

**ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED March 31, 2024**

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

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

**To the shareholders of
Elm Company
Saudi Joint Stock Company
Riyadh – Kingdom of Saudi Arabia**

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 of 31 March 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three 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 34 – (“IAS 34”) “*Interim Financial Reporting*” endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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” endorsed in the Kingdom of Saudi Arabia. A review of interim financial information 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 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 information 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 Al-Amri
Certified Public Accountant
Registration No. 362**



**Riyadh, on: 8 Duul Qa'adah 1445 (H)
corresponding to: 16 May 2024 (G)**

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE PERIOD ENDED MARCH 31, 2024
All amounts in Saudi Riyals

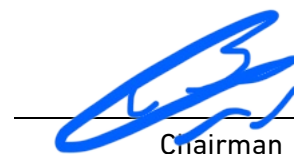
	Note	For the three months period ended March 31	
		2024 (Unaudited)	2023 (Unaudited)
Revenue	5	1,639,012,444	1,288,160,010
Cost of revenue		(1,012,533,451)	(743,700,940)
GROSS PROFIT		626,478,993	544,459,070
EXPENSES			
Selling and marketing		(85,432,288)	(67,252,261)
Expected credit losses		(24,668,823)	(17,227,084)
General and administrative		(131,028,950)	(105,452,322)
Depreciation and amortization	6,7,8	(50,971,522)	(34,211,233)
OPERATING PROFIT		334,377,410	320,316,170
Finance cost		(4,690,478)	(1,085,622)
Income from murabaha deposit	14,15	43,618,982	31,187,205
Share of result from investment in associate	9	(226,805)	(2,218,741)
Gain at fair value of financial assets through profit or loss	10	901,720	740,791
Other income, net		4,388,091	7,341,004
PROFIT BEFORE ZAKAT		378,368,920	356,280,807
Zakat	20	(33,598,631)	(33,877,443)
NET PROFIT		344,770,289	322,403,364
Net profit attributable to:			
Equity holders of the parent Company		344,782,745	322,403,364
Non-controlling interests		(12,456)	-
		344,770,289	322,403,364
OTHER COMPREHENSIVE INCOME FOR THE PERIOD:			
Items that may be reclassified subsequently to Profit or loss:			
Foreign currency translation difference		(5,966)	-
Items that will not be reclassified subsequently to profit or loss			
		-	-
TOTAL COMPREHENSIVE INCOME		344,764,323	322,403,364
Total comprehensive income attributable to:			
Equity holders of the parent Company		344,776,779	322,403,364
Non-controlling interests		(12,456)	-
		344,764,323	322,403,364
Earnings per share from net profit attributable to equity holders of the parent company:			
Basic	18	4.44	4.15
Diluted	18	4.31	4.03



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from (1) to (29) form an integral part of these interim condensed consolidated financial statements

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024
All amounts in Saudi Riyals

