

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 PERIODS ENDED JUNE 30, 2025

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2025

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

To the shareholders of
Elm Company
(A 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 at 30 June 2025, and the related interim condensed consolidated statement of profit or loss and statement of 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.

The Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards ("IAS 34") "Interim Financial Reporting" 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 Mohamed Al-Amri
Certified Public Accountant
License No. 362



Riyadh on, 6 August 2025 G
corresponding to: 12 Safar 1447 H

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2025
All amounts in Saudi Riyals

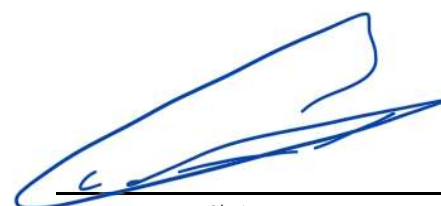
| | Note | For the three months period ended June 30 | | For the six months period ended June 30 | |
|--|-------|--|---------------------|--|----------------------|
| | | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Revenue | 5 | 2,244,771,259 | 1,767,013,240 | 4,122,195,879 | 3,406,025,684 |
| Cost of revenue | | (1,291,073,281) | (1,033,201,848) | (2,395,405,110) | (2,048,506,518) |
| GROSS PROFIT | | 953,697,978 | 733,811,392 | 1,726,790,769 | 1,357,519,166 |
| EXPENSES | | | | | |
| Research and development | | (20,777,190) | (19,134,763) | (42,070,081) | (33,404,388) |
| Selling and marketing | | (82,172,708) | (72,333,147) | (167,345,631) | (157,812,171) |
| Expected credit losses | | (37,141,404) | 6,403,154 | (40,795,290) | (18,265,669) |
| General and administrative | | (236,638,112) | (134,889,361) | (386,241,641) | (258,354,953) |
| Depreciation and amortization | 6,7,8 | (64,318,287) | (49,110,868) | (104,265,311) | (90,558,167) |
| Impairment of non-current assets | | - | (815,642) | (1,544,266) | (815,642) |
| OPERATING PROFIT | | 512,650,277 | 463,930,765 | 984,528,549 | 798,308,176 |
| Finance cost | | (28,618,820) | (7,877,607) | (35,983,951) | (12,568,085) |
| Income from murabaha deposits | 15,16 | 29,123,519 | 29,601,838 | 72,882,746 | 73,220,820 |
| Share in results from investments in associates and a joint venture | 10 | (946,874) | 201,104 | (1,659,302) | (25,701) |
| Change in fair value of financial assets through profit or loss, net | 10,11 | 5,162,578 | 19,120,313 | 12,454,266 | 20,022,033 |
| Other income, net | | 19,621,008 | 19,629,856 | 32,521,570 | 24,017,946 |
| NET PROFIT BEFORE ZAKAT | | 536,991,688 | 524,606,269 | 1,064,743,878 | 902,975,189 |
| Zakat, net | 23 | 52,650,722 | (38,368,502) | 20,629,765 | (71,967,133) |
| NET PROFIT | | 589,642,410 | 486,237,767 | 1,085,373,643 | 831,008,056 |
| Net profit attributable to: | | | | | |
| Equity holders of the parent company | | 589,643,321 | 486,237,767 | 1,085,374,554 | 831,020,512 |
| Non-controlling interests | | (911) | - | (911) | (12,456) |
| | | 589,642,410 | 486,237,767 | 1,085,373,643 | 831,008,056 |
| Earnings per share from net profit attributable to equity holders of the parent company: | | | | | |
| Basic | 20 | 7.58 | 6.26 | 13.95 | 10.70 |
| Diluted | 20 | 7.37 | 6.08 | 13.57 | 10.39 |



Chief Financial Officer



Chief Executive Officer



Chairman

INTERIM CONDENSED CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2025

All amounts in Saudi Riyals

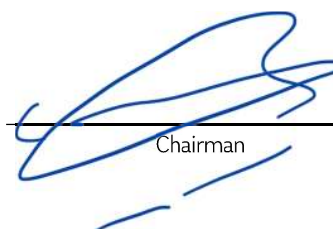
| | Note | For the three months period ended June 30 | | For the six months period ended June 30 | |
|---|------|--|---------------------|--|---------------------|
| | | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| NET PROFIT | | 589,642,410 | 486,237,767 | 1,085,373,643 | 831,008,056 |
| OTHER COMPREHENSIVE INCOME | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | |
| Foreign currency translation difference | | (585,556) | 5,879 | (814,962) | (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, net | 11 | (20,047,425) | (3,442,139) | (31,535,133) | (3,442,139) |
| TOTAL OTHER COMPREHENSIVE LOSS | | (20,632,981) | (3,436,260) | (32,350,095) | (3,442,226) |
| TOTAL COMPREHENSIVE INCOME | | 569,009,429 | 482,801,507 | 1,053,023,548 | 827,565,830 |
| <i>Total comprehensive income attributable to:</i> | | | | | |
| Equity holders of the parent company | | 569,010,340 | 482,801,507 | 1,053,024,459 | 827,578,286 |
| Non-controlling interests | | (911) | - | (911) | (12,456) |
| | | 569,009,429 | 482,801,507 | 1,053,023,548 | 827,565,830 |



Chief Financial Officer



Chief Executive Officer



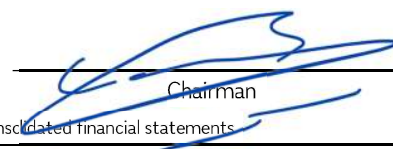
Chairman

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2025
All amounts in Saudi Riyals

