

**ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023**

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

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023**

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

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

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Elm Company** (“the Company”) and its subsidiaries (together “the Group”), as of 30 September 2023, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three month and nine months periods then ended, and the interim condensed consolidated statement of changes in equity and cash flows for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of this interim condensed consolidated financial information 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 this interim condensed consolidated financial information based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the entity*” that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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 information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

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



Gihad Al-Amri  
Certified Public Accountant  
License No. 362  
Riyadh, on: 2 November 2023 G  
corresponding to: 18 Rabi Al-Thani 1445 H

ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023  
All amounts in Saudi Riyals

	Note	For the three months period ended September 30		For the nine months period ended September 30	
		2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue	5	1,521,000,195	1,167,414,601	4,212,994,567	3,298,194,161
Cost of revenue		(945,534,356)	(681,600,270)	(2,491,077,967)	(1,959,982,240)
<b>GROSS PROFIT</b>		<b>575,465,839</b>	485,814,331	<b>1,721,916,600</b>	1,338,211,921
<b>EXPENSES</b>					
Selling and marketing		(66,952,781)	(59,987,944)	(193,650,020)	(161,729,418)
Expected credit losses		(25,642,756)	(26,996,813)	(63,837,701)	(48,521,888)
General and administrative		(121,799,551)	(95,273,642)	(339,387,440)	(261,204,129)
Depreciation and amortization	6,7,8	(38,114,788)	(30,680,091)	(104,551,348)	(85,216,188)
Impairment of intangible assets	8	-	(1,045,646)	-	(28,122,854)
<b>OPERATING PROFIT</b>		<b>322,955,963</b>	271,830,195	<b>1,020,490,091</b>	753,417,444
Finance cost		(1,250,655)	(964,063)	(3,367,316)	(2,660,906)
Income from murabaha deposit	14,15	33,577,664	9,975,983	91,160,104	17,007,420
Share of result from investment in associate	9	-	(1,197,297)	(2,218,741)	(1,158,528)
Gain at fair value of financial assets through profit or loss	10	352,090	1,779,505	1,484,958	5,344,199
Other income, net		8,373,859	13,360,552	19,213,522	19,066,416
<b>PROFIT BEFORE ZAKAT</b>		<b>364,008,921</b>	294,784,875	<b>1,126,762,618</b>	791,016,045
Zakat	21	(29,762,998)	(21,424,407)	(97,342,647)	(73,160,517)
<b>NET PROFIT</b>		<b>334,245,923</b>	273,360,468	<b>1,029,419,971</b>	717,855,528
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>334,245,923</b>	273,360,468	<b>1,029,419,971</b>	717,855,528
<b>EARNINGS PER SHARE FROM NET PROFIT:</b>					
Basic	19	4.30	3.52	13.25	9.20
Diluted	19	4.18	3.42	12.87	8.97



Chief Financial Officer



Chief Executive Officer



Chairman

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2023**  
**All amounts in Saudi Riyals**

