potential issues or concerns in the workplace and develop measures toward reducing these. Elm does everything possible to minimise risk and is responsible for providing their people with the proper protection, procedures and processes to keep them safe.

Elm follows all government guidelines and safety measures; the Company crisis committee team provides employees with frequent updates about the COVID-19 situation and Elm's response. In 2022, the Company continued to address its employees' physical, mental and emotional well-being, even those working remotely.

Elm believes it should be more flexible to ensure business continuity and become more open to new work styles and environments.



EMPLOYEE ENGAGEMENT

Elm makes employee engagement a high priority, recognising that an engaged workforce performs better, is more committed and delivers a more robust customer focus.

The Company engages closely with employee representatives to ensure that they successfully implement change and support their employees to manage impacts and opportunities.

Elm measures employee engagement annually for all branches and departments within the Company. Over the past years, Elm's Engagement Survey has become the central employee feedback platform for gathering feedback and promoting a high-performance culture. Survey results are directly linked to the performance objectives of the Group's Board of Management. Elm is conducting feedback and reflection sessions for all leaders to ensure they are aligned and develop solutions based on results. From those results, the Company are also conducting classes to ensure engagement levels are acceptable to Elm standards across the board. In addition, Elm has made a co-design intervention with departments, such as training, and development, so all are aligned with the objective of employee engagement. Mentor processes have been implemented for new joiners; the Company designs a body for the organisation to ensure they align with Elm's culture and feel they are part of the team and Company. Elm designs the employee experience model and is working towards having 9-dimensional experiences. The Company is analysing and carrying out surveys to explore the nine dimensions. Finally, the Company is also analysing things to ensure they capture what is being said post-covid and reflecting these in what they do.

For almost four years, Elm has focused on engagement from low to high levels. They currently have two years of excellent engagement levels, laying the foundations to allow them to start advancing. Elm is at the start of building the technology of experience and culture, and in the years ahead, it should be in a position to review and see the results. To support that direction, Elm has the organisational development (OD) to manage and support talent acquisition.

All functions are aligned to reach higher levels annually with specific measures that measure periodic improvement.

Elm hosts monthly meetings called "Morning Coffee" with the CEO, where Elmers can interact directly with the CEO over a coffee. This is also to open forums on both Microsoft teams and Yammer for employees to discuss, communicate and share their opinion with HR regarding any company programs about liking or disliking certain things. If they have any disagreements, they can share their opinion. Elm also has a Snapchat channel that is utilised to be closer to the employees, as most Elmers are young (40% of employees are under 30). Elm tries to engage with them by using digital communication. The Company also has monthly "employee voice" meetings, where an HR committee (voted by employees with the Chairman reporting directly to the CEO, so the HR department is not involved). They represent employees, so if there is an issue with HR or other departments, these can be raised.

Monthly, a meeting is held on Microsoft Teams or Prism where the Company can explain the steps taken to sort their issues. Most of Elm's initiatives and projects are done with an innovative mindset. All stakeholders, including Elmers, are engaged before deciding on the program's final shape or initiatives to get their thoughts on each subject/matter.

In its broad sense, social responsibility or corporate social initiatives includes many aspects in various fields of life, whether they are health, social, environmental, developmental, or other, which requires the Company to be at the level of this responsibility. There is no doubt that Elm participated in the pursuit of its goals in this field through a specific and clear strategy based on its national duty and its response to the Kingdom's Vision 2030 in building a vibrant society, a prosperous economy, and an ambitious nation.

The corporate social responsibility strategy at Elm is based on four main pillars:

1. SUSTAINABILITY

2. SOCIAL IMPACT

3. CREATIVITY

4. COGNITIVE FACTORS

All of these factors are of interest to all the Company's employees, who share the same goal of serving the community.

Elmers have volunteered in different CSR Initiatives, such as supporting the Ehsan Platform and donating a large amount of money to assist an elderly lady registered on the platform in buying a house. Also, in support of the Digital Giving initiative adopted by the Ministry of Communications and Information Technology to train beneficiaries in the field of information technology, staff at Elm contributed to the initiative by providing distance education through the "Ithra Platform", where Elm provided 100 licences for virtual classes to more than 3000 users. The Company also contributed to developing a website for scheduling virtual classes within the digital tender website. Elm have contributed to Ihsan support platform with 2 million SAR.

Elm strongly believes that employees who are engaged with and committed to their jobs generate long-term value for its business. To this end, Elm continuously seeks their views and responds to their ideas and concerns.



CORPORATE GOVERNANCE

Note: This section provides a brief overview of the Company's corporate governance practices.

A comprehensive description of Elm's corporate governance arrangements, including further details on how Elm is governed, the role of its Board and its committees, and how the Directors are remunerated, is set out in the "Corporate Governance" chapter of this Annual Report (pages 118-163). Elm aims to ensure best practices in corporate governance and have reliable policies and procedures that reflect this commitment.

The Corporate Governance Framework consists of 3 Board committees – the Nomination and Remuneration Committee, the Investment Committee and Audit Committee.

The Board of Elm has implemented standards of corporate governance and disclosure policies applicable to a Saudi company listed on Tadawul. The Board of the Company has ultimate responsibility for the management, general affairs, direction, culture, performance and long-term success of Elm. The Directors lead by example, promoting Elm's culture and acting with integrity. Most of the Directors have supervisory roles, providing constructive challenges, strategic guidance and specialist advice.

CORPORATE GOVERNANCE

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BOARD OF DIRECTORS

Composition of the Board of Directors and its committees, classification of its members and executive management:

Based on Article Eighteen of the Company's Articles of Association, the Board of Directors is composed of nine members, who are elected by the Ordinary General Assembly of shareholders for a period not exceeding three years.

The Ordinary General Assembly may re-elect the members of the Board of Directors for a similar term, and each shareholder may nominate themselves or one or more persons for membership on the Board of Directors, in proportion to their shareholding in the Company's capital.

The Board appoints from among its members a chairman and a vice-chairman and may specify the powers and responsibilities of each in a manner that does not conflict with the Company's bylaws and other related regulations.

It is prohibited to hold, at the same time, the position of chairman and any other executive position in the Company. The Company's Board of Directors also formed two standing committees: The Nominations and Remunerations Committee, and the Investment Committee. The General Assembly formed the Audit Committee.

All members of the Board of Directors of the Company are classified as non-executive members. In addition, three independent members were elected during the current session of the Board of Directors, with one also appointed as a member of the Audit Committee following the extraordinary general assembly meeting held on 29/05/2022.

Based on the undertakings mentioned in the Company's prospectus to offer candidacy to independent members of the Board of Directors, one was elected as the Chairman of the Nominations and Remunerations Committee for the remainder of the current session of the Board, Independent members of Board Committees were also reminded of their duties and requirements to comply with all requirements stipulated within the Corporate Governance Regulations.

| # | Name | Membership classification | Membership |
|---|--|-------------------------------------|---------------|
| 1 | Mr. Raed Abdullah Ibrahim bin Ahmed | Chairman of Board of Directors | Non-Executive |
| 2 | Mr. Raed Abdullah bin Ismail | Vice Chairman of Board of Directors | Non-Executive |
| 3 | Her Excellency Miss. Alshayhana Saleh Alazzaz | Board member | Non-Executive |
| 4 | His Excellency Dr. Issam Abdullah Alwaqit | Board Member | Non-Executive |
| 5 | Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah | Board Member | Non-Executive |
| 6 | Mr. Abdullah bin Saad bin Mohammed Alsalem | Board Member | Non-Executive |
| 7 | Dr. Khaled Abdulaziz Alghoneim | Board member | Independent |
| 8 | Mr. Abdulrahman Mohammed Alodan | Board member | Independent |
| 9 | Mr. Faris Ibrahim Alrashed Alhumaid | Board Member | Independent |

BOARD OF DIRECTORS



Mr. Raed Abdullah Ibrahim bin Ahmed

Membership

- Chairman of Board of Directors

Membership classification

- Non-Executive

Current positions

- Chairman of Board of Directors at Elm
- Royal Highness adviser, Minister of Interior

Previous experience

- Deputy of Market Institutions at the Capital Market Authority
- Deputy of Listed Companies & Investment Product at the Capital Market Authority
- Director of the General Department of Corporate Finance at the Capital Market Authority
- Director of the General Department of Market Supervision at the Capital Market Authority

Academic qualifications

- Higher Diploma in Financial Planning, Dalhousie University and Institute of Banking, Canada, 2002.
- Master's degree in Financial Markets, Dalhousie University, Canada
- Bachelor's degree in Accounting, King Saud University, Saudi Arabia, 1991.



Mr. Raed Abdullah bin Ismail

Membership

- Vice Chairman of Board of Directors
- Member of the Nominations and Remunerations Committee

Membership classification

- Non-Executive

Current positions

- Vice Chairman of Board of Directors at Elm
- Member of the Nominations and Remunerations Committee at Elm
- Director of Operation Enhancement Performance Division at IPF
- Director of investments in the Middle East and North Africa, at Saudi Arabia's Public Investment Fund (PIF)
- Chairman of Board of Directors at GDC Middle East
- Chairman of Executive committee at GDC Middle East
- Chairman of Board of Directors at The Helicopter Co.
- Chairman of Executive committee at The Helicopter Co.
- Board member at Tahakom Investments company
- Board member at Americana Foods

Previous experience

- General Manager at Mawarid Food Co.
- Founder and General Manager of Retail House Ltd.,
- Chief Executive Officer at Saudi Tadawi Healthcare Co.,
- General Manager at Olayan Food Services Co.
- Senior Director of Consulting Investment Global Banking at HSBC

Academic qualifications

- Master's degree of Business Administration, London Business School, United Kingdom, 2008.
- Bachelor's degree in Finance, George Mason University, USA, 2001.

His Excellency Dr. Issam Abdullah Alwaqit

Membership

- Board member
- Member of the Nominations and Remunerations Committee

Membership classification

- Non-Executive

Current positions

- Member of the Board of Directors at Elm
- Member of the Nominations and Remunerations Committee at Elm
- Director at National Information Center

Previous experience

- Associate Professor at King Saud University.
- Deputy of Technical Affairs at Ministry of Foreign Affairs
- Dean of Electronic Transactions and Communications Department
- CEO of National Digital Transformation Unit

Academic qualifications

- Ph.D. in Computer Science, Valencia Polytechnic University, Kingdom of Spain, 2011.
- Master's degree in Computer Science, University of Southern California, USA, 2002
- Bachelor's degree in Computer Science, King Saud University, Saudi Arabia, in 1998.

BOARD OF DIRECTORS (continued)



Her Excellency Miss. Alshayhana Saleh Alazzaz

Membership

- Board member

Membership classification

- Non-Executive

Current positions

- Deputy Secretary General of the Council of Ministers
- Secretary-General to the Board at the Public Investment Fund (PIF)
- General Counsel at Public Investment Fund
- Member of the Board of Directors at Elm
- Chairman of Board of Directors at Sela Sport Company
- Board member at Alsafarat Neighborhood Holding Company
- Member of the Nominations and Remunerations Committee at Alsafarat Neighborhood Holding Company

Previous experience

- Head of Transactions at Public Investment Fund
- Legal Counsel at Baker McKenzie
- Legal Counsel at Vinson & Elkins LLP

Academic qualifications

- Bachelor's degree in Laws, Durham University, United Kingdom, 2008



Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah

Membership

- Board member
- Member of the Nominations and Remunerations Committee

Membership classification

- Non-Executive

Current positions

- Member of the Board of Directors at Elm
- Member of the Nominations and Remunerations Committee at Elm
- Deputy of Security Capabilities at the Ministry of Interior

Previous experience

- Director of the Technology Program at the Ministry of Interior
- Deputy of Security Capabilities at the Ministry of Interior

Academic qualifications

- Master's degree in Electrical Engineering, King Saud University, Kingdom of Saudi Arabia, 2006.
- Bachelor's degree in Electrical Engineering, King Saud University, Saudi Arabia, in 1999.

Mr. Abdullah bin Saad bin Mohammed Alsalem

Membership

- Board Member
- Chairman of the Investment Committee
- Member of the Nominations and Remunerations Committee

Membership classification

- Non-Executive

Current positions

- Member of the Board of Directors at Elm
- Chairman of the Investment Committee at Elm
- Member of the Nominations and Remunerations Committee at Elm
- Director of the Strategy and Planning Department at the Public Investment Fund
- Leader at the Public Investment Fund
- Member of the Board of Directors of the Saudi Artificial Intelligence Company,
- Member of the Board of Directors of Jasara Company
- Member of the Board of Directors of Saudi Boutique Company,
- Member of the Executive Committee of Saudi Boutique Company,
- Member of the Nominations and Remunerations Committee of Saudi Boutique Company,

Previous experience

- Director of Project Management at the Public Investment Fund

Academic qualifications

- Master of Business Administration, University of Portsmouth, United Kingdom, 2010.
- Bachelor's degree in Information Systems, King Saud University, Kingdom of Saudi Arabia, 2007.

BOARD OF DIRECTORS (continued)



Dr. Khaled Abdulaziz Alghoneim

Membership

- Board member

Membership classification

- Independent

Current positions

- Member of the Board of Directors at Elm
- Founder and Chairman of the Board of Directors of Hawaz
- Co-founder and Chairman of the Board of Directors of Mozn
- Member of the Board of Directors of the Tawuniya Insurance Company
- Member of the Board of Director at Alobeikan Company
- Member of the Founding Committee at the Small and Medium Enterprises Bank

Previous experience

- CEO at Takamol Holding
- CEO for STC Group
- CEO at Elm
- Associate Professor at King Saud University.
- Chairman of the Board at Saudi Computer Society

Academic qualifications

- PhD in Computer and Electrical Engineering, Carnegie Mellon University, USA, 1996.
- Master's degree in Computer and Electrical Engineering, Carnegie Mellon University, USA, 1992.
- Bachelor's degree in Computer Engineering, King Saud University, Saudi Arabia, in 1988



Mr. Abdularahman Mohammed Alodan

Membership

- Board member
- Member of the Audit Committee

Membership classification

- Independent

Current positions

- Member of the Board of Directors at Elm
- Member of the Audit Committee at Elm
- Member of the Founding Committee at the Small and Medium Enterprises Bank
- Director and Funder of Security House Trading Est
- CEO at Kemit Industry Company
- Member of the Board of Directors at the Saudi National Bank
- Member of the Board of Directors of the Tawuniya Insurance Company

Previous experience

- Information technology consultant at Riyad Bank
- Vice President of Information Technology at Riyad Bank
- Executive Director of the Transformation and Performance Improvement Program at Riyad Bank
- Director of Solutions and Systems Department at Riyad Bank
- Director of the treasury, investment and trade finance systems development program at Riyad Bank
- Director of Systems Reengineering at United Saudi Bank
- Owner and General Manager at Almadar Telecom Company
- Director of the Computer Operations Department at the Central Bank of Saudi Arabia (SAMA)

Academic qualifications

- Master's degree in Computer Science, Florida Institute of Technology, USA, 1985
- Bachelor's degree in Computer Science, Jacksonville University, USA, 1984

Mr. Faris Ibrahim Alrashed Alhumaid

Membership

- Board Member
- Member of the Nominations and Remunerations Committee

Membership classification

- Independent

Current positions

- Member of the Board of Directors at Elm
- Member of the Nominations and Remunerations Committee at Elm
- Founder & Chairman of the Trustees Board at OQAL
- Founding partner of the Lindo Saudi Invoice Financing
- Founder and Chairman of the Board of Trustees at Wateen Platform

Previous experience

- Chairman at Nal Investment Company Limited
- President at Riyadh Steel Company
- General Manager at Aldawalij Company
- Director of the Future Kids Center

Academic qualifications

- Bachelor's degree in Computer Science, King Saud University, Saudi Arabia, 1994
- Entrepreneurs Development Program, Ceylon College of Management, Massachusetts Institute of Technology, Cambridge, USA, 2009
- Oxford Advanced Leadership and Management Program, University of Oxford, Oxford, UK, 2011
- Certificate of the Board of Directors Institute, Institute of Board Members, Saudi Arabia, in 2015
- Capital Market Qualification Examinations - General Saudi Capital Market Rules and Regulations (CME-1) - Saudi Arabia 2017
- International Certificate in Wealth and Investment Management - (CME-4) - Saudi Arabic 2021

EXECUTIVE MANAGEMENT



Dr. Abdulrahman bin Saad bin Saadan Aljadhi

Current positions

- Chief Executive Officer (CEO) at Elm
- Member of investment committee at Elm

Previous experience

- Director of E-Business and Director of Strategy at Elm

Academic qualifications

- Ph.D. in Computer Science, University of Pittsburgh, Pennsylvania, USA, 1999
- Master's degree in Computer Science, University of Michigan, Michigan, USA, 1993.



Mr. Othman bin Muhammad bin Abdullah Altuwajri

Current positions

- Vice-President of Finance

Previous experience

- Executive Director of Financial Operations at Elm
- Audit Manager and licensed partner in EY Ernst & Young (Chartered Accountants),

Academic qualifications

- Bachelor's degree in Accounting, King Saud University, Kingdom of Saudi Arabia, 2007
- Fellowship, The Saudi Organization for Chartered and Professional Accountants (SOCPA), Saudi Arabia, 2015.



Dr. Nasser bin Zaid bin Abdulrahman Almashari

Current positions

- Vice-President of Business Sectors Division

Previous experience

- Vice president for the training solutions sector

Academic qualifications

- Ph.D. in Information Security, Florida Tech University, USA, 2004



Dr. Abdulaziz bin Saad bin Abdulaziz Altamami

Current positions

- Vice-President of Corporate Development Division

Previous experience

- Vice-President of Corporate Relations at Elm

Academic qualifications

- Ph.D. in Computer Engineering, University of Bradford, United Kingdom, 1995



Mr. Muhammad bin Abdulaziz bin Ibrahim Alomair

Current positions

- CEO of Digital Products Division

Previous experience

- Voice-president of Digital Products at Elm

Academic qualifications

- Bachelor's degree in Systems Analysis, King Saud University, Saudi Arabia, 2000



Dr. Mohammed bin Abdulkarim Almohimeed

Current positions

- Vice-President of Digital Delivery Suite

Previous experience

- Executive Director of the Emerging Companies Unit at Elm

Academic qualifications

- PhD in Electrical and Computer Engineering, University of Pittsburgh, USA, in 1997.

EXECUTIVE MANAGEMENT (continued)



Mr. Bassam bin Nasser bin Ali Almuheidib

Current positions

- Vice President of Business Process Outsourcing Division

Previous experience

- Vice-President at Imdad Expertise Company

Academic qualifications

- Bachelor of Mechanical Engineering, King Saud University, KSA, 2007G.