| | Note | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--|------|------------------------------|--------------------------------|
| ASSETS | | | |
| NON – CURRENT ASSETS | | | |
| Property and equipment | 6 | 544,810,250 | 518,080,773 |
| Capital work in progress | | 429,185,357 | 51,062,073 |
| Right-of-use assets | 7 | 610,616,720 | 557,750,104 |
| Intangible assets | 8 | 196,194,544 | 70,612,641 |
| Finance lease receivables – non-current | 9 | 57,590,463 | 73,409,363 |
| Investments in associates and a joint venture | 10 | 24,987,204 | 6,687,350 |
| Other financial assets | 11 | 203,123,458 | 230,879,131 |
| Long term prepaid expenses | | 30,529,419 | 19,070,247 |
| TOTAL NON – CURRENT ASSETS | | 2,097,037,415 | 1,527,551,682 |
| CURRENT ASSETS | | | |
| Accounts receivable | 12 | 3,663,706,479 | 2,895,222,777 |
| Contract assets | 13 | 1,326,973,672 | 641,667,693 |
| Finance lease receivables – current | 9 | 26,850,336 | 21,399,046 |
| Prepaid expenses and other current assets | 14 | 379,568,433 | 310,748,048 |
| Other financial assets | 11 | 393,241,305 | 480,597,586 |
| Murabaha deposits | 15 | 136,625,000 | 1,426,071,000 |
| Cash and cash equivalents | 16 | 2,388,890,494 | 2,250,797,179 |
| TOTAL CURRENT ASSETS | | 8,315,855,719 | 8,026,503,329 |
| TOTAL ASSETS | | 10,412,893,134 | 9,554,055,011 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 800,000,000 | 800,000,000 |
| Treasury shares | | (273,857,280) | (293,112,576) |
| Other reserves | | 19,819,682 | 60,669,508 |
| Retained earnings | | 2,718,963,957 | 4,725,547,762 |
| Equity attributable to equity holders of the parent company | | 3,264,926,359 | 5,293,104,694 |
| Non-controlling interest | | 139,971 | 140,882 |
| TOTAL EQUITY | | 3,265,066,330 | 5,293,245,576 |
| LIABILITIES | | | |
| NON – CURRENT LIABILITIES | | | |
| Long term borrowing – non current | 18 | 1,520,000,000 | - |
| Lease liabilities – non current | | 566,182,516 | 481,013,080 |
| End of service benefits provision | 19 | 596,071,656 | 387,235,689 |
| Other non current liabilities | 22 | 14,125,041 | - |
| TOTAL NON – CURRENT LIABILITIES | | 2,696,379,213 | 868,248,769 |
| CURRENT LIABILITIES | | | |
| Long term borrowing – current | 18 | 400,646,006 | - |
| Accounts payable and other current liabilities | 21 | 2,845,601,196 | 2,479,580,023 |
| Contract liabilities | | 1,042,160,638 | 609,806,315 |
| Zakat | 23 | 86,920,176 | 218,172,525 |
| Lease liabilities – current | | 76,119,575 | 85,001,803 |
| TOTAL CURRENT LIABILITIES | | 4,451,447,591 | 3,392,560,666 |
| TOTAL LIABILITIES | | 7,147,826,804 | 4,260,809,435 |
| TOTAL EQUITY AND LIABILITIES | | 10,412,893,134 | 9,554,055,011 |


Chief Financial Officer
ابراهيم


Chief Executive Officer


Chairman

The accompanying notes from (1) to (33) 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, 2025
All amounts in Saudi Riyals

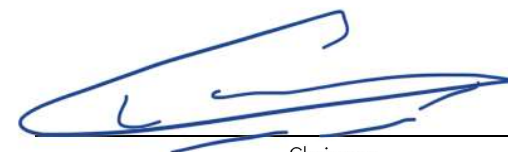
| | Note | Equity attributable to the equity holders of the parent company | | | | | Non-controlling interest | Total equity |
|---|------|---|-----------------|-------------------|----------------|-------------------|--------------------------|-----------------|
| | | Share capital | Treasury shares | Statutory reserve | Other reserves | Retained earnings | | |
| Balance as at January 1, 2024 (Audited) | | 800,000,000 | (294,758,400) | 174,708,101 | 12,826,478 | 3,301,731,675 | 164,000 | 3,994,671,854 |
| Net profit | | - | - | - | - | 831,020,512 | (12,456) | 831,008,056 |
| Other comprehensive loss | | - | - | - | (3,442,226) | - | - | (3,442,226) |
| Total comprehensive income | | - | - | - | (3,442,226) | 831,020,512 | (12,456) | 827,565,830 |
| Share-based payment transactions | 17 | - | - | - | 34,371,980 | - | - | 34,371,980 |
| Transferred from Statutory reserve | | - | - | (174,708,101) | - | 174,708,101 | - | - |
| Dividends | | - | - | - | - | (310,788,800) | - | (310,788,800) |
| Balance as at June 30, 2024 (Unaudited) | | 800,000,000 | (294,758,400) | - | 43,756,232 | 3,996,671,488 | 151,544 | 4,545,820,864 |
| Balance as at January 1, 2025 (Audited) | | 800,000,000 | (293,112,576) | - | 60,669,508 | 4,725,547,762 | 140,882 | 5,293,245,576 |
| Net profit | | - | - | - | - | 1,085,374,554 | (911) | 1,085,373,643 |
| Other comprehensive loss | | - | - | - | (32,350,095) | - | - | (32,350,095) |
| Total comprehensive income | | - | - | - | (32,350,095) | 1,085,374,554 | (911) | 1,053,023,548 |
| Treasury shares settlement | 17 | - | 19,255,296 | - | (48,496,268) | 29,240,972 | - | - |
| Share-based payment transactions | 17 | - | - | - | 39,996,537 | - | - | 39,996,537 |
| Impact of acquisition through business combination under common control | 31 | - | - | - | - | (2,810,359,099) | - | (2,810,359,099) |
| Dividends | 28 | - | - | - | - | (310,840,232) | - | (310,840,232) |
| Balance as at June 30, 2025 (Unaudited) | | 800,000,000 | (273,857,280) | - | 19,819,682 | 2,718,963,957 | 139,971 | 3,265,066,330 |



Chief Financial Officer



Chief Executive Officer



Chairman

ابراهيم

The accompanying notes from (1) to (33) form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2025
All amounts in Saudi Riyals