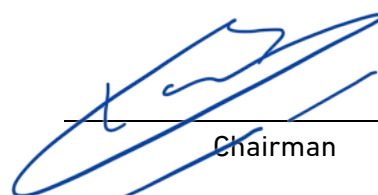
	Note	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property and equipment	6	361,602,355	353,498,965
Capital work in progress		113,662,865	57,778,145
Right-of-use assets	7	146,683,080	80,386,822
Intangible assets	8	169,964,012	179,633,131
Investments in associates	9	-	2,397,758
Other financial assets	10	231,301,692	197,534,391
<b>TOTAL NON - CURRENT ASSETS</b>		<b>1,023,214,004</b>	<b>871,229,212</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	11	2,103,093,201	1,465,078,203
Contract assets	12	1,083,682,595	804,461,993
Prepaid expenses and other current assets	13	282,843,668	212,713,357
Other financial assets	10	33,338,877	85,853,919
Murabaha deposit	14	2,427,653,512	1,998,369,994
Cash and cash equivalents	15	378,853,941	588,679,391
<b>TOTAL CURRENT ASSETS</b>		<b>6,309,465,794</b>	<b>5,155,156,857</b>
<b>TOTAL ASSETS</b>		<b>7,332,679,798</b>	<b>6,026,386,069</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		800,000,000	800,000,000
Statutory reserve		174,708,101	174,708,101
Treasury share	16	(294,758,400)	(307,200,000)
Other reserves		(23,391,754)	(24,180,887)
Retained earnings		2,974,920,892	2,403,679,701
<b>TOTAL EQUITY</b>		<b>3,631,478,839</b>	<b>3,047,006,915</b>
<b>LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
Liabilities for purchasing property		-	25,396,063
Lease liabilities		135,644,230	71,192,414
End of service benefits provision	18	347,544,195	307,462,112
<b>TOTAL NON - CURRENT LIABILITIES</b>		<b>483,188,425</b>	<b>404,050,589</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current liabilities	20	2,503,097,006	1,903,401,458
Contract liabilities		492,220,320	472,263,219
Zakat	21	163,872,067	138,434,452
liabilities of purchasing property		25,396,063	24,746,387
Lease liabilities		8,505,668	11,572,140
Due to related parties	22	24,921,410	24,910,909
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,218,012,534</b>	<b>2,575,328,565</b>
<b>TOTAL LIABILITIES</b>		<b>3,701,200,959</b>	<b>2,979,379,154</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,332,679,798</b>	<b>6,026,386,069</b>



Chief Financial Officer



Chief Executive Officer



Chairman

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

ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023  
All amounts in Saudi Riyals

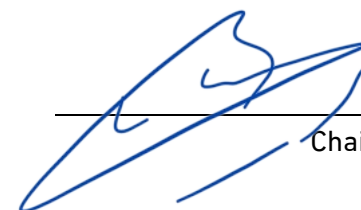
	Note	Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings	Total equity
<b>Balance as at January 1, 2022 (Audited)</b>		800,000,000	-	81,689,142	(26,539,451)	1,954,509,071	2,809,658,762
Net profit		-	-	-	-	717,855,528	717,855,528
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	717,855,528	717,855,528
Purchase of treasury shares	16	-	(307,200,000)	-	-	-	(307,200,000)
Share-based payment	17	-	-	-	12,179,305	-	12,179,305
Dividends		-	-	-	-	(388,000,000)	(388,000,000)
<b>Balance as at September 30, 2022 (Unaudited)</b>		<u>800,000,000</u>	<u>(307,200,000)</u>	<u>81,689,142</u>	<u>(14,360,146)</u>	<u>2,284,364,599</u>	<u>2,844,493,595</u>
<b>Balance as at January 1, 2023 (Audited)</b>		800,000,000	(307,200,000)	174,708,101	(24,180,887)	2,403,679,701	3,047,006,915
Net profit		-	-	-	-	1,029,419,971	1,029,419,971
Other comprehensive income		-	-	-	-	-	-
<b>Total comprehensive income</b>		-	-	-	-	1,029,419,971	1,029,419,971
Treasury shares Settlement	16	-	12,441,600	-	(20,446,020)	8,004,420	-
Share-based payment	17	-	-	-	21,235,153	-	21,235,153
Dividends	26	-	-	-	-	(466,183,200)	(466,183,200)
<b>Balance as at September 30, 2023 (Unaudited)</b>		<u>800,000,000</u>	<u>(294,758,400)</u>	<u>174,708,101</u>	<u>(23,391,754)</u>	<u>2,974,920,892</u>	<u>3,631,478,839</u>



Chief Financial Officer



Chief Executive Officer



Chairman

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


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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023**