Mr. Majid bin Saad bin Muhammad Alarefi

Current positions

- Vice-President of Marketing Division

Previous experience

- Director of the Marketing Department at Elm

Academic qualifications

- Bachelor's degree in Business Administration, King Saud University, Kingdom of Saudi Arabia, 1997



Mr. Fahd bin Issa bin Ibrahim Alshathri

Current positions

- Vice-President for Investment
- Acting Vice-President for Professional Services

Previous experience

- General Manager of the Finance and Digital Transformation Sector at Elm

Academic qualifications

- Bachelor's degree in Software Engineering, College of Business and Information Technology, United Kingdom, 2003



Mr. Abdulaziz bin Abdullah bin Muhammad Alhaidari

Current positions

- Head of Internal Audit

Previous experience

- Director of Internal Audit at Elm

Academic qualifications

- Master's degree in Information Technology Management, California State University, USA, 2016
- Master's degree in Professional Accounting, King Saud University, Kingdom of Saudi Arabia, 2012



Mr. Munir bin Owais bin Rahim Alfahidi

Current positions

- Vice-President of the Human Capital Sector at Elm

Previous experience

- Director of Human Resources at Al-Afdal Company (a member of the Abdul Latif Al-Essa Automotive Group),

Academic qualifications

- Master's degree in Human Resources, Colleges of the Arab East, Kingdom of Saudi Arabia, 2018



Mr. Faris Bin Hamad Bin Faris Alfaris

Current positions

- Vice-President of Shared Services Division
- Secretary of the Board of Directors at Elm

Previous experience

- Director of Legal Affairs
- Director of the Shared Services Department at Elm

Academic qualifications

- Master of Laws, Nottingham Trent University, United Kingdom, 2005



Eng. Salem bin Saud bin Ibrahim Alghaslan

Current positions

- Vice-President of Technology

Previous experience

- Senior Adviser to the Chief Technology Officer at Elm

Academic qualifications

- Bachelor's degree in Computer Science, Indiana State University, USA, 1985



Mr. Riad Souissi

Current positions

- Vice-President of Research and Innovation Sector

Previous experience

- Director of Research and Innovation at Elm

Academic qualifications

- Master's degree in Communication and Information Systems, (Ecole Centrale Paris), France, 1996

BOARD OF DIRECTORS (continued)

Companies' name where Board Members are or were Board Members or Executives in

| Name | # | Companies name where Board Members are currently Board Members or Executives in | Location | | Legal Entity (Listed, unlisted joint stock company, LLC,) | Companies name where Board Members were previously Board Members or Executives in | Location | | Legal Entity (Listed, unlisted joint stock company, LLC,) |
|--|----|---|----------|--------|---|---|----------|--------|---|
| | | | KSA | Abroad | | | KSA | Abroad | |
| Mr. Raed Abdul-lah Ibrahim bin Ahmed | 1 | Quality of life programme | ✓ | - | Government Sector | N/A | - | - | N/A |
| Mr. Raed Abdul-lah bin Ismail | 1 | GDC Middle East | ✓ | | Unlisted Joint-stock company | Saudi Arabia Credit Suisse | ✓ | | Unlisted Joint-stock company |
| | 2 | Tahakom Investment Company | ✓ | | Unlisted Joint-stock company | Mawared Food Supply | ✓ | | LLC |
| | 3 | Bahri | ✓ | | Listed Joint-stock company | Retail House Company | ✓ | | LLC |
| | 4 | The Helicopter Company | ✓ | | Unlisted Joint-stock company | | | | |
| | 5 | Americana Group | | ✓ | Closed Joint stock company | | | | |
| | 6 | Red Sea Cruise Ships Company | ✓ | | Unlisted Joint-stock company | | | | |
| | 7 | Kayan Company | ✓ | | LLC | | | | |
| | 8 | National Unified Procurement Company "NUPCO" | ✓ | | Unlisted Joint-stock company | | | | |
| | 9 | Americana International Restaurants | ✓ | | Listed joint stock company | | | | |
| | 10 | Saudi Ground Services Company | ✓ | | Closed joint stock company | | | | |
| His Excellency Dr. Issam Abdul-lah Alwaqit | 1 | E-commerce company | ✓ | | LLC | | | | |
| | 2 | Saudi Business Center | ✓ | | Government | | | | |
| | 3 | General Authority for Statistics | ✓ | | Government entities | | | | |
| | 4 | National Center for Government Resources | ✓ | | Government | | | | |
| | 5 | Saudi Company for Artificial Intelligence | ✓ | | LLC | | | | |
| | 6 | Research development and innovation authority | ✓ | | Government | | | | |
| Her Excellency Miss. Alshayhana Saleh Alazzaz | 1 | Alsafarat Neighborhood Holding Company | ✓ | | Unlisted Joint-stock company | Tabadul | ✓ | | Unlisted Joint-stock company |
| | 2 | Sela Company | ✓ | | Unlisted Joint-stock company | | | | |

Companies' name where Board Members are or were Board Members or Executives in (continued)

| Name | # | Companies name where Board Members are currently Board Members or Executives in | Location | | Legal Entity (Listed, unlisted joint stock company, LLC,) | Companies name where Board Members were previously Board Members or Executives in | Location | | Legal Entity (Listed, unlisted joint stock company, LLC,) |
|---|----|---|----------|--------|---|--|----------|--------|---|
| | | | KSA | Abroad | | | KSA | Abroad | |
| Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah | 1 | N/A | | | | N/A | - | - | |
| Mr. Abdullah bin Saad bin Mohamed Alsalem | 1 | Jasara Company | ✓ | | LLC | | | | |
| | 2 | Boutique Group Company, | ✓ | | Unlisted joint stock | | | | |
| | 3 | THIQAH Business Services Company | ✓ | | LLC | | | | |
| | 4 | Saudi Company for Artificial Intelligence | ✓ | | Unlisted joint stock | | | | |
| | 5 | Caption Energy Company | ✓ | | LLC | | | | |
| Dr. Khaled Abdulaziz Al-ghoneim | 1 | Bayan Credit Bureau | ✓ | | Unlisted joint stock | Takamol Holding | ✓ | | Unlisted joint stock |
| | 2 | Tawuniya Insurance Company | ✓ | | Listed joint stock | Saudi Human Resources Development Fund | ✓ | | Government Sector |
| | 3 | Alobeikan Company | ✓ | | Unlisted joint stock | Thiqah Company | ✓ | | Unlisted joint stock |
| | 4 | Mobily | ✓ | | Listed joint stock | Saudi Company for Exchanging Digital Information (Tabadul) | ✓ | | Unlisted joint stock |
| | 5 | Mozn | ✓ | | LLC | National Water Company | ✓ | | Unlisted joint stock |
| | 6 | Hawaz | ✓ | | LLC | Elm | ✓ | | Listed joint stock |
| | 7 | | | | | STC Group | ✓ | | Listed joint stock |
| | 8 | | | | | Unifonic company | ✓ | | Limited liability company |
| | 9 | | | | | King Abdulaziz and his Companions Foundation for Giftedness & Creativity (Mawhiba) | ✓ | | Government Entity |
| | 10 | | | | | King Abdullah University of Science and Technology | ✓ | | Government Entity |
| | 11 | | | | | Transport General Authority | ✓ | | Government Entity |
| | 12 | | | | | Takaful Charity Foundation | ✓ | | Non-Profit |
| | 13 | | | | | Saudi Computer Society | ✓ | | Non-Profit |
| | 14 | | | | | Saline Water Conversion Corporation | ✓ | | Government Entity |

BOARD OF DIRECTORS (continued)

Companies' name where Board Members are or were Board Members or Executives in

| Name | # | Companies name where Board Members are currently Board Members or Executives in | Location | | Legal Entity (Listed, unlisted joint stock company, LLC.) | Companies name where Board Members were previously Board Members or Executives in | Location | | Legal Entity (Listed, unlisted joint stock company, LLC.) |
|-------------------------------------|----|---|----------|--------|---|---|----------|--------|---|
| | | | KSA | Abroad | | | KSA | Abroad | |
| Mr. Abdulrahman Mohammed Alodan | 1 | Tawuniya Insurance Company | ✓ | | Listed joint stock company | | | | |
| | 2 | Founding Committee at the Small and Medium Enterprises Bank | ✓ | | Government | N/A | | | |
| | 3 | Saudi National Bank | ✓ | | Listed joint stock company | | | | |
| Mr. Faris Ibrahim Alrashed Alhumaid | 1 | Dur Hospitality Company | ✓ | | Listed joint stock company | Lindo Saudi Invoice Financing | ✓ | | Listed joint stock company |
| | 2 | Bin Dawood Holding Company | ✓ | | Listed joint stock company | Alsaghyir Trading | ✓ | | Unlisted joint stock company |
| | 3 | Derayah Financial Company | ✓ | | Unlisted joint stock company | Dallah Healthcare Company | ✓ | | Listed joint stock company |
| | 4 | The Saudi Home Loans Company | ✓ | | Closed joint stock company | Ghazi Ibrahim Shaker | ✓ | | Listed joint stock company |
| | 5 | Naseej Digital Transformation Solutions | ✓ | | Unlisted joint stock company | Qassim Cement Company | ✓ | | Listed joint stock company |
| | 6 | Tanami Arabia Co. LTD | ✓ | | Unlisted joint stock company | Abdullah Abdulaziz Alrajih & Sons Holdings Co | ✓ | | Unlisted joint stock company |
| | 7 | The Czech Center for Physiotherapy and Rehabilitation | ✓ | | Unlisted joint stock company | Almehbaj Alshamiyah Co | ✓ | | LLC |
| | 8 | Ibrahim Al-Rashed Al-Hamid Sons Company | ✓ | | Unlisted joint stock company | Hala Company | ✓ | | Unlisted joint stock company |
| | 9 | Digital mobility Solutions | ✓ | | Unlisted joint stock company | Riyadh Real Estate Fund | ✓ | | Private Fund |
| | 10 | Hala Bostani Company | ✓ | | LLC | Rawaj Education Fund | ✓ | | Private Fund |
| | 11 | Ratio Specialty Company | ✓ | | LLC | Binary Works Company (Egypt) | | ✓ | LLC |

External Members of the Board Committees

| Name | # | Membership | Membership classification | Current positions | Previous positions | Academic qualifications Academic qualifications |
|--|---|---------------------------------|---------------------------|--|--|--|
| Dr. Abdulrahman bin Muhammad bin Abdul Aziz Albarrak | 1 | Chairman of the Audit Committee | External Member | <ul style="list-style-type: none"> Chairman of Audit committee at Elm CEO of Thara Consulting | <ul style="list-style-type: none"> Vice Chairman of Board of Directors at CMA Board member at CMA Dean and Head of the Finance Department at King Faisal University | <ul style="list-style-type: none"> Ph.D. in Finance, Newcastle University, UK, 2005 Master's degree in Finance, University of Colorado, USA, 2001 Bachelor's degree in Accounting, King Faisal University, Saudi Arabia, in 1997. |
| Firas Salah Al-dine AbdllHamid Akkad Alquraishi | 2 | Member of the Audit Committee | External Member | <ul style="list-style-type: none"> Member of the Audit Committee at Elm 8Director of the Accounting Financial and Control Department at the Public Investment Fund Deputy Chairman of the Board of Directors of the Dur Saudi Hospitality Company Chairman of Audit committee at Dur Saudi Hospitality company Member of the Board of Directors at Taiba Investment Company Member of the Audit Committee of Taiba Investment Company Member of the Audit Committee at the Soudah Development Company Member of the Board of Directors at Jordan Investment Company Member of the Audit Committee of the Diriyah Gate Development Company | <ul style="list-style-type: none"> Director of the Financial Affairs Department at the Water and Electricity Company Financial Controller at Saudi Fransi Capital Assistant Director of Finance at Amana Cooperative Insurance Company Assistant Relationship Manager at the Saudi Hollandi Bank Auditor at PwC | <ul style="list-style-type: none"> Master's degree in Banking and Finance, University of Sydney, Australia, 2010 Bachelor's degree in Accounting, King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, in 2006. |
| Turki Abdulmohsin Faleh Alluhaid | 3 | Member of the Audit Committee | External Member | <ul style="list-style-type: none"> Member of the Audit Committee at Elm Managing partner at Alluhaid and Alyahya Chartered Accountants and Auditors Member of Audit Committee at Tabuk Cement Company Member of the Audit Committee at Saudi Fisheries Company Member of Audit Committee at the Jamjoom Pharmacies | <ul style="list-style-type: none"> Auditor partner at Ernst & Young EY Operations Execution Officer in Credit Management at Riyad Bank | <ul style="list-style-type: none"> Bachelor's degree in Accounting, King Saud University, KSA, 2003G. |

BOARD OF DIRECTORS (continued)

External Members of the Board Committees

| Name | # | Membership | Membership classification | Current positions | Previous positions | Academic qualifications Academic qualifications |
|--|---|------------------------------------|----------------------------|---|---|---|
| Marwan Hamad Abdullah Althuhaidan | 4 | Member of the Audit Committee | External Member | <ul style="list-style-type: none"> Member of the Audit Committee at Elm General Director for the General Department of Cyber Risk Control at the Central Bank of Saudi Arabia | <ul style="list-style-type: none"> Director of Information Technology and Payment Systems Risk Management at the Saudi Central Bank Member of a number of international committees such as the Bank for International Settlements (BIS) committees and the Financial Stability Board (FSB) committees | <ul style="list-style-type: none"> Master's degree in Computer Systems Security, University of Glamorgan, UK, 2010 Bachelor's degree in Information Systems, King Saud University, Saudi Arabia, in 2003 |
| Dr. Abdulrahman bin Saad bin Saadan Aljadhi | 5 | Member of the Investment Committee | Non-Independent/ Executive | <ul style="list-style-type: none"> CEO of Elm Member of investment committee at Elm Member of the Board of Directors of the Wadi Taiba Company. Member of the Board of Directors of the National Real Estate Registration Services Company. Chief Executive Officer (CEO) | <ul style="list-style-type: none"> Director of E-Business and Director of Strategy at Elm Company Chairman of the Board of Directors in the first health cluster | <ul style="list-style-type: none"> Ph.D. in Computer Science, University of Pittsburgh, Pennsylvania, USA, 1999 Master's degree in Computer Science, University of Michigan, Michigan, USA, 1993. |
| Shahad Abdulrahman Hussain Attar | 6 | Member of the Investment Committee | External Member | <ul style="list-style-type: none"> Member of the Investment Committee at Elm Department Manager in the Local Direct Investments Team, and Head of the Technology and Media Sector at the Public Investment Fund Member of the Board of Directors of the Saudi Authority for Data and Artificial Intelligence | <ul style="list-style-type: none"> Head of the Communications and Information Technology Sector at the Ministry of Investment General Manager at Accenture Director of Business Development and Government Relations at the Saudi Telecom Company STC | <ul style="list-style-type: none"> Master of Business and Technology Entrepreneurship, Waterloo University, Canada, 2006 Bachelor's degree in Information Systems Management, Dar Al-Hekma University, Saudi Arabia, 2005 |

External Members of the Board Committees

| Name | # | Membership | Membership classification | Current positions | Previous positions | Academic qualifications Academic qualifications |
|--------------------------------------|---|------------------------------------|---------------------------|---|--|---|
| Fahad Khaled Mohammed Alsaud | 7 | Member of the Investment Committee | External Member | <ul style="list-style-type: none"> Member of the Investment Committee at Elm CEO and Managing Director at Alpha Financial Company Member of the Board of Directors at Alpha Financial Company Member of the Board of Directors at Saudi Downtown Company Member of the Board of Directors at Jabal Alshifa Development Company Member of the Board of Directors at association support fund Member of the Investment Committee at Prince Nalf University for Security Sciences Member of the Investment Committee at Saudi Electronic University Member of the Investment Committee at Imam Mohammad Ibn Saud Islamic University Member of the Investment Committee at Jeddah Central Development Company | <ul style="list-style-type: none"> Advisor to his excellency Governor of the Public Investment Fund Vice President of Alternative Investments at Jadwa Investment Company Adviser to His Excellency the Chairman of the Capital Market Authority | <ul style="list-style-type: none"> Master's degree in Corporate Finance, Reading University, United Kingdom, 2009G Bachelor's degree in Financial Management, King Fahd University of Petroleum and Minerals, Kingdom of Saudi Arabia, in 2006 Chartered Financial Analyst (CFA) |
| Nawaf Dauod Sulaiman Alhoshan | 8 | Member of the Investment Committee | External Member | <ul style="list-style-type: none"> Member of the Investment Committee at Elm Member of the Board of Directors at Tamkeen Chief Strategy and Business Development Officer at Saudi Arabian Military Industries (SAMI) | <ul style="list-style-type: none"> Deputy Minister of Technology at the Ministry at Communications and Information Technology Member of the Board of Directors at Saudi Authority for Industrial Cities (MODON) CEO at Raz Holding Group Director of Systems and Solutions at the Saudi Telecom Company Director of Systems and Solutions at Advanced Electronics Company | <ul style="list-style-type: none"> Executive Master of Business Administration, King Fahd University of Petroleum and Minerals, KSA, 2014G Bachelor's degree in Computer Science, King Saud University, Saudi Arabia, in 2001 |

BOARD OF DIRECTORS (continued)

Participation of Members in Board and Committees' Meetings

The following tables show the number of meetings of the Board of Directors and its committees for the year ending on 31 December 2022, as follows:

Board of Directors Meetings:

The Board of Directors convened seven meetings. The following table illustrate these meetings convened in 2022 and members' attendance

| Name | # | Membership | Board Meetings (7 meetings) | | | | | | | TOTAL |
|--|---|-------------------------------------|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------|---------------------------|-------|
| | | | 1st meeting 23/3/2022 | 2nd meeting 25/5/2022 | 3rd meeting 30/6/2022 | 4th meeting 20/9/2022 | 5th meeting 5/10/2022 | 6th meeting 2022/11/15 | 7th meeting 21/12/2022 | |
| Mr. Raed Abdul-lah Ibrahim bin Ahmed | 1 | Chairman of Board of Directors | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | 6 |
| Mr. Raed Abdul-lah bin Ismail | 2 | Vice Chairman of Board of Directors | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | 6 |
| Her Excellency Miss. Alshayhana Saleh Alazzaz | 3 | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | 6 |
| His Excellency Dr. Issam Abdullah Alwaqit | 4 | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 |
| Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah | 5 | Member | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Mr. Abdullah bin Saad bin Mohammed Alsalem | 6 | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 7 |
| Dr. Khaled Abdulaziz Alghoneim (*) | 7 | Member | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | 5 |
| Mr. Faris Ibrahim Al-Rashed Alhumaïd (*) | 8 | Member | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | 5 |
| Mr. Abdulrahman Mohammed Alodan (*) | 9 | Member | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | 5 |

(*) The Extraordinary General Assembly resolution was issued approving the nomination of Dr. Khaled Abdulaziz Alghoneim, Mr. Faris Ibrahim Al-Rashed Alhumaïd, and Mr. Abdulrahman Mohammed Alodan as independent members of the Board of Directors as of 05/29/2022.

Meetings of Board Committees:

The Audit Committee consists of five (5) members who were appointed according to the decision of the Extraordinary General Assembly on 04/20/1443 AH (corresponding to 11/25/2021 AD).