| | Note | June 30, 2025 (Unaudited) | June 30, 2024 (Unaudited) |
|--|-----------|------------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net profit before zakat | | 1,064,743,878 | 902,975,189 |
| Adjustments for non-cash items: | | | |
| Depreciation and amortization | 6,7,8 | 104,265,311 | 90,558,167 |
| Amortization of long term prepaid expenses | | 25,484,042 | 20,343,790 |
| Expected credit losses | | 40,795,290 | 18,265,669 |
| Impairment of non-current assets | | 1,544,266 | 815,642 |
| End of service benefits provision | 19 | 44,156,538 | 36,941,305 |
| Share based payment transactions | 17 | 39,996,537 | 34,371,980 |
| Finance cost | | 35,983,951 | 12,568,085 |
| Income from murabaha deposits | 15,16 | (72,882,746) | (73,220,820) |
| Share in results from investments in associates and a joint venture | 10 | 1,659,302 | 25,701 |
| Change in fair value of financial assets through profit or loss, net | 11 | (12,454,266) | (20,022,033) |
| Other (income)/Expenses, net | | (3,031,987) | 514,482 |
| | | 1,270,260,116 | 1,024,137,157 |
| Working capital adjustments: | | | |
| Accounts receivable | 12 | (480,747,863) | (151,008,532) |
| Contract assets | 13 | (160,249,237) | (178,309,493) |
| Prepaid expenses and other current assets | 14 | (1,299,895) | 72,468,789 |
| Accounts payable and other current liabilities | 21 | (149,227,985) | 236,057,984 |
| Contract liabilities | | (56,240,953) | 53,905,126 |
| Cash from operations | | 422,494,183 | 1,057,251,031 |
| Zakat paid | 23 | (113,689,400) | (92,460,708) |
| Proceeds from income from murabaha deposits | | 87,109,868 | 58,033,353 |
| End of service benefits paid | 19 | (19,328,736) | (30,460,365) |
| Net cash generated from operating activities | | 376,585,915 | 992,363,311 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Murabaha deposits | | 1,389,446,000 | 2,144,562,194 |
| Purchase of property and equipment and intangible assets | | (24,584,800) | (20,893,599) |
| Additions to long term prepaid expenses | | (16,643,814) | (20,656,550) |
| Collections from other financial assets | 11 | 100,000,000 | 34,000,000 |
| Additions to investments in other financial assets | 11 | (1,360,680) | (747,036,251) |
| Payment for acquisition of subsidiary, net of cash acquired | 31 | (3,141,074,348) | - |
| Changes in restricted cash | | 64,540 | - |
| Payments for capital works in progress | | (133,470,438) | (62,535,160) |
| Net cash (used in)/generated from investing activities | | (1,827,623,540) | 1,327,440,634 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Addition to long term borrowing | 18 | 1,900,000,000 | - |
| Payment of principal portion of lease liabilities | | (39,865,778) | (63,442,227) |
| Proceeds from finance lease receivables | | 14,983,801 | - |
| Finance cost paid | | (542,282) | (1,319,267) |
| Dividends paid | | (310,840,232) | (310,413,820) |
| Net cash generated from/(used in) financing activities | | 1,563,735,509 | (375,175,314) |
| Net change in cash and cash equivalents | | 112,697,884 | 1,944,628,631 |
| Cash and cash equivalents at the beginning of the period - unrestricted | 16 | 2,250,797,179 | 384,394,607 |
| Foreign currency exchange differences, net | | 1,653 | 331 |
| Cash and cash equivalents at the end of the period - unrestricted | 16 | 2,363,496,716 | 2,329,023,569 |

Chief Financial Officer

Chief Executive Officer

Chairman

The accompanying notes from (1) to (33) 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 PERIODS ENDED JUNE 30, 2025

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, 1408H (corresponding to June 8, 1988) and is registered with Commercial Registration number 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.

Subsidiaries

During the current period, the following subsidiaries were established or acquired:

| <u>Subsidiary Name</u> | <u>Country of Incorporation</u> | <u>Effective shareholding percentage</u> | |
|---|---------------------------------|--|-------------------------|
| | | <u>June 30,2025</u> | <u>December 31,2024</u> |
| Elm Investment Ltd | Cayman Islands | 100% | - |
| Digital Elm SPC | Oman | 100% | - |
| Thiqah Business Services Company ("Thiqah") | Saudi Arabia | 100% | - |

1. Elm Investment, a limited liability company registered under Commercial Registration number 214523581715 and headquartered in George Town, was established on Rajab 6, 1446H (corresponding to January 6, 2025). The company operates in the fields of international investments and equity acquisition in other companies.
2. Digital Elm SPC, a company registered under Commercial Registration number 1596952 and headquartered in Muscat, was established on Sha'ban 20, 1446H (corresponding to February 19, 2025). It operates in the fields of information technology, systems analysis, database and web development, data center management and operation for third parties, as well as IT and cybersecurity consulting.
3. On Shawwal 23, 1446H (corresponding to April 21, 2025), the Group completed its acquisition of 100% of the share capital of Thiqah Business Services Company ("Thiqah"). Thiqah is a single person limited liability company registered in Riyadh; Kingdom of Saudi Arabia under commercial registration number 1010332510 dated Rabi Al Thani 25, 1433H (corresponding to March 18, 2012). Thiqah and its subsidiaries (collectively referred to as the "Thiqah Group") are engaged in providing consulting services in the field of high management, e-business and exchange of information, providing websites for sale and purchase through the internet, working in the field of training and development of manpower, establishing and repair of buildings, electronic publishing, electronic newspaper and financial technology services. For details of the acquisition refer to (Note 31).

Details of subsidiaries under the Thiqah Group along with the Group's effective ownership percentage are as follows:

| <u>Subsidiary Name</u> | <u>Country of Incorporation</u> | <u>Effective shareholding percentage</u> | |
|---------------------------------------|---------------------------------|--|-------------------------|
| | | <u>June 30,2025</u> | <u>December 31,2024</u> |
| Asel Business Services Company | Saudi Arabia | 100% | - |
| Thiqah Investment Company | Saudi Arabia | 100% | - |
| Ahad Business Services Company | Saudi Arabia | 100% | - |
| Digital Real Estate Solutions Company | Saudi Arabia | 100% | - |
| Matching Solutions IT Company | Saudi Arabia | 100% | - |
| Aamaly Company | Saudi Arabia | 100% | - |

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 as at December 31, 2024.

Certain prior periods' figures have been adjusted and reclassified to conform to the current period's presentation (Note 30).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2025
All amounts in Saudi Riyals

2. BASIS OF PREPARATION (CONTINUED)

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, 2024. Except for the estimated useful lives of property, plant, equipment, and intangible assets.

During the current period, the Company reassessed the useful lives of certain assets based on a comprehensive review of their operational performance. This resulted in changes to certain useful lives as outlined in the table below:

| | <u>Previous Estimated Useful Lives</u> | <u>Revised Estimated Useful Lives</u> |
|-------------------------------|--|--|
| <u>Property and Equipment</u> | | |
| Leasehold improvements | 5 years or the lease term, whichever is shorter | Useful life or lease term, whichever is shorter |
| IT equipment | 3 – 5 years | 3 – 10 years |
| Buildings | 25 – 33 years | 25 – 33 years |
| Vehicles | 4 – 5 years | 4 – 7 years |
| Furniture and fixtures | 4 – 7 years | 2 – 10 years |
| Intangible Assets | 5 years unless they have indefinite useful life | 2 – 10 years |

This revision resulted in a decrease of SR 24.3 million in depreciation and amortization expense recognized in the interim condensed consolidated statement of profit or loss. It is also expected to result in a total reduction of SR 38.9 million in depreciation and amortization expense to be recognized in the consolidated statement of profit or loss for the full year.