All amounts in Saudi Riyals

	Note	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before zakat		1,126,762,618	791,016,045
<i>Adjustments for non-cash items:</i>			
Depreciation and amortization	6,7,8	104,551,348	85,216,188
Impairment of intangible assets	8	-	28,122,854
Expected credit losses		63,837,701	48,521,888
End of service benefits provision	18	50,657,629	40,875,398
Share based payment	17	21,235,153	12,179,305
Finance cost		3,367,316	2,660,906
Income from murabaha deposit	14,15	(91,160,104)	(17,007,420)
Share of result from investment in associate	9	2,218,741	1,158,528
Gain at fair value of financial assets through profit or loss	10	(1,484,958)	(5,344,199)
Expenses /(Other income), net		5,983	(11,416,402)
		<u>1,279,991,427</u>	<u>975,983,091</u>
<i>Working capital adjustments:</i>			
Accounts receivable	11	(694,283,091)	(359,852,869)
Contract assets	12	(286,865,930)	(163,760,420)
Prepaid expenses and other current assets	13	(35,481,132)	(23,163,249)
Accounts payable and other current liabilities	20	599,695,548	263,239,466
Contract liabilities		19,957,101	47,320,565
Due to related parties	22	10,501	(5,467,541)
<b>Cash from operations</b>		<u>883,024,424</u>	<u>734,299,043</u>
Zakat paid	21	(71,905,032)	(57,917,840)
Proceeds from income murabaha deposit		55,335,566	12,061,374
End of service benefits paid	18	(10,575,546)	(16,589,065)
<b>Net cash from operating activities</b>		<u>855,879,412</u>	<u>671,853,512</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Murabaha deposit		(429,283,518)	(1,063,013,851)
Purchase of property and equipment and intangible assets		(46,510,374)	(45,019,612)
Proceeds from disposal of property and equipment		280,884	584,185
Proceeds from other financial assets	10	298,793,135	314,000,000
Proceeds from investments in associates	9	150,000	-
Investments in other financial assets	10	(278,560,436)	(42,430,000)
Payments for capital works in progress		(96,073,069)	(18,851,405)
<b>Net used in investing activities</b>		<u>(551,203,378)</u>	<u>(854,730,683)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(23,047,351)	(19,100,228)
Purchase of treasury shares	16	-	(307,200,000)
Payment of principal portion of purchasing property		(23,429,979)	(24,113,331)
Finance cost paid		(1,840,954)	(2,672,256)
Dividends paid		(466,183,200)	(232,800,000)
<b>Net cash used in financing activities</b>		<u>(514,501,484)</u>	<u>(585,885,815)</u>
<b>Net Change in cash and cash equivalents</b>		<u>(209,825,450)</u>	<u>(768,762,986)</u>
Cash and cash equivalents at the beginning of the period	15	588,679,391	1,362,219,462
<b>Cash and cash equivalents at the end of the period</b>		<u>378,853,941</u>	<u>593,456,476</u>

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023**

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, 2022.

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

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

The significant accounting assumptions, estimates and judgments used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2022.

**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, 2022.

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

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

There are no new and amended standards and interpretations applicable as of September 30, 2023.

**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, 2022. Noting that the Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.



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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023**

All amounts in Saudi Riyals

**5. REVENUE**

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

	For the three months period ended September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Digital business	1,098,851,342	794,923,893	3,087,763,301	2,164,330,750
Business process outsourcing	381,387,544	342,120,532	1,011,131,321	1,016,504,691
Professional services	40,761,309	30,370,176	114,099,945	117,358,720
	<b>1,521,000,195</b>	<b>1,167,414,601</b>	<b>4,212,994,567</b>	<b>3,298,194,161</b>

Revenue sources:

	For the three months period ended September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Revenue from government agencies	544,831,345	471,445,247	1,512,749,383	1,485,844,502
Revenue from private parties	976,168,850	695,969,354	2,700,245,184	1,812,349,659
	<b>1,521,000,195</b>	<b>1,167,414,601</b>	<b>4,212,994,567</b>	<b>3,298,194,161</b>

Revenue recognition time:

	For the three months period ended September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
At a point in time	1,169,866,939	880,361,505	3,213,270,227	2,464,001,765
Over a period of time	351,133,256	287,053,096	999,724,340	834,192,396
	<b>1,521,000,195</b>	<b>1,167,414,601</b>	<b>4,212,994,567</b>	<b>3,298,194,161</b>

**6. PROPERTY AND EQUIPMENT**

During the nine months period ended September 30, 2023, the Group acquired property and equipment amounted to SR 44,5 million, including Nil non-cash additions transferred from capital working progress (for the nine months period ended September 30, 2022: SR 33,7 million including non-cash additions transferred from capital working in progress amounted to SR 6,9 million). During the nine months period ended September 30, 2023, the Group disposed of property and equipment with a net book value of SR 257,8 thousand (for the nine months period ended September 30, 2022: SR 483,5 thousand), which resulted in gains on the disposal of property and equipment for the nine months period ended on September 30, 2023 amounted to SR 23,0 thousand ( gains from assets disposal for the nine months period ended September 30, 2022 : SR 100,6 thousand).The depreciation expense for the nine months period ended September 30, 2023 amounted to SR 36.1 million (for the nine months period ended September 30, 2022: SR 29,4 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

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 September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Cost of revenue	8,681,287	6,362,446	23,783,361	17,390,192
General and administrative expenses	4,810,988	3,831,708	11,734,765	11,410,094
Selling and marketing expenses	262,874	253,712	609,109	570,194
	<b>13,755,149</b>	<b>10,447,866</b>	<b>36,127,235</b>	<b>29,370,480</b>

7. RIGHT -OF- USE ASSETS

During the nine months period ended September 30, 2023, There was additions to right of use assets amounting to 87.1 million Saudi riyals (for the nine months period ended September 30, 2022: 10,3 million Saudi riyals). There was disposals with a net book value of SR 4,2 million (for the nine months period ended September 30, 2022: SR 736 thousand). The depreciation expense for the nine months period ended September 30, 2023 amounted to 16,5 million Saudi riyals (for the nine months period ended September 30, 2022: 19,6 million Saudi riyals).

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 September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Cost of revenue	2,131,344	2,381,220	5,929,319	5,362,967
General and administrative expenses	3,959,083	4,829,782	10,615,429	14,255,638
	<b>6,090,427</b>	<b>7,211,002</b>	<b>16,544,748</b>	<b>19,618,605</b>

8. INTANGIBLE ASSETS

During the nine months period ended on September 30, 2023, the Group acquired intangible assets amounted to SR 42,2 million, including non-cash additions transferred from capital work in progress amounted to SR 40,2 million (for the nine months period ended 30 September 2022: SR 43,2 million, including non-cash additions transferred from capital work in progress amounted to SR 24,9 million). During the nine months period ended on September 30, 2023, the Group has not recorded an impairment with a net book value (for the nine months period ended September 30, 2022: SR 28,1 million) The amortization expense for the nine months period ended on September 30, 2023 was SR 51,9 million (for the nine months period ended on September 30, 2022: SR 36,2 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE AND NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2023

All amounts in Saudi Riyals

8. INTANGIBLE ASSETS (CONTINUED)

Impairment

As on September 30, 2022, the Group recorded an impairment against internally developed technology platforms, amounted to 28,1 million due to the presence of indicators of impairment, as the management conducted a study to assess the recoverable amount through forecasting the expected future cash flows of the asset and which resulted in recoverable amount being less than the current value of the asset.

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 September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Cost of revenue	15,538,034	11,794,264	46,168,407	32,545,094
General and administrative	2,731,178	1,226,959	5,710,958	3,682,009
	<u>18,269,212</u>	<u>13,021,223</u>	<u>51,879,365</u>	<u>36,227,103</u>

9. INVESTMENTS IN ASSOCIATES

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the year	2,397,758	3,497,224
Disposal during the year	(179,017)	-
Share in results of associates	(2,218,741)	(1,099,466)
<b>Balance at the end of the year</b>	<u>-</u>	<u>2,397,758</u>

During the third quarter of 2023, the group sold all of its shares in Al Dal Real Estate Services Company, a limited liability company registered within commercial registration No. 1010680496, in exchange for SR 150 Thousands. The disposal resulted in a loss of SR 29 Thousands, which has been recognized in the condensed consolidated statement of profit or loss under other income, net.