The Extraordinary General Assembly approved in its first meeting to increase the number of Audit Committee seats from (4) seats to be (5) seats, and appoint Mr. Abdulrahman Mohammed Alodan as an independent member of Audit Committee starting from 5/29/2022 AD until the end of the current committee's term on 24/11/2024.

The most important objectives of the Committee are to assist the Board of Directors in verifying the adequacy of the Company's Internal Control System and its effective implementation, and to make any recommendations to the Board that would activate and develop the Internal Control

System, in order to achieve the Company's goals and protect the interests of shareholders.

The Committee also assists the Board to fulfill its oversight responsibilities of the financial, operational and information systems of the Company.

The Committee's competences and tasks include studying the initial and annual financial statements; studying and reviewing the internal and financial control system and risk management; verifying the effectiveness and adequacy of internal control in the "Company"; recommending the appointment of the external auditor; and ensuring compliance with the relevant laws, regulations, policies and instructions.

The Committee also recommends to the Board of Directors to appoint chartered accountants, follow up their work, study the audit plan, follow up on its implementation, and ensure their independence.

The names of the members of the Audit Committee and the number of meetings of each member during the year 2022 are as follows:

| Name | # | Membership | Audit Committee Meetings (9 meetings) | | | | | | | | | TOTAL |
|--|---|------------|---------------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|-------------------------|---------------------------|--------------------------|---------------------------|-------|
| | | | 1st meeting 20/2/2022 | 2nd meet- ing10/03/2022 | 3rd meeting 17/4/2022 | 4rd meeting 21/4/2022 | 5th meeting 31/7/2022 | 6th meeting 4/8/2022 | 7th meeting 11/10/2022 | 8th meeting 3/11/2022 | 9th meeting 13/12/2022 | |
| Dr. Abdul Rahman bin Muhammad bin Abdulaziz Albarrak | 1 | Chairman | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 9 |
| Turki Abdulmohsin Faleh Alluhaid | 2 | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | 8 |
| Marwan Hamad Abdullah Alluhaidan | 3 | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 9 |
| Firas Salahadine Alquraishi | 4 | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✗ | ✓ | ✓ | ✓ | 8 |
| Mr. Abdulrahman Mohammed Alodan (*) | 5 | Member | ✗ | ✗ | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | ✓ | 5 |

(*) Extraordinary General Assembly Meeting on 20/09/2022 approved to increase the number of Audit Committee seats from (4) seats to be (5) seats, and appoint (Mr. Abdulrahman Mohammed Alodan for the membership of Audit Committee) as an independent member of Audit Committee starting from 29/05/2022.

BOARD OF DIRECTORS (continued)

Nominations and Remunerations Committee:

The Nominations and Remuneration Committee consists of five (5) members who were appointed according to the Board of Directors' decision on 04/20/1443 AH (corresponding to 11/25/2021 AD). 0

On 09/20/2022 the Board of Directors issued a decision to appoint Mr. Faris Ibrahim Alrashed Alhumaid as an independent member and chairman of the Nominations and Remunerations Committee, starting from 09/20/2022 until the end of the current committee's term 11/24/2024.

The Nominations and Remunerations Committee aims to assist the Board of Directors in performing its

regulatory and supervisory duties efficiently and effectively, on top of which are: Recommending and supervising the process of nominating Board members, committees and the CEO; supervising succession plans for key positions such as the CEO and Financial Manager; recommending the Board of Directors to update policies related to the Board of Directors and its committees; periodically reviewing the performance, capabilities and qualifications the members of the Board and committees; periodically verifying the independence of the members of the Board and committees; setting clear policies for the compensation and remuneration of the Board of Directors, committees, senior executives; remuneration programs and policies related to the Company's human capital.

The names of the members of the Nominations and Remunerations Committee and the number of meetings of each member during the year 2022 are as follows:

| Name | # | Membership | Nominations and Remuneration Committee Meetings (6 meetings) | | | | | | TOTAL |
|--|---|------------|--|--------------------------|--------------------------|-------------------------|---------------------------|---------------------------|-------|
| | | | 1st meeting 6/3/2022 | 2nd meeting 10/4/2022 | 3rd meeting 15/5/2022 | 4th meeting 4/9/2022 | 5th meeting 20/10/2022 | 6th meeting 27/11/2022 | |
| Mr. Faris Ibrahim Alrashed Alhumaid (*) | 1 | Chairman | X | X | X | X | ✓ | X | 1 |
| His Excellency Dr. Issam Abdullah Alwaqit | 2 | Member | ✓ | X | ✓ | ✓ | ✓ | ✓ | 5 |
| Mr. Raed Abdullah bin Ismail | 3 | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Mr. Abdullah bin Saad bin Mohammed Alsalem | 4 | Member | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah | 5 | Member | X | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |

(*) The BOD meeting No. 509/73/2022 on 20/09/2022 approved to appoint Mr. Faris Ibrahim Alrashed Alhumaid as Chairman of the Nominations and Remunerations committee starting from the date of the meeting.

Investment Committee:

The Investment Committee (IC) consists of 5 members who were appointed pursuant to the decision of the Board of Directors on 04/20/1443 AH corresponding to 11/25/2021 AD

The duties and responsibilities of the Investment Committee include supervision of the management of the Company's cash allocated for investment or funds that are borrowed for the purpose of investment in order to generate the maximum possible returns; definition of investment strategy and policies; reviewing the

proposed investments and submitting to the Board of Directors for approval; supervision of the performance of investment operations; reviewing recommendations to establish or acquire companies wholly or partly owned by the Company and recommending to the Board any observations or recommendations regarding them; periodically reviewing any investment criteria or other standard devices employed by the Company to monitor the performance of its investments; reviewing and addressing issues related to zakat/tax compliance as regards investment transactions and ensuring that the investments made by the Company are in compliance with Shariah controls.

The Investment Committee held four (4) meetings during the year 2022, as shown in the following table:

| Name | # | Membership | Investment Committee meetings (4 meetings) | | | | TOTAL |
|---|---|------------|--|--------------------------|--------------------------|-------------------------|-------|
| | | | 1st meeting 6/3/2022 | 2nd meeting 10/4/2022 | 3rd meeting 15/5/2022 | 4th meeting 4/9/2022 | |
| Mr. Abdullah bin Saad bin Mohammed Alsalem | 1 | Chairman | ✓ | ✓ | ✓ | ✓ | 4 |
| Nawaf Dauod Suleiman Alhoshan | 2 | Member | ✓ | ✓ | ✓ | ✓ | 4 |
| Dr. Abdulrahman bin Saad bin Saadan Aljadhi | 3 | Member | ✓ | ✓ | X | ✓ | 3 |
| Shahad Abdulrahman Hussain Attar | 4 | Member | ✓ | ✓ | ✓ | ✓ | 4 |
| Fahad Khaled Mohammed Alsaud | 5 | Member | ✓ | ✓ | ✓ | ✓ | 4 |

BOARD OF DIRECTORS (continued)

Dates of the shareholders' General Assembly meetings held during the fiscal year 2022, and the names of the present board members:

The General Assembly was held twice during the year 2022 AD, when the Ordinary General Assembly was held on May 09, 2022 AD, and the Extraordinary General Assembly was held on May 29, 2022 AD. The meetings were held through modern technology using the Tadawulaty system. The following is the attendance record of the members of the Board of Directors:

A. The Ordinary General Assembly (first meeting) on 10/8/1443 AH (corresponding to 05/09/2022 AD)

The Ordinary General Assembly (first meeting) was held via means of modern technology through the Tadawulaty system on 10/08/1443 (corresponding to 09/05/2022), with the quorum for the meeting met.

The shareholder attendance rate for the meeting was 70.67%; as such, the assembly is valid as it adheres to the Company's articles of association, and rules and related regulations. The meeting was held in the presence of the following members of the Board of Directors.

| Name | # | Membership | Attendance |
|------|---|------------|------------|
|------|---|------------|------------|

| | | | |
|--|---|----------------------|---|
| Mr. Raed Abdullah Ibrahim bin Ahmed | 1 | Chairman | ✓ |
| Mr. Raed Abdullah bin Ismail | 2 | Vice Chairman of BOD | ✓ |
| His Excellency Dr. Issam Abdullah Alwaqit | 3 | Member | ✓ |
| Her Excellency Miss. Alshayhana Saleh Alazzaz | 4 | Member | ✓ |
| Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah | 5 | Member | ✓ |
| Mr. Abdullah bin Saad bin Mohammed Alsalem | 6 | Member | ✓ |

* The meeting was attended by the Chairman of the Audit Committee, Dr. Abdulrahman bin Muhammad Albarrak

The results of the Ordinary General Assembly held on May 09, 2022 AD resulted in the approval of the shareholders on all the items presented, as follows:

1. Approve the Board of Directors Report for the fiscal year ending on 31/12/2021.
2. Approve the financial statements for the fiscal year ending on 31/12/2021.
3. Approve the External Auditors Report for the financial year ending on 31/12/2021.
4. Approve discharging the Board members from any liabilities for the fiscal year ended 31/12/2021.
5. Approve paying an amount of (1,399,285.71) Riyals as remuneration to the Board members for the fiscal year ending on 31/12/2021.
6. Approve the appointment of Dr. Mohammed Al-Amri & Co. as the external auditor, based on the recommendation of the Audit Committee; to examine, review and audit the financial statements for the second and third quarters as well as the annual statements for the fiscal year 2022 and for the first quarter of the year 2023, and to determine the auditor's fees.
7. Approve the Board of Directors' recommendation to distribute cash dividends to shareholders for the year ending on December 31, 2021, amounting to (232,800,000) Saudi riyals at (3) Riyals per share, which represents 30% of the nominal value of the eligible share (77,600,000). Entitlement shall be for shareholders as at the end of the trading session coinciding with the meeting of the Ordinary General Assembly who are registered in Elm's share registry at the Depository Centre at the end of the second trading day following the due date. Dividend distribution will be on Sunday 21/10/1443H corresponding to 22/05/2022G.
8. Approve delegating the Board of Directors to distribute interim dividends on a biannual / quarterly basis for the fiscal year 2022.

B. The Extraordinary General Assembly (first meeting) on 10/28/1443 AH (corresponding to 05/29/2022 AD)

The first meeting of the Extraordinary General Assembly was held via video conference, on 10/28/1443 AH (corresponding to 05/29/2022 AD), and in the presence of the following members of the Board of Directors:

| Name | # | Membership | Attendance |
|------|---|------------|------------|
|------|---|------------|------------|

| | | | |
|--|---|----------|---|
| Mr. Raed Abdullah Ibrahim bin Ahmed | 1 | Chairman | ✓ |
| Mr. Raed Abdullah bin Ismail | 2 | Member | ✗ |
| His Excellency Dr. Issam Abdullah Alwaqit | 3 | Member | ✓ |
| Her Excellency Miss. Alshayhana Saleh Alazzaz | 4 | Member | ✓ |
| Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah | 5 | Member | ✓ |
| Mr. Abdullah bin Saad bin Mohammed Alsalem | 6 | Member | ✓ |

* The meeting was attended by the Chairman of the Audit Committee, Dr. Abdulrahman bin Muhammad Albarrak

The results of the Extraordinary General Assembly held on May 29, 2022 AD resulted in an approval vote by the shareholders on all items presented, which are as follows:

1. Approval of the amendment of Article (Second Article) of the company's bylaws related to (Company name).
2. Approval of the election of an independent Board of Directors members among the candidates for the current term, commencing from 25/11/2021G. for a term of three years, ending on 24/11/2024G .
3. The following members were elected:
 - 1- Mr. Faris Ibrahim Alrashed Alhumaid – Independent member.
 - 2- Dr. Khaled Abdulaziz AlGhoneim – Independent member.
 - 3- Mr. Abdulrahman Mohammed AlOdan – Independent member.
4. Approval of the increasing the number of Audit Committee seats from (4) seats to be (5) seats, and appoint Mr. Abdulrahman Mohammed Alodan for the membership of Audit Committee) as an independent member of Audit Committee starting from the date of the assembly's approval until the end of the current committee's term on 24/11/2024 G.

BOARD OF DIRECTORS (continued)

Remuneration and Compensation of the Board of Directors and Executive Management:

Remuneration policy of the board of directors members and members of its committees, and the executive management (*)

(*) This is a translated version of the Policy. The Arabic version is the approved version and can be relied on.

First: Objective of the Policy:

The Company has adopted this Policy for the remuneration for members of the Board of Directors and members of its committees, and the Executive Management, in order to follow a clear policy and rules for remuneration, ensure the implementation of optimal governance and application of disclosure and transparency principles to shareholders.

This Policy also aims to ensure the enactment of competitive remuneration programs and plans in a way that attracts qualified, capable and talented personnel to work on the Board of Directors, its committees, and the Executive Management, which contributes to improving the Company's performance and achieving the interests of its shareholders, in accordance with the standards and rules contained in the Companies Law, the Corporate Governance Regulations, and other relevant rules and regulations.

Second: Remuneration Rules for Board Members:

- The remuneration of a Board member, in return for its work in the Board of Directors, shall be a specified amount and an allowance for board meetings attendance, according to this Policy, in addition to any in-kind benefits or a certain percentage of net profits; two or more of these benefits may be combined.
- The remuneration paid to a Board member shall be fair and proportionate to the member's competencies, work and responsibilities undertaken, and to the objectives set by the Board of Directors to be achieved during the fiscal year.
- The remuneration shall be suspended or refunded if it is found that it was paid on the basis of inaccurate information provided by the Board member.
- The remuneration for Board members and committees shall take into account what is stated in the relevant bylaws and regulations.
- In all cases, the total remuneration that a Board member receives shall not exceed any amount or limit stated in Companies Law or any regulation or rules issued by any competent authority.
- The member shall be entitled to a remuneration in return for additional work or for executive, technical, administrative or advisory positions assigned to him in the Company, in addition to the remuneration that it's entitled as a Board member and in the committees formed by the Board of Directors, in accordance with Companies Law and the Company's bylaws.

Third: Rules for the Remuneration of Members of Board Committees:

- The remuneration for Board committee membership consists of annual remuneration, meeting attendance allowances and other benefits as described in this Policy.
- The Board of Directors shall determine and approve the annual remuneration for the membership of its committees based on a recommendation from the Nomination and Remuneration Committee.
- As an exception to the provisions of Paragraphs (1) and (2) of this Article, the remuneration for the Audit Committee membership consists of an annual remuneration, meeting attendance allowances and other entitlements as described in the Audit Committee Charter.
- When forming the membership of Board committees, the number of committees in which a Board member can occupy a seat shall be taken into consideration, so that the total remuneration a member receives for its membership in the Board and committees does not exceed the upper limit stipulated in the Companies Law.

Fourth: Executive Management Remuneration Rules:

- The annual remuneration of the Company's CEO is determined on the basis of its achievement of the financial, strategic and other objectives in accordance with the Company's approved policy.
- The annual remuneration for the Company's Executive Management is calculated in accordance with the policy and mechanism of annual remuneration approved by the Company.
- The salaries and benefits allocated to the Executive Management, including basic salary, benefits and allowances, shall be determined subject to the Company's approved policy.

Board Members' Remuneration:

The following table shows compensation and remuneration details for the Board of Directors for the year 2022:

| | Fixed remunerations | | | | | Variable remunerations | | | | | End-of-service award | Aggregate Amount | Expenses Allowance | |
|--|---------------------|---------------------------------------|--|------------------|--|------------------------|---------------------------|------------------------|----------------------------|---------------------------|----------------------|------------------|---------------------|-----------------------------------|
| | Specific amount | Allowance for attending Board meeting | Total Allowance for attending committee meetings committee | In-kind benefits | Remunerations of the chairman, Managing Director or Secretary, if a member and consultative work | Total | Percentage of the profits | Periodic remunerations | Short-term incentive plans | Long-term incentive plans | | | | Granted shares (insert the value) |
| First: Independent Directors | | | | | | | | | | | | | | |
| Dr. Khaled Abdulaziz Al-Ghoneim | 142,857.15 | 15,000.00 | | | | 157,857.15 | | | | | | | 157,857.15 | |
| Mr. Abdulrahman Mohammed Al-Odan | 142,857.15 | 15,000.00 | 15,000.00 | | | 172,857.15 | | | | | | | 172,857.15 | |
| Mr. Faris Ibrahim Al-Rashed Al-Humaid | 142,857.15 | 15,000.00 | 3,000.00 | | | 160,857.15 | | | | | | | 160,857.15 | |
| TOTAL | 428,571.45 | 45,000.00 | 18,000.00 | | | 491,571.45 | | | | | | | 491,571.45 | |
| Second: Non-Executive Directors | | | | | | | | | | | | | | |
| Mr. Raed Abdullah bin Ahmed | 295,000.00 | 18,000.00 | | | | 313,000.00 | | | | | | | 313,000.00 | |
| Mr. Raed Abdullah Ismail | 195,000.00 | 18,000.00 | 18,000.00 | | | 231,000.00 | | | | | | | 231,000.00 | |
| His Excellency Dr. Issam Abdullah Al-Waqit | 200,000.00 | 21,000.00 | 15,000.00 | | | 236,000.00 | | | | | | | 236,000.00 | |
| Her Excellency Miss. Al-Shayhana Saleh Al-Azzaz | 195,000.00 | 18,000.00 | | | | 213,000.00 | | | | | | | 213,000.00 | |
| Eng. Abdullah Abdulrahman Al-Rabiah | 195,000.00 | 18,000.00 | 18,000.00 | | | 231,000.00 | | | | | | | 231,000.00 | |
| Mr. Abdullah Saad Al-Salem | 200,000.00 | 21,000.00 | 30,000.00 | | | 251,000.00 | | | | | | | 251,000.00 | |
| TOTAL | 1,280,000.00 | 114,000.00 | 81,000.00 | | | 1,457,000.00 | | | | | | | 1,457,000.00 | |

BOARD OF DIRECTORS (continued)

Committees Members Remuneration:

The following table shows remuneration of Committees Members for the year 2022:

| Name | Fixed Remuneration (Except for the allowance for attending Board meetings) | Allowance for attending Board meetings | Total |
|--|--|--|-------------------|
| Audit Committee Members | | | |
| 1. Dr. Abdulrahman Muhammad Albarrak | 150,000.00 | 27,000.00 | 177,000.00 |
| 2. Mr. Turki Abdulmohsen Alluhaid | 145,000.00 | 24,000.00 | 169,000.00 |
| 3. Mr. Marwan Hamad Alluhaidan | 145,000.00 | 24,000.00 | 169,000.00 |
| 4. Mr. Firas Salah Aldine Alquraishi | 150,000.00 | 27,000.00 | 177,000.00 |
| 5. Mr. Abdularahman Mohammed Al-Odan | 75,000.00 | 15,000.00 | 90,000.00 |
| 6. Total | 665,000.00 | 117,000.00 | 782,000.00 |
| Nominations and Remunerations Committee Members | | | |
| 1. Mr. Faris Ibrahim Al-Rashed Al-Humaid | 28,333.33 | 3,000.00 | 31,333.33 |
| 2. His Excellency Dr. Issam Abdullah Al-Waqit | 95,000.00 | 15,000.00 | 110,000.00 |
| 3. Mr. Raed Abdullah Ismail | 100,000.00 | 18,000.00 | 118,000.00 |
| 4. Mr. Abdullah Saad Al-Salem | 100,000.00 | 18,000.00 | 118,000.00 |
| 5. Eng. Abdullah Abdulrahman Al-Rabiah | 100,000.00 | 18,000.00 | 118,000.00 |
| Total | 423,333.33 | 72,000.00 | 495,333.33 |
| Investment Committee Members | | | |
| 1. Mr. Abdullah Saad Al-Salem | 120,000.00 | 12,000.00 | 132,000.00 |
| 2. Nawaf Dawood Alhoshan | 120,000.00 | 12,000.00 | 132,000.00 |
| 3. Dr. Abdulrahman Saad Aljadhai | 115,000.00 | 9,000.00 | 124,000.00 |
| 4. Miss. Shahad Abdurahman Attar | 120,000.00 | 12,000.00 | 132,000.00 |
| 5. Fahad Khaled AlSaud | 120,000.00 | 12,000.00 | 132,000.00 |
| Total | 595,000.00 | 57,000.00 | 652,000.00 |

Remunerations of Senior Executives:

The following table shows remunerations of the top Five (5) Senior Executives, including the CEO and the Executive Vice-President of Finance for the year 2022*:

| | | 2022 | 2021 |
|--|----------------------------|-------------------|-------------------|
| Fixed Remunerations | Salaries | 6,947,062 | 6,226,449 |
| | Allowances | 2,405,947 | 2,261,233 |
| | In-kind benefits | - | - |
| | Total | 9,353,009 | 8,487,682 |
| Variable Remunerations | Variable remunerations | 3,042,925 | 1,969,483 |
| | Periodic remunerations | 4,541,751 | 3,326,123 |
| | Profits | - | - |
| | Short-term incentive plans | - | - |
| | Long-term incentive plans | - | - |
| | Granted shares | - | - |
| | Total | 7,584,676 | 5,295,606 |
| End of Service Award | | - | - |
| Total Remunerations for Board Executives, if any | | - | - |
| Aggregate Amount | | 16,937,685 | 13,783,288 |

* The above table shows the remuneration of the top five (5) senior executives, including the Chief Executive Officer and the Vice President of Finance for the years 2021 and 2022. It is worth noting that the data in 2021 annual report contained the remuneration of seven (7) senior executives, including the CEO and Vice President of Finance and the Vice President of Human Capital. The amendment was made based on the requirements of the Capital Market Authority.

