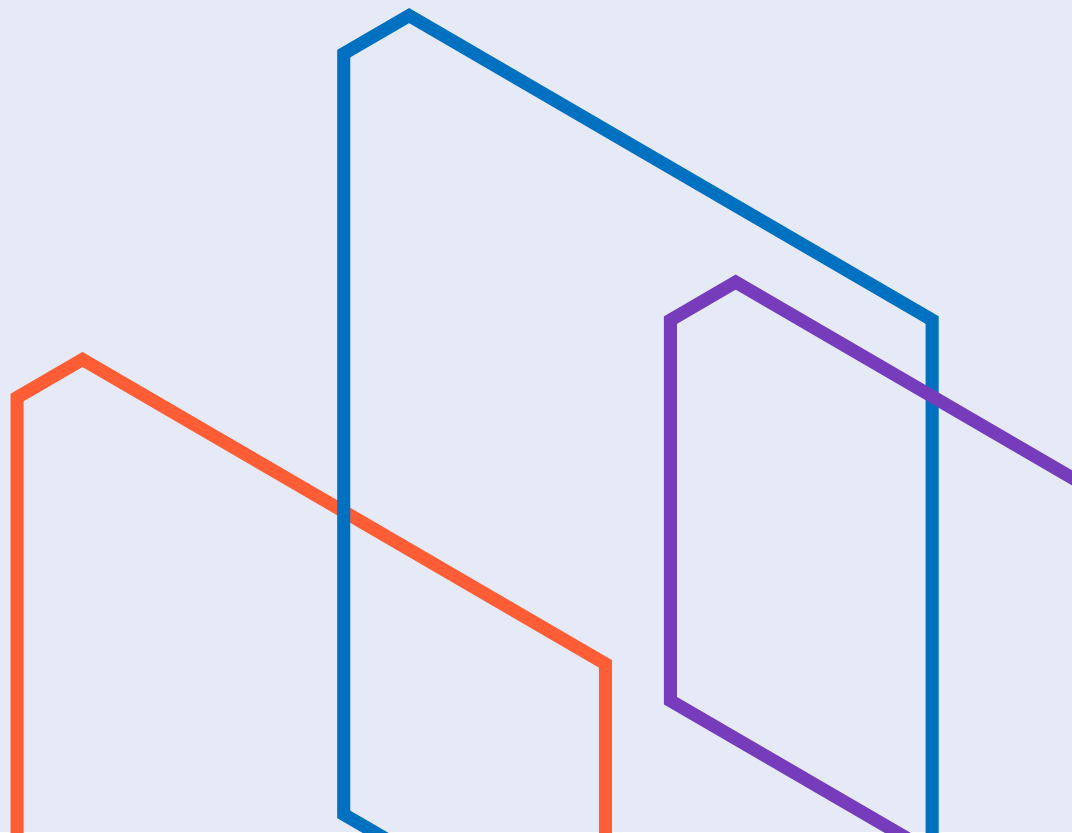




# Earnings Release

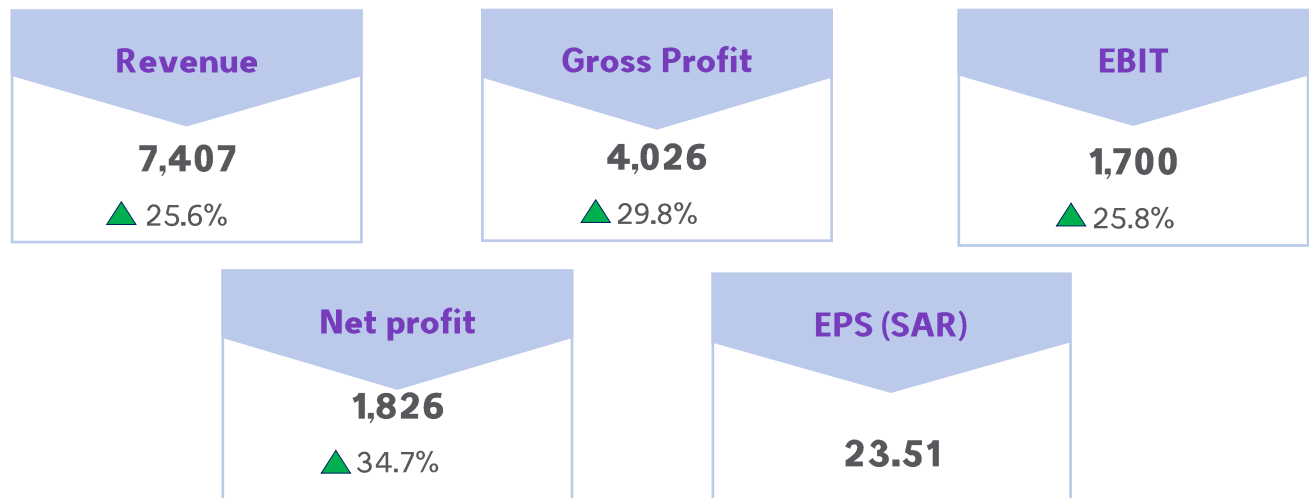
Period ended 31 December 2024



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

## FY 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 Alomair, CEO of elm, said,** <In 2024, elm achieved steady and sustainable growth, reflecting our ambitious strategy to enhance digital solutions and expand our business. We recorded a 25.6% increase in cumulative revenue, reaching 7.4 billion SAR, driven by strong performance across all sectors. Net profit also grew by 34.7%, reaching 1.8 billion SAR.

As a leader in digital transformation, we strengthened partnerships across government and private sectors and launched major initiatives, including the Digital Stadium in collaboration with the Ministry of Sports. We also developed AI-powered and data-driven platforms to enhance user experiences and improve operational efficiency.

Looking ahead to 2025, we remain committed to driving digital innovation by investing in artificial intelligence and expanding digital solutions, with a focus on high-impact sectors.

We are also accelerating international growth, having recently entered Oman and Egypt for the first time through strategic advisory projects—marking an important step in positioning elm as a global leader in digital transformation.

Additionally, we are leveraging the acquisition of Thiqah as part of the elm 4.0 strategy, strengthening B2B offerings and delivering advanced digital solutions. With the trust of the Public Investment Fund, our partners, and shareholders, elm is well-positioned to make a lasting impact and achieve continued success in the digital sector.>



## Performance Highlights:

### Financial Performance Highlights

SAR (million)	FY - 24	FY - 23	Change
<b>Revenue</b>	<b>7,407</b>	5,898	25.6%
Cost of Revenue	<b>(4,381)</b>	(3,566)	22.9%
Gross Profit	<b>3,026</b>	2,332	29.8%
<i>Gross Margin</i>	<b>40.9%</b>	39.5%	1.31 PP
Operating Expenses	<b>(1,326)</b>	(981)	35.2%
<b>Operating Profit</b>	<b>1,700</b>	1,351	25.8%
<i>Operating Margin</i>	<b>23.0%</b>	22.9%	0.05 PP
<b>Net profit</b>	<b>1,826</b>	1,356	34.7%
<i>Net Margin</i>	<b>24.7%</b>	23.0%	1.7 PP
<b>Basic EPS (SAR)</b>	<b>23.51</b>	<b>17.46</b>	

\*PP: Percentage point

