

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

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

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

To the shareholders of
Elm Company
Saudi Joint Stock Company

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Elm Company** ("the Company") and its subsidiaries (collectively referred to as "the Group"), as of 30 June 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three and six month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards 34 – "Interim Financial Reporting" (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared in all material respects in accordance with IAS 34 That is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.

Gihad Al-Amri
Certified Public Accountant
License No. 362

Riyadh on: 8 August 2024 (G)
corresponding to: 4 Safar 1446 (H)




ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	Note	For the three months period ended June 30		For the six months period ended June 30	
		2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue	5	1,767,013,240	1,403,834,362	3,406,025,684	2,691,994,372
Cost of revenue		(1,032,065,648)	(801,841,671)	(2,044,599,099)	(1,545,543,611)
GROSS PROFIT		734,947,592	601,992,691	1,361,426,585	1,146,450,761
EXPENSES					
Selling and marketing		(71,949,685)	(59,444,949)	(157,381,973)	(126,697,239)
Expected credit losses, net		6,403,154	(20,967,861)	(18,265,669)	(38,194,945)
General and administrative		(144,724,218)	(112,136,596)	(275,753,168)	(217,587,889)
Depreciation and amortization	6,7,8	(59,930,436)	(32,225,327)	(110,901,957)	(66,436,560)
Impairment of non-current assets		(815,642)	-	(815,642)	-
OPERATING PROFIT		463,930,765	377,217,958	798,308,176	697,534,128
Finance cost		(7,877,607)	(1,031,039)	(12,568,085)	(2,116,661)
Income from murabaha deposit	14,15	29,601,838	26,380,573	73,220,820	57,582,440
Share of result from investment in associate	9	201,104	-	(25,701)	(2,218,741)
Gain at fair value of financial assets through profit or loss	9,10	19,120,313	392,077	20,022,033	1,132,868
Other income, net		19,629,856	3,513,321	24,017,946	10,839,663
PROFIT BEFORE ZAKAT		524,606,269	406,472,890	902,975,189	762,753,697
Zakat	21	(38,368,502)	(33,702,206)	(71,967,133)	(67,579,649)
NET PROFIT		486,237,767	372,770,684	831,008,056	695,174,048
<i>Net profit attributable to:</i>					
Equity holders of the parent Company		486,237,767	372,770,684	831,020,512	695,174,048
Non-controlling interests		-	-	(12,456)	-
		486,237,767	372,770,684	831,008,056	695,174,048
OTHER COMPREHENSIVE INCOME FOR THE PERIOD:					
<i>Items that may be reclassified subsequently to Profit or loss:</i>					
Foreign currency translation difference		5,879	-	(87)	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Change in fair value of financial assets through other comprehensive income	10	(3,442,139)	-	(3,442,139)	-
TOTAL COMPREHENSIVE INCOME		482,801,507	372,770,684	827,565,830	695,174,048
<i>Total comprehensive income attributable to:</i>					
Equity holders of the parent Company		482,801,507	372,770,684	827,578,286	695,174,048
Non-controlling interests		-	-	(12,456)	-
		482,801,507	372,770,684	827,565,830	695,174,048
Earnings per share from net profit attributable to equity holders of the parent company:					
Basic	19	6.26	4.80	10.70	8.95
Diluted	19	6.08	4.66	10.39	8.69


Chief Financial Officer


Chief Executive Officer


Chairman

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

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024
All amounts in Saudi Riyals