Outcomes of the annual review of the internal control processes' effectiveness:

Elm's audit committee seeks to support the board of directors in ensuring the sufficiency of the company's internal control system and its effective implementation. It also aims to provide the Board of Directors with recommendations that would enhance and develop the internal control system to assist Elm in achieving its objectives while safeguarding the interests of shareholders. Additionally, the audit committee supports the board of directors in fulfilling their oversight responsibilities for the company's financial, operational, and information systems.

Elm's audit committee had oversight over the internal audit engagements and outcomes, which provide a periodic review of the adequacy and effectiveness of the internal control system and procedures in a way that enables a continuous assessment of the effectiveness of this system. This serves the objectives of the board of directors to obtain reasonable confirmations regarding the efficiency and effectiveness of the company's internal control system design and implementation.

Audit Committee major activities during 2022:

Over 2022, Elm's audit committee, in the presence of the internal audit, external auditor, and other relevant departments and divisions in Elm, held nine meetings to discuss several issues related to the committee's roles and responsibilities such as:

- Examine quarterly and annual financial statements before presenting them to the board of directors, and discussing the management letter with the external auditor.
- Recommendation for the appointment of the company's external auditor.
- Discussion of the proposed framework for the governance of subsidiaries with regards to internal audit.
- Approval of the internal audit plan, and discussion on the periodic internal audit reports.
- Discussion of whistle blowers incidents and the actions taken to resolve them.

- Discussion of the reports of oversight bodies, such as the National Cybersecurity Authority, and the General Bureau of Auditing.
- Discussion of the roles and responsibilities of the company's risk management department.
- Discussion of periodic risk reports covering financial, operational and business risks.
- Review of the risk policy and suggestions for risk appetite levels related to the company's activities.
- Review the results of Governance and Compliance Department establishment project to ensure the Company's compliance with the relevant rules and regulations.

Audit Committee's opinion on the adequacy of the internal control system:

Considering the audit committee's scope of work, and based on the periodic reports submitted by the company's internal audit, external auditor, the company's executive management and the management's assurances about the adequacy of the Company's control system, the audit committee did not find any material matters of significant impact that might require disclosure for the financial year ending 31st December 2022.

Elm's Internal Audit division obtained a certificate of compliance with international standards:

The outcomes of external assessment performed by Saudi Institute of Internal Auditors toward Elm's Internal Audit division compliance with International standards has indicated a general compliance towards the standards which is the highest rating that can be achieved. In addition, the division's maturity against the Internal Audit Standards was rated as "Optimizing" which is the highest level of maturity

One of the most significant pillars of this achievement is that it demonstrates Elm's belief in the crucial role of governance, internal and external auditing, and control processes. Moreover, such achievement highlights our commitment toward the generally accepted standards which reflect the work culture, environment, and performance.

BOARD OF DIRECTORS (continued)

Dividend policy

While observing the provisions of other relevant laws, the annual net profits of the Company shall be distributed as follows:

1. Ten percent (10%) of the net profits shall be set aside to form the Company's statutory reserve. The Ordinary General Assembly may decide to suspend such retention once the said reserve reaches thirty percent (30%) of the paid-up capital.
2. The Ordinary General Assembly may, upon a proposal from the Board of Directors, appropriate a certain portion of the net profits to form voluntary reserves to be allocated to certain purposes.
3. When determining the earnings per share, the Ordinary General Assembly may decide to form other reserves, as may achieve the Company's interest or ensure distribution of fixed and regular profits, as much as possible, to the shareholders. The General Assembly may also deduct amounts from the net profits to establish social institutions or funds for the Company's employees or to support the already-existing institutions or funds.
4. The General Assembly, based on the proposal of the Board of Directors, may distribute profits from the rest to shareholders in accordance with the provisions of this Policy and the Company's bylaws.
5. The Company may distribute dividends or interim dividends to its shareholders after fulfilling the legal requirements in this respect.
6. Subject to the provisions stipulated in Article 22 of the Company's bylaws and Article 76 of the Companies Law, the General Assembly may allocate, after the above, a remuneration to the members of the Board of Directors, provided that the entitlement to this remuneration be proportional to the number of sessions attended by the member in the event that the remuneration is a percentage of the profits.

Entitlement to Dividends:

The shareholder shall be entitled to his share in dividends based on a resolution adopted by the General Assembly in this concern specifying the maturity and distribution dates.

Shareholders recorded in the shareholder registers shall be entitled to their shares in dividends at the end of the specified maturity date. The Board of Directors shall implement the resolutions adopted by the Ordinary General Assembly with respect to distribution or profits to shareholders according to the relevant legal controls.

Distribution of Dividends of Preferred Shares:

1. In the event of non-distribution of profits for any financial year, profits for the subsequent years may only be distributed after the percentage specified under the provisions of Article (114) of the Companies Law is paid to the holders of preferred shares for that year.
2. If the Company fails to pay, for three consecutive years, the percentage of profits specified under the provisions of Article (114) of the Companies Law, the assembly of the holders of such shares, held in accordance with the provisions of Article (89) of the Companies Law, may resolve whether to allow them to attend the meetings of the Company's General Assembly and participate in voting or to appoint representatives thereof in the Board of Directors pro rata to the value of their shares in the capital, until the Company is able to pay all the initial profits allocated to the holders of such shares for the previous years.

Distribution of interim dividends:

The Company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis, after the following requirements are fulfilled:

1. The Ordinary General Assembly authorizes the Board to distribute interim dividends by a resolution that is to be renewed annually.
2. The Company has good and regular profitability.
3. The Company has reasonable liquidity and can reasonably expect the level of its profits.
4. The Company has distributable profits in accordance with the latest audited financial statements, which shall be sufficient to cover the dividends proposed to be distributed after deducting what is distributed and capitalized from those profits after the date of the said financial statements.

Dividend Distribution

The following table shows dividend distribution details for the financial year 2022

| Distribution of Dividends during 2022 | | | |
|---|---------------------------------|--------------------|---------------------|
| Dividends cycle | Year ended on December 31, 2021 | First Half of 2022 | Total Distributions |
| Eligibility date | 09-05-2022 | 29-09-2022 | |
| Distribution date | 22-05-2022 | 13-10-2022 | |
| Dividend per share (SAR) | 3 | 2 | |
| Percentage of Dividend to the Share Par Value (%) | 30% | 20% | |
| The Total amount distributed | 232,800,000 (*) | 155,200,000 (**) | 388,000,000 |

(*) **Dividends for the year ended December 31, 2021.** During its meeting held on Shawwal 8, 1443 corresponding to (May 9, 2022), the Ordinary General Assembly approved cash dividends amounted SR 232,8 million (3 riyals per share) for the year ended on December 31, 2021.

(**) **Dividends for the full year ended December 31, 2022.** During Board of Directors meeting held on Rabi' Al-Awwal 24, 1444 corresponding to September 20, 2022, they have been approved the distribution of cash dividends of SR155,2 million (at 2 riyals per share) for the first half of 2022. This is based on the approval of the Ordinary General Assembly on Shawwal 8, 1443 corresponding (May 9, 2022) authorizing the Board of Directors to distribute interim dividends to shareholders on a semi-annual or quarterly basis for the fiscal year 2022.

Treasury shares held by the company:

| Number of Treasury shares maintained by the Company | Value (SAR) | Maintenance date | Purpose of keeping the shares as Treasury shares |
|---|-----------------|------------------|--|
| 2,400,000 | 307,200,000 (*) | 16-02-2022 | Long-term future incentive plans for the employees |

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, 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.

The program 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.

Statutory payments made by the Company in 2022 in millions (SAR)

| Statutory institution | 2022 | Description | Reason |
|---|--------------------|--|------------------------------|
| Zakat, Tax and Customs Authority | 494,015,360 | What is paid or charged for the period in accordance with the obligation of Zakat, the income tax law, and the fees of the SADAD system in the Kingdom | Statutory requirement |
| General Organization for Social Insurance | 72,596,306 | What is paid or charged for the period in accordance with the provisions of the Labor Law in the Kingdom | Statutory requirement |
| Other statutory bodies | 326,511 | Amounts paid or imposed under other laws | Other statutory requirements |
| Total | 566,938,177 | | |

TRANSACTIONS WITH RELATED PARTIES IN 2022

Related parties can be defined as shareholders of the Group, associate and sister companies, members of the Board of Directors and senior managers of the Company. The terms and conditions of these transactions are approved by the Group's management. Under normal transaction circumstances, Elm conducts transactions with related parties including dealings with the Public Investment Fund (a major shareholder), members of the Board of Directors, executives and other companies owned by the Public Investment Fund or members of the Board of Directors of those companies. All these transactions are carried out according to the terms agreed upon by Elm's management. The net related party balances are shown after netting.

As of the date of preparing the consolidated financial statements, the balances with related parties are unsecured.

During the year, Elm entered into transactions with the following related parties:

| Entity | Relationship |
|-------------------------------------|-------------------|
| Public Investment Fund | Major Shareholder |
| Members of the Executive Management | Employees |
| Members of the Board of Directors | Board Members |
| Unifonic Company | Associate Company |
| National Solutions Company | Associate Company |

Transactions with related parties are similar to business dealings with external parties. The following are the details of significant transactions with related parties during the year:

| Transactions | Year Ending 31st December 2022 | Year Ending 31st December 2021 |
|---|--------------------------------|--------------------------------|
| Transactions with the major shareholder | | |
| Service Revenue | 73,979,529 | 44,278,595 |
| Purchase of Treasury Shares | 307,200,000 | - |
| Dividend Distribution | 268,000,000 | - |
| Financing Repayment | - | 14,624,731 |
| Unifonic Company | | |
| Service Costs | 41,977,638 | 39,717,754 |
| National Solutions Company | | |
| Service Costs | 15,928,053 | 8,505,614 |
| Transactions with members of the Board of Directors and Executive Management | | |
| Salaries and Benefits | 20,530,183 | 18,417,522 |
| Bonuses and Allowances | 22,240,880 | 14,849,885 |
| End of Service Benefits | 3,775,462 | 2,307,383 |

| Balances | Year Ending 31st December 2022 | Year Ending 31st December 2021 |
|--|--------------------------------|--------------------------------|
| Amounts due from related parties | | |
| Amounts due from major shareholder including: | | |
| Accounts Receivables (Note 16) | 29,826,566 | 45,687,465 |
| Contracted Assets (Note 17) | 47,992,552 | 2,827,157 |
| Prepaid Expenses and Other Debit Balances (Note 18) | - | 7,557,750 |
| Amount due to related parties | | |
| Unifonic Company | 18,160,192 | 12,895,453 |
| National Solutions Company | 6,750,717 | 1,913,554 |
| | 24,910,909 | 14,809,007 |

(a) Represents an interest free financing repayment agreement between the Public Investment Fund and a subsidiary company, Tabadul, noting that there is an amount of nil for the year ending on December 31, 2022 (December 31, 2021: SAR 7.0 million) that appears under the financing expenses item in the income statement or the consolidated loss relates to the loan. The loan was paid in full during the first half of the year 2021.

During the year 2022, the company conducted transactions with related parties, which are its wholly owned subsidiaries, and these transactions took place according to the terms of normal transactions and without preferential terms. The total dealings with these parties during the fiscal year ending on December 31, 2022 were as follows:

| Relevant Party | Type of Relationship | Total Value of Transactions |
|--|---------------------------|-----------------------------|
| Emdad Al Khebrat Company | Company 100% owned by Elm | SAR 899,548,880.08 |
| Saudi Company for Exchanging Digital Information (Tabadul) | Company 100% owned by Elm | SAR 1,277,424.00 |

TRANSACTIONS WITH RELATED PARTIES IN 2022

Contracts and agreements concluded with related parties during the year 2022

Dealings with related parties include businesses and contracts to which Elm is a party to, and in which there is a direct or indirect interest of the members of the Board of Directors or senior executives or any person related to any of them. The following is a description of these dealings:

- 1 Contracts and agreements concluded with related parties to which is a party to, and in which there is a direct or indirect interest of the members of the Board of Directors or senior executives:

| Nr | Contract or Agreement | Related Party |
|----|---|--|
| 1 | Business between the company and the Ministry of Interior, which is an agreement to establish and operate a project management office in the secretariat of the Executive Ministerial Committee for the work of the National Committee for Drug Control, in the amount of SAR 3,735,400,054. This contract was concluded without conditions or preferential benefits. | Chairman of the Board of Directors, Mr. Raed Abdullah Ibrahim bin Ahmed & Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah |
| 2 | Business between the company and the Ministry of Interior, which is a project for security equipment for vehicles and field monitoring gates for an amount of SAR 206,738,490. This contract was concluded without conditions or preferential benefits. | Chairman of the Board of Directors, Mr. Raed Abdullah Ibrahim bin Ahmed & Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah |
| 3 | Business between the company and the Ministry of Interior, which is the design and unification of digital channels for the Ministry of Interior, amounting to SAR 4,947,715,28. This contract was concluded without conditions or preferential benefits. | Chairman of the Board of Directors, Mr. Raed Abdullah Ibrahim bin Ahmed & Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah |
| 4 | Business between the company and the Ministry of the Interior, which is the Makkah Route project for an amount of SAR 57,658,427. This contract was concluded without conditions or preferential benefits. | Chairman of the Board of Directors, Mr. Raed Abdullah Ibrahim bin Ahmed & Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah |
| 5 | Business between the company and the Ministry of Interior, which is an agreement to develop and provide mobile police stations for an amount of SAR 15,618,150. This contract was concluded without conditions or preferential benefits. | Chairman of the Board of Directors, Mr. Raed Abdullah Ibrahim bin Ahmed & Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah |
| 6 | Business between the company and the Ministry of Interior, which is a project to develop the digital business platform for the services of the Ministry of Interior for its employees and its internal community, at an amount of SAR 30,939,600. This contract was concluded without preferential conditions or benefits. | Chairman of the Board of Directors, Mr. Raed Abdullah Ibrahim bin Ahmed & Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah |

| Nr | Contract or Agreement | Related Party |
|----|--|--|
| 7 | Business between the company and the Ministry of Interior, which is a service contract for the fifth phase of training services to qualify the Saudi search and rescue team in the amount of SAR 3,229,545. This contract was concluded without conditions or preferential benefits. | Chairman of the Board of Directors, Mr. Raed Abdullah Ibrahim bin Ahmed & Eng. Abdullah bin Abdulrahman bin Abdulmohsin Alrabiah |
| 8 | The business between the company and the National Information Center, which is a project contract for the Ministry of Interior services for 2 individuals, signed on 01/04/2020, for the amount of SAR 350,000,000. This contract was concluded without conditions or preferential benefits. | His Excellency Dr. Issam Abdullah Alwaqit |
| 9 | Business between the company and the National Information Center, which is an agreement to operate, develop and add value-added services to the electronic services platform Absher, signed on 01/02/2020, which includes participation in the income of commercial services. This contract was concluded without conditions or preferential benefits. | His Excellency Dr. Issam Abdullah Alwaqit |
| 10 | Business between the company and the National Information Center, which is an agreement to develop data resources signed on 02/02/2008, and the amendment annex signed on 04/04/2021, which includes allocating 10% of the income of data services to implement development services for the center, with a total annual ceiling of SAR 60,000,000, and this contract was concluded without preferential conditions or benefits. | His Excellency Dr. Issam Abdullah Alwaqit |
| 11 | Business between the company and the National Information Center, which is a memorandum of understanding signed on 1/1/2015 regarding the support, operation and maintenance of systems for the amount of SAR 7,000,000 annually and SAR 6,000 per month. This contract was concluded without conditions or preferential benefits | His Excellency Dr. Issam Abdullah Alwaqit |
| 12 | Business between the company and the National Information Center, which is a memorandum of understanding signed on 3/19/2015 regarding Internet applications for an amount of SAR 6,000,000. This contract was concluded without conditions or preferential benefits. | His Excellency Dr. Issam Abdullah Alwaqit |
| 13 | The business between the company and Tawuniya Insurance Company, which is a contract for employee health insurance with the Tawuniya Insurance Company in the amount of SAR 54,739,948.25. This contract was concluded without preferential conditions or benefits. | Dr. Khaled Abdulaziz Alghoneim & Mr. Abdulrahman Mohammed Alodan |

TRANSACTIONS WITH RELATED PARTIES IN 2022

(continued)