**Revenue** surged by 25.6% to SAR 7,407 million for the year ended 31 December 2024, driven by the expansion in Digital Business and Business Process Outsourcing Segments.

**Gross Margin** increase by 1.31 percentage points to 40.9%, affected primarily by the increase in profitability of the digital business segment.

**Operating expenses** escalated by 35.2% to SAR 1,326 million for the year ended 31 December 2024, as a result of growth in D&A by 65.8% due to increase in the leased offices, increase in ECL by 55.4%, growth in G&A by 27.3% due to increase in employee cost and Consulting activities, S&M grew by 20.9% due to increase in Employee cost and events participations and sponsorships, and increase in R&D by 46.2%, as well as increase in impairment of non-current assets by 250.0%. Also, the Company achieved an **Operating Margin** of 23.0% with an increase by 0.05 percentage points.

The company Recorded other income amounting to SAR 63 million related to assets disposal, this contributed to an increase in **Net profit margin** by 1.7 percentage points to 24.7% compared to the prior year.

**Basic EPS** also increased to SAR 23.51 per share.



## Segmental Performance Review

SAR (million)	FY - 24	FY - 23	Change
<b>Revenue</b>			
Digital Business	<b>5,469</b>	4,255	28.5%
Business Process Outsourcing	<b>1,785</b>	1,479	20.7%
Professional Services	<b>153</b>	164	(6.7%)
<b>Total</b>	<b>7,407</b>	5,898	<b>25.6%</b>
<b>Gross Profit</b>			
Digital Business	<b>2,575</b>	1,927	33.6%
Business Process Outsourcing	<b>428</b>	380	12.6%
Professional Services	<b>23</b>	25	(8.0%)
<b>Total</b>	<b>3,026</b>	2,332	<b>29.8%</b>
<b>Gross profit Margin</b>			
Digital Business	<b>%47.1</b>	%45.3	1.8 PP
Business Process Outsourcing	<b>%24.0</b>	%25.7	(1.7) PP
Professional Services	<b>%15.0</b>	%15.2	(0.2) PP
<b>Total</b>	<b>%40.9</b>	%39.5	<b>1.3 PP</b>

\*PP: Percentage point

The **Digital business** segment achieved revenue growth of 28.5% compared to the comparative year, which contributed to an increase in gross profit by 33.6% and a rise in the gross profit margin by 1.8 percentage points, reaching 47.1%. This revenue growth was driven by product expansion during the year, attributed to an increase in the customer base and the launch of new services.