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
NON – CURRENT ASSETS			
Property and equipment	6	370,380,708	375,183,246
Capital work in progress		130,633,060	119,813,847
Right-of-use assets	7	583,586,917	230,798,737
Intangible assets	8	183,888,203	174,646,541
Investments in associates	9	1,910,348	2,137,153
Other financial assets	10	227,906,324	227,906,324
TOTAL NON – CURRENT ASSETS		1,498,305,560	1,130,485,848
CURRENT ASSETS			
Accounts receivable	11	2,252,033,009	2,322,353,701
Contract assets	12	877,998,159	847,625,684
Prepaid expenses and other current assets	13	458,696,385	337,441,825
Other financial assets	10	375,232,706	18,797,335
Murabaha deposit	14	1,902,914,373	3,056,113,638
Cash and cash equivalents	15	1,652,033,322	384,394,607
TOTAL CURRENT ASSETS		7,518,907,954	6,966,726,790
TOTAL ASSETS		9,017,213,514	8,097,212,638
EQUITY AND LIABILITIES			
EQUITY			
Share capital		800,000,000	800,000,000
Statutory reserve		174,708,101	174,708,101
Treasury share		(294,758,400)	(294,758,400)
Other reserves		29,897,336	12,826,478
Retained earnings		3,335,725,620	3,301,731,675
Equity attributable to equity holders of the parent Company		4,045,572,657	3,994,507,854
Non-controlling interest		151,544	164,000
TOTAL EQUITY		4,045,724,201	3,994,671,854
LIABILITIES			
NON – CURRENT LIABILITIES			
Lease liabilities		529,272,832	212,090,689
End of service benefits provision	17	375,982,855	360,689,127
TOTAL NON – CURRENT LIABILITIES		905,255,687	572,779,816
CURRENT LIABILITIES			
Accounts payable and other current liabilities	19	3,274,474,415	2,805,055,424
Contract liabilities		538,139,481	503,707,390
Zakat	20	217,211,950	183,613,319
liabilities of purchasing property		25,396,063	25,396,063
Lease liabilities		11,011,717	11,988,772
TOTAL CURRENT LIABILITIES		4,066,233,626	3,529,760,968
TOTAL LIABILITIES		4,971,489,313	4,102,540,784
TOTAL EQUITY AND LIABILITIES		9,017,213,514	8,097,212,638



Chief Financial Officer



Chief Executive Officer



Chairman

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ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
All amounts in Saudi Riyals

	Note	Equity attributable to the equity holders of the Parent					Total	Non - controlling interest	Total equity
		Share capital	Treasury shares	Statutory reserve	Other reserves	Retained earnings			
Balance as at January 1, 2023 (Audited)		800,000,000	(307,200,000)	174,708,101	(24,180,887)	2,403,679,701	3,047,006,915	-	3,047,006,915
Net profit		-	-	-	-	322,403,364	322,403,364	-	322,403,364
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	322,403,364	322,403,364	-	322,403,364
Treasury shares Settlement		-	12,441,600	-	(20,446,020)	8,004,420	-	-	-
Share-based payment	16	-	-	-	8,350,430	-	8,350,430	-	8,350,430
Dividends		-	-	-	-	(233,091,600)	(233,091,600)	-	(233,091,600)
Balance as at March 31, 2023 (Unaudited)		<u>800,000,000</u>	<u>(294,758,400)</u>	<u>174,708,101</u>	<u>(36,276,477)</u>	<u>2,500,995,885</u>	<u>3,144,669,109</u>	<u>-</u>	<u>3,144,669,109</u>
Balance as at January 1, 2024 (Audited)		800,000,000	(294,758,400)	174,708,101	12,826,478	3,301,731,675	3,994,507,854	164,000	3,994,671,854
Net profit		-	-	-	-	344,782,745	344,782,745	(12,456)	344,770,289
Other comprehensive income		-	-	-	(5,966)	-	(5,966)	-	(5,966)
Total comprehensive income		-	-	-	(5,966)	344,782,745	344,776,779	(12,456)	344,764,323
Share-based payment	16	-	-	-	17,076,824	-	17,076,824	-	17,076,824
Dividends	25	-	-	-	-	(310,788,800)	(310,788,800)	-	(310,788,800)
Balance as at March 31, 2024 (Unaudited)		<u>800,000,000</u>	<u>(294,758,400)</u>	<u>174,708,101</u>	<u>29,897,336</u>	<u>3,335,725,620</u>	<u>4,045,572,657</u>	<u>151,544</u>	<u>4,045,724,201</u>


Chief Financial Officer


Chief Executive Officer

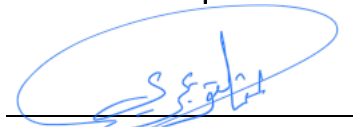

Chairman

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ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
All amounts in Saudi Riyals