3. MATERIAL 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, 2024.

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, 2025 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, 2024. Noting that the Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2025
All amounts in Saudi Riyals

5. REVENUE

The following is the Group's revenue analysis, as per business unit:

| | For the three months period ended June 30 | | For the six months period ended June 30 | |
|------------------------------|--|----------------------|--|----------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Digital business | 1,584,851,537 | 1,254,365,762 | 2,966,956,717 | 2,424,023,995 |
| Business process outsourcing | 618,990,953 | 478,333,834 | 1,068,173,026 | 916,718,763 |
| Professional services | 40,928,769 | 34,313,644 | 87,066,136 | 65,282,926 |
| | <u>2,244,771,259</u> | <u>1,767,013,240</u> | <u>4,122,195,879</u> | <u>3,406,025,684</u> |

Revenue sources:

| | For the three months period ended June 30 | | For the six months period ended June 30 | |
|----------------------------------|--|----------------------|--|----------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Revenue from private parties | 1,145,191,225 | 1,085,550,429 | 2,397,901,229 | 2,151,487,215 |
| Revenue from government agencies | 1,099,580,034 | 681,462,811 | 1,724,294,650 | 1,254,538,469 |
| | <u>2,244,771,259</u> | <u>1,767,013,240</u> | <u>4,122,195,879</u> | <u>3,406,025,684</u> |

Revenue recognition time:

| | For the three months period ended June 30 | | For the six months period ended June 30 | |
|-----------------------|--|----------------------|--|----------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| At a point in time | 1,527,501,972 | 1,205,243,607 | 2,923,343,869 | 2,431,247,675 |
| Over a period of time | 717,269,287 | 561,769,633 | 1,198,852,010 | 974,778,009 |
| | <u>2,244,771,259</u> | <u>1,767,013,240</u> | <u>4,122,195,879</u> | <u>3,406,025,684</u> |

The amounts above include revenues from government entities and government related entities (Note 24.2).

6. PROPERTY AND EQUIPMENT

The movement in property and equipment are as follows:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Balance at the beginning of the period/year | 518,080,773 | 375,183,246 |
| Impact of acquisition through business combination under common control (note 31) | 35,443,902 | - |
| Additions during the period/year | 22,414,472 | 62,628,237 |
| Transfer from capital work in progress | 6,463,281 | 172,690,122 |
| Disposals during the period/year | (2,393,165) | (6,443,626) |
| Depreciation during the period/year | (35,199,013) | (85,977,206) |
| | <u>544,810,250</u> | <u>518,080,773</u> |

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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:

| | For the three months period ended June 30 | | For the six months period ended June 30 | |
|-------------------------------------|--|---------------------|--|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Cost of revenue | 9,562,030 | 14,450,793 | 19,894,799 | 24,395,926 |
| General and administrative expenses | 8,001,066 | 4,076,129 | 14,329,552 | 8,667,457 |
| Selling and marketing expenses | 198,434 | 274,220 | 426,808 | 515,765 |
| Research and development | 277,884 | 136,513 | 547,854 | 264,286 |
| | 18,039,414 | 18,937,655 | 35,199,013 | 33,843,434 |

• During 2011, the Company purchased land and a building to be the headquarters at a cost of SR 303 million. The last installment of the head office purchase contract was paid during 2024, and during the current period the Company has completed the procedures for transferring the ownership of the land and building.

7. RIGHT-OF- USE ASSETS

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

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Balance at the beginning of the period/year | 557,750,104 | 230,798,737 |
| Impact of acquisition through business combination under common control (note 31) | 41,981,692 | - |
| Additions during the period/year | 53,552,434 | 403,630,592 |
| Disposals during the period/year | - | (1,044,535) |
| Depreciation during the period/year | (42,667,510) | (75,634,690) |
| | 610,616,720 | 557,750,104 |

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

| | For the three months period ended June 30 | | For the six months period ended June 30 | |
|-------------------------------------|--|---------------------|--|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Cost of revenue | 6,981,841 | 5,480,462 | 12,618,260 | 9,778,533 |
| General and administrative expenses | 16,271,077 | 14,111,530 | 30,049,250 | 26,109,700 |
| | 23,252,918 | 19,591,992 | 42,667,510 | 35,888,233 |

8. INTANGIBLE ASSETS

The movement in intangible assets are as follows:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Balance at the beginning of the period/year | 70,612,641 | 107,177,789 |
| Impact of acquisition through business combination under common control (note 31) | 143,578,132 | - |
| Additions during the period/year | 2,170,328 | 121,475 |
| Disposals during the period/year | - | (39,577,305) |
| Transfer from capital work in progress | 6,232,231 | 45,548,696 |
| Amortization during the period/year | (26,398,788) | (37,226,686) |
| Impairment during the period/year | - | (5,431,328) |
| | 196,194,544 | 70,612,641 |

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8. INTANGIBLE ASSETS (CONTINUED)

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

| | For the three months period ended June 30 | | For the six months period ended June 30 | |
|-------------------------------------|--|---------------------|--|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Cost of revenue | 20,327,924 | 8,959,969 | 20,806,506 | 18,038,487 |
| General and administrative expenses | 1,825,017 | 921,205 | 2,758,876 | 1,914,340 |
| Research and development | 873,014 | 700,047 | 2,833,406 | 873,673 |
| | 23,025,955 | 10,581,221 | 26,398,788 | 20,826,500 |

9. FINANCE LEASE RECEIVABLES

The following are the undiscounted cash flows for the lease of assets over the lease term:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|-------------|------------------------------|--------------------------------|
| First year | 34,214,270 | 29,967,602 |
| Second year | 32,090,936 | 32,090,936 |
| Third year | 32,090,936 | 32,090,936 |
| Fourth year | – | 19,230,466 |
| | 98,396,142 | 113,379,940 |

The following table shows the reconciliation of cash flows to the net investment balance:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--|------------------------------|--------------------------------|
| Cash flows | 98,396,142 | 113,379,940 |
| Interest income | (13,955,343) | (18,571,531) |
| Investment balance at end of period/year | 84,440,799 | 94,808,409 |

*Lease interest was recognized based on the effective interest rate, and an amount of SR 4.6 million was charged to the interim condensed consolidated statement of profit or loss (2024: SR 2.5 million).

Finance lease receivables are classified as follows:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Finance Lease Receivables – non current | 57,590,463 | 73,409,363 |
| Finance Lease Receivables – current | 26,850,336 | 21,399,046 |
| | 84,440,799 | 94,808,409 |

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10. INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

The movement in the balance of investments in associates and a joint venture are as follows:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--|------------------------------|--------------------------------|
| <u>Investment using the equity method:</u> | | |
| Balance at the beginning of the period/year | 30,000 | - |
| Impact of acquisition through business combination under common control (note 31)* | 22,567,389 | - |
| Additions during the period/year | - | 30,000 |
| Share of results | (863,540) | - |
| | 21,733,849 | 30,000 |
| <u>Long Term Interest:</u> | | |
| Balance at the beginning of the period/year | 6,657,350 | 2,137,153 |
| Additions during the period/year | - | 4,500,000 |
| (Losses) / gains at FVTPL | (2,608,233) | 1,664,292 |
| Share of results | (795,762) | (1,644,095) |
| | 3,253,355 | 6,657,350 |
| Group's net investment balance | 24,987,204 | 6,687,350 |

* As part of the Group's acquisition of Thiqah, the Group acquired a 40% effective interest in an associate, Bayan Credit Information Company ("Bayan"). Bayan, a closed joint stock company and a Saudi Central Bank licensed institution, is registered in the Kingdom of Saudi Arabia, specializing in the provision of business-to-business credit information.

