

# Earnings Release

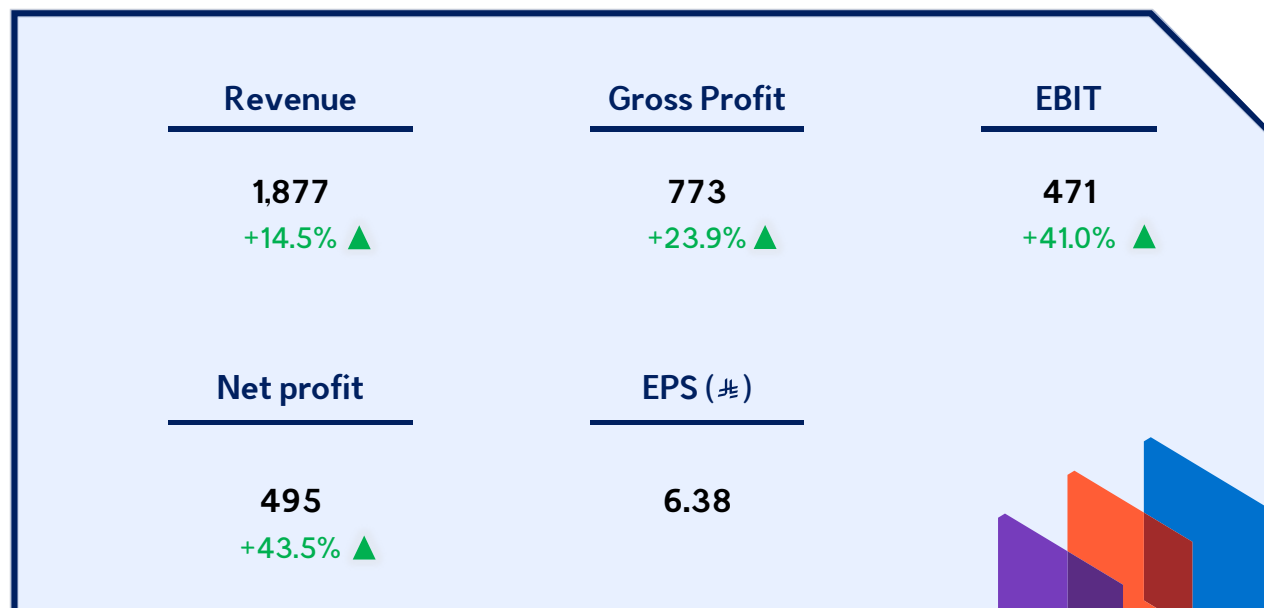
Q1 2025



## elm Reported its Interim Consolidated Financial Results for the Period Ended on 31 March 2025

### Q1 2025 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,** 'Elm achieved growth in the first quarter of 2025, with net profit rising by nearly 43.5% compared to the same period in the previous year, reaching SAR 495 million. This performance reflects the strength of the company's operations and the effectiveness of its strategic direction. The full acquisition of Thiqah Company marked a significant milestone, enhancing Elm's non-organic growth trajectory and supporting its ambitions to expand and integrate digital services.

Throughout the year, the company has reinforced its commitment to the goals of Saudi Vision 2030 by implementing strategic initiatives aimed at enhancing the user experience. These efforts focus on delivering advanced digital services that simplify processes and improve customer satisfaction, in alignment with the Vision's objectives.

The company is investing in a robust digital infrastructure and intelligent electronic platforms, supported by national expertise in technical consulting and digital transformation, while also expanding its presence in new strategic markets to maximize its impact and create sustainable value for its partners and society.'

## Financial Performance Highlights

### P/L Performance Highlights

₪ million	Q1 2025	Q1 2024	Change*
Revenue	1,877	1,639	14.5%
Cost of Revenue	(1,104)	(1,015)	8.8%
Gross Profit	773	624	23.9%
Gross Margin %	41.2%	38.1%	3.11 PP
Operating Expenses	(302)	(290)	4.1%
Operating Profit	471	334	41.0%
Operating Margin %	25.1%	20.4%	4.71 PP
Net profit	495	345	43.5%
Net Margin %	26.4%	21.0%	5.32 PP
Basic EPS (SAR)	6.38	4.44	43.8%

\*PP: Percentage point

**Revenues** increased by 14.5% to reach SAR 1,877 million for the period ended March 31, 2025, driven by growth in the digital business segment.

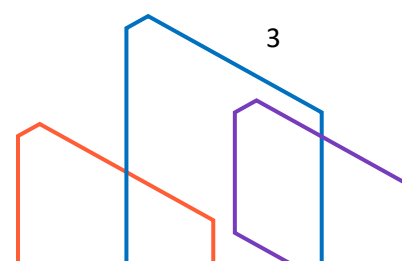
The **gross profit margin** rose by 3.11 percentage points to reach 41.2%, mainly due to higher profitability in the business process outsourcing segment.