	Note	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat		378,368,920	356,280,807
<i>Adjustments for non-cash items:</i>			
Depreciation and amortization	6,7,8	50,971,522	34,211,233
Expected credit losses		24,668,823	17,227,084
End of service benefits provision	17	19,873,952	17,495,096
Share based payment	16	17,076,824	8,350,430
Finance cost		4,690,478	1,085,622
Income from murabaha deposit	14,15	(43,618,982)	(31,187,205)
Share of result from investment in associate	9	226,805	2,218,741
Fair value gain from financial assets at fair value through profit or loss	10	(901,720)	(740,791)
Other expenses, net		-	23,034
		<u>451,356,622</u>	<u>404,964,051</u>
<i>Working capital adjustments:</i>			
Accounts receivable	11	45,710,729	(198,252,438)
Contract assets	12	(30,372,474)	(81,340,228)
Prepaid expenses and other current assets	13	(79,793,668)	(60,500,087)
Accounts payable and other current liabilities	19	469,044,011	170,331,682
Contract liabilities		34,432,091	30,558,202
Cash from operations		<u>890,377,311</u>	<u>265,761,182</u>
Zakat paid	20	-	(3,319)
		<u>28,076,663</u>	
Proceeds, income from murabaha deposit			11,567,750
End of service benefits paid	17	(4,580,224)	(1,558,106)
Net cash generated from operating activities		<u>913,873,750</u>	<u>275,767,507</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Murabaha deposit		1,126,892,728	364,812,369
Purchase of property and equipment and intangible assets		(18,619,773)	(11,688,932)
Proceeds from disposal of property and equipment		-	130,834
Proceeds from other financial assets	10	26,000,000	26,000,000
Investments in other financial assets	10	(381,533,651)	(22,517,301)
Payments for capital works in progress		(31,313,844)	(9,571,625)
Net cash generated from investing activities		<u>721,425,460</u>	<u>347,165,345</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(57,236,305)	(5,053,387)
Finance cost paid		(4,404)	(124,501)
Dividends paid		(310,413,820)	-
Net cash used in financing activities		<u>(367,654,529)</u>	<u>(5,177,888)</u>
Net Change in cash and cash equivalents		<u>1,267,644,681</u>	<u>617,754,964</u>
Cash and cash equivalents at the beginning of the period	15	<u>384,394,607</u>	<u>588,679,391</u>
Net, Foreign currency exchange difference		(5,966)	-
Cash and cash equivalents at the end of the period		<u>1,652,033,322</u>	<u>1,206,434,355</u>


Chief Financial Officer


Chief Executive Officer


Chairman

ابراهيم
The accompanying notes from (1) to (29) form an integral part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

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, 1408 (corresponding to June 8, 1988) and is registered with Commercial Registration No. 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.

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 at December 31, 2023.

Certain prior period's figures have been reclassified to conform to the current period's presentation (Note 27).

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, 2023.

3. SIGNIFICANT 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, 2023.

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 March 31, 2024.

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, 2023. Noting that the Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
All amounts in Saudi Riyals

5. REVENUE

The following is the group revenue analysis, as per business unit:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Digital business	1,169,658,233	970,819,086
Business process outsourcing	438,384,929	279,638,909
Professional services	30,969,282	37,702,015
	<u>1,639,012,444</u>	<u>1,288,160,010</u>

Revenue sources:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Revenue from private parties	1,065,936,786	850,902,205
Revenue from government agencies	573,075,658	437,257,805
	<u>1,639,012,444</u>	<u>1,288,160,010</u>

Revenue recognition time:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
At a point in time	1,226,004,068	987,930,301
Over a period of time	413,008,376	300,229,709
	<u>1,639,012,444</u>	<u>1,288,160,010</u>

*The amounts above include transactions with related parties (Note 21).