11. OTHER FINANCIAL ASSETS

The Group's other financial assets balance consist of:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--|------------------------------|--------------------------------|
| <u>Financial assets at FVTPL</u> | | |
| Money Market Funds (A) | 393,241,305 | 480,597,586 |
| Advance payment for future equity (B) | 2,418,780 | - |
| | 395,660,085 | 480,597,586 |
| <u>Financial assets at FVTOC</u> | | |
| Unquoted equity investments (C) | 200,704,678 | 230,879,131 |
| Other financial assets are presented in the statement of financial position as follows: | | |
| Non-current | 203,123,458 | 230,879,131 |
| Current | 393,241,305 | 480,597,586 |
| | 596,364,763 | 711,476,717 |

- 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 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). 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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11. OTHER FINANCIAL ASSETS (CONTINUED)

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

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Balance at the beginning of the period/year | 711,476,717 | 246,703,659 |
| Additions during the period/year | 1,360,680 | 752,285,624 |
| Proceeds during the period/year | (100,000,000) | (304,000,000) |
| Gains on financial assets at FVTPL during the period/year | 15,062,499 | 32,547,323 |
| Losses on financial assets at FVTOCI during the period/year | (31,535,133) | (16,059,889) |
| Balance at the end of the period/year | 596,364,763 | 711,476,717 |

12. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|----------------------------------|------------------------------|--------------------------------|
| Government receivables | 2,448,996,756 | 1,673,873,147 |
| Private receivables | 1,940,682,774 | 1,810,053,321 |
| | 4,389,679,530 | 3,483,926,468 |
| Expected credit losses provision | (725,973,051) | (588,703,691) |
| | 3,663,706,479 | 2,895,222,777 |

The amounts above include balances from government entities and government related entities (Note 24.2).

13. 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 consist of the following:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|----------------------------------|------------------------------|--------------------------------|
| Government contract assets | 1,137,150,641 | 574,765,469 |
| Private contract assets | 333,227,531 | 193,848,805 |
| | 1,470,378,172 | 768,614,274 |
| Expected credit losses provision | (143,404,500) | (126,946,581) |
| | 1,326,973,672 | 641,667,693 |

The amounts above include balances from government entities and government related entities (Note 24.2).

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14. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consist of the following:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---------------------------------------|------------------------------|--------------------------------|
| Deferred costs | 117,067,617 | 107,315,770 |
| Prepaid expenses | 109,432,856 | 89,960,938 |
| Advance payments to vendors | 79,027,857 | 28,261,378 |
| Employees receivable | 32,469,529 | 30,425,276 |
| Letter of guarantee | 17,228,497 | 27,486,356 |
| Due from a related party (note 24.2) | 10,941,738 | - |
| Accrued murabaha deposit income | 11,707,793 | 24,876,409 |
| Payments under settlement (note 14.1) | 1,231,152 | 1,726,889 |
| Other | 461,394 | 695,032 |
| | 379,568,433 | 310,748,048 |

14.1 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 16.2).

15. 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 5.73% annually (2024: 6.26% annually), and the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 3.0 million during the three months period ended June 30, 2025 (2024: SR 11 million), and during the six months period ended June 30, 2025 SR 14.3 million (2024: SR 27.4 million). All murabaha deposits mature within one year.

16. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consists of the following:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Cash and bank balances - unrestricted | 365,996,716 | 218,572,393 |
| Short term murabaha deposits (note 16.1) | 1,997,500,000 | 2,032,224,786 |
| Cash and cash equivalents - unrestricted | 2,363,496,716 | 2,250,797,179 |
| Cash and bank balances - restricted (note 16.3) | 25,393,778 | - |
| | 2,388,890,494 | 2,250,797,179 |

16.1 The balance of short-term murabaha deposits consists of short-term deposits of three months and less. The average commission is 5.77% annually (2024: 5.98% annually). The interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 26.1 million during the three months period ended June 30, 2025 (2024: SR 18.6 million), and during the six months period ended June 30, 2025 SR 58.6 million (2024: SR 45.8 million).

16.2 The Company has a balance of SR 9.8 billion as at June 30, 2025 (December 31, 2024: SR 5.5 billion) recorded in its bank accounts, which has not been recognized as part of the Group's assets, as The Group acts as an agent for these balances on behalf of the contracted parties as part of the operation and provision of the services.

16.3 As part of the Group's acquisition of Thiqa, the Group acquired restricted balances representing deposits pertaining to use of services of one of the platform. For further details of the acquisition refer to (Note 31).

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17. SHARE BASED PAYMENT

During the first quarter of 2025, the Group announced the fourth phase of the long-term incentive plan program for its employees, the details of which are as follows:

| | |
|----------------------------------|--------------------|
| Grant date | January 1, 2025 |
| Due date | December 31, 2027 |
| Average fair value of the shares | 1,091 Saudi Riyals |
| Maximum number of shares granted | 67,483 shares |
| Settlement method | Equity |

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

| | For the six months period ended June 30 | |
|--|--|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) |
| Tranche 1- Long term incentive plan program | 6,461,135 | 10,178,372 |
| Tranche 2 - Long term incentive plan program | 15,581,775 | 16,611,779 |
| Tranche 3 - Long term incentive plan program | 9,340,939 | 7,581,829 |
| Tranche 4 - Long term incentive plan program | 8,612,688 | - |
| | 39,996,537 | 34,371,980 |

During the current period, treasury shares were settled under tranche 1 for the long term incentive plan program for 150,432 shares.

18. LONG TERM BORROWING

On Ramadan 27, 1446H (corresponding to March 27, 2025), the Group entered into a Shariah-compliant banking facilities agreement with a local bank to finance its expansion and acquisitions, with a maximum limit of SR 1,900 million. During the current period, the total facility has been drawn down and utilized to fund the Group's acquisition of Thiqah Business Services Company. The facility is secured against a promissory note and is repayable in 5 annual installments starting from April 20, 2026. The facility carries a commission based on SAIBOR plus an agreed margin.

During the six months period ended June 30, 2025, finance cost amounting to SR 20.65 million (2024: SR nil) has been recognized in the interim condensed consolidated statement of profit or loss.

As of the reporting date, no breaches of facility terms have occurred, and no assets of the Group have been pledged as collateral.