1 Contracts and agreements concluded with related parties to which is a party to, and in which there is a direct or indirect interest of the members of the Board of Directors or senior executives:

| Nr | Contract or Agreement | Related Party |
|----|--|---|
| 14 | The business between the company and Tawuniya Insurance Company, which is an agreement to issue insurance policies through the electronic platform of Hajj and Umrah in the amount of SAR 27,184,330. This contract was concluded without preferential conditions or benefits. | Dr. Khaled Abdulaziz Alghoneim Mr. Abdulrahman Mohammed Alodan |
| 15 | The business between the company and Thiqa Business Services Company, which is a project agreement for the governance of financial rights systems in the amount of SAR 1,117,153. This contract was concluded without preferential conditions or benefits. | Mr. Abdullah bin Saad bin Mohammed Alsalem |
| 16 | Business between the company and Etihad Etisalat Company (Mobily), which is a framework agreement to provide Connectivity Services to Elm Company, its subsidiaries and projects for an amount of SAR 2,479,737.01. This contract was concluded without preferential conditions or benefits. | Dr. Khaled Abdulaziz Alghoneim |
| 17 | Businesses and contracts concluded between the company and Etihad Etisalat Company (Mobily), which is a specific agreement for the supply of the Absher platform recording devices for an amount of SAR 7,711,500. This contract was concluded without conditions or preferential benefits. | Dr. Khaled Abdulaziz Alghoneim |
| 18 | Businesses and contracts concluded between the company and Etihad Etisalat Company (Mobily), for the supply of the fourth batch for the second year of the Absher platform recording devices for an amount of SAR 610,000.00. This contract was concluded without conditions or preferential benefits. | Dr. Khaled Abdulaziz Alghoneim |
| 19 | The business between the company and Homeland Solutions Company, which is an agreement to manage and deliver the UGRP Early Birds project to develop the unified system for government resources in the amount of SAR 53,475,000.00. This contract was concluded without preferential terms or benefits. | Dr. Nasser bin Zaid bin Abdulrahman Almashari – Vice President of Business Sectors Divison |
| 20 | Business between the company and Wadi Taibah Company, which is an agreement to provide human resources and operate the Elm Taibah office in Medina for an amount of SAR 1,963,850.40. This contract was concluded without preferential conditions or benefits. | Dr. Abdulrahman bin Saad bin Saadan Aljadhi – Chief Executive Officer |

2 Elm provides services to a number of entities that are considered related parties, and these services and subscriptions have a direct or indirect interest for members of the Board of Directors or for senior executives or for any person related to any of them. The following is a statement of these dealings:

| Entity (Related Party) | Type of Relationship / Service Provided by Elm | Total Value of Transactions | Member who has an indirect interest |
|----------------------------------|---|-----------------------------|--|
| Tawuniya Insurance Company | Basher service for accidents – live Yaqeen Live service - electronic document "Absher" service - Muqem service - Tamm service | SAR 19,041,022 | Board Member Dr. Khaled Abdulaziz Alghoneim & Board Member Mr. Abdulrahman Mohammed Alodan |
| Etihad Etisalat Company (Mobily) | Raya service - Najez service - Tamm service - Muqem service - Aman - service | SAR 10,427,430 | Board Member Dr. Khaled Abdulaziz Alghoneim |
| Saudi National Bank | Executive Najez service - Yaqeen service - Nather service - Raya service - Muqem service - Tamm service – Aman - service | SAR 72,354,024 | Board Member Mr. Abdulrahman Mohammed Alodan |
| Obeikan Company | Muqem service - Tamm service | SAR 764 | Board Member Dr. Khaled Abdulaziz Alghoneim |
| Bayan Credit Information Company | Muqem service - Aman service | SAR 3,937,043 | Board Member Dr. Khaled Abdulaziz Alghoneim |
| Hawaz Company | Muqem Service | SAR 1,187 | Board Member Dr. Khaled Abdulaziz Alghoneim |
| Mozn Company | Muqem Service | SAR 2,300 | Board Member Dr. Khaled Abdulaziz Alghoneim |
| Quality of Life Program | Yaqeen Service | SAR 55,878 | Chairman of the Board of Directors Mr. Raed Abdullah Ibrahim bin Ahmed |

TRANSACTIONS WITH RELATED PARTIES IN 2022

(continued)

2 Elm provides services to a number of entities that are considered related parties, and these services and subscriptions have a direct or indirect interest for members of the Board of Directors or for senior executives or for any person related to any of them. The following is a statement of these dealings:

| Entity (Related Party) | Type of Relation-ship/Service Provided-ed by Elm | Total Value of Transactions | Member who has an indirect interest |
|-----------------------------------|---|-----------------------------|--|
| Derayah Financial Company | Electronic authentication service - Muqem service - Aman service | SAR 1,783,250 | Board Member Mr. Faris Ibrahim Alrashed Alhumaid |
| Thiqah Business Services Company | Comprehensive news service – live Yaqeen service - electronic authentication service - unified national access service - Aman service – Muqem service | SAR 3,063,249 | Board Member Mr. Abdullah bin Saad bin Mohammed Alsalem |
| Saudi Home Loans Company | Mobile Ownership Verification Service - "Nather" Service - Electronic Authentication Service – Live Yaqeen Service | SAR 1,472,581 | Board Member Mr. Faris Ibrahim Alrashed Alhumaid |
| Saudi Lendo for Financing Company | Electronic authentication service - Muqem service | SAR 161,276 | Board Member Mr. Faris Ibrahim Alrashed Alhumaid |
| Dur Hospitality Company | Tamm Service – Muqem Service | SAR 15,260 | Board Member Mr. Faris Ibrahim Alrashed Alhumaid |
| Bin Dawood Holding | Muqem Service – Aman Service | SAR 42,179 | Board Member Mr. Faris Ibrahim Alrashed Alhumaid |
| Tanami Arabia Company | Muqem Service | SAR 6,663 | Board Member Mr. Faris Ibrahim Alrashed Alhumaid |
| Sela Sport Company | Tamm Service – Muqem Service | SAR 16,157 | Board Member Her Excellency Miss. Alshayhana Saleh Alazzaz |

| Entity (Related Party) | Type of Relation-ship/Service Provided-ed by Elm | Total Value of Transactions | Member who has an indirect interest |
|--|--|-----------------------------|---|
| National Maritime Transport Company | Naba Service - Absher service - Muqem service - Raya service | SAR 36,664 | Vice Chairman of the Board of Directors Mr. Raed Abdullah bin Ismail |
| Tahakom Investment Company | Muqem Service – Tamm Service | SAR 2,649 | Vice Chairman of the Board of Directors Mr. Raed Abdullah bin Ismail |
| Kuwait Food Company (Americana) | Yaqeen Service – Muqem Service | SAR 1,251,125 | Vice Chairman of the Board of Directors Mr. Raed Abdullah bin Ismail |
| GDC Middle East | Muqem Service – Tamm Service | SAR 18,846 | Vice Chairman of the Board of Directors Mr. Raed Abdullah bin Ismail |
| ACWA Power | Muqem Service – Tamm Service | SAR 16,911 | Vice Chairman of the Board of Directors Mr. Raed Abdullah bin Ismail |
| Kemit Industry Company | Muqem Service – Tamm Service - Naql Service | SAR 7,989 | Board Member Mr. Abdulrahman Mohammed Alodan |
| Abdullah Nasser Al-Odan & Sons factory for Glass and Aluminium | Muqem Service – Tamm Service - Naql Service | SAR 12,421 | Board Member Mr. Abdulrahman Mohammed Alodan |
| Saudi Authority for Data and Artificial Intelligence | Absher Service | SAR 50,946,387 | Board Member His Excellency Dr. Issam Abdullah Alwaqit |
| Sahel Al Madar Company | Yaqeen Service | SAR 17,517 | Vice President of Business Sectors Division Dr. Nasser bin Zaid bin Abdulrahman Almashari |
| Seyarah Company | Muqem Service – Tamm Service | SAR 1,900 | Chief Executive Officer of Digital Products Division Mr. Muhammad bin Abdulaziz bin Ibrahim Alomair |
| Sahab Company | Muqem Service – Tamm Service | SAR 2,785 | Vice President of Corporate Development Division Dr. Abdulaziz bin Saad bin Abdulaziz Altamami |
| Al Dal Real Estate Services Company | Yaqeen Service – Muqem Service | SAR 15,654 | Vice President of Shared Services Division Mr. Faris Bin Hamad Bin Faris Alfariis |

BOARD OF DIRECTORS (continued)

Shareholders' Register

The company requested the shareholder register from the Securities Depository Center Company –Edaa- (8) times during the year 2022, The table below shows date of the request with the purposes:

| The number of the company's requests for the register of shareholders | Date of request of the shareholders register | Reasons for the request |
|---|--|---|
| 1 | 31/03/2022 | Updating the shareholders register for 3 months of 2022 |
| 2 | 09/05/2022 | General Assembly |
| 3 | 09/05/2022 | Dividend Distribution for year ending on 31 Dec 2021 |
| 4 | 29/05/2022 | General Assembly |
| 5 | 30/06/2022 | Updating the shareholders register for 6 months of 2022 |
| 6 | 18/09/2022 | Updating the shareholders register for 9 months of 2022 |
| 7 | 29/09/2022 | Dividend Distribution for six months ending by 30 June 2022 |
| 8 | 31/12/2022 | Updating the shareholders register for year-end of 2022 |

Competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses:

With reference to Article (72) of the Companies Law related to the participation of a board member in any business competing with the company, in addition to Article (47) of the Corporate Governance regulations for Listed Companies, paragraph (2) refers to the acceptance of a membership on the Board of Directors of a competing company or establishment.

As the member of the Board of Directors, Mr. Abdullah bin Saad Al-Salem, disclosed his membership on the Board of Directors of "Thiqa" Company, which is a competitor company to Elm, the Board of Directors decided to submit a recommendation to the General Assembly to approve the membership of Mr. Abdullah bin Saad Al-Salem on the Board of Directors of the "Thiqa" Company.

Compliance with corporate governance regulations issued by the Capital Market Authority:

The Company implements all provisions set forth in the Corporate Governance Regulation issued by Capital Market Authority, except the following provisions:

| Article/Paragraph No | Article/Paragraph Text | Reason for Non-Implementation |
|----------------------|--|--|
| Article 37 | <p>Training:</p> <ol style="list-style-type: none"> The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programmes required for the same, taking Developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company. | Although this Article is still indicative, the company is working on developing the necessary training programs for the Board members and the Executive Management |
| Article 39 | <p>The Assessment:</p> <ol style="list-style-type: none"> The Board shall develop, based on the proposal of the nomination committee, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management using key performance indicators linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company. The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment. The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general. The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof. The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years. Non-Executive Directors shall carry out a periodic assessment of the performance of the chairman of the Board after getting the opinions of the Executive Directors, without the presence of the Chairman of the Board in the discussion on this matter, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company. | <p>Although this Article is still indicative, the Board of Directors is working on developing the necessary mechanisms to evaluate the Board performance. It is expected to be completed and implemented during the year 2023.</p> <p>(The Board of Directors started the evaluation procedures in the fourth quarter of 2022, and it is expected to be completed in the second quarter of 2023)</p> |
| Article 67 | <p>Composition of the Risk Management Committee The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.</p> | Although the composition of the Risk Management Committee is still indicative, the Board assigned risk management tasks to the Audit Committee based on Board Resolution No. (418/64/2021 AD) on 03/23/2021. |

BOARD OF DIRECTORS (continued)

Compliance with corporate governance regulations issued by the Capital Market Authority:

The Company implements all provisions set forth in the Corporate Governance Regulation issued by Capital Market Authority, except the following provisions:

| Article/Paragraph No | Article/Paragraph Text | Reason for Non-Implementation |
|----------------------|---|--|
| Article 68 | <p>Competencies of the Risk Management Committee The competences of the risk management committee shall include the following:</p> <ol style="list-style-type: none"> 1. Developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors; 2. Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such level; 3. Ensuring the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve (12) months; 4. overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein; 5. Regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example); 6. Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks, and presenting them to the Board; 7. Providing recommendations to the Board on matters related to risk management; 8. Ensuring the availability of adequate resources and systems for risk management; 9. Reviewing the organisational structure for risk management and providing recommendations regarding the same before approval by the Board; 10. Verifying the independence of the risk management employees from activities that may expose the Company to risk; 11. Ensuring that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk; 12. Reviewing any issues raised by the audit committee that may affect the Company's risk management. | Although the composition of the Risk Management Committee is still indicative, the Board assigned risk management tasks to the Audit Committee based on Board Resolution No. (418/64/2021 AD) on 03/23/2021. |

Compliance with corporate governance regulations issued by the Capital Market Authority:

The Company implements all provisions set forth in the Corporate Governance Regulation issued by Capital Market Authority, except the following provisions:

| Article/Paragraph No | Article/Paragraph Text | Reason for Non-Implementation |
|----------------------|--|--|
| Article 69 | <p>Meetings of the Risk Management Committee The risk management committee shall convene periodically at least once every six months, and as may be necessary.</p> | Although the composition of the Risk Management Committee is still indicative, the Board assigned risk management tasks to the Audit Committee based on Board Resolution No. (418/64/2021 AD) on 03/23/2021. |
| Article 84 | <p>Social Responsibility The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.</p> | The board on its meeting on 21/12/2022 had recommend the General assemble to approve Social responsibility police. And the policy will be voted on at the next General Assembly meeting. |
| Article 67 | <p>Social Initiatives The Board shall establish programmes and determine the necessary methods for proposing social initiatives by the Company, which include: Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;</p> | The company did not comply with Paragraph 1 of Article 85 as it is still indicative. |
| Article 92 | If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually. | A corporate governance committee has not been formed, as the board is the one who monitors governance implementation |

BOARD OF DIRECTORS (continued)

It should be noted that:

- There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors regarding the appointment of the company's auditor, their dismissal, determining their fees, evaluating their performance, or the appointment of the internal auditor.
- There is no difference from the accounting standards approved by the Saudi Organization for Chartered Public Accountants.
- There are no shares and debt instruments issued to subsidiaries.
- According to Article 85 of the Rules on the Offer of Securities and Continuing Obligations, the company has not been notified of any interest in the category of voting shares belonging to persons (other than members of the company's board of directors, senior executives and their relatives).
- According to Article 85 of the Rules on the Offer of Securities and Continuing Obligations, the company has not been notified of any interest in the category of voting shares belonging to persons (other than members of the company's board of directors, senior executives and their relatives).
- There are no transferable debt instruments, any contractual securities, subscription right notes or similar rights issued or granted by the company during the fiscal year.
- There are no transfer or subscription rights under transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year.
- There is no refund, purchase or cancellation by the company of any recoverable debt instruments during the fiscal year.
- There are no arrangements or agreements under which a member of the company's board of directors or a senior executive waived any remuneration.
- There are no arrangements or agreements under which one of the company's shareholders waived any rights to profits.
- The external auditor provided their opinion without any reservations on the consolidated financial statements.
- The Group was not subjected to any penalties or sanctions during the year 2022 by any supervisory, regulatory or judicial unit.
- The Company has no loans.
- Bord of Directors Declarations:
The Bord of Directors of Elm Company declarations that:
 - a. Proper books of account have been maintained.
 - b. The system of internal control is sound in design and has been effectively implemented.
 - c. There are no significant doubts concerning the company's ability to continue its activity.



FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Elm Company

(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 2022, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated fi-

ancial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed 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 professional code of conduct

and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 for the year ended 31 December 2022. 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. The key audit matters include:

Revenue from contracts with customers

Key Audit Matter

The Group's revenue mainly consists of digital business, business process outsourcing, and professional services amounting to SR 4.6 billion for the year ended 31 December 2022.

We considered this a key audit matter due to the audit of revenues 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 no.15 "Revenues 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 revenues on a gross or net basis.

How our audit addressed the key audit matter

Our procedures included the following:

- ◊ 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.
- ◊ 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.
- ◊ We traced a sample of digital business revenue with collected amounts in the Group's bank statements.
- ◊ We tested a sample of transactions recorded before and after the year end to ensure that revenues were recorded in the appropriate period.
- ◊ We audit those judgments taken by management to assess whether the Group is a principal or agent for a sample of the contracts.
- ◊ We evaluated the adequacy and appropriateness of disclosures included in the consolidated financial statements

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 2022, the Group's accounts receivable and contract assets balance amounted to SR 2.8 billion, against which an impairment allowance of SR 483 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 relate 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.

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

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 of 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

To the Shareholders of Elm Company

(SAUDI JOINT STOCK COMPANY)

Riyadh – Kingdom of Saudi Arabia

Report on the Audit of the Consolidated Financial Statements

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 fi-

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

When we read the 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 that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and according to Regulations for Companies 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 have no realistic alternative but to do so. Those Charged with Governance, in particular the Audit Committee of the Group is 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 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 a 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, related safeguards.