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10. OTHER FINANCIAL ASSETS

The group's other financial assets balances consist of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<i>Financial assets at FVTPL</i>		
Money Market Funds (A)	33,338,877	85,853,919
Advance payment for future equity (B)	49,713,132	45,957,634
	<u>83,052,009</u>	<u>131,811,553</u>
<i>Financial assets at FVTOCI</i>		
Unquoted equity investments (C)	181,588,560	151,576,757
	<u>264,640,569</u>	<u>283,388,310</u>
<b>Other financial assets are presented in the statement of financial position as follows:</b>		
Current	33,338,877	85,853,919
Non-current	231,301,692	197,534,391
	<u>264,640,569</u>	<u>283,388,310</u>

A) An investment in money market funds represents an investment in a public murabaha fund, aimed at achieving low risk returns for unit holders while preserving capital and providing liquidity.

B) The advance payment for future equity represents amounts that the Group has paid to obtain shares in the upcoming investment rounds of these companies. All advance payments are considered debt instruments in accordance with IFRS 9, and when it's fair valued, cash flow and multiple methods are used for measurement. using various methods such as cash flow models, multiples method, and Equity rounds (fair value level 3).

C) Investments in unquoted equity represent venture capital investments for companies operating in the information technology sector in Saudi Arabia and abroad, and when it's fair valued, cash flow models and Equity rounds (Fair value level 3).

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at the beginning of the period / year	283,388,310	611,925,993
Additions	278,560,436	127,022,303
Proceeds	(298,793,135)	(446,352,768)
Gain / (losses) on financial assets at FVTPL	1,484,958	(402,085)
losses on financial assets at FVTOCI	-	(8,805,133)
Balance at the end of the period / year	<u>264,640,569</u>	<u>283,388,310</u>

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**11. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	<b>September 30, 2023</b> <b>(Unaudited)</b>	December 31, 2022 <b>(Audited)</b>
Government receivables	<b>1,585,939,570</b>	928,308,495
Private receivables	<b>941,044,235</b>	904,392,219
	<b>2,526,983,805</b>	1,832,700,714
Expected credit losses provision	<b>(423,890,604)</b>	(367,622,511)
	<b>2,103,093,201</b>	<b>1,465,078,203</b>

The Government receivables balance includes related parties balances amounting to SR 24,1 million (2022:SR 29,8 million) as in 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:

	<b>September 30, 2023</b> <b>(Unaudited)</b>	December 31, 2022 <b>(Audited)</b>
Government contract assets	<b>718,753,354</b>	807,711,945
Private contract assets	<b>487,779,021</b>	111,954,500
	<b>1,206,532,375</b>	919,666,445
Expected credit losses provision	<b>(122,849,780)</b>	(115,204,452)
	<b>1,083,682,595</b>	<b>804,461,993</b>

The government contract assets include related parties balances amounting to SR 22,8 million (2022: 48,0 million Saudi riyals) as in Note 22.

**13. PREPAYMENTS AND OTHER CURRENT ASSETS**

Prepayments and other current assets consists of the following:

	<b>September 30, 2023</b> <b>(Unaudited)</b>	December 31, 2022 <b>(Audited)</b>
Prepaid expenses	<b>47,278,517</b>	59,965,903
Deferred costs	<b>68,502,350</b>	58,031,098
Advance payments to vendors	<b>68,332,049</b>	21,985,226
Accrued murabaha deposit income	<b>40,710,718</b>	23,799,051
Letter of guarantee	<b>33,689,019</b>	26,102,849
Employees receivable	<b>23,983,272</b>	21,052,388
Other	<b>347,743</b>	1,776,842
	<b>282,843,668</b>	<b>212,713,357</b>

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**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 5,94% annually (2022: 3.5% annually), and the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 33,6 million during the three months period ended September 30, 2023 (2022:SR 9,9 million) and for the nine months period ended September 30,2023 SR 91,1 million (2022:SR 17,0 million). All murabaha deposits mature within one year.