6. PROPERTY AND EQUIPMENT

The movement in property and equipment are as follows:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Balance at the beginning of the period	375,183,246	353,498,965
Additions during the period	9,035,116	6,543,401
Transfer from capital work in progress	1,068,125	-
Disposals during the period	-	(153,866)
Depreciation during the period	(14,905,779)	(11,406,463)
	<u>370,380,708</u>	<u>348,482,037</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
All amounts in Saudi Riyals

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 and other comprehensive income:

	For the three months period ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Cost of revenue	10,072,906	7,823,761
General and administrative expenses	4,591,328	3,374,182
Selling and marketing expenses	241,545	208,520
	14,905,779	11,406,463

7. RIGHT -OF- USE ASSETS

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

	For the three months period ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Balance at the beginning of the period	230,798,737	80,386,822
Additions during the period	369,084,421	17,291,433
Depreciation during the period	(16,296,241)	(6,080,811)
	583,586,917	91,597,444

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

	For the three months period ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Cost of revenue	4,298,071	2,370,513
General and administrative expenses	11,998,170	3,710,298
	16,296,241	6,080,811

8. INTANGIBLE ASSETS

The movement in intangible assets are as follows:

	For the three months period ended March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Balance at the beginning of the period	174,646,541	179,633,130
Additions during the period	9,584,657	5,145,531
Transfer from capital work in progress	19,426,507	9,721,780
Amortization during the period	(19,769,502)	(16,723,959)
	183,888,203	177,776,482

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
All amounts in Saudi Riyals

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 and other comprehensive income:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Cost of revenue	17,526,517	15,927,131
General and administrative expenses	2,242,985	796,828
	<u>19,769,502</u>	<u>16,723,959</u>

9. INVESTMENTS IN ASSOCIATES

The movement in the balance of investments in associates are as follows:

	March 31, 2023 (Unaudited)	December 31, 2023(Audited)
<i>Investment using the equity method:</i>		
Balance at the beginning of the period	-	2,397,758
Disposals during the period	-	(179,017)
Share of results from associates	-	(2,218,741)
	<u>-</u>	<u>-</u>
<i>Long Term Interest:</i>		
Balance at the beginning of the period	2,137,153	15,985,299
Losses at FVTPL	-	(4,120,518)
Share in total accumulated losses (A)	(226,805)	(9,727,628)
	<u>1,910,348</u>	<u>2,137,153</u>
Group's net investment balance	<u>1,910,348</u>	<u>2,137,153</u>

A)The amount represents the Group's share of losses in excess of the value of the investment using the equity method, where losses are recognized by reducing other components of the company's interest in associates.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
All amounts in Saudi Riyals

10. OTHER FINANCIAL ASSETS

The group's other financial assets balances consist of:

	March 31, 2023 (Unaudited)	December 31, 2023(Audited)
<i>Financial assets at FVTPL</i>		
Money Market Funds (A)	375,232,706	18,797,335
Advance payment for future equity (B)	19,936,296	19,936,296
	<u>395,169,002</u>	<u>38,733,631</u>
<i>Financial assets at FVTOCI</i>		
Unquoted equity investments (C)	<u>207,970,028</u>	<u>207,970,028</u>
Other financial assets are presented in the statement of financial position as follows:		
Current	375,232,706	18,797,335
Non-current	<u>227,906,324</u>	<u>227,906,324</u>
	<u>603,139,030</u>	<u>246,703,659</u>

- 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.
- 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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
All amounts in Saudi Riyals

10. OTHER FINANCIAL ASSETS (CONTINUED)

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period / year	246,703,659	267,403,011
Additions	381,533,651	432,696,961
Proceeds	(26,000,000)	(467,929,663)
Gain / (losses) on financial assets at FVTPL	901,720	(11,848,122)
Gain on financial assets at FVTOCI	-	26,381,472
Balance at the end of the period / year	<u>603,139,030</u>	<u>246,703,659</u>

11. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Government receivables	1,469,723,074	1,487,490,009
Private receivables	1,250,573,122	1,278,516,916
	2,720,296,196	2,766,006,925
Expected credit losses provision	(468,263,187)	(443,653,224)
	<u>2,252,033,009</u>	<u>2,322,353,701</u>

*The above amounts include balances with related parties (Note 21).