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 Dr. Mohamed Al-Amri & Co.
Gihad Al-Amri
Certified Public Accountant
Registration No. 362

Riyadh, on: 17 Sha'ban 1444 (H)
Corresponding to: 9 March 2023 (G)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ELM COMPANY (A SAUDI JOINT STOCK COMPANY)

FOR THE YEAR ENDED DECEMBER 31, 2022

All amounts in Saudi Riyals

| | Note | December 31, 2022 | December 31, 2021 |
|---|------------|----------------------|-------------------|
| Revenue | 5 | 4,606,098,893 | 3,827,650,269 |
| Cost of revenue | 6 | (2,720,238,240) | (2,504,736,757) |
| GROSS PROFIT | | 1,885,860,653 | 1,322,913,512 |
| EXPENSES | | | |
| Selling and marketing | 7 | (235,185,339) | (196,683,090) |
| Expected credit losses | 35-A | (148,819,716) | (90,024,719) |
| General and administrative | 8 | (372,958,213) | (305,952,080) |
| Depreciation and amortization | 13, 12, 10 | (120,049,688) | (115,655,615) |
| Impairment of non-current assets | 10, 13 | (36,455,686) | - |
| OPERATING PROFIT | | 972,392,011 | 614,598,008 |
| Finance cost | 10, 12, 31 | (7,943,568) | (4,783,220) |
| Income from murabha Deposit | 19, 20 | 41,227,288 | 9,013,013 |
| Share of (Loss)/ profit from associate | 14 | (1,099,466) | 3,134,668 |
| (Loss)/gain in fair value of other financial assets through profit or loss | 15 | (402,085) | 24,694,883 |
| Other income, net | 9 | 18,902,556 | 1,963,302 |
| NET PROFIT BEFORE ZAKAT | | 1,023,076,736 | 648,620,654 |
| Zakat | 30 | (92,887,147) | (81,729,235) |
| NET PROFIT | | 930,189,589 | 566,891,419 |
| OTHER COMPREHENSIVE INCOME | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Change in fair value of other financial assets through other comprehensive income | 15 | (8,805,133) | 15,845,683 |
| Re-measurement of end of service benefits provision | 27 | (8,376,190) | (7,014,049) |
| TOTAL OTHER COMPREHENSIVE INCOME | | (17,181,323) | 8,831,634 |
| TOTAL COMPREHENSIVE INCOME | | 913,008,266 | 575,723,053 |
| EARNINGS PER SHARE FROM NET PROFIT: | | | |
| Basic | 26 | 11.94 | 7.09 |
| Diluted | 26 | 11.63 | 7.09 |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ELM COMPANY (A SAUDI JOINT STOCK COMPANY)

FOR THE YEAR ENDED DECEMBER 31, 2022

All amounts in Saudi Riyals

| | Note | December 31, 2022 | December 31, 2021 |
|--|------|----------------------|-------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property and equipment | 10 | 353,498,965 | 346,560,482 |
| Capital work in progress | 11 | 57,778,145 | 58,031,644 |
| Right-of-use assets | 12 | 80,386,822 | 108,084,151 |
| Intangible assets | 13 | 179,633,131 | 165,266,727 |
| Investments in associates | 14 | 2,397,758 | 3,497,224 |
| Other financial assets | 15 | 197,534,391 | 120,380,541 |
| TOTAL NON-CURRENT ASSETS | | 871,229,212 | 801,820,769 |
| CURRENT ASSETS | | | |
| Accounts receivable | 16 | 1,465,078,203 | 1,654,806,023 |
| Contract assets | 17 | 804,461,993 | 660,298,461 |
| Prepaid expenses and other current assets | 18 | 212,713,357 | 123,320,561 |
| Other financial assets | 15 | 85,853,919 | 491,545,452 |
| Murabha deposits | 19 | 1,998,369,994 | 100,280,000 |
| Cash and cash equivalents | 20 | 588,679,391 | 1,362,219,462 |
| TOTAL CURRENT ASSETS | | 5,155,156,857 | 4,392,469,959 |
| TOTAL ASSETS | | 6,026,386,069 | 5,194,290,728 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | 21 | 800,000,000 | 800,000,000 |
| Statutory reserve | 22 | 174,708,101 | 81,689,142 |
| Treasury share | 23 | (307,200,000) | - |
| Other reserves | 25 | (24,180,887) | (26,539,451) |
| Retained earnings | | 2,403,679,701 | 1,954,509,071 |
| TOTAL EQUITY | | 3,047,006,915 | 2,809,658,762 |
| LIABILITIES | | | |
| NON-CURRENT LIABILITIES | | | |
| Liabilities for purchasing property | 10 | 25,396,063 | 50,142,450 |
| Lease liabilities | 12 | 71,192,414 | 87,396,354 |
| End of service benefits provision | 27 | 307,462,112 | 263,057,441 |
| TOTAL NON-CURRENT LIABILITIES | | 404,050,589 | 400,596,245 |
| CURRENT LIABILITIES | | | |
| Accounts payable and other current liabilities | 28 | 1,903,401,458 | 1,407,453,907 |
| Contract liabilities | 29 | 472,263,219 | 414,761,478 |
| Zakat | 30 | 138,434,452 | 103,465,145 |
| liabilities of purchasing property | 10 | 24,746,387 | 24,113,331 |
| Lease liabilities | 12 | 11,572,140 | 19,432,853 |
| Due to related parties | 31 | 24,910,909 | 14,809,007 |
| TOTAL CURRENT LIABILITIES | | 2,575,328,565 | 1,984,035,721 |
| TOTAL LIABILITIES | | 2,979,379,154 | 2,384,631,966 |
| TOTAL EQUITY AND LIABILITIES | | 6,026,386,069 | 5,194,290,728 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ELM COMPANY (A SAUDI JOINT STOCK COMPANY)

FOR THE YEAR ENDED DECEMBER 31, 2022

All amounts in Saudi Riyals

| | Note | Share capital | Treasury shares | Proposed increase in capital | Statutory reserve | Other reserves | Retained earnings | Total equity |
|--|------|---------------|-----------------|------------------------------|-------------------|----------------|-------------------|---------------|
| Balance as at January 1, 2021 | | 50,000,000 | - | 450,000,000 | 25,000,000 | (35,371,085) | 1,744,306,794 | 2,233,935,709 |
| Net profit | | - | - | - | - | - | 566,891,419 | 566,891,419 |
| Other comprehensive income | | - | - | - | - | 8,831,634 | - | 8,831,634 |
| Total comprehensive income | | - | - | - | - | 8,831,634 | 566,891,419 | 575,723,053 |
| Transfer to proposed increase in capital | | - | - | 300,000,000 | - | - | (300,000,000) | - |
| Transfer to capital | | 750,000,000 | - | (750,000,000) | - | - | - | - |
| Transfer to statutory reserve | | - | - | - | 56,689,142 | - | (56,689,142) | - |
| Balance as at December 31, 2021 | | 800,000,000 | - | - | 81,689,142 | (26,539,451) | 1,954,509,071 | 2,809,658,762 |
| Balance as at January 1, 2022 | | 800,000,000 | - | - | 81,689,142 | (26,539,451) | 1,954,509,071 | 2,809,658,762 |
| Net profit | | - | - | - | - | - | 930,189,589 | 930,189,589 |
| Other comprehensive income | | - | - | - | - | (17,181,323) | - | (17,181,323) |
| Total comprehensive income | | - | - | - | - | (17,181,323) | 930,189,589 | 913,008,266 |
| Purchase of treasury shares | 23 | - | (307,200,000) | - | - | - | - | (307,200,000) |
| Dividends | 38 | - | - | - | - | - | (388,000,000) | (388,000,000) |
| Share-based payment | 24 | - | - | - | - | 19,539,887 | - | 19,539,887 |
| Transferred to statutory reserve | | - | - | - | 93,018,959 | - | (93,018,959) | - |
| Balance as at December 31, 2022 | | 800,000,000 | (307,200,000) | - | 174,708,101 | (24,180,887) | 2,403,679,701 | 3,047,006,915 |

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

CONSOLIDATED STATEMENT OF CAHS FLOWS

ELM COMPANY (A SAUDI JOINT STOCK COMPANY)

FOR THE YEAR ENDED DECEMBER 31, 2022

All amounts in Saudi Riyals

| | Note | December 31, 2022 | December 31, 2021 |
|--|----------|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net profit Before Zakat | | 1,023,076,736 | 648,620,654 |
| Adjustments for non-cash items: | | | |
| Depreciation and amortization | 10.12.13 | 120,049,688 | 115,655,615 |
| Impairment of non-current assets | 10.13 | 36,455,686 | - |
| Expected credit losses | 35-A | 148,819,716 | 90,024,719 |
| End of service benefits provision | 27 | 62,759,695 | 50,008,367 |
| Share based payment | 24 | 19,539,887 | - |
| Finance cost | 10.12.31 | 7,943,568 | 4,783,220 |
| Income from murabha deposit | 19.20 | (41,227,288) |)9,013,013) |
| Share of(Loss)/ profit from associate | 14 | 1,099,466 |)3,134,668) |
| Losses/ (Gains) at fair value of financial assets through profit or loss | 15 | 402,085 | (24,694,883) |
| Other income, net | 9 | (8,006,898) |)663,363) |
| | | 1,370,912,341 | 871,586,648 |
| Working capital adjustments: | | | |
| Account receivable | 16 | 85,322,207 | (362,981,137) |
| Contract assets | 17 | (188,420,420) | (397,285,569) |
| Prepaid expenses and other current assets | 18 | (68,167,359) | (35,136,584) |
| Accounts payable and other current liabilities | 28 | 503,982,552 | 566,195,325 |
| Contract liabilities | 29 | 57,501,741 | 8,429,298 |
| Due to related parties | 31 | 10,101,902 | 6,482,900 |
| Cash from operations | | 1,771,232,964 | 657,290,881 |
| Zakat paid | 30 | (57,917,840) | (43,954,431) |
| Proceeds from income from murabha deposits | | 19,587,610 | 7,177,915 |
| End of service benefits paid | 27 | (26,731,214) | (22,086,013) |
| Net cash generated from operating activities | | 1,706,171,520 | 598,428,352 |

| | Note | December 31, 2022 | December 31, 2021 |
|---|--------|-------------------|-------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Murabha deposits | 19 | (1,898,089,994) | 437,688,184 |
| Purchase of property and equipment and intangible assets | 10.13 | (111,536,688) |)24,056,195) |
| Proceeds from sale of property and equipment | 10 | 1,170,162 | 7,797,357 |
| Proceeds from other financial assets | 15 | 446,352,768 | - |
| Investments in associates | 14 | - |)150,000) |
| Investments in other financial assets | 15 | (127,022,303) |)525,941,166) |
| Payments for capital works in progress | 11 | (42,155,522) |)70,318,339) |
| Net cash used in from investing activities | | (1,731,281,577) | (174,980,159) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment of lease liabilities | 12 | (26,382,665) |)32,725,725) |
| Purchase of treasury shares | 23 | (307,200,000) | - |
| Payment of liabilities for purchasing property | 10 | (24,113,331) |)23,496,471) |
| Finance cost paid | 10, 12 | (2,734,018) |)3,803,816) |
| Payments to related parties | 31 | - |)14,521,087) |
| Dividends paid | 38 | (388,000,000) | - |
| Net cash used in financing activities | | (748,430,014) | (74,547,099) |
| Net (decrease)/Increase in cash and cash equivalents | | (773,540,071) | 348,901,094 |
| Cash and cash equivalents at the beginning of the year | 20 | 1,362,219,462 | 1,013,318,368 |
| Cash and cash equivalents at the end of the year | | 588,679,391 | 1,362,219,462 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ELM COMPANY (A SAUDI JOINT STOCK COMPANY)

FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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

◊ Saudi Information Exchange Company ("Tabadul"), a closed Saudi Joint Stock Company registered with Commercial Register No. 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.

◊ 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). The Company is wholly owned by Elm Company and its headquarter is in Riyadh. The principal activity of Emdad Al Khebrat Company is to manage call centers, service centers and to provide consultancy services in the field of electronic business, operation and maintenance, import, export and sale of devices, hardware, software, systems and workforce development.

◊ Elm Technical Investment Company, a Limited Liability Company registered under commercial registration number 1010069210 on Ramadan 11, 1440 AH (corresponding to May 16, 2019). The Company wholly owned by Elm Company and its headquarter is in Riyadh. The principal activities of the company is 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.

1. INFORMATION ABOUT THE COMPANY (continued)

Subsidiaries (continued)

◊ 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 headquarter is in Riyadh. The Company is 0.02% owned by Emdad Al Khebrat Limited and is 99.98% owned by Elm Technical Investment Company. The principal activity of the company is in financial services, experienced consultancy activities in the field of management and computer programming.

◊ 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). The company is wholly owned by Elm Company and its headquarter is in Riyadh. The principal activities of the company is 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 has not yet commenced its business operations.

◊ Asdam Digital Company, a free zone company with limited liability under the Dubai commercial Companies Law, registered under Commercial Registration No. 99019, dated Safar 9, 1443 AH (corre-

sponding to September 16, 2021), headquartered in Dubai, and wholly owned by the Future Resources Company Limited. the main activities of the company is In consulting services, customer service, developing and providing solutions and supporting service providers for technical systems.

◊ Elm Arkan Company, a Limited Liability Company Registered under commercial reiteration number 1010209530, dated Rabi' Thani 15, 1426 AH (corresponding to May 23, 2005), headquartered in Riyadh, and owned by 60% of Elm Company. The company's main activities is 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.

◊ Elm Europe Limited, a private limited company, registered under commercial Registration No. 14554402, dated Jumada al-awwal 28, 1444 AH (corresponding to December 22, 2022), headquartered in London, and wholly owned by the Elm Technical Investment Company. the main activities of the company is Conducting research and development activities related to emerging technologies.

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)

ELM COMPANY (A SAUDI JOINT STOCK COMPANY)

FOR THE YEAR ENDED DECEMBER 31, 2022

All amounts in Saudi Riyals

2. BASIS OF PREPARATION

2.1 Accounting standards applied

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards 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 period's 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 to as "the Group").

The subsidiary is an entity controlled by the group. The company 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, significant transactions, and revenue and expenses and cash flows related to group transaction 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. Since the subsidiaries that are not wholly owned by the Company have not yet conducted their business. There are no non-controlling interest to be disclosed.

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 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.
- ◊ Share-based payment which is measured at fair value for the share price at the grant date.

2. BASIS OF PREPARATION (continued)

2.4 Functional and presentation currency

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

ELM COMPANY (A SAUDI JOINT STOCK COMPANY)

FOR THE YEAR ENDED DECEMBER 31, 2022

All amounts in Saudi Riyals

2. BASIS OF PREPARATION (continued)

2.5.1 Important accounting judgments in applying accounting policies (continued)

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 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.

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 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. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal 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 group's 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.

2. BASIS OF PREPARATION (continued)

2.5.2 Using assumptions and estimates (continued)

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:

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.

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 cash-generating 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 on high quality corporate or government bonds. Significant judgment is required when setting the criteria for bonds to be included

in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the size of the bonds, quality of the corporate bonds and the identification of outliers which are excluded, if any.

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.

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

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2. BASIS OF PREPARATION (continued)

2.5.2 Using assumptions and estimates (continued)

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.

The assumptions used to measure revenue

The Group estimates revenue on the basis of 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 entity-specific estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a statement of the significant accounting policies used by the group in preparing its 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 / non-current. 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 assets are classified as "non-current".

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Business Combination process for common-controlled entities (continued)

The consolidated financial statements after the acquisition are presented from the declaration date of the combination without consolidating or restating the comparative year figures and goodwill resulting from the acquisition is not recorded. Any costs incurred from the acquisition are directly recognized in equity.

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 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 policy-making, 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 recognise 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 recognised directly in the equity of the associate, the Group recognises 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 recognising its share of further losses.

Additional losses are recognised 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.

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

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

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Revenue recognition (continued)

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

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 is 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 is 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. translation 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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Property and equipment (continued)

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
- ◇ Vehicles: 4 - 5 years
- ◇ Information system devices: 3-5 years
- ◇ Furniture and fixtures : 4 - 7 years
- ◇ Buildings: 25 - 33 years

3.8 Intangible assets

Intangible assets acquired independently are measured on initial recognition at cost. The cost of intangible assets acquired in the consolidation of entities

represents the fair value at the date of acquisition. After initial recognition, intangible assets are stated 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 an evidence that indicates that 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Intangible assets (continued)

Computer programs and platforms

Computer programs and platforms are recorded at cost, less accumulated amortization and accumulated impairment losses. Historical cost includes the expenses directly related to purchasing or developing the items.

Projects under construction relating to intangible assets are stated at the cost incurred until the asset is prepared for the purpose for which it was developed. This cost is then capitalized on the respective assets. The cost mainly includes the cost of software licenses and developer salary expenses.

Amortization is charged to the statement of profit or loss on a straight-line basis, in order to allocate costs to the related assets less the residual value over the estimated useful lives.

Computer programs and electronic systems are amortized over 5 years. Unless it has a definite useful life.

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.

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 pre-tax 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of non-financial assets (continued)

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 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, murabha 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 Murabha deposits

Long-term murabha 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 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 consolidated financial statement 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Employee end of service benefits (continued)

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 costs. Any changes in net liabilities as a result of actuarial valuations and changes in assumptions are re-measured 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 amortised cost;
- ◊ Financial asset at Fair value through Profit or loss ("FVTPL");
- ◊ Financial asset at fair value through other comprehensive income ("FVOCI") and

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

- Financial asset at amortised cost

A financial asset is measured at amortised 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Financial instruments (continued)

- 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 amortised 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 amortised 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.

A.2 Subsequent measurement

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

- Financial asset at amortised cost

- Debt Instruments

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, 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 below.

- 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-recognised when:

- ◇ 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:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Financial instruments (continued)

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 is recognized in the consolidated statement of profit or loss.

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 recognised 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 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 realised 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Financial instruments (continued)

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 ("FVPL"); and
- ◊ Other financial liabilities measured at amortised

cost using the effective interest method ("EIR") method.

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

- ◊ Designated: A financial liability that is designated by the entity as a liability at FVTPL upon initial recognition; and
- ◊ 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 recognised 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 amortised cost using the EIR method. Gain and losses are recognised in the consolidated statement of profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Financial instruments (continued)

The EIR amortisation 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.

B.3 De-recognition

A financial liability is de-recognised 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 recognises 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 recognised, 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 recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

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 recognised 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Financial instruments (continued)

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.

3.18 Zakat

The Group calculates and records the zakat provision based on the zakat base in its consolidated financial statements in accordance with Zakat rules and principles 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 the case of the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Share based payment (continued)

In case of the cancellation of the program, the processed 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 a an adjustment to the original program, as mentioned in the previous paragraph.

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2021 (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 IFRS 3, IAS 16, IAS 37

IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

The application of these amendments does not have any material impact on the consolidated financial

statements during the year.

B. New and amended IFRSs not yet effective

- Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities

These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

- Amendments to IAS 1, Practice statement 2 and IAS 8

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

- Amendments to IAS 12 Deferred tax relating 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.