**Operating expenses** increased by 4.1% to reach SAR 302 million for the period ended March 31, 2025, attributed to a 20.9% increase in general and administrative expenses due to higher employee costs and consulting activities, as well as a 50.0% increase in research and development expenses due to higher employee costs. In addition, the impairment of non-current assets increased by 100%. On the other hand, the expected credit loss expense decreased by 84.0%, and depreciation and amortization expenses declined by 2.4%.

The company achieved an **operating profit margin** of 25.1%, an increase of 4.71 percentage points.

**Net profit margin** also increased by 5.32 percentage points compared to the same period last year, reaching 26.4%.

**Basic earnings per share** rose to SAR 6.38 per share.



## Segmental Performance Highlights

﷼ million	Q1 2025	Q1 2024	Change*
<b>Revenue</b>			
Digital Business	1,382	1,170	18.1%
Business Process Outsourcing	449	438	2.5%
Professional Services	46	31	48.4%
<b>Total</b>	<b>1,877</b>	<b>1,639</b>	<b>14.5%</b>
<b>Gross Profit</b>			
Digital Business	636	529	20.2%
Business Process Outsourcing	128	88	45.5%
Professional Services	9	7	28.6%
<b>Total</b>	<b>773</b>	<b>624</b>	<b>23.9%</b>
<b>Gross Profit Margin %</b>			
Digital Business	46.0%	45.2%	0.81 PP
Business Process Outsourcing	28.5%	20.1%	8.42 PP
Professional Services	19.6%	22.6%	(3.02) PP
<b>Total</b>	<b>41.2%</b>	<b>38.1%</b>	<b>3.11 PP</b>

\*PP: Percentage point

The **Digital Business segment** achieved a growth in revenue of 18.1% compared to the same period last year, contributing to a 20.2% increase in gross profit and a rise in the gross profit margin by 0.81 percentage points to reach 46.0%. This revenue growth was driven by product expansion during the period, which resulted from an increased customer base and the launch of new services during the period.

The **Business Process Outsourcing** segment also witnessed a revenue increase of 2.5%, mainly due to securing new high-revenue projects. Additionally, gross profit increased by 45.2%, and the gross profit margin rose by 8.42 percentage points to reach 28.5%.

Finally, the **Professional Services** segment recorded a 48.4% increase in revenue, while gross profit for the segment grew by 28.6%, mainly driven by new projects.

## Balance Sheet Highlights

ﷲ million	31 MAR 2025	31 DEC 2024	Change*
Total Assets	9,673	9,554	1.2%
Total Liabilities	4,183	4,261	-1.8%
Total Equity	5,490	5,293	3.7%

### Assets

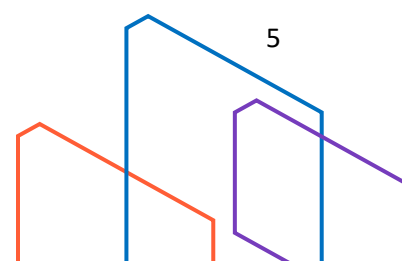
As of March 31, 2025, total assets increased by 1.2% to reach SAR 9,673 million, compared to SAR 9,554 million as of the end of 2024. This increase was due to a 2.2% rise in non-current assets, mainly driven by additions to capital work in progress. Current assets also increased by 1.1%, primarily due to a SAR 176 million increase in accounts receivable.

### Liabilities

Total liabilities decreased by 1.8% to reach SAR 4,183 million as of March 31, 2025, compared to SAR 4,261 million at the end of 2024. This was mainly due to a 2.8% decline in current liabilities, impacted by lower payables and other current liabilities as a result of reduced employee payables. This was partially offset by a 2.0% increase in non-current liabilities, mainly due to higher end-of-service benefit provisions for employees.

### Equity

Total equity grew by 3.7% to reach SAR 5,490 million as of March 31, 2025, compared to SAR 5,293 million at the end of 2024. The increase was primarily driven by total comprehensive income for the period amounting to SAR 484 million, partially offset by dividend distributions of SAR 311 million during the period.



## Cash Flow Statement Highlights

SAR million	Q1 2025	Q1 2024	Change*
Net cash flow generated from operating activities	222	914	-75.7%
Net cash generated from investing activities	922	721	27.9%
Net cash used in financing activities	(322)	(368)	-12.5%

**Net cash generated from operating activities** decreased to a positive cash flow of SAR 222 million for the period ended March 31, 2025, compared to a positive cash flow of SAR 914 million for the same period of the previous year. This was mainly due to a decrease of SAR 650 million in payables and other current liabilities.

**Net cash generated from investing activities** increased to a positive cash flow of SAR 922 million for the period ended March 31, 2025, compared to a positive cash flow of SAR 721 million for the same period of the previous year. This change was driven by a SAR 381 million decrease in investments in other financial assets.

**Net cash used in financing activities** decreased to SAR 322 million for the period ended March 31, 2025, compared to SAR 368 million for the same period of the previous year. This was due to a SAR 42 million reduction in the Payment of lease liabilities.

As a result, **cash and cash equivalents** amounted to SAR 3,073 million as of March 31, 2025.

## Investor Relations Enquiries

### Investor Relations Department

Tel: +(966) 11 4618500

Email: [ir@elm.sa](mailto:ir@elm.sa)

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