**15. CASH AND CASH EQUIVALENTS**

Cash and Cash equivalents consists of the following:

	<b>September 30, 2023</b> <b>(Unaudited)</b>	December 31,2022 <b>(Audited)</b>
Cash at banks	<b>378,853,941</b>	63,190,550
Short term murabaha deposits (15-A)	-	525,488,841
	<b>378,853,941</b>	<b>588,679,391</b>

15-A The balance of short-term murabaha deposits consists of short-term deposits of three months and less, Nil short-term murabaha deposits as of 30 September 2023 (2022: 3.3%).

The company has a balance of SR 4,7 billion (December 31,2022: SR 1,4 billion ) recorded in its bank accounts, which has not been presented within the group's assets, as this amount relates to services in which the company links bank account to technical systems for the purpose of transferring them between the parties benefiting from these services.

**16. 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, 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 following table shows the number of shares and changes during the period/year:

	<b>September 30, 2023</b> <b>(Unaudited)</b>	December 31,2022 <b>(Audited)</b>
The number of outstanding treasury shares at the beginning of the period/year	<b>2,400,000</b>	-
The number of shares purchased during the period/year	-	2,400,000
The number of shares settled and reissued during the period/year	<b>(97,200)</b>	-
	<b>2,302,800</b>	<b>2,400,000</b>

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**17. SHARE BASED PAYMENT**

During the third quarter of 2023, the Group announced the second phase of the long-term incentive plan program for its employees, the details of which are as follows:

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

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

	<b>For the three months period ended September 30</b>	
	<b>2023 (Unaudited)</b>	<b>2022 (Unaudited)</b>
Tranche 1- Long term incentive plan program	<b>15,633,828</b>	-
Broad based Stock ownership program	<b>3,002,665</b>	12,179,305
Tranche 2 – Long term incentive plan program	<b>2,598,660</b>	-
	<b>21,235,153</b>	<b>12,179,305</b>

**18. END OF SERVICES BENEFITS PROVISION**

Employee end of service benefits provision movement as follows:

	<b>September 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (Audited)</b>
Balance at the beginning of the period / year	<b>307,462,112</b>	263,057,441
Current service cost during the period/year	<b>40,280,625</b>	56,260,945
Current service financing cost during the period/year	<b>10,377,004</b>	6,498,750
Benefits paid during the period/year	<b>(10,575,546)</b>	(26,731,214)
Actuarial losses during the period/year	<b>-</b>	8,376,190
Balance at the end of the period / year	<b>347,544,195</b>	<b>307,462,112</b>

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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 number of shares outstanding at the end of the period. The calculation of basic and diluted earnings per share is based on the following information:

	For the three months period ended September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Net Profit	<b>334,245,923</b>	273,360,468	<b>1,029,419,971</b>	717,855,528
<b>Number of shares</b>				
Weighted average number of shares for calculation for basic earnings per share	<b>77,697,200</b>	77,600,000	<b>77,680,466</b>	78,005,882
Weighted average number of shares for repurchased shares	<b>2,302,800</b>	2,400,000	<b>2,319,534</b>	1,994,118
Weighted average number of shares for calculation for diluted earnings per share	<b>80,000,000</b>	80,000,000	<b>80,000,000</b>	80,000,000
<b>EARNINGS PER SHARE:</b>				
Basic	<b>4.30</b>	3.52	<b>13.25</b>	9.20
Diluted	<b>4.18</b>	3.42	<b>12.87</b>	8.97