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5. REVENUE

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

| | December 31, 2022 | December 31, 2021 |
|------------------------------|----------------------|----------------------|
| Digital Business | 3,139,716,782 | 2,102,369,815 |
| Business Process Outsourcing | 1,301,376,963 | 1,635,184,409 |
| Professional Services | 165,005,148 | 90,096,045 |
| | 4,606,098,893 | 3,827,650,269 |

Revenue sources:

| | December 31, 2022 | December 31, 2021 |
|----------------------------------|----------------------|----------------------|
| Revenue from private parties | 2,655,220,084 | 1,597,025,067 |
| Revenue from government agencies | 1,950,878,809 | 2,230,625,202 |
| | 4,606,098,893 | 3,827,650,269 |

Revenue recognition time:

| | December 31, 2022 | December 31, 2021 |
|-----------------------|----------------------|----------------------|
| At a point in time | 3,495,512,431 | 2,767,528,617 |
| Over a period of time | 1,110,586,462 | 1,060,121,652 |
| | 4,606,098,893 | 3,827,650,269 |

6. COST OF REVENUE

Cost of revenue is as follows:

| | December 31, 2022 | December 31, 2021 |
|--------------------------------|----------------------|----------------------|
| Direct costs | 1,437,414,287 | 1,428,540,220 |
| Salaries and employee benefits | 1,282,823,953 | 1,076,196,537 |
| | 2,720,238,240 | 2,504,736,757 |

7. SELLING AND MARKETING EXPENSES

| Selling and marketing expenses are as follows: | December 31, 2022 | December 31, 2021 |
|--|--------------------|--------------------|
| Salaries and employee benefits | 157,756,293 | 137,636,972 |
| Partnerships sales commission | 40,579,335 | 33,739,478 |
| Advertising and exhibitions | 18,984,476 | 10,212,859 |
| Bank sales fees | 11,670,807 | 8,078,346 |
| Public relations | 4,010,176 | 4,934,113 |
| Other expenses | 2,184,252 | 2,081,322 |
| | 235,185,339 | 196,683,090 |

8. GENERAL AND ADMINISTRATIVE EXPENSES

| General and administrative expenses are as follows: | December 31, 2022 | December 31, 2021 |
|---|--------------------|--------------------|
| Salaries and employee benefits | 300,130,870 | 247,162,061 |
| Consulting and professional services | 14,519,508 | 16,108,647 |
| Subscriptions and memberships | 12,252,915 | 9,776,539 |
| Hospitality and activities | 12,161,738 | 6,043,446 |
| Contractor expenses | 10,777,122 | 7,822,347 |
| Repair and maintenance expenses | 4,289,882 | 1,359,936 |
| Utilities and communications | 2,078,543 | 3,780,204 |
| Other expenses | 16,747,635 | 13,898,900 |
| | 372,958,213 | 305,952,080 |

9. OTHER INCOME, NET

| Other income are as follows: | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Funds received from HRDF to support Saudization | 11,617,797 | 6,546,041 |
| Reversal of retention payable | 8,035,001 | - |
| Donations | (1,000,000) | (5,000,000) |
| Others | 249,758 | 417,261 |
| | 18,902,556 | 1,963,302 |

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10. PROPERTY AND EQUIPMENT

| | Land (A) | Buildings (A) | Information system devices | Furniture and fixtures | Leasehold improvements | Vehicles | Total |
|--|-------------------|--------------------|----------------------------|------------------------|------------------------|--------------------|--------------------|
| Cost | | | | | | | |
| Balance as at January 1, 2021 | 33,760,000 | 301,110,146 | 100,337,420 | 44,744,867 | 113,825,042 | 8,232,904 | 602,010,379 |
| Additions during the year | - | 214,664 | 7,963,967 | 236,853 | 10,560 | 5,801,468 | 14,227,512 |
| Transfer from capital work in progress | - | - | 17,130,452 | 490,755 | - | - | 17,621,207 |
| Disposals during the year (B) | - | (7,726,233) | (356,056) | (182,336) | - | (3,051,500) | (11,316,125) |
| Balance as at December 31, 2021 | 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 | - | - | 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 | 33,760,000 | 293,598,577 | 161,314,250 | 44,374,366 | 114,173,743 | 16,924,232 | 664,145,168 |
| Accumulated Depreciation and Impairment | | | | | | | |
| Balance as at January 1, 2021 | - | 31,548,604 | 64,480,117 | 37,600,156 | 89,342,931 | 5,306,154 | 228,277,962 |
| Depreciation during the year | - | 9,060,406 | 19,795,820 | 2,589,208 | 18,491,415 | 1,949,811 | 51,886,660 |
| Disposals during the year | - | (663,363) | (354,989) | (182,348) | - | (2,981,431) | (4,182,131) |
| Balance as at December 31, 2021 | - | 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 | 310,646,203 |
| Net book value: | | | | | | | |
| 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 |
| As at December 31, 2021 | 33,760,000 | 253,652,930 | 41,154,835 | 5,283,123 | 6,001,256 | 6,708,338 | 346,560,482 |

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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, 2022 | December 31, 2021 |
|-------------------------------------|-------------------|-------------------|
| Cost of revenue | 16,671,105 | 12,062,410 |
| General and administrative expenses | 23,575,603 | 39,172,646 |
| Selling and marketing expenses | 772,613 | 651,604 |
| | 41,019,321 | 51,886,660 |

(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 presented on the consolidated on the financial position of the following:

| | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Liabilities for purchasing a property - non current | 25,396,063 | 50,142,450 |
| Liabilities for purchasing a property - current | 24,746,387 | 24,113,331 |
| | 50,142,450 | 74,255,781 |

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

| | December 31, 2022 | December 31, 2021 |
|--------------|-------------------|-------------------|
| Finance cost | 2,206,489 | 2,816,775 |

The following is a schedule of the due payments over the coming years:

| Year | Value |
|-------------|------------|
| First year | 26,062,795 |
| Second year | 26,062,795 |
| | 52,125,590 |

(B) During the year 2021, the Group disposed an amount of SR7 million from the cost of the buildings, which represents a settlement of that cost resulting from winning a legal case.

11. CAPITAL WORK IN PROGRESS

Capital work in progress consists of electronic platforms and products are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Balance at the beginning of the year | 58,031,644 | 108,538,021 |
| Additions | 42,155,522 | 70,318,339 |
| Transferred to property and equipment (Note 10) | (12,112,823) | (17,621,207) |
| Transferred to intangible assets (Note 13) | (30,296,198) | (103,203,509) |
| Balance at the end of the year | 57,778,145 | 58,031,644 |

12. RIGHT -OF- USE ASSETS AND LEASE LIABILITIES

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

| | Buildings and land | Printers | Total |
|--|--------------------|----------------|--------------------|
| Balance as at January 1, 2021 | 130,280,870 | 1,176,719 | 131,457,589 |
| Additions during the year | 9,651,580 | - | 9,651,580 |
| Depreciation during the year | (32,352,870) | (672,148) | (33,025,018) |
| Balance as at 31 December 2021 | 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 | (24,558,246) | (504,571) | (25,062,817) |
| Balance as at December 31, 2022 | 80,386,822 | - | 80,386,822 |

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:

| | December 31, 2022 | December 31, 2021 |
|-------------------------------------|-------------------|-------------------|
| Cost of revenue | 7,142,817 | 14,032,537 |
| General and administrative expenses | 17,920,000 | 18,992,481 |
| | 25,062,817 | 33,025,018 |

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12. RIGHT -OF- USE ASSETS AND LEASE LIABILITIES (continued)

B) The lease liability consists of the following:

| | December 31, 2022 | December 31, 2021 |
|--------------------------------|-------------------|-------------------|
| Lease liabilities- non current | 71,192,414 | 87,396,354 |
| Lease liabilities- current | 11,572,140 | 19,432,853 |
| | 82,764,554 | 106,829,207 |

The following table details the Group's remaining cash accrual of lease liabilities. The schedule is prepared based on the undiscounted cash flows of the lease obligations based on the earliest date on which the group can be required to pay:

| | Buildings and land | Total |
|---------------------|--------------------|--------------------|
| First year | 15,775,056 | 15,775,056 |
| Second year | 6,863,325 | 6,863,325 |
| Third year | 3,712,325 | 3,712,325 |
| Fourth year | 2,753,125 | 2,753,125 |
| Fifth year | 2,794,422 | 2,794,422 |
| More than five year | 75,578,787 | 75,578,787 |
| | 107,477,040 | 107,477,040 |

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

| | December 31, 2022 | December 31, 2021 |
|--------------|-------------------|-------------------|
| Finance cost | 5,737,079 | 1,237,492 |

13. INTANGIBLE ASSETS

| | December 31, 2022 | December 31, 2021 |
|--|----------------------|-------------------|
| Cost | | |
| Balance at the beginning of the year | 458,088,090 | 345,055,898 |
| Transferred from capital work in progress (Note 11) | 30,296,198 | 103,203,509 |
| Additions during the year | 74,422,042 | 9,828,683 |
| Balance at the end of the year | 562,806,330 | 458,088,090 |
| Accumulated amortization | | |
| Balance at the beginning of the year | (292,821,363) | (262,077,426) |
| Impairment during the year | (36,384,286) | - |
| Amortization during the year | (53,967,550) | (30,743,937) |
| Accumulated amortization at the end of the year | (383,173,199) | (292,821,363) |
| Net Book Value at the end of the year | 179,633,131 | 165,266,727 |

Impairment

As on December 31, 2022, the Group recorded an impairment against four of its internally developed technology platforms, amounted to SR 36 million due to the presence of indicators of impairment, as the management conducted a study to assess the recoverable amount through forecasting the expect-

ed 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.

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, 2022 | December 31, 2021 |
|-------------------------------------|-------------------|-------------------|
| Cost of revenue | 47,010,076 | 29,909,266 |
| General and administrative expenses | 6,957,474 | 834,671 |
| | 53,967,550 | 30,743,937 |

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14. INVESTMENTS IN ASSOCIATES

| Associate company name | Country of Origin/ place of operations | Ownership share percentage | |
|---|---|----------------------------|-------------------|
| | | December 31, 2022 | December 31, 2021 |
| 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% | 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 Saudi riyals divided into SR 60 thousand, representing an equity investment, according to which the group obtained an ownership percentage representing 30% of the company, and an advance payment for future ownership rights in the company representing the remaining amount of SR 13,94 million (Note 15).

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 in-

vested 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 ownership rights in the company representing the remaining SR 4,85 million (Note 15).

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.

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

| | December 31, 2022 | December 31, 2021 |
|---------------------------------------|-------------------|-------------------|
| Balance at the beginning of the year | 3,497,224 | 212,556 |
| Additions during the year | - | 150,000 |
| Share in results of associates | (1,099,466) | 3,134,668 |
| Balance at the end of the year | 2,397,758 | 3,497,224 |

14. INVESTMENTS IN ASSOCIATES (continued)

The share of results of equity accounted investees are as follows:

| | December 31, 2022 | December 31, 2021 |
|---|--------------------|-------------------|
| Share of results from Sahel Al Madar Trading Company | - | - |
| Share of results from Smart National Solution Company | (1,128,483) | 3,134,668 |
| Share of results from Al Dal Real Estate Services Company | 29,017 | - |
| | (1,099,466) | 3,134,668 |

15. OTHER FINANCIAL ASSETS

The group's other financial assets balances consist of:

| | December 31, 2022 | December 31, 2021 |
|---------------------------------------|--------------------|--------------------|
| Financial assets at FVTPL | | |
| Money Market Funds (A) | 85,853,919 | 491,545,452 |
| Advance payment for future equity (B) | 45,957,634 | 16,385,703 |
| | 131,811,553 | 507,931,155 |
| Financial assets at FVTOCI | | |
| Unquoted equity investments (C) | 151,576,757 | 103,994,838 |
| | 283,388,310 | 611,925,993 |

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

| | December 31, 2022 | December 31, 2021 |
|-------------|--------------------|--------------------|
| Current | 85,853,919 | 491,545,452 |
| Non-current | 197,534,391 | 120,380,541 |
| | 283,388,310 | 611,925,993 |

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15. OTHER FINANCIAL ASSETS (continued)

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 meth-

ods are used for measurement, using various methods such as cash flow models and multiples methods (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 and multiple methods are used for measurement (Fair value level 3).

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

| | December 31, 2022 | December 31, 2021 |
|---|--------------------|--------------------|
| Balance at the beginning of the year | 611,925,993 | 45,444,261 |
| Additions during the year | 127,022,303 | 525,941,166 |
| Collected from financial assets | (446,352,768) | - |
| (Losses)/gains financial assets at FVTPL | (402,085) | 24,694,883 |
| (Losses)/gains financial assets at FVTOCI | (8,805,133) | 15,845,683 |
| Balance at the end of the year | 283,388,310 | 611,925,993 |

16. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

| | December 31, 2022 | December 31, 2021 |
|----------------------------------|----------------------|----------------------|
| Government receivables | 928,308,495 | 1,224,653,696 |
| Trade receivables | 904,392,219 | 693,369,225 |
| | 1,832,700,714 | 1,918,022,921 |
| Expected credit losses provision | (367,622,511) | (263,216,898) |
| | 1,465,078,203 | 1,654,806,023 |

The Government receivables balance includes related parties balances as at December 31, 2022 amounting to SR 29,8 million (2021: SR 45,6 million) as in Note 31.

16. ACCOUNTS RECEIVABLE (continued)

Account receivable ageing is as follows:

| | December 31, 2022 | | December 31, 2021 | |
|--------------------|--------------------|--------------------|----------------------|--------------------|
| | Government | Private | Government | Private |
| 0-90 days | 277,734,067 | 467,398,827 | 428,806,570 | 254,248,034 |
| 91-180 days | 42,800,548 | 84,812,999 | 68,264,549 | 110,725,094 |
| 181-365 days | 23,250,420 | 102,783,606 | 97,877,587 | 111,680,930 |
| More than 365 days | 584,523,460 | 249,396,787 | 629,704,990 | 216,715,167 |
| | 928,308,495 | 904,392,219 | 1,224,653,696 | 693,369,225 |

The movement of expected credit losses provision is as follows:

| | December 31, 2022 | December 31, 2021 |
|---------------------------------------|--------------------|--------------------|
| Balance at the beginning of the year | 263,216,898 | 184,545,895 |
| Provision for the year (Note 35-A) | 104,405,613 | 79,838,252 |
| Reversal for the year | - | (1,167,249) |
| Balance at the end of the year | 367,622,511 | 263,216,898 |

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 consoli-

dated financial statements, and that revenue will be invoiced subsequent to the periods end.

Contract assets consists of the following:

| | December 31, 2022 | December 31, 2021 |
|----------------------------------|--------------------|--------------------|
| Government contract assets | 807,711,945 | 695,977,283 |
| Trade contract assets | 111,954,500 | 35,268,742 |
| | 919,666,445 | 731,246,025 |
| Expected credit losses provision | (115,204,452) | (70,947,564) |
| | 804,461,993 | 660,298,461 |

The government contract assets includes related parties balances as at December 31, 2022 amounting to SR48 million (2021: 2,8 million Saudi riyals) as in Note 31.

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17. CONTRACT ASSETS (continued)

The movement of expected credit losses is as follows:

| | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Balance at the beginning of the year | 70,947,564 | 60,053,590 |
| Formed provision for the year (Note 35-A) | 44,256,888 | 10,893,974 |
| Balance at the end of the year | 115,204,452 | 70,947,564 |

18. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

| | December 31, 2022 | December 31, 2021 |
|--------------------------------|-------------------|-------------------|
| Prepaid expenses | 81,951,129 | 48,990,010 |
| Deferred costs | 58,031,098 | 44,291,639 |
| Letter of guarantee | 26,102,849 | 1,816,195 |
| Accrued murabha deposit income | 23,799,051 | 1,933,161 |
| Employees receivable | 21,052,388 | 18,275,169 |
| Other* | 1,776,842 | 8,014,387 |
| | 212,713,357 | 123,320,561 |

* The balance of prepaid expenses and other current asset includes related parties balances as at December 31, 2022 amounting to Nil (2021: 7,5 million Saudi riyals) as in Note 31.

19. MURABHA DEPOSITS

The balance of murabha deposits consists of deposits with a term of more than three months. The average commission is 4.98% annually (2021: 1.4% annually), and the consolidated statement of prof-

it or loss income has been charged with a total deposit income amounting to SR 22,2 million during the year ended December 31, 2022 (2021: SR 6,3 million). All murabha deposits mature within one year.

20. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consists of the following:

| | December 31, 2022 | December 31, 2021 |
|--------------------------------|-------------------|-------------------|
| Cash at banks | 63,190,550 | 86,676,813 |
| Short term murabaha deposits * | 525,488,841 | 1,275,542,649 |
| | 588,679,391 | 1,362,219,462 |

*The balance of short-term murabaha deposits consists of short-term deposits of three months and less. The average commission is 5.01% annually (2021:1,4%), and the consolidated statement of profit or loss income has been charged with a total deposit income amounting to SR 15,7 million during the year ended December 31, 2022 (2021:SR 2,7 million).

** The company has a balance of 1,4 billion riyals 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 and other comprehensive income has been charged with a total deposit income of SR 3,3 million during the year ended December 31, 2022 (2021: Nil).

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 (2021: 80,000,000 shares with a par value of 10 Saudi riyals per share).

22. STATUTORY RESERVE

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the Company's Articles of Association, the Company has established

a statutory reserve by appropriation of 10% of net profit until the reserve equals 30% of the share capital. This reserve is not available for distribution.

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.

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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 con-

solidated 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 period, the company announced a broad based stock ownership program for its employees, the details of which are as follows:

| | |
|----------------------------------|-------------------|
| Grant date | March 30, 2022 |
| Due date | February 16, 2023 |
| Average fair value of the shares | 210 Saudi Riyals |
| Maximum number of shares granted | 98,100 shares |
| Settlement method | Equity |

The total expenses related to the program for the year ended on December 31, 2022, amounted to SR 17,6 million (for the year ended on December 30, 2021: Nil).

B) long-term future incentive plans program

During the period, the company announced a long-

term future incentive plans program for its employees, the details of which are as follows:

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

The total expenses related to the program for the year ended on December 31, 2022, amounted to SR 1,9 million (for the year ended on December 30, 2021: Nil)

25. OTHER RESERVES

| Other reserves consist of the following: | December 31, 2022 | December 31, 2021 |
|---|---------------------|---------------------|
| Employees end of service benefits remeasurement | | |
| Opening balance | (44,984,753) | (37,970,704) |
| Remeasurement losses | (8,376,190) | (7,014,049) |
| | (53,360,943) | (44,984,753) |
| Other financial assets revaluation reserve | | |
| Opening balance | 18,445,302 | 2,599,619 |
| (Losses) /Gain of revaluation | (8,805,133) | 15,845,683 |
| | 9,640,169 | 18,445,302 |
| Share based payment | | |
| Opening balance | - | - |
| Additions | 19,539,887 | - |
| | 19,539,887 | - |
| Balance at the end of the year | (24,180,887) | (26,539,451) |

26. EARNINGS PER SHARE

Earnings per share for the year has been calculated by dividing net profit for the year by the number of shares outstanding at the end of the year.

The calculation of basic and diluted earnings per share is based on the following information:

| | December 31, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Net profit | 930,189,589 | 566,891,419 |
| Number of Shares | | |
| Weighted average number of shares for calculation for basic earnings per share* | 77,903,297 | 80,000,000 |
| Weighted average number of shares for repurchased shares (Note 24) | 2,096,703 | - |
| Weighted average number of shares for calculation for diluted earnings per share | 80,000,000 | 80,000,000 |
| EARNINGS PER SHARE: | | |
| Basic | 11.94 | 7.09 |
| Diluted | 11.63 | 7.09 |

*The weighted average number of shares for the prior year has been adjusted retrospectively due to the capital increases transferred from the proposed capital increase.

