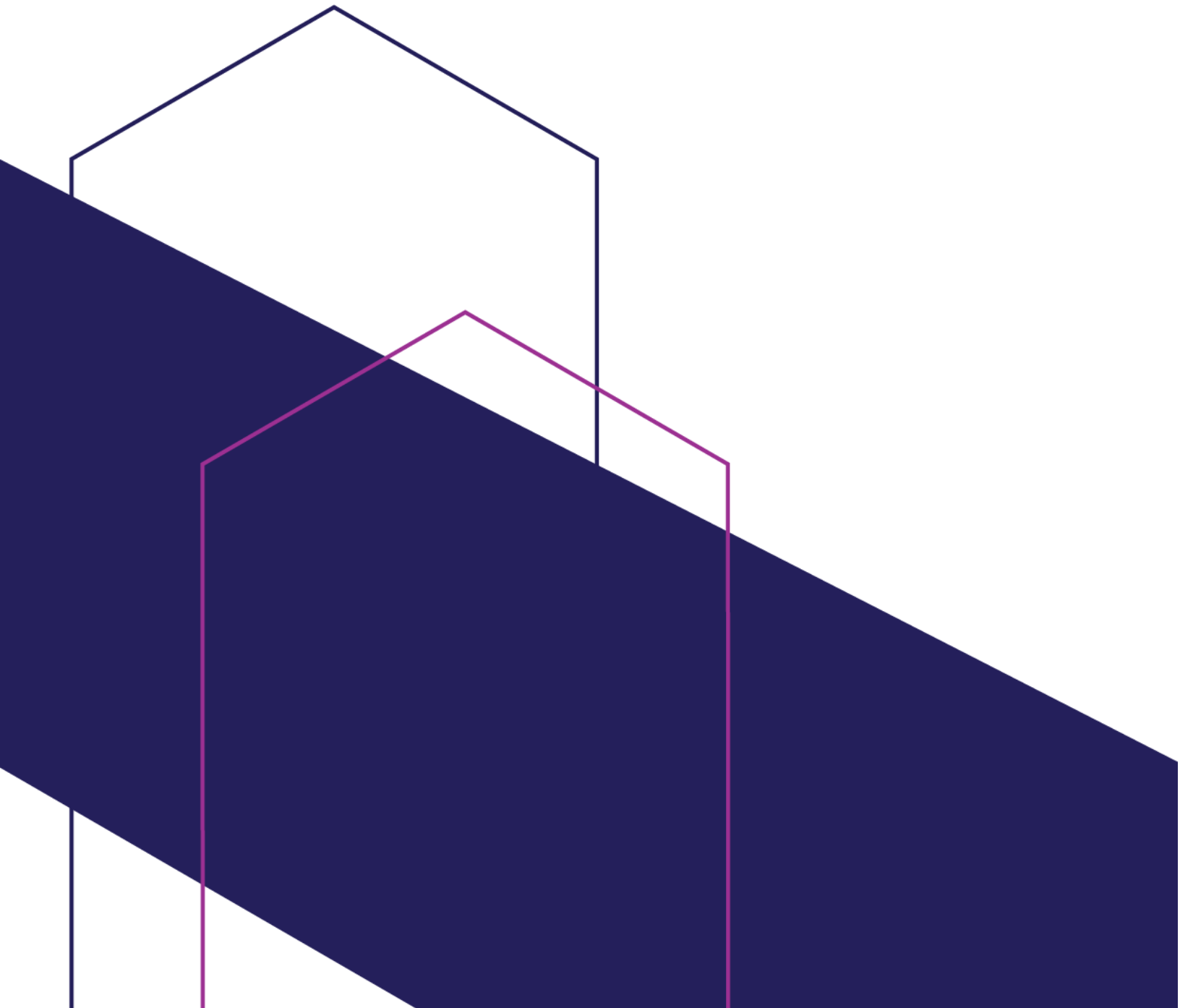




Earnings Release

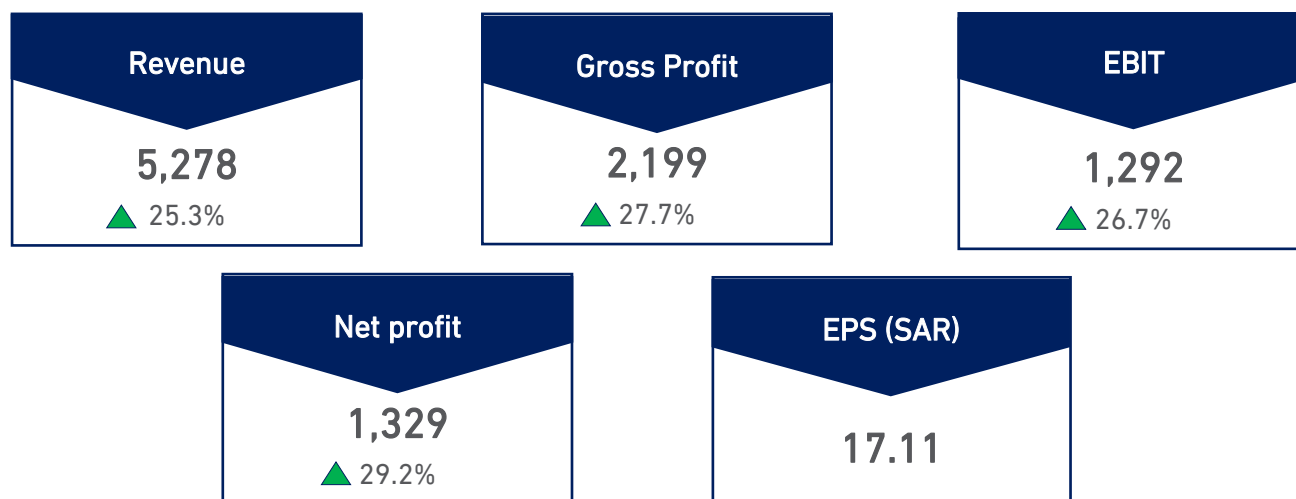
Period ended 30 September 2024



Elm reported its interim consolidated financial results for the period ended on 30 September 2024

9M 2024 Financial Performance Highlights

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



Commenting on the results, Mohammad Al Omair, CEO of Elm, said, “In Q3 2024, Elm achieved impressive financial results, with revenue rising by 25% to SAR 5.3 billion, showcasing its resilience and growth in a rapidly changing business landscape.

The executive team reinforced Elm’s position as a leader in digital transformation by showcasing AI-driven solutions at major technology conferences both locally and globally.

Elm also underlined its commitment to sustainability by publishing its first Sustainability Report, highlighting the company’s dedication to making a positive and lasting impact on society and the environment.

The quarter ended with a strategic push to explore investment opportunities that align with Elm’s long-term vision, aiming for business growth and maximizing impact through engagement with high-potential opportunities. Looking ahead, Elm is dedicated to continued growth and excellence, fully aligned with Vision 2030’s goal of building a prosperous, knowledge-driven economy.”

Performance Highlights:

Financial Performance Highlights

SAR (million)	9M - 24	9M - 23	Change
Revenue	5,278	4,213	25.3%
Cost of Revenue	(3,079)	(2,491)	23.6%
Gross Profit	2,199	1,722	27.7%
<i>Gross Margin</i>	41.7%	40.9%	0.8 PP
Operating Expenses	(906)	(702)	29.1%
Operating Profit	1,292	1,020	26.7%
<i>Operating Margin</i>	24.5%	24.2%	0.3 PP
Net profit	1,329	1,029	29.2%
<i>Net Margin</i>	25.2%	24.4%	0.8 PP
Basic EPS (SAR)	17.11	13.25	

*PP: Percentage point

Revenue surged by 25.3% to SAR 5,278 million for the period ended 30 September 2024, driven by the expansion in Digital Business and Business Process Outsourcing Segments.

Gross Margin increase by 0.8 percentage points to 41.7%, affected primarily by the increase in profitability of the digital business segment.

Operating expenses escalated by 29.1% to SAR 906 million for the period ended 30 September 2024, as a result of growth in G&A by 25.7% due to increase in employee cost and Consulting activities, S&M grew by 21.1% due to increase in Employee cost and events participations and sponsorships, growth in D&A by 72.4% due to increase in the leased offices, This was partially counterbalanced by the decrease in in ECL by 3.1%.

Operating Margin increased by 0.3 percentage points to 24.5%.

Net profit margin increased by 0.8 percentage points to 25.2% compared to the comparative period from the prior year.