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

Accounts payable and other current liabilities are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Income sharing accruals	<b>1,449,222,025</b>	812,510,288
Contractual cost	<b>373,054,397</b>	364,288,497
Employee accruals	<b>311,697,857</b>	318,359,076
Accounts payable	<b>288,376,142</b>	300,229,346
Incentives & marketing	<b>38,644,967</b>	38,345,939
Value added tax	<b>20,182,771</b>	35,396,601
Retention payable	<b>2,737,819</b>	2,156,491
Dividend payable	<b>2,018,362</b>	1,986,500
Litigation provision (Note 25)	<b>1,435,657</b>	16,386,478
Other	<b>15,727,009</b>	13,742,242
	<b>2,503,097,006</b>	1,903,401,458



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## 21. ZAKAT

The group submitted all its zakat returns until the end of the year 2022, with paying the zakat due based on those returns and received the zakat certificate for that year. The group has not received any zakat assessments until the date of preparing the consolidated financial statements.

The Group pays VAT on a monthly basis and VAT returns have been submitted for all previous fiscal years . The Group underwent a tax examination for the years 2018, 2019 and 2020, and 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:

	<b>September 30, 2023</b>	December 31, 2022
	<b>(Unaudited)</b>	(Audited)
Balance at the beginning of the period / year	<b>138,434,452</b>	103,465,145
Charge during the period / year	<b>97,342,647</b>	92,887,147
Paid during the period / year	<b>(71,905,032)</b>	(57,917,840)
<b>Balance at the end of the period / year</b>	<b>163,872,067</b>	138,434,452

## 22. 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 interim condensed consolidated financial statements, balances with related parties were unguaranteed.

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

<u>Related Party</u>	<u>Relationship</u>
Public Investment Fund	Main shareholder
Senior executive managers	Employees
Board of Directors	Members
Unifonic company	Affiliates
Smart national Solutions Company	Affiliates

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**22. 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:

	For the three months period ended September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
<b>Transactions</b>				
<b>Transactions with the main shareholder</b>				
Service revenue	8,893,993	12,278,438	23,502,053	61,858,532
Purchase of Treasury Share	-	-	-	307,200,000
<b>Unifonic company</b>				
Services cost	15,193,259	10,401,861	37,363,423	27,907,719
<b>Smart national Solution</b>				
Services cost	4,987,186	1,488,250	6,619,387	7,922,927
<b>Transaction with board of directors and senior executive managers</b>				
Salaries and benefit	6,923,126	5,310,287	19,831,159	15,513,951
Remunerations and allowances	9,380,486	6,854,874	25,592,705	15,244,707
End of service indemnity	531,925	432,657	3,478,550	3,272,752

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Balances</b>		
<b>Due from related parties</b>		
<i>Due from Shareholder classified under:</i>		
Accounts receivable (Note 11)	24,118,174	29,826,566
Contract assets (Note 12)	22,774,159	47,992,552
<b>Due to related parties</b>		
Unifonic Company	23,671,781	18,160,192
Smart National Solution Company	1,249,629	6,750,717
	<u>24,921,410</u>	<u>24,910,909</u>

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### 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 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 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 September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
<b>Revenue</b>				
Digital Business	1,098,851,342	794,923,893	3,087,763,301	2,164,330,750
Business Process Outsourcing	381,387,544	342,120,532	1,011,131,321	1,016,504,691
Professional Services	40,761,309	30,370,176	114,099,945	117,358,720
	<u>1,521,000,195</u>	<u>1,167,414,601</u>	<u>4,212,994,567</u>	<u>3,298,194,161</u>
<b>Cost</b>				
Direct cost	(945,534,356)	(681,600,270)	(2,491,077,967)	(1,959,982,240)
Operating expenses (except depreciation and amortization, ECL, Impairment of intangible assets)	(188,752,332)	(155,261,586)	(533,037,460)	(422,933,547)
Expected credit loss (ECL)	(25,642,756)	(26,996,813)	(63,837,701)	(48,521,888)
Depreciation & amortization	(38,114,788)	(30,680,091)	(104,551,348)	(85,216,188)
Impairment of intangible assets	-	(1,045,646)	-	(28,122,854)
Other income, net	41,052,958	22,954,680	106,272,527	37,598,601
Zakat	(29,762,998)	(21,424,407)	(97,342,647)	(73,160,517)
	<u>(1,186,754,272)</u>	<u>(894,054,133)</u>	<u>(3,183,574,596)</u>	<u>(2,580,338,633)</u>
<b>Net profit</b>	<u>334,245,923</u>	<u>273,360,468</u>	<u>1,029,419,971</u>	<u>717,855,528</u>