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27. END OF SERVICES BENEFITS PROVISION

| | December 31, 2022 | December 31, 2021 |
|---|--------------------|--------------------|
| Financial assumptions: | | |
| Discount rate | 4.5% - 4.55% | 2.40% - 2.15% |
| Salary increase rate | 4.50% - 7.00% | 5.00% - 8.00% |
| Employee end of service benefits provision movement in present value: | | |
| | December 31, 2022 | December 31, 2021 |
| Balance at the beginning of the year | 263,057,441 | 228,121,038 |
| Current service cost | 56,260,945 | 45,767,793 |
| Current service financing cost | 6,498,750 | 4,836,748 |
| Cost transfer | - |)596,174) |
| Benefits paid | (26,731,214) |)22,086,013) |
| Actuarial losses | 8,376,190 | 7,014,049 |
| Balance at the end of the year | 307,462,112 | 263,057,441 |

Following are sensitivity analysis for the actuarial assumptions:

| | Rate change | December 31, 2022 | | December 31, 2021 | |
|------------------------|-------------|-------------------|--------------|-------------------|--------------|
| | | Government | Private | Government | Private |
| Discount rate | 1% | (18,443,421) | 20,875,073 | (22,850,300) | 25,726,246 |
| Increase salary rate | 1% | 21,265,553 | (19,147,422) | 26,882,060 | (23,469,997) |
| Employee turnover rate | 10% | (3,947,687) | 4,335,256 | (3,185,249) | 3,450,971 |

28. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities are as follows:

| | December 31, 2022 | December 31, 2021 |
|--------------------------------|----------------------|----------------------|
| Income sharing accruals | 812,510,288 | 418,179,490 |
| Contractual cost | 364,288,497 | 411,965,675 |
| Employee accruals | 318,359,076 | 253,325,121 |
| Accounts payable | 300,229,346 | 249,301,715 |
| Incentives & marketing | 38,345,939 | 28,892,316 |
| Value added tax (VAT) | 35,396,601 | 9,084,019 |
| Litigation provision (Note 34) | 16,386,478 | 15,851,258 |
| Retention payable | 2,156,491 | 9,510,414 |
| Dividend Payable | 1,986,500 | 1,986,500 |
| Others | 13,742,242 | 9,357,399 |
| | 1,903,401,458 | 1,407,453,907 |

29. CONTRACT LIABILITIES

Contract liabilities are as follows:

| | December 31, 2022 | December 31, 2021 |
|-------------------------------------|--------------------|--------------------|
| Deferred revenue from subscriptions | 261,667,633 | 235,711,818 |
| Advance from customers | 210,595,586 | 179,049,660 |
| | 472,263,219 | 414,761,478 |

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30. ZAKAT

30.1 Zakat and Tax position

◊ The group submitted all its zakat returns until the end of the year 2021, 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, 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 the 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, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Capital at beginning of the year | 800,000,000 | 50,000,000 |
| Additions: | | |
| Retained earnings, reserves and provisions - beginning of the year | 1,954,509,071 | 1,744,306,796 |
| Transferred to capital | - | 450,000,000 |
| Provision and reserves | 640,908,026 | 440,960,200 |
| Accounts payable and other liabilities | 525,531,570 | 486,633,252 |
| Net adjusted profit | 1,287,803,391 | 819,513,117 |
| Total adjusted equity | 5,208,752,058 | 3,991,413,365 |
| Disposals: | | |
| Dividends paid | (388,000,000) | - |
| Purchase of treasury shares | (307,200,000) | - |
| Net property (adjusted) and investments | (871,229,212) | (796,069,228) |
| Total adjusted disposals | (1,566,429,212) | (796,069,228) |
| Zakat base | 2,354,519,455 | 2,375,831,020 |
| Zakat base during the year | 3,715,485,880 | 3,269,169,395 |
| 2.5% Zakat from the zakat base during the year | 92,887,147 | 81,729,235 |

30. ZAKAT (continued)

30.3 Zakat Provision

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

| | December 31, 2022 | December 31, 2021 |
|---------------------------------------|--------------------|-------------------|
| Balance at the beginning of the year | 103,465,145 | 65,690,341 |
| Charge during the year | 92,729,137 | 81,729,235 |
| Paid during the year | (57,917,840) | (43,954,431) |
| Balance at the end of the year | 138,434,452 | 103,465,145 |

31. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties consist of the shareholder of The Group, associates and affiliate companies, directors and senior management employees of The Group. The terms and conditions of these transactions are approved by The Group's management. In accordance with the normal circumstances of transactions, The Group conducts transactions with related parties including dealing with the Public Investment Fund (the main shareholder), members of the Board of Directors, executives and other companies owned by the Public Investment Fund or members of the

Board of Directors of those companies. All of these transactions are carried out according to the terms agreed by the management of the Group. Balances of related parties are shown on net basis.

As at the date of preparing the consolidated financial statements, balances with related parties were unguaranteed.

During the year, The Group conducted transactions with the following related parties:

| Related Party | Relationship |
|----------------------------------|--------------|
| Public Investment Fund | Shareholder |
| Senior executive managers | Employees |
| Board of Directors | Members |
| Unifonic company | Associate |
| Smart national Solutions Company | Associate |

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31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

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, 2022 | December 31, 2021 |
|--|-------------------|-------------------|
| Transactions with the shareholder | | |
| Service revenue | 73,979,529 | 44,278,595 |
| Purchase of treasury shares | 307,200,000 | - |
| Dividends paid | 268,000,000 | - |
| financing payment (A) | - | 14,624,731 |
| Unifonic company | | |
| Services cost | 41,977,638 | 39,717,754 |
| Smart national Solution | | |
| Services cost | 15,928,053 | 8,505,614 |
| Transaction with board of directors and senior executive managers | | |
| Salaries and benefit | 20,530,183 | 18,417,522 |
| Remunerations and allowances | 22,240,880 | 14,849,885 |
| End of service benefits | 3,775,462 | 2,307,383 |
| Balances | | |
| | December 31, 2022 | December 31, 2021 |
| Due from related parties | | |
| Due from Shareholder classified under: | | |
| Accounts receivable (Note 16) | 29,826,566 | 45,687,465 |
| Contract assets (Note 17) | 47,992,552 | 2,827,157 |
| Prepaid expenses and other current assets (Note 18) | - | 7,557,750 |
| Due to Related Parties-Current | | |
| Unifonic Company | 18,160,192 | 12,895,453 |
| Smart National Solution Company | 6,750,717 | 1,913,554 |
| | 24,910,909 | 14,809,007 |

31. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

A) Represents an interest-free financing payment agreement between the Public Investment Fund and Tabadul Company "a subsidiary Company", knowing that there is an amount of Nil for the year ending on December 31, 2022 (2021: SR 0,7 million) that

appears under the financing expenses item in the consolidated statement of profit or loss concerning the loan, the loan was paid in full during the first half of the year 2021.

32. 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 is one of the leading companies providing integrated digital solutions, especially in the field of transition to e-government. The company offers a wide range of ready-made digital solutions specialized in many fields through diverse and flexible business models that suit the desires of customers. The ready-made solutions include products that serve a wide range of customers, which they can subscribe to through various packages that suit each customer and his needs. While the projects include specialized solutions that the company provides to its clients according to their needs. 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

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32. SEGMENT INFORMATION (continued)

The selected financial data for these sectors follows:

| | December 31, 2022 | December 31, 2021 |
|---|------------------------|------------------------|
| Revenue | | |
| Digital Business | 3,139,716,782 | 2,102,369,815 |
| Business Process Outsourcing | 1,301,376,963 | 1,635,184,409 |
| Professional Services | 165,005,148 | 90,096,045 |
| | 4,606,098,893 | 3,827,650,269 |
| Cost | | |
| Direct cost | (2,720,238,240) | (2,504,736,757) |
| Operating expenses (except depreciation and amortization, ECL and Impairment) | (608,143,552) | (502,635,170) |
| Expected credit loss (ECL) | (148,819,716) | (90,024,719) |
| Depreciation and amortization | (120,049,688) | (115,655,615) |
| Impairment of non-current assets | (36,455,686) | - |
| Other income, net | 50,684,725 | 34,022,646 |
| Zakat | (92,729,137) | (81,729,235) |
| | (3,675,909,304) | (3,260,758,850) |
| Net profit | 930,189,589 | 566,891,419 |

Below is analysis of gross profit by segments:

| | December 31, 2022 | December 31, 2021 |
|------------------------------|----------------------|----------------------|
| Digital Business | 1,456,365,284 | 792,448,044 |
| Business Process Outsourcing | 399,379,038 | 538,251,203 |
| Professional Services | 30,116,331 | (7,785,735) |
| | 1,885,860,653 | 1,322,913,512 |

32. SEGMENT INFORMATION (continued)

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

| | December 31, 2022 | December 31, 2021 |
|------------------------------|----------------------|----------------------|
| Assets | | |
| Digital Business | 4,107,846,122 | 2,853,008,836 |
| Business Process Outsourcing | 1,702,655,584 | 2,219,017,574 |
| Professional Services | 215,884,363 | 122,264,318 |
| | 6,026,386,069 | 5,194,290,728 |
| Liabilities | | |
| Digital Business | 2,030,874,054 | 1,309,779,607 |
| Business Process Outsourcing | 841,774,240 | 1,018,722,385 |
| Professional Services | 106,730,860 | 56,129,974 |
| | 2,979,379,154 | 2,384,631,966 |

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 150 million SR as

on December 31, 2022 (December 31, 2021 : 401 million SR). 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 SAR 97 million as of December 31, 2022 (December 31, 2021: SR 38 million).

◇ The Group has operating and capital commitments amounting to SR 840 million (December 31, 2021: SR 538 million).

◇ In the normal course of business, the Group is a party to legal cases either as a plaintiff or defend-

ant. As on December 31, 2022, the Group recorded a provision against legal cases in the amount of SR 16,4 million (December 31, 2021: SAR 15,8 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.

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35. RISK MANAMGMT

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 in-

ternal 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, is as follows:

| | December 31, 2022 | December 31, 2021 |
|---|-------------------|-------------------|
| Balance at the beginning of the year | 335,320,979 | 245,296,260 |
| Provision for accounts receivable (Note 16) | 104,405,613 | 79,838,252 |
| Provision for contract assets (Note 17) | 44,256,888 | 10,893,974 |
| Provision for employee | 157,215 | 459,742 |
| Reversal of provision during the year (Note 16) | - | (1,167,249) |
| Balance at the Ending of the year | 484,140,695 | 335,320,979 |

35. RISK MANAMGMT (continued)

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

| | Account Receivable | | Contract Assets | |
|------------|--------------------|-------------------|-------------------|-------------------|
| | December 31, 2022 | December 31, 2021 | December 31, 2022 | December 31, 2021 |
| Government | 928,308,495 | 1,224,653,696 | 807,711,945 | 695,977,283 |
| Private | 904,392,219 | 693,369,225 | 111,954,500 | 35,268,742 |
| | 1,832,700,714 | 1,918,022,921 | 919,666,445 | 731,246,025 |

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

| | Government receivables | | | |
|----------|------------------------|-------------|-------------------|------------|
| | December 31, 2022 | | December 31, 2021 | |
| | Book value | ECL | Book value | ECL |
| Low risk | 787,071,797 | 540,009 | 1,141,476,792 | 900,959 |
| Loss | 141,236,698 | 141,055,787 | 83,176,904 | 83,176,904 |
| | 928,308,495 | 141,776,707 | 1,224,653,696 | 84,077,863 |

| | Trade Account Receivable | | | |
|--------------------|--------------------------|-------------|-------------------|-------------|
| | December 31, 2022 | | December 31, 2021 | |
| | Book value | ECL | Book value | ECL |
| 1-90 days | 467,398,827 | - | 254,248,034 | 178,766 |
| 91-180 days | 84,812,999 | 2,801,520 | 110,725,094 | 3,479,143 |
| 181 - 365 days | 102,783,606 | 16,311,125 | 111,680,930 | 15,811,500 |
| More than 365 days | 249,396,787 | 206,733,159 | 216,715,167 | 159,669,626 |
| | 904,392,219 | 225,845,804 | 693,369,225 | 179,139,035 |

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35. RISK MANAMGMT (continued)

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

| | Government receivables | | | |
|----------|------------------------|------------|-------------------|------------|
| | December 31, 2022 | | December 31, 2021 | |
| | Book value | ECL | Book value | ECL |
| Low risk | 708,510,461 | - | 638,753,630 | 455,800 |
| Loss | 99,201,484 | 99,201,484 | 57,223,653 | 57,223,653 |
| | 807,711,945 | 99,201,484 | 695,977,283 | 57,679,453 |

| | Trade Contract Assets | | | |
|----------|-----------------------|------------|-------------------|------------|
| | December 31, 2022 | | December 31, 2021 | |
| | Book value | ECL | Book value | ECL |
| Low risk | 95,951,532 | - | 22,000,631 | - |
| Loss | 16,002,968 | 16,002,968 | 13,268,111 | 13,268,111 |
| | 111,954,500 | 16,002,968 | 35,268,742 | 13,268,111 |

The amount of provision for credit loss also includes provisions related to employee receivables in the amount of SR 1,313,732 as on December 31, 2022 (December 31, 2021: SR 1,156,517).

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.

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.

35. RISK MANAMGMT (continued)

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.

- ◊ 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.

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

| | December 31, 2022 | | | |
|--|-------------------|-----------------------|-------------------|---------------|
| | Within one year | Between 1 and 5 years | More than 5 years | Total |
| Accounts Payable and other current liabilities | 1,060,762,450 | - | - | 1,060,762,450 |
| liabilities of purchasing property | 26,062,795 | 26,062,795 | - | 52,125,590 |
| Due to related parties | 24,910,909 | - | - | 24,910,909 |
| Lease liabilities | 15,775,056 | 16,123,197 | 75,578,787 | 107,477,040 |
| | 1,127,511,210 | 42,185,992 | 75,578,787 | 1,245,275,989 |

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35. RISK MANAMGMENT (continued)

| | December 31, 2021 | | | Total |
|--|-------------------|--------------------------|----------------------|---------------|
| | Within one year | Between 1 and 5 years | More than 5 years | |
| Accounts Payable and other current liabilities | 964,065,760 | - | - | 964,065,760 |
| liabilities of purchasing property | 26,062,795 | 52,125,590 | - | 78,188,385 |
| Due to related parties | 14,809,007 | - | - | 14,809,007 |
| Lease liabilities | 20,507,495 | 23,798,954 | 79,749,772 | 124,056,221 |
| | 1,025,445,057 | 75,924,544 | 79,749,772 | 1,181,119,373 |

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 re-pricing. Management monitors changes in interest rates and believes that the fair value and cash flow interest rate

risks are not significant to The Group.

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.

On December 31, 2022, if the rate 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 12,6 million higher/lower, as a primary result of higher interest income/ Low on variable rate deposits (2021: SR6,8 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.

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36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below 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 was no during the year Reclassification of financial assets measured at fair value through the hierarchy of fair value levels:

| | December 31, 2022 | | | 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 | 283,388,310 | - | 283,388,310 | - | 85,853,919 | 197,534,391 | 283,388,310 |
| Trade receivables | - | 1,465,078,203 | 1,465,078,203 | - | - | - | 1,465,078,203 |
| Prepaid expenses and other current assets | - | 15,324,785 | 15,324,785 | - | - | - | 15,324,785 |
| Murabha deposits | - | 1,998,369,994 | 1,998,369,994 | - | - | - | 1,998,369,994 |
| Cash and cash equivalents | - | 588,679,391 | 588,679,391 | - | - | - | 588,679,391 |
| Total | 283,388,310 | 4,067,452,373 | 4,350,840,683 | - | 85,853,919 | 197,534,391 | 4,350,840,683 |
| Financial liabilities | | | | | | | |
| Accounts payable and other current liabilities | - | 1,903,401,458 | 1,903,401,458 | - | - | - | 1,903,401,458 |
| Due to related parties | - | 24,910,909 | 24,910,909 | - | - | - | 24,910,909 |
| liabilities of purchasing property | - | 50,142,450 | 50,142,450 | - | - | - | 50,142,450 |
| Lease liabilities | - | 82,764,554 | 82,764,554 | - | - | - | 82,764,554 |
| Total | - | 2,061,219,371 | 2,061,219,371 | - | - | - | 2,061,219,371 |

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36. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

| | December 31, 2021 | | | December 31, 2021 | | | |
|--|--------------------|----------------------|----------------------|-------------------|--------------------|--------------------|----------------------|
| | Book value | | | Fair value | | | |
| | At fair value | At amortized cost | Total | Level one | Level two | Level three | Total |
| Financial assets | | | | | | | |
| Other financial assets | 611,925,993 | - | 611,925,993 | - | 491,545,452 | 120,380,541 | 611,925,993 |
| Trade receivables | - | 1,654,806,023 | 1,654,806,023 | - | - | - | 1,654,806,023 |
| Prepaid expenses and other current assets | - | 27,766,080 | 27,766,080 | - | - | - | 27,766,080 |
| Murabha deposits | - | 100,280,000 | 100,280,000 | - | - | - | 100,280,000 |
| Cash and cash equivalents | - | 1,362,219,462 | 1,362,219,462 | - | - | - | 1,362,219,462 |
| Total | 611,925,993 | 3,145,071,565 | 3,756,997,558 | - | 491,545,452 | 120,380,541 | 3,756,997,558 |
| Financial liabilities | | | | | | | |
| Accounts payable and other current liabilities | - | 1,407,453,907 | 1,407,453,907 | - | - | - | 1,407,453,907 |
| Due to related parties | - | 14,809,007 | 14,809,007 | - | - | - | 14,809,007 |
| liabilities of purchasing property | - | 74,255,781 | 74,255,781 | - | - | - | 74,255,781 |
| Lease liabilities | - | 106,829,207 | 106,829,207 | - | - | - | 106,829,207 |
| Total | - | 1,603,347,902 | 1,603,347,902 | - | - | - | 1,603,347,902 |

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37. COMPARATIVE FIGURES

Reclassification

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.

A) Consolidated statement of profit or loss

The Group reclassified some items of consolidated statement of profit or loss and the details are as follows:

| | December 31, 2021 | Reclassification | Balance after reclassification |
|----------------------------|-------------------|------------------|--------------------------------|
| Cost of revenue | 2,632,253,440 | (127,516,683) | 2,504,736,757 |
| Selling and marketing | 105,978,567 | 90,704,523 | 196,683,090 |
| General and administrative | 269,139,920 | 36,812,160 | 305,952,080 |
| | 3,007,371,927 | - | 3,007,371,927 |

B) Consolidated statement of financial position

The Group reclassified some items of consolidated statement of financial position and the details are as follows:

| | December 31, 2021 | Reclassification | Balance after reclassification |
|--|-------------------|------------------|--------------------------------|
| Accounts payable | 249,301,715 | (249,301,715) | - |
| Accrued expenses and other current liabilities | 1,335,215,352 | (1,335,215,352) | - |
| Accounts payable and other current liabilities | - | 1,407,453,907 | 1,407,453,907 |
| Contract liabilities | 235,711,818 | 179,049,660 | 414,761,478 |
| Due to related parties | 16,795,507 | (1,986,500) | 14,809,007 |
| | 1,837,024,392 | - | 1,837,024,392 |

38. DIVIDENDS

- Dividends for the year ended December 31, 2021 During its meeting held on Shawwal 8, 1443 AH corresponding to (May 9, 2022), the Ordinary General Assembly approved cash dividends amounted SR 232,8 million (3 riyals per share) for the year ended on December 31, 2021. Subsequently during May, the dividends were paid.

- Dividends for the year ended December 31, 2022 During Board of Directors meeting held on Rabi'

Al-Awwal 24, 1444 AH corresponding to September 20, 2022, they have been approved the distribution of cash dividends of SR155,2 million (at 2 riyals per share) for the first half of 2022. Subsequently during October, the dividends were deposited. This is based on the approval of the Ordinary General Assembly on Shawwal 8, 1443 AH corresponding (May 9, 2022) authorizing the Board of Directors to distribute interim dividends to shareholders on a semi-annual or quarterly basis for the fiscal year 2022.

39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on sha'ban 10,

1444AH (corresponding to March 2, 2023).