Basic EPS also increased to SAR 17.11 per share.

Segmental Performance Review

SAR (million)	9M - 24	9M - 23	Change
Revenue			
Digital Business	3,860	3,071	25.7%
Business Process Outsourcing	1,325	1,027	29.0%
Professional Services	93	115	(19.1%)
Total	5,278	4,213	25.3%
Gross Profit			
Digital Business	1,857	1,390	33.6%
Business Process Outsourcing	326	317	2.8%
Professional Services	16	15	6.7%
Total	2,199	1,722	27.7%
Gross profit Margin			
Digital Business	48.1%	45.3%	2.85 PP
Business Process Outsourcing	24.6%	30.9%	(6.26) PP
Professional Services	17.2%	13.0%	4.16 PP
Total	41.7%	40.9%	0.79 PP

*PP: Percentage point

The **Digital business** segment achieved a revenue growth of 25.7% compared to the comparative period from the prior year, which contributed to an increase in gross profit by 33.6% and a rise in the gross profit margin by 2.85 percentage points, reaching 48.1%. This revenue growth was driven by product expansion during the period, attributed to an increase in the customer base and the launch of new services.

The **Business Process Outsourcing** segment also witnessed an increase of 29.0% in revenue, primarily due to securing new high-revenue projects. On the other hand, gross profit grew by a slight 2.8%, while the gross profit margin decreased by 6.3 percentage points to reach 24.6%, due to the completion of projects that generated high profit margins.

Professional Services segment revenue decreased by 19.1%. However, the segment's gross profit increase by 6.7%; and the gross profit margin increased by 4.2 percentage points. The increase was due to the new projects during the period that have a higher gross profit margin and the completion of deliverables.

Balance Sheet Highlights

SAR (million)	9M - 2024	31 Dec 2023	Change
Total Assets	8,787	8,097	8.5%
Total Liabilities	4,003	4,102	(2.4%)
Total Equity	4,783	3,995	19.7%

Assets

By the end of the reporting period, total assets increased by 8.5%, to SAR 8,787 million in September-2024 compared to SAR 8,097 million in December-2023. This increase was mainly due to a 35.4% rise in non-current assets, attributed to additional leased buildings. Current assets also increased by 4.15%, primarily due to a rise in accounts receivable by SAR 402 million and contract assets by SAR 124 million, driven mainly by revenue growth.

Liabilities

Total liabilities decreased by 2.4%, to SAR 4,003 million in September-2024 compared to SAR 4,102 million in December-2023. This decrease was primarily due to a 12.1% reduction in current liabilities, resulting from a SAR 570 million decline in payables and other current liabilities, impacted by a decrease in income sharing and partner dues following partial settlement of these dues. Additionally, non-current liabilities increased by 57.6%, influenced by additional building leases during the period.

Equity

Total Equity increased by 19.7% to SAR 4,783 million in September-2024 compared to SAR 3,995 million in December-2023. Mainly due to an increase in total comprehensive income during the period of SAR 1,329 million and a decrease in dividends distributed of SAR 583 million.



Cash Flow Statement Highlights

SAR (million)	9M - 2024	9M - 2023	Change
Net cash flow from operating activities	662	856	(22.7%)
Net cash generated from/(used in) investing activities	234	(551)	(>100%)
Net cash used in financing activities	(677)	(515)	31.5%

Cash flow from operating activities decreased to SAR 662 million in September-2024 compared to positive cash flows of SAR 856 million in September-2023. This decline was primarily due to changes in working capital, which resulted in negative cash flows of SAR 1,023 million during the nine-month period ended September 30, 2024, compared to negative cash flows of SAR 397 million in the same period from the previous year.

Net cash from investing activities increased to positive cash flows of SAR 234 million in September-2024 compared to negative cash flows of SAR 551 million in September-2023, this was due to a change in Murabaha deposit resulting from the reallocation of the group's short-term investments, along with additions of capital expenditures of SAR 176 million.

Net cash used in financing activities was higher with a net cash outflow of SAR 677 million in September-2024 compared to a cash outflow of SAR 515 million in September-2023, which was a result of the dividends paid amounting to SAR 583 million and the repayment of capital leases.

As a result, the **cash and cash equivalents** balance reached SAR 603 million for the period ended September 30, 2024.



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