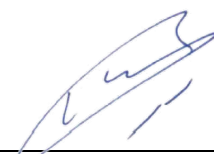
	Note	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
NON – CURRENT ASSETS			
Property and equipment	6	414,408,157	375,183,246
Capital work in progress		115,181,555	119,813,847
Right-of-use assets	7	594,393,595	230,798,737
Intangible assets	8	167,795,383	174,646,541
Investments in associates	9	3,282,478	2,137,153
Other financial assets	10	239,632,714	227,906,324
TOTAL NON – CURRENT ASSETS		1,534,693,882	1,130,485,848
CURRENT ASSETS			
Accounts receivable	11	2,455,309,711	2,322,353,701
Contract assets	12	1,025,778,899	847,625,684
Prepaid expenses and other current assets	13	294,890,115	337,441,825
Other financial assets	10	735,516,064	18,797,335
Murabaha deposit	14	896,216,040	3,056,113,638
Cash and cash equivalents	15	2,329,023,569	384,394,607
TOTAL CURRENT ASSETS		7,736,734,398	6,966,726,790
TOTAL ASSETS		9,271,428,280	8,097,212,638
EQUITY AND LIABILITIES			
EQUITY			
Share capital		800,000,000	800,000,000
Statutory reserve	16	-	174,708,101
Treasury share		(294,758,400)	(294,758,400)
Other reserves		43,756,232	12,826,478
Retained earnings		3,996,671,488	3,301,731,675
Equity attributable to equity holders of the parent Company		4,545,669,320	3,994,507,854
Non-controlling interest		151,544	164,000
TOTAL EQUITY		4,545,820,864	3,994,671,854
LIABILITIES			
NON – CURRENT LIABILITIES			
Lease liabilities		527,298,663	212,090,689
End of service benefits provision	18	367,170,067	360,689,127
TOTAL NON – CURRENT LIABILITIES		894,468,730	572,779,816
CURRENT LIABILITIES			
Accounts payable and other current liabilities	20	3,041,488,388	2,805,055,424
Contract liabilities		557,612,516	503,707,390
Zakat	21	163,119,744	183,613,319
liabilities of purchasing property		25,396,063	25,396,063
Lease liabilities		43,521,975	11,988,772
TOTAL CURRENT LIABILITIES		3,831,138,686	3,529,760,968
TOTAL LIABILITIES		4,725,607,416	4,102,540,784
TOTAL EQUITY AND LIABILITIES		9,271,428,280	8,097,212,638



Chief Financial Officer



Chief Executive Officer



Chairman

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

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

	Note	Equity attributable to the equity holders of the Parent					Total	Non - controlling interest	Total equity
		Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings			
Balance as at January 1, 2023 (Audited)		800,000,000	(307,200,000)	174,708,101	(24,180,887)	2,403,679,701	3,047,006,915	-	3,047,006,915
Net profit		-	-	-	-	695,174,048	695,174,048	-	695,174,048
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	695,174,048	695,174,048	-	695,174,048
Treasury shares settlement		-	12,441,600	-	(20,446,020)	8,004,420	-	-	-
Share-based payment	17	-	-	-	13,475,744	-	13,475,744	-	13,475,744
Dividends		-	-	-	-	(233,091,600)	(233,091,600)	-	(233,091,600)
Balance as at June 30, 2023 (Unaudited)		<u>800,000,000</u>	<u>(294,758,400)</u>	<u>174,708,101</u>	<u>(31,151,163)</u>	<u>2,873,766,569</u>	<u>3,522,565,107</u>	<u>-</u>	<u>3,522,565,107</u>
Balance as at January 1, 2024 (Audited)		800,000,000	(294,758,400)	174,708,101	12,826,478	3,301,731,675	3,994,507,854	164,000	3,994,671,854
Net profit		-	-	-	-	831,020,512	831,020,512	(12,456)	831,008,056
Other comprehensive income		-	-	-	(3,442,226)	-	(3,442,226)	-	(3,442,226)
Total comprehensive income		-	-	-	(3,442,226)	831,020,512	827,578,286	(12,456)	827,565,830
Share-based payment	17	-	-	-	34,371,980	-	34,371,980	-	34,371,980
Transfer of Statutory reserve	16	-	-	(174,708,101)	-	174,708,101	-	-	-
Dividends	26	-	-	-	-	(310,788,800)	(310,788,800)	-	(310,788,800)
Balance as at June 30, 2024 (Unaudited)		<u>800,000,000</u>	<u>(294,758,400)</u>	<u>-</u>	<u>43,756,232</u>	<u>3,996,671,488</u>	<u>4,545,669,320</u>	<u>151,544</u>	<u>4,545,820,864</u>


