Earnings Release

H1 2025

elm Reported its Interim Consolidated Financial Results for the Period Ended 30 June 2025

H1 2025 Financial Performance Highlights

(Comparisons reflect year-on-year changes and all figures are in SAR million except for EPS)

Revenue	Gross Profit	EBIT
4,122	1,727	985
+21.0% ▲	+27.3% ▲	+23.4% ▲

Net profit	EPS (⃁)
1,085	13.95
+30.6% ▲	

Commenting on the results, Mohammad Alomair, CEO of elm, said, 'elm continues to solidify its leadership in digital transformation, posting robust results in the first half of 2025. The company reported a 21% growth in revenue, reaching SAR 4.1 billion, alongside a 31% increase in net profit, which rose to SAR 1 billion.

As part of elm's 4.0 strategy, we're accelerating our shift toward transformative AI—developing national models aligned with regulatory frameworks and integrating advanced analytics into our digital solutions. Our local and global partnerships, including the expansion of elm Europe, have played a key role in this progress.

As part of expansion and growth effort, the successful acquisition of Thiqah, which has already contributed 7% to revenue growth, emphasized our ongoing efforts to maximize the impact of this investment.

In Q2, elm launched 14 new digital services with added value, with more planned for release later this year. These efforts further strengthen the company's role in empowering public and private sectors with innovative, future-ready solutions.

Looking ahead, we have confidence in the opportunities ahead in AI and digital services, underscoring elm's commitment to investing in technology, talent, and innovation to drive sustainable growth across the Kingdom and the region.'

Financial Performance Highlights

P/L Performance Highlights

⃁ million	H1 2025	H1 2024	Change*
Revenue	4,122	3,406	21.0%
Cost of Revenue	(2,395)	(2,049)	16.9%
Gross Profit	1,727	1,357	27.3%
Gross Margin %	41.9%	39.8%	2.1 PP
Operating Expenses	(742)	(559)	32.7%
Operating Profit	985	798	23.4%
Operating Margin %	23.9%	23.4%	0.5 PP
Net profit	1,085	831	30.6%
Net Margin %	26.3%	24.4%	1.9 PP
Basic EPS (SAR)	13.95	10.70	30.4%

*PP: Percentage point

Revenues increased by 21.0% to reach SAR 4,122 million for the first half of 2025, driven mainly by the growth in the digital business segment and professional services segment. Additionally, the acquisition of Thiqah Business Services Company during the period contributed to the revenue increase with an amount of SAR 236 million.

The gross profit margin expanded by 2.1 percentage points to reach 41.9%, mainly due to higher profitability in the digital business segment.

Operating expenses rose by 32.7% to reach SAR 742 million for the first half of 2025, primarily from the increase in general and administrative expenses due to higher employee costs and consulting expenses, in addition to higher depreciation and amortization charges and provisions for expected credit loss.

The company achieved an operating profit margin of 23.9%, an increase of 0.5 percentage points.

Net profit margin improved by 1.9 percentage points year-on-year, reaching to 26.3%, the increase is driven by the increase in EBIT profit in addition due to the reversal of the zakat provision amounting to SAR 69 million which resulted in a decrease in zakat expense compared to the first half of 2024 amounting to SAR 92 million. The acquisition of Thiqah contributed to a decrease in the net profit due to losses of about SAR 4.3 million.

Basic earnings per share rose to SAR 13.95 per share.

Segmental Performance Highlights

⃁ million	H1 2025	H1 2024	Change*
Revenue			
Digital Business	2,967	2,424	22.4%
Business Process Outsourcing	1,068	917	16.5%
Professional Services	87	65	33.8%
Total	4,122	3,406	21.0%
Gross Profit			
Digital Business	1,482	1,128	31.4%
Business Process Outsourcing	227	217	4.6%
Professional Services	18	12	50.0%
Total	1,727	1,357	27.3%
Gross Profit Margin %			
Digital Business	49.9%	46.5%	3.4 PP
Business Process Outsourcing	21.3%	23.7%	(2.4) PP
Professional Services	20.7%	18.5%	2.2 PP
Total	41.9%	39.8%	2.1 PP

*PP: Percentage point

Revenue for the Digital Business segment grew by 22.4% compared to the same period of last year, driven by the growth of products and projects during the period, the acquisition of Thiqah contributed to an amount of SAR 111 million to the segment's revenue.