The **Business Process Outsourcing** segment also witnessed an increase of 20.7% in revenue, primarily due to securing new high-revenue generating projects. Furthermore, gross profit grew by 12.6%, while the gross profit margin decreased by 1.7 percentage points to reach 24.0%, due to the completion of projects that generated high profit margins.

**Professional Services** segment revenue decreased by 6.7%. Also, the segment's gross profit decreased by 8.0% due to the new projects during the period that have a higher gross profit margin and the completion of deliverables; on the other hand, the sector maintained its gross profit margin, mainly due to the stability of the deliverables profitability.



## Balance Sheet Highlights

SAR (million)	31 Dec - 2024	31 Dec 2023	Change
<b>Total Assets</b>	<b>9,554</b>	8,097	18.0%
<b>Total Liabilities</b>	<b>4,261</b>	4,102	3.9%
<b>Total Equity</b>	<b>5,293</b>	3,995	32.5%

### **Assets**

As of 31 December 2024, total assets increased by 18.0%, to SAR 9,554 million compared to SAR 8,097 million in December-2023. This increase was mainly due to a 39.5% rise in non-current assets, attributed to additional leased buildings. Current assets also increased by 14.6%, primarily due to a rise in accounts receivable by SAR 573 million.

### **Liabilities**

Total liabilities increased by 3.9%, to SAR 4,261 million as of 31 December 2024 compared to SAR 4,102 million in December-2023. This was primarily due to a 51.5% increase in non-current influenced by additional building leases during the year. On the other hand, current liabilities decreased by 3.9%, resulting from decline in payables and other current liabilities, impacted by a decrease in income sharing and partner dues following partial settlement of these dues.

### **Equity**

Total Equity increased by 32.5% to SAR 5,293 million as of 31 December 2024 compared to SAR 3,995 million in December-2023. Mainly due to an increase in total comprehensive income during the period of SAR 1,808 million and a decrease in dividends distributed of SAR 583 million.



## Cash Flow Statement Highlights

SAR (million)	FY - 2024	FY - 2023	Change
<b>Net cash flow generated from operating activities</b>	<b>1,659</b>	1,559	<b>6%</b>
<b>Net cash generated from/(used in) investing activities</b>	<b>904</b>	(1,231)	<b>(&gt;100%)</b>
<b>Net cash used in financing activities</b>	<b>(697)</b>	(532)	<b>31%</b>

**Net cash flow generated from operating activities** increased to SAR 1,659 million for the year ended 31 December 2024 compared to positive cash flows of SAR 1,559 million in prior year. This was primarily due to achieving net profit before zakat amounting to SAR 1,954 million for the year ended 31 December 2024 compared to net profit before zakat of SAR 1,473 million in prior year.

**Net cash generated from investing activities** increased to positive cash flows of SAR 904 million for the year ended 31 December 2024 compared to negative cash flows of SAR 1,231 million in prior year, 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 228 million.

**Net cash used in financing activities** was higher with a net cash outflow of SAR 697 million for the year ended 31 December 2024 compared to a cash outflow of SAR 532 million in prior year, 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 2,251 million for the year ended 31 December 2024.



## Reclassification of items in the consolidated statement of profit or loss

As part of the periodic review of presentation and disclosure, certain comparative year figures have been adjusted and reclassified to conform to the current year presentation of the consolidated financial statements. Adjustments of amounts capitalized within intangible assets related to licenses for software-as-a-service systems. The relevant agreements were re-evaluated during the year, and the group concluded that these licenses do not meet the capitalization conditions and represent prepaid amounts, and the amortization of these amounts was reclassified from depreciation and amortization to cost of revenues. In addition, the expenses were reclassified with respect to their classification by function, as well as research and development expenses were presented as a separate line item in the consolidated statement of profit or loss. The reclassification and adjustment had no impact on operating profit or net profit.