Chief Financial Officer


Chief Executive Officer


Chairman

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

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

All amounts in Saudi Riyals

	Note	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		902,975,189	762,753,697
<i>Adjustments for non-cash items:</i>			
Depreciation and amortization	6, 7, 8	110,901,957	66,436,560
Impairment of non-current assets		815,642	-
Expected credit losses		18,265,669	38,194,945
End of service benefits provision	18	36,941,305	34,954,888
Share based payment	17	34,371,980	13,475,744
Finance cost		12,568,085	2,116,661
Income from murabaha deposit	14,15	(73,220,820)	(57,582,440)
Share of result from investment in associate	9	25,701	2,218,741
Fair value gain from financial assets at fair value through profit or loss	9, 10	(20,022,033)	(1,132,868)
Other expenses, net		514,482	(23,034)
		<u>1,024,137,157</u>	<u>861,412,894</u>
<i>Working capital adjustments:</i>			
Accounts receivable	11	(151,008,532)	(524,733,479)
Contract assets	12	(178,309,493)	(195,734,103)
Prepaid expenses and other current assets	13	72,468,789	(71,820,448)
Accounts payable and other current liabilities	20	236,057,984	212,458,644
Contract liabilities		53,905,126	(23,791,068)
Cash from operations		<u>1,057,251,031</u>	<u>257,792,440</u>
Zakat paid	21	(92,460,708)	(71,905,032)
Proceeds, income from murabaha deposit		58,033,353	32,307,620
End of service benefits paid	18	(30,460,365)	(8,144,022)
Net cash generated from operating activities		<u>992,363,311</u>	<u>210,051,006</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Murabaha deposit		2,144,562,194	545,675,337
Purchase of property and equipment and intangible assets	6, 8	(29,145,604)	(15,518,200)
Proceeds from disposal of property and equipment		-	280,886
Proceeds from other financial assets	10	34,000,000	64,000,000
Investments in other financial assets	10	(747,036,251)	(33,767,302)
Payments for capital works in progress		(74,939,705)	(34,242,441)
Net cash generated from investing activities		<u>1,327,440,634</u>	<u>526,428,280</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(63,442,227)	(5,097,875)
Payment of principal portion of purchasing property		-	(23,429,979)
Finance cost paid		(1,319,267)	(1,442,621)
Dividends paid		(310,413,820)	(233,091,600)
Net cash used in financing activities		<u>(375,175,314)</u>	<u>(263,062,075)</u>
Net Change in cash and cash equivalents		<u>1,944,628,631</u>	<u>473,417,211</u>
Cash and cash equivalents at the beginning of the period	15	<u>384,394,607</u>	<u>588,679,391</u>
Net, Foreign currency exchange difference		331	-
Cash and cash equivalents at the end of the period		<u>2,329,023,569</u>	<u>1,062,096,602</u>


Chief Financial Officer


Chief Executive Officer


Chairman

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

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

All amounts in Saudi Riyals

1. INFORMATION ABOUT THE COMPANY

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

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

2. BASIS OF PREPARATION

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

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

2.1 Use of assumptions, estimates, and important accounting judgments

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

A- New and amended standards and interpretations

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

B- New and amended IFRSs not yet effective

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

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

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

5. REVENUE

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

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

Revenue sources:

	For the three months period ended June 30		For the six months period ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue from private parties	1,085,550,429	873,174,129	2,151,487,215	1,724,076,334
Revenue from government agencies	681,462,811	530,660,233	1,254,538,469	967,918,038
	<u>1,767,013,240</u>	<u>1,403,834,362</u>	<u>3,406,025,684</u>	<u>2,691,994,372</u>

Revenue recognition time:

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

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

6. PROPERTY AND EQUIPMENT

The movement in property and equipment are as follows:

	For the six months period ended June 30	
	2024 (Unaudited)	2023 (Unaudited)
Balance at the beginning of the period	375,183,246	353,498,965
Additions during the period	17,358,055	9,693,875
Transfer from capital work in progress	56,224,772	-
Disposals during the period	(514,482)	(257,861)
Depreciation during the period	(33,843,434)	(22,372,087)
	<u>414,408,157</u>	<u>340,562,892</u>

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

6. PROPERTY AND EQUIPMENT (CONTINUED)

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

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

7. RIGHT -OF- USE ASSETS

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

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

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

	For the three months period ended June 30		For the six months period ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Cost of revenue	5,480,462	1,427,461	9,778,533	3,797,975
General and administrative expenses	14,111,530	2,946,048	26,109,700	6,656,346
	19,591,992	4,373,509	35,888,233	10,454,321

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

8. INTANGIBLE ASSETS

The movement in intangible assets are as follows:

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

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

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

9. INVESTMENTS IN ASSOCIATES

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

	June 30, 2024 (Unaudited)	December 31, 2023(Audited)
<u>Investment using the equity method:</u>		
Balance at the beginning of the period	-	2,397,758
Disposals during the period	-	(179,017)
Share of results from associates	-	(2,218,741)
	-	-
<u>Long Term Interest:</u>		
Balance at the beginning of the period	2,137,153	15,985,299
Gain / (losses) at FVTPL	1,171,026	(4,120,518)
Share in total accumulated losses (A)	(25,701)	(9,727,628)
	<u>3,282,478</u>	<u>2,137,153</u>
Group's net investment balance	<u>3,282,478</u>	<u>2,137,153</u>

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

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

10. OTHER FINANCIAL ASSETS

The group's other financial assets balances consist of:

	June 30, 2024 (Unaudited)	December 31, 2023(Audited)
<i>Financial assets at FVTPL</i>		
Money Market Funds (A)	735,516,064	18,797,335
Advance payment for future equity (B)	1,385,207	19,936,296
	736,901,271	38,733,631
<i>Financial assets at FVTOCI</i>		
Unquoted equity investments (C)	238,247,507	207,970,028
Other financial assets are presented in the statement of financial position as follows:		
Current	735,516,064	18,797,335
Non-current	239,632,714	227,906,324
	975,148,778	246,703,659

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

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10. OTHER FINANCIAL ASSETS (CONTINUED)

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period / year	246,703,659	267,403,011
Additions	747,036,251	432,696,961
Proceeds	(34,000,000)	(467,929,663)
Gain / (losses) on financial assets at FVTPL	18,851,007	(11,848,122)
(Losses) / Gain on financial assets at FVTOCI	(3,442,139)	26,381,472
Balance at the end of the period / year	<u>975,148,778</u>	<u>246,703,659</u>

11. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Government receivables	1,528,849,230	1,487,490,009
Private receivables	1,388,166,227	1,278,516,916
	2,917,015,457	2,766,006,925
Expected credit losses provision	(461,705,746)	(443,653,224)
	<u>2,455,309,711</u>	<u>2,322,353,701</u>

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

12. CONTRACT ASSETS

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

Contract assets consists of the following:

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

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

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13. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consist of the following:

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

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

14. MURABAHA DEPOSITS

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

15. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consists of the following:

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

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

(15-B) The Company has a balance of SR 7.8 billion as at 30 June 2024 (31 December 2023: SR 2,6 billion) restricted in its bank accounts, which has not been recorded within the group's assets, The group acts as an agent for these balances on behalf of the contracted parties to operate and provide the services.

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16. STATUTORY RESERVE

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

17. SHARE BASED PAYMENT

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

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

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

	For the six months period ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Broad based Stock ownership program	-	3,179,780
Tranche 1- Long term incentive plan	10,178,372	10,295,964
Tranche 2 - Long term incentive plan	16,611,779	-
Tranche 3 - Long term incentive plan	7,581,829	-
	34,371,980	13,475,744

18. END OF SERVICES BENEFITS PROVISION

Employee end of service benefits provision movement as follows:

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

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19. EARNINGS PER SHARE

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

	For the three months period ended June 30		For the six months period ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Net Profit	<u>486,237,767</u>	<u>372,770,684</u>	<u>831,020,512</u>	<u>695,174,048</u>
Number of shares				
Weighted average number of shares for calculation for basic earnings per share	<u>77,697,200</u>	<u>77,697,200</u>	<u>77,697,200</u>	<u>77,671,960</u>
Weighted average number of shares for repurchased shares	<u>2,302,800</u>	<u>2,302,800</u>	<u>2,302,800</u>	<u>2,328,040</u>
Weighted average number of shares for calculation for diluted earnings per share	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>	<u>80,000,000</u>
EARNINGS PER SHARE:				
Basic	<u>6.26</u>	<u>4.80</u>	<u>10.70</u>	<u>8.95</u>
Diluted	<u>6.08</u>	<u>4.66</u>	<u>10.39</u>	<u>8.69</u>

20. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities are as follows:

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

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

21. ZAKAT

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

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21. ZAKAT (CONTINUED)

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

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

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

22. RELATED PARTY TRANSACTIONS AND BALANCES

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

22.1 Related party transactions

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

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

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22. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