Below is a breakdown of gross profit by segments:

	For the three months period ended September 30		For the nine months period ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Digital Business	458,567,529	347,437,890	1,392,139,666	974,237,068
Business Process Outsourcing	113,374,552	134,398,246	316,050,483	328,681,891
Professional Services	3,523,758	3,978,195	13,726,451	35,292,962
	<u>575,465,839</u>	<u>485,814,331</u>	<u>1,721,916,600</u>	<u>1,338,211,921</u>

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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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b><i>Assets</i></b>		
Digital Business	5,374,224,727	4,107,846,122
Business Process Outsourcing	1,759,865,125	1,702,655,584
Professional Services	198,589,946	215,884,363
	<b>7,332,679,798</b>	<b>6,026,386,069</b>
<b><i>Liabilities</i></b>		
Digital Business	2,712,662,528	2,030,874,054
Business Process Outsourcing	888,299,321	841,774,240
Professional Services	100,239,110	106,730,860
	<b>3,701,200,959</b>	<b>2,979,379,154</b>

24. BANK FACILITIES

The Group has facilities agreements with local banks to meet the working capital requirements and support the Group's business requirements in the form of cash withdrawals and letters of guarantee with a maximum limit of SR 500 million as of September 30, 2023 (December 31, 2022 : SR 150 million). the Group has utilized some of those facilities agreements to issue bank guarantees for it's projects as disclosed in (Note 25).

25. CONTINGENT LIABILITIES

- The Group has outstanding bank letters of guarantee amounted to SAR 102 million as of September 30, 2023 (December 31, 2022: SR 97 million).
- In the normal course of business, the Group is a party to legal cases either as a plaintiff or defendant. As on September 30, 2023, the Group recorded a provision against legal cases in the amount of SR 1,4 million (December 31, 2022: SAR 16,4 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).

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**26. DIVIDENDS**

The Board of Directors, in its meeting held on Ramadan 5, 1444 (corresponding to March 27, 2023), approved cash dividends of SR 233,1 million (at 3 riyals per share) for the second half of 2022. During April, the dividends were paid.

The Board of Directors, in its meeting held on Muharram 18, 1445 (corresponding to August 5, 2023), approved cash dividends of SR 233,1 million (at 3 riyals per share) for the first half of 2023. During August, the dividend were paid .

**27. COMPARATIVE FIGURES**

Reclassification

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.

Interim condensed consolidated statement of profit or loss and other comprehensive income:

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

	The total as of September 30, 2022	Reclassification	Balance after reclassification
Cost of revenue	2,057,625,648	(97,643,408)	1,959,982,240
Selling and marketing	94,624,248	67,105,170	161,729,418
General and administrative	230,665,891	30,538,238	261,204,129
	<u>2,382,915,787</u>	<u>-</u>	<u>2,382,915,787</u>

**28. SUBSEQUENT EVENTS**

There are no subsequent significant events since the period ending 30 September 2023 that could have a material impact on the financial position of the Group as shown in these interim condensed consolidated financial statements.

**29. APPROVAL OF THE FINANCIAL STATEMENTS**

These Interim condensed consolidated financial statements were approved by the Board of Directors on 13 Rabi Althani, 1445(corresponding to on 28 October, 2023).