The following showcases the amounts of these items after reclassification on a quarterly basis for the years 2023 and 2024:

### 1- Consolidated Statement of Profit or Loss

	2023							
	Q1		Q2		Q3		Total	
	As reported	Adjusted	As reported	Adjusted	As reported	Adjusted	As reported	Adjusted
<b>Cost of Revenue</b>	(743,700,940)	<b>(748,105,394)</b>	(801,841,671)	<b>(804,753,041)</b>	(945,534,356)	<b>(950,743,637)</b>	(3,547,310,230)	<b>(3,566,638,564)</b>
<b>Gross Profit</b>	544,459,070	<b>540,054,616</b>	601,992,691	<b>599,081,321</b>	575,465,839	<b>570,256,558</b>	2,351,052,610	<b>2,331,724,276</b>
<b>Operating Expenses</b>								
<b>Research and Development</b>	-	<b>(10,615,483)</b>	-	<b>(13,005,663)</b>	-	<b>(13,069,663)</b>	-	<b>(51,585,026)</b>
<b>Selling and Marketing</b>	(67,252,261)	<b>(67,206,597)</b>	(59,444,949)	<b>(59,485,257)</b>	(66,952,781)	<b>(67,340,906)</b>	(277,027,209)	<b>(278,660,069)</b>
<b>General and administrative</b>	(105,452,322)	<b>(98,500,401)</b>	(112,136,596)	<b>(103,165,682)</b>	(121,799,551)	<b>(110,906,021)</b>	(475,801,109)	<b>(433,233,560)</b>
<b>Depreciation and Amortization</b>	(34,211,233)	<b>(26,188,881)</b>	(32,225,327)	<b>(25,238,897)</b>	(38,114,788)	<b>(30,341,249)</b>	(149,951,571)	<b>(119,972,900)</b>

### 2- Segment Information

#### Gross Profit

	2023							
	Q1		Q2		Q3		Total	
	As reported	Adjusted	As reported	Adjusted	As reported	Adjusted	As reported	Adjusted
<b>Digital Business</b>	442,772,129	<b>438,367,676</b>	489,165,868	<b>486,271,671</b>	458,244,615	<b>453,129,564</b>	1,959,970,691	<b>1,926,746,755</b>
<b>Business Process Outsourcing</b>	95,181,992	<b>95,181,992</b>	109,032,084	<b>109,032,084</b>	112,847,271	<b>112,847,271</b>	366,554,707	<b>380,275,922</b>
<b>Professional Services</b>	6,504,949	<b>6,504,948</b>	3,794,739	<b>3,777,566</b>	4,373,953	<b>4,279,723</b>	24,527,212	<b>24,701,599</b>
	544,459,070	<b>540,054,616</b>	601,992,691	<b>599,081,321</b>	575,465,839	<b>570,256,558</b>	2,351,052,610	<b>2,331,724,276</b>

1- Consolidated Statement of Profit or Loss

	2024						Total
	Q1		Q2		Q3		
	As reported	Adjusted	As reported	Adjusted	As reported	Adjusted	
<b>Cost of Revenue</b>	(1,012,533,451)	<b>(1,020,166,297)</b>	(1,032,065,648)	<b>(1,035,849,762)</b>	(1,034,431,063)	<b>(1,041,418,718)</b>	<b>(4,381,074,053)</b>
<b>Gross Profit</b>	626,478,993	<b>618,846,147</b>	734,947,592	<b>731,163,478</b>	837,108,551	<b>830,120,896</b>	<b>3,025,720,349</b>
<b>Operating Expenses</b>							
<b>Research and Development</b>	-	<b>(14,384,982)</b>	-	<b>(18,507,513)</b>	-	<b>(20,586,658)</b>	<b>(75,532,533)</b>
<b>Selling and Marketing</b>	(85,432,288)	<b>(85,372,167)</b>	(71,949,685)	<b>(72,228,136)</b>	(78,109,450)	<b>(78,581,781)</b>	<b>(335,606,445)</b>
<b>General and administrative</b>	(131,028,950)	<b>(122,211,256)</b>	(144,724,218)	<b>(133,537,495)</b>	(150,392,660)	<b>(132,182,645)</b>	<b>(551,198,293)</b>
<b>Depreciation and Amortization</b>	(50,971,522)	<b>(37,831,509)</b>	(59,930,436)	<b>(48,547,081)</b>	(69,633,097)	<b>(59,796,468)</b>	<b>(198,838,582)</b>

2- Segment Information

Gross Profit

	2024						Total
	Q1		Q2		Q3		
	As reported	Adjusted	As reported	Adjusted	As reported	Adjusted	
<b>Digital Business</b>	531,341,518	<b>523,708,672</b>	600,662,292	<b>596,878,178</b>	725,130,263	<b>718,142,609</b>	<b>2,574,439,987</b>
<b>Business Process Outsourcing</b>	88,178,953	<b>88,178,953</b>	128,788,329	<b>128,788,329</b>	108,860,850	<b>108,860,850</b>	<b>427,970,343</b>
<b>Professional Services</b>	6,958,522	<b>6,958,522</b>	5,496,971	<b>5,496,971</b>	3,117,438	<b>3,117,437</b>	<b>23,310,019</b>
	626,478,993	<b>618,846,147</b>	734,947,592	<b>731,163,478</b>	837,108,551	<b>830,120,896</b>	<b>3,025,720,349</b>





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