The Group's long term borrowing consists of:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|--|------------------------------|--------------------------------|
| Balance at the beginning of the period/year | - | - |
| Additions during the period/year | 1,900,000,000 | - |
| Add: Accrued finance cost | 20,646,006 | - |
| Long term borrowing - at amortized cost | 1,920,646,006 | - |

Long term borrowing is classified as follows:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|-----------------------------------|------------------------------|--------------------------------|
| Long term borrowing - non current | 1,520,000,000 | - |
| Long term borrowing - current | 400,646,006 | - |
| | 1,920,646,006 | - |

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19. END OF SERVICES BENEFITS PROVISION

Employee end of service benefits provision movement as follows:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Balance at the beginning of the period / year | 387,235,689 | 360,689,127 |
| Impact of acquisition through business combination under common control (note 31) | 184,008,165 | - |
| Current service cost during the period / year | 33,988,869 | 63,853,550 |
| Current service financing cost during the period /year | 10,167,669 | 14,041,594 |
| Benefits paid during the period /year | (19,328,736) | (54,275,657) |
| Actuarial losses | - | 2,927,075 |
| Balance at the end of the period /year | 596,071,656 | 387,235,689 |

20. 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 | |
|--|--|---------------------|--|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Net profit attributable to equity holders of the parent company | 589,643,321 | 486,237,767 | 1,085,374,554 | 831,020,512 |
| Number of shares | | | | |
| Weighted average number of shares for calculation for basic earnings per share | 77,785,274 | 77,697,200 | 77,785,274 | 77,697,200 |
| Weighted average number of shares for repurchased shares | 2,214,726 | 2,302,800 | 2,214,726 | 2,302,800 |
| Weighted average number of shares for calculation for diluted earnings per share | 80,000,000 | 80,000,000 | 80,000,000 | 80,000,000 |
| EARNINGS PER SHARE: | | | | |
| Basic | 7.58 | 6.26 | 13.95 | 10.70 |
| Diluted | 7.37 | 6.08 | 13.57 | 10.39 |

21. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities are as follows:

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Income sharing and business partners payables | 1,241,396,817 | 1,104,224,854 |
| Contractual cost | 603,347,046 | 429,855,845 |
| Accounts payable | 397,455,204 | 349,712,751 |
| Employee accruals | 365,451,986 | 399,906,226 |
| Value added tax | 108,150,860 | 123,912,401 |
| Incentives & marketing | 54,540,562 | 54,702,793 |
| Customer deposits (note 16.3) | 25,393,778 | - |
| Retention payable | 12,876,537 | 9,353,418 |
| Litigation provision (note 27) | 1,765,349 | 1,652,055 |
| Other | 35,223,057 | 6,259,680 |
| | 2,845,601,196 | 2,479,580,023 |

The amounts above include balances to government entities and government related entities (Note 24.2).

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22. OTHER NON-CURRENT LIABILITIES

As part of the Group's acquisition of Thiqah, the Group acquired an employee long-term bonus scheme, whereby eligible employees are entitled to receive a bonus upon completion of service conditions of three years. For further details of the acquisition refer to (Note 31).

23. ZAKAT

- The Group has submitted all zakat returns up to the year ended December 31, 2024, with payment of the zakat due based on those returns and received the zakat certificates for those years. During the three months period ended June 30, 2025, the Group received final zakat assessments from Zakat, Tax, and Customs Authority ("ZATCA") for the years 2021, 2022 & 2023 with no additional zakat liabilities or adjustments, resulting in a reversal of SR 69 million related to prior year provisions.
- The Group files and pays VAT on a monthly basis and VAT returns have been submitted for all prior financial years. The Group underwent a VAT audit for the years 2018 to 2023. The audit process for these years has been concluded and preliminary results have been received for the year 2023, resulting in no material differences.

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

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Balance at the beginning of the period/year | 218,172,525 | 183,613,319 |
| Impact of acquisition through business combination under common control (note 31) | 3,066,816 | - |
| Charge during the period/year | 48,764,004 | 127,019,914 |
| Reversal during the period/year | (69,393,769) | - |
| Net (reversal) / charge during the period/year | (20,629,765) | 127,019,914 |
| Paid during the period/year | (113,689,400) | (92,460,708) |
| Balance at the end of the period/year | 86,920,176 | 218,172,525 |

24. 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 condensed consolidated financial statements, balances with related parties were unguaranteed.

24.1 Trading 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 ended June 30 | | For the six months period ended June 30 | |
|--|--|---------------------|--|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Transactions with government entities * | | | | |
| Service revenue (note 5) | 1,099,580,034 | 681,462,811 | 1,724,294,650 | 1,254,538,469 |
| Services cost | 313,759,590 | 267,240,872 | 642,974,611 | 574,431,008 |
| Transactions with government related entities | | | | |
| Service revenue (note 5) | 88,320,444 | 24,506,332 | 151,133,886 | 97,499,769 |
| Services cost | 37,236,632 | 15,308,845 | 63,670,073 | 66,205,968 |
| Transactions with Associate companies | | | | |
| Services cost | - | 122,072 | 299,929 | 631,780 |

* Service revenues from government entities include transactions with the main shareholder amounting to SR 16.8 million (2024: SR 11.3 million).

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24. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

24.1 Trading transactions (continued)

| | For the three months period ended June 30 | | For the six months period ended June 30 | |
|---|--|---------------------|--|---------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Transaction with board of directors and senior executive managers | | | | |
| Salaries and benefit | 5,152,348 | 7,522,326 | 10,234,268 | 14,940,541 |
| Remunerations and allowances | 4,033,785 | 4,040,077 | 7,616,651 | 9,150,777 |
| Share based payment expense | 14,761,641 | 3,140,700 | 17,479,004 | 6,284,879 |
| End of service benefits expense | 942,058 | 1,188,143 | 1,318,639 | 2,321,239 |
| | 24,889,832 | 15,891,246 | 36,648,562 | 32,697,436 |

24.2 Due from / to related parties

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|---|------------------------------|--------------------------------|
| Balances | | |
| Due from related parties * | | |
| <u>Due from government entities classified under:</u> | | |
| Accounts receivable (note 12) | 2,448,996,756 | 1,673,873,147 |
| Contract assets (note 13) | 1,137,150,641 | 574,765,469 |
| <u>Due from government related entities classified under:</u> | | |
| Accounts receivable (note 12) | 243,639,012 | 173,033,355 |
| Contract assets (note 13) | 4,402,414 | 27,667,365 |
| <u>Due from associate companies classified under:</u> | | |
| Prepaid expenses and other current assets (note 14) | 10,941,738 | - |
| Due to Related Parties: | | |
| <u>Due to government entities classified under:</u> | | |
| Accounts payable and other current liabilities (note 21) | 1,260,129,052 | 1,088,755,574 |
| <u>Due to government related entities classified under:</u> | | |
| Accounts payable and other current liabilities (note 21) | 52,221,439 | 15,272,260 |
| <u>Due to associate companies classified under:</u> | | |
| Accounts payable and other current liabilities (note 21) | 103,667 | 1,992,373 |

* Balances due from government entities include amounts due from the main shareholder included in receivables at an amount of SR 20.9 million (2024: SR 3.9 million). And due balances included in contract assets amounting to SR 1.4 million (2024: SR 18.8 million).