22.2 Related party balances

Balances	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Due from related parties (*)		
<i>Due from government entities classified under:</i>		
Accounts receivable (Note 11)	1,528,849,230	1,487,490,009
Contract assets (Note 12)	850,542,706	701,502,502
<i>Due from government related entities classified under:</i>		
Accounts receivable (Note 11)	228,850,392	182,117,569
Contract assets (Note 12)	53,043,197	20,364,362
Due to Related Parties:		
<i>Due to government related classified under:</i>		
Accounts payable and other current liabilities (Note 20)	2,555,677,902	1,588,614,267
<i>Due to government related entities classified under:</i>		
Accounts payable and other current liabilities (Note 20)	8,083,435	30,513,812
<i>Due to associate companies classified under:</i>		
Accounts payable and other current liabilities (Note 20)	2,275,562	2,099,460

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

23. SEGMENT INFORMATION

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

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

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23. SEGMENT INFORMATION (CONTINUED)

The selected financial data for these sectors follows:

	For the three months period ended June 30		For the six months period ended June 30	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Revenue				
Digital Business	1,254,365,762	1,012,121,206	2,424,023,995	1,982,940,292
Business Process Outsourcing	478,333,834	356,594,603	916,718,763	636,233,512
Professional Services	34,313,644	35,118,553	65,282,926	72,820,568
	1,767,013,240	1,403,834,362	3,406,025,684	2,691,994,372
Cost				
Direct cost	(1,032,065,648)	(801,841,671)	(2,044,599,099)	(1,545,543,611)
Operating expenses (except depreciation and amortization, ECL, Impairment)	(216,673,903)	(171,581,545)	(433,135,141)	(344,285,128)
Expected credit loss (ECL)	6,403,154	(20,967,861)	(18,265,669)	(38,194,945)
Depreciation & amortization	(59,930,436)	(32,225,327)	(110,901,957)	(66,436,560)
Impairment of non-current assets	(815,642)	-	(815,642)	-
Other income, net	60,675,504	29,254,932	104,667,013	65,219,569
Zakat	(38,368,502)	(33,702,206)	(71,967,133)	(67,579,649)
	(1,280,775,473)	(1,031,063,678)	(2,575,017,628)	(1,996,820,324)
Net profit	486,237,767	372,770,684	831,008,056	695,174,048

Below is a breakdown of gross profit by segments:

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

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23. SEGMENT INFORMATION (CONTINUED)

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

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

24. BANK FACILITIES

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

25. CONTINGENT LIABILITIES

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

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26. DIVIDENDS

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

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

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

	As at 30 June 2024			
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	-	735,516,063	239,632,715	975,148,778
As at 31 December 2023				
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	-	18,797,335	227,906,324	246,703,659

28. COMPARATIVE FIGURES

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

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28. COMPARATIVE FIGURES (CONTINUED)

1- Interim condensed consolidated statement of cash flows

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

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

2- Segment information

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

2- A Revenues:

	For the three months period ended June 30			For the six months period ended June 30		
	2023	Reclassification	Amount after reclassification	2023	Reclassification	Amount after reclassification
Digital business	1,016,339,586	(4,218,380)	1,012,121,206	1,985,242,694	(2,302,402)	1,982,940,292
Business process outsourcing	352,376,223	4,218,380	356,594,603	629,743,777	6,489,735	636,233,512
Professional services	35,118,553	-	35,118,553	77,007,901	(4,187,333)	72,820,568
	<u>1,403,834,362</u>	<u>-</u>	<u>1,403,834,362</u>	<u>2,691,994,372</u>	<u>-</u>	<u>2,691,994,372</u>

2- B Gross profit:

	For the three months period ended June 30			For the six months period ended June 30		
	2023	Reclassification	Amount after reclassification	2023	Reclassification	Amount after reclassification
Digital business	481,452,989	7,712,879	489,165,868	937,614,793	(5,676,796)	931,937,997
Business process outsourcing	117,969,766	(8,937,682)	109,032,084	202,675,931	1,537,144	204,213,075
Professional services	2,569,936	1,224,803	3,794,739	6,160,037	4,139,652	10,299,689
	<u>601,992,691</u>	<u>-</u>	<u>601,992,691</u>	<u>1,146,450,761</u>	<u>-</u>	<u>1,146,450,761</u>

29. SUBSEQUENT EVENTS

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

30. APPROVAL OF THE FINANCIAL STATEMENTS

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