The acquisition also supported an increase in the segment's gross profit, Profitability improved due to amendments in a few agreements, resulting in revenue being recognized on a net basis as an agent rather than a principal. This led to a 3.4 percentage point improvement in the gross profit margin, reaching 49.9%.

The Business Process Outsourcing segment also witnessed a revenue increase of 16.5%, mainly due to Thiqah's contribution of SAR 125 million to the segment's revenue. The gross profit increased by 4.6%, while the gross profit margin decreased by 2.4 percentage points to reach 21.3%, mainly due to the nature of project deliverables.

Finally, the Professional Services segment recorded a 33.8% increase in revenue, while gross profit for the segment grew by 50.0%, mainly driven by new high-margin projects.

Balance Sheet Highlights

⃁ million	30 Jun 2025	31 Dec 2024	Change*
Total Assets	10,413	9,554	9.0%
Total Liabilities	7,148	4,261	67.8%
Total Equity	3,265	5,293	-38.3%

Assets

As of June 30, 2025, total assets increased by 9.0% to reach SAR 10,413 million, compared to SAR 9,554 million as of December 31, 2024. The increase was mainly driven by the consolidation of Thiqah's assets following the acquisition, which resulted in a SAR 403 million increase in capital work in progress and intangible assets. Current assets also increased, primarily due to higher trade receivables and contract assets amounting to SAR 1,454 million, with Thiqah contributing SAR 854 million of this increase.

Liabilities

Total liabilities rose by 67.8% to reach SAR 7,148 million as of June 30, 2025, compared to SAR 4,261 million at the end of 2024. The increase is mainly attributable to the new SAR 1,900 million loan facility obtained to finance Thiqah acquisition, in addition to the consolidation of Thiqah's liabilities, that contributed significantly to the increase in payables, contract liabilities, and end-of-service benefit provision.

Equity

Total equity declined by 38.3% to reach SAR 3,265 million as of June 30, 2025, compared to SAR 5,293 million at the end of 2024. This decrease is primarily attributable to the SAR 2,810 million impact recognized in retained earnings as a result from the accounting treatment applied for Thiqah's acquisition as it is considered a business combination under common control, where retained earnings were reduced by the difference between the adjusted consideration paid and the net assets of Thiqah Company at the acquisition date. Additionally, the impact of dividend distributions of SAR 311 million during the period. These effects were partially offset by total comprehensive income of SAR 1,053 million for the first half of 2025.

Cash Flow Statement Highlights

⃁ million	H1 2025	H1 2024	Change*
Net cash generated from operating activities	377	992	-62.0%
Net cash (used in) / generated from investing activities	(1,828)	1,327	-237.8%
Net cash generated from / (used in) financing activities	1,564	(375)	-517.1%

Net cash generated from operating activities declined to SAR 377 million for the first half of 2025, down from SAR 992 million in the prior year period. The decrease mainly reflects negative net working capital movements during the first half of the year, primarily due to settlement of income sharing payables and payment of annual employee bonuses. Additionally, contract liabilities decreased by SAR 110 million, mainly due to the impact of the Thiqah acquisition through a business combination under common control.

Net cash used in investing activities amounted to SAR 1,828 million for the first half of 2025, compared to an inflow of SAR 1,327 million in the prior year period. This was primarily driven by the consideration paid for Thiqah acquisition, offset by lower Murabaha deposit balances.

Net cash from financing activities recorded an inflow of SAR 1,564 million versus an outflow of SAR 375 million for the prior year period. This inflow reflects the new SAR 1,900 million loan facility obtained to finance the Thiqah acquisition, offset by dividend distributions of SAR 311 million paid during the period.

As a result, cash and cash equivalents stood at SAR 2,389 million as of June 30, 2025.

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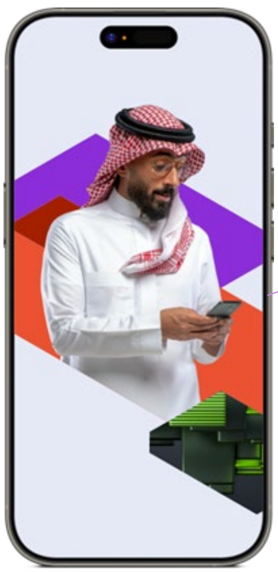

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