25. 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 Group'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.

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25. SEGMENT INFORMATION (CONTINUED)

- 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.

The selected financial data for these segments is as follows:

| | For the three months period ended June 30 | | For the six months period ended June 30 | |
|--|--|------------------------|--|------------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Revenue | | | | |
| Digital Business | 1,584,851,537 | 1,254,365,762 | 2,966,956,717 | 2,424,023,995 |
| Business Process Outsourcing | 618,990,953 | 478,333,834 | 1,068,173,026 | 916,718,763 |
| Professional Services | 40,928,769 | 34,313,644 | 87,066,136 | 65,282,926 |
| | <u>2,244,771,259</u> | <u>1,767,013,240</u> | <u>4,122,195,879</u> | <u>3,406,025,684</u> |
| Cost | | | | |
| Direct cost | (1,291,073,281) | (1,033,201,848) | (2,395,405,110) | (2,048,506,518) |
| Operating expenses (except depreciation and amortization, ECL, Impairment) | (339,588,010) | (226,357,271) | (595,657,353) | (449,571,512) |
| Expected credit loss (ECL) | (37,141,404) | 6,403,154 | (40,795,290) | (18,265,669) |
| Depreciation & amortization | (64,318,287) | (49,110,868) | (104,265,311) | (90,558,167) |
| Impairment of non-current assets | – | (815,642) | (1,544,266) | (815,642) |
| Other income, net | 24,341,411 | 60,675,504 | 80,215,329 | 104,667,013 |
| Zakat | 52,650,722 | (38,368,502) | 20,629,765 | (71,967,133) |
| | <u>(1,655,128,849)</u> | <u>(1,280,775,473)</u> | <u>(3,036,822,236)</u> | <u>(2,575,017,628)</u> |
| Net profit | <u>589,642,410</u> | <u>486,237,767</u> | <u>1,085,373,643</u> | <u>831,008,056</u> |

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 | |
|------------------------------|--|---------------------|--|----------------------|
| | 2025 (Unaudited) | 2024 (Unaudited) | 2025 (Unaudited) | 2024 (Unaudited) |
| Digital Business | 846,469,970 | 599,526,092 | 1,482,346,733 | 1,128,096,391 |
| Business Process Outsourcing | 98,852,947 | 128,788,329 | 226,800,007 | 216,967,282 |
| Professional Services | 8,375,061 | 5,496,971 | 17,644,029 | 12,455,493 |
| | <u>953,697,978</u> | <u>733,811,392</u> | <u>1,726,790,769</u> | <u>1,357,519,166</u> |

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25. SEGMENT INFORMATION (CONTINUED)

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

| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
|------------------------------|------------------------------|--------------------------------|
| <u>Assets</u> | | |
| Digital Business | 7,494,695,579 | 7,055,076,534 |
| Business Process Outsourcing | 2,698,263,715 | 2,302,175,144 |
| Professional Services | 219,933,840 | 196,803,333 |
| | 10,412,893,134 | 9,554,055,011 |
| | | |
| | June 30, 2025 (Unaudited) | December 31, 2024 (Audited) |
| <u>Liabilities</u> | | |
| Digital Business | 5,144,659,150 | 3,146,343,268 |
| Business Process Outsourcing | 1,852,196,259 | 1,026,698,042 |
| Professional Services | 150,971,395 | 87,768,125 |
| | 7,147,826,804 | 4,260,809,435 |

26. BANK FACILITIES

- The Group has facilities agreements with local banks to meet the working capital requirements and support the Group's business requirements with a maximum limit of SR 500 million as of June 30, 2025 (December 31, 2024: SR 500 million). The Group has utilized some of those facilities agreements to issue bank guarantees for its projects as disclosed in (Note 27).
- On Ramadan 27, 1446H (corresponding to March 27, 2025), the Group signed a facility agreement to finance its expansions and acquisitions, with a maximum limit of SR 1,900 million. As of June 30, 2025, the Group has fully utilized this facility (Note 18).

27. CONTINGENT LIABILITIES

- The Group has outstanding bank letters of guarantee amounting to 112 million as of June 30, 2025 (December 31, 2024: SR 80 million).
- In the normal course of business, the Group is a party to legal cases either as a plaintiff or defendant. As on June 30, 2025, the Group recorded a provision against legal cases in the amount of SR 2 million (December 31, 2024: SR 2 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 21).
- As of June 30, 2025, the associate companies have contingent liabilities amounted to 0.3 million (December 31, 2024: 0.2 million). The Group discloses its share of contingent liabilities from its associates.

28. DIVIDENDS

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

| Announcement Date | Distribution Date | Amount (SR per share) | Total Distributed | Type | Status |
|-------------------|-------------------|--------------------------|-------------------|---------|--------|
| February 27, 2025 | March 17, 2025 | 4 | 310,840,232 | Interim | Paid |

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29. 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 June 30, 2025. The fair valuation techniques are as applied as of December 31, 2024.

The table below 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 June 30, 2025 | | | | |
|-------------------------|---------|-------------|-------------|-------------|
| | Level I | Level II | Level III | Total |
| Financial assets | | | | |
| Other financial assets | - | 393,241,305 | 203,123,458 | 596,364,763 |
| As at December 31, 2024 | | | | |
| | Level I | Level II | Level III | Total |
| Financial assets | | | | |
| Other financial assets | - | 480,597,586 | 230,879,131 | 711,476,717 |

30. COMPARATIVE FIGURES

Reclassification

As part of the regular review of the financial disclosures and presentation, certain comparative figures have been reclassified and adjusted to conform to the current period presentation of the consolidated financial statements. The reclassification had no impact on the net assets of the Group.

1- Interim condensed consolidated statement of profit or loss

1.1 *For the three months period:*

| | Amount as reported June 30, 2024 | Adjustment (A) | Reclassification (B) | Amount after adjustment and reclassification |
|-------------------------------|-------------------------------------|----------------|----------------------|--|
| Cost of revenue | 1,032,065,648 | 10,819,568 | (9,683,368) | 1,033,201,848 |
| Research and development | - | - | 19,134,763 | 19,134,763 |
| Sales and marketing | 71,949,685 | - | 383,462 | 72,333,147 |
| General and administrative | 144,724,218 | - | (9,834,857) | 134,889,361 |
| Depreciation and amortization | 59,930,436 | (10,819,568) | - | 49,110,868 |
| | <u>1,308,669,987</u> | <u>-</u> | <u>-</u> | <u>1,308,669,987</u> |

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30. COMPARATIVE FIGURES (CONTINUED)

1.2 For the six months period:

| | Amount as reported June 30, 2024 | Adjustment (A) | Reclassification (B) | Amount after adjustment and reclassification |
|-------------------------------|-------------------------------------|----------------|----------------------|--|
| Cost of revenue | 2,044,599,099 | 20,343,790 | (16,436,371) | 2,048,506,518 |
| Research and development | - | - | 33,404,388 | 33,404,388 |
| Sales and marketing | 157,381,973 | - | 430,198 | 157,812,171 |
| General and administrative | 275,753,168 | - | (17,398,215) | 258,354,953 |
| Depreciation and amortization | 110,901,957 | (20,343,790) | - | 90,558,167 |
| | <u>2,588,636,197</u> | <u>-</u> | <u>-</u> | <u>2,588,636,197</u> |

2- Segment information

2.1 The gross profit for the three months period:

| | Amount as reported June 30, 2024 | Adjustment (A) | Reclassification (B) | Amount after adjustment and reclassification |
|------------------------------|-------------------------------------|---------------------|----------------------|--|
| Digital business | 600,662,292 | (10,819,568) | 9,683,368 | 599,526,092 |
| Business process outsourcing | 128,788,329 | - | - | 128,788,329 |
| Professional services | 5,496,971 | - | - | 5,496,971 |
| | <u>734,947,592</u> | <u>(10,819,568)</u> | <u>9,683,368</u> | <u>733,811,392</u> |

2.2 The gross profit for the six months period:

| | Amount as reported June 30, 2024 | Adjustment (A) | Reclassification (B) | Amount after adjustment and reclassification |
|------------------------------|-------------------------------------|---------------------|----------------------|--|
| Digital business | 1,132,003,810 | (20,343,790) | 16,436,371 | 1,128,096,391 |
| Business process outsourcing | 216,967,282 | - | - | 216,967,282 |
| Professional services | 12,455,493 | - | - | 12,455,493 |
| | <u>1,361,426,585</u> | <u>(20,343,790)</u> | <u>16,436,371</u> | <u>1,357,519,166</u> |

A. Adjustment of comparative figures for long-term prepaid amounts presentation:

The Group has adjusted the comparative figures for amounts capitalized within intangible assets related to software as a service licenses. The related agreements were re-evaluated, and the Group concluded that these licenses do not meet the capitalization requirements and represent prepaid amounts. Accordingly, the comparative figures were adjusted, and prepaid expenses were recognized and amortized over the term of the agreement.

The changes resulted in adjusting the interim condensed consolidated statement of profit or loss as shown in the table above, and there was no impact on the net profit of the Group.

There was no impact on the interim condensed consolidated statement of equity for the period ended June 30, 2024 and the interim condensed consolidated statement of cash flows for the period ended June 30, 2024.

B. Reclassification of comparative figures:

Certain expense items have been reclassified to conform to the current period presentation in terms of their classification by function. The research and development expenses have been presented separately in the interim condensed consolidated statement of profit or loss, and accordingly, the expenses for the comparative period have been reclassified to conform to the current presentation. In addition, depreciation and amortization have been presented as they have been allocated to research and development in the notes to the interim condensed consolidated financial statements.

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31. ACQUISITION OF THIQAH BUSINESS SERVICES COMPANY

On Rajab 21, 1446H (corresponding to January 21, 2025), the Company entered into a Share Purchase Agreement (the "SPA") with Public Investment Fund ("PIF") to acquire the entire ownership stake held by PIF in Thiqah Business Services Company ("Thiqah"), representing 100% of the issued share capital of Thiqah, for a consideration of SR 3,400 million subject to certain adjustments as agreed in the SPA.

The completion of the acquisition was subject to certain approvals and satisfaction of conditions precedent as stipulated in the SPA which were considered substantive in nature. The acquisition was completed on Shawwal 23, 1446H (corresponding to April 21, 2025), upon satisfaction of all the required approvals and conditions, and the adjusted purchase consideration amounting to SR 3,385.9 million determined as per the SPA was paid to PIF. The transaction was financed through the Company's own resources and credit facilities obtained during the period, as disclosed in (Note 18). Thiqah's financial information were consolidated as of April 30, 2025, taking into account the materiality of amounts between the acquisition date and the date of consolidation.

The transaction is classified as a business combination under common-controlled entities. The Company accounts for such business combinations using the pooling of interest method based on the book values of the net assets acquired as of the acquisition date, with any excess of the consideration paid over the net assets acquired being charged to retained earnings.

The book values of the assets acquired, and liabilities assumed of Thiqah as of acquisition date were as follows:

Assets

| | |
|---|----------------------|
| Property and equipment | 35,443,902 |
| Capital work in progress | 258,892,623 |
| Right-of-use assets | 41,981,692 |
| Intangible assets | 143,578,132 |
| Investment in associate | 22,567,389 |
| Amount due from related parties | 41,048,814 |
| Accounts receivable | 320,165,295 |
| Contract assets | 533,424,575 |
| Prepaid expenses and other current assets | 61,276,380 |
| Murabaha deposits | 100,000,000 |
| Cash and cash equivalents | 270,296,757 |
| | 1,828,675,559 |

Liabilities

| | |
|--|----------------------|
| Lease liabilities – non-current | 43,779,554 |
| End of service benefits provision | 184,008,165 |
| Accruals and other payables – non-current | 14,125,041 |
| Accounts payable and other current liabilities | 515,521,682 |
| Contract liabilities | 488,595,276 |
| Zakat | 3,066,816 |
| Lease liabilities – current | 4,025,337 |
| | 1,253,121,871 |

Net assets acquired

| | |
|--|------------------------|
| | 575,553,688 |
| Purchase consideration | (3,385,912,787) |
| Excess of purchase consideration charged to retained earnings | (2,810,359,099) |

Analysis of cash flows on acquisition:

| | |
|---|------------------------|
| Net cash acquired with the subsidiary | 270,296,757 |
| Less: Restricted bank deposits (note 16.3) | (25,458,318) |
| Purchase consideration | (3,385,912,787) |
| Net cash outflow on acquisition – unrestricted | (3,141,074,348) |

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32. SUBSEQUENT EVENTS

There are no subsequent significant events since the period ended June 30, 2025 that could have a material impact on the financial position of the Group as shown in these interim condensed consolidated financial statements.

33. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on Safar 7, 1447H (corresponding to July 31, 2025).