12. 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 consists of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Government contract assets	735,328,294	701,502,502
Private contract assets	271,531,330	274,984,648
	1,006,859,624	976,487,150
Expected credit losses provision	(128,861,465)	(128,861,466)
	<u>877,998,159</u>	<u>847,625,684</u>

*The above amounts include balances with related parties (Note 21).

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13. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consist of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Payments under Settlement (A)	159,220,954	-
Deferred costs	82,173,646	70,830,503
Prepaid expenses	68,456,206	77,400,840
Accrued murabaha deposit income	43,665,944	37,495,313
Advance payments to vendors	42,616,764	93,910,498
Letter of guarantee	33,488,170	30,466,718
Employees receivable	27,289,757	26,020,880
Other	1,784,944	1,317,073
	<u>458,696,385</u>	<u>337,441,825</u>

A) 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 15-B).

14. 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 6.26% annually (2023: 5.20% annually), and the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 41.1 million during the three months period ended March 31, 2024 (2023:SR 24.2 million). All murabaha deposits mature within one year.

15. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consists of the following:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash at banks	852,033,322	320,390,132
Short term murabaha deposits (15-A)	800,000,000	64,004,475
	<u>1,652,033,322</u>	<u>384,394,607</u>

15-A The balance of short-term murabaha deposits consists of short-term deposits of three months and less. The average commission is 6.13% annually (31 December 2023: 5.4%). the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 2.5 million during the three months period ended March 31, 2024 (2023:SR 7 million).

15-B The Company has a balance of SR 11.4 billion as at 31 March 2024 (31 December 2023: SR 2,6 billion) restricted in its bank accounts, which has not been recorded within the group's assets, The group acts as an agent for these balances on behalf of the contracted parties to operate and provide the services.

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16. SHARE BASED PAYMENT

During the first quarter of 2024, the Group announced the third phase of the long-term incentive plan program for its employees, the details of which are as follows:

Grant date	January 1, 2024
Due date	March 31, 2027
Average fair value of the shares	797 Saudi Riyals
Maximum number of shares granted	51,789 shares
Settlement method	Equity

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

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Broad based Stock ownership program	-	3,064,635
Tranche 1- Long term incentive plan program	5,392,608	5,285,795
Tranche 2 – Long term incentive plan program	8,602,740	-
Tranche 3 - Long term incentive plan program	3,081,476	-
	<u>17,076,824</u>	<u>8,350,430</u>

17. END OF SERVICES BENEFITS PROVISION

Employee end of service benefits provision movement as follows:

	March 31, 2024 (Unaudited)	December 31,2023 (Audited)
Balance at the beginning of the period / year	360,689,127	307,462,112
Current service cost during the period / year	16,126,839	53,971,227
Current service financing cost during the period / year	3,747,113	13,789,543
Benefits paid during the period / year	(4,580,224)	(19,996,797)
Actuarial losses during the period / year	-	5,463,042
Balance at the end of the period / year	<u>375,982,855</u>	<u>360,689,127</u>

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18. 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 March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Net profit attributable to equity holders of the parent Company	344,782,745	322,403,364
Number of shares		
Weighted average number of shares for calculation for basic earnings per share	77,697,200	77,646,440
Weighted average number of shares for repurchased shares	2,302,800	2,353,560
Weighted average number of shares for calculation for diluted earnings per share	80,000,000	80,000,000
EARNINGS PER SHARE:		
Basic	4.44	4.15
Diluted	4.31	4.03

19. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities are as follows:

	March 31, 2023	December 31,
	(Unaudited)	2023 (Audited)
Income sharing and business partners payables	1,948,325,855	1,582,095,955
Employee accruals	426,230,901	368,550,827
Contractual cost	379,743,279	384,390,554
Accounts payable	339,231,932	328,851,291
Value added tax	103,525,968	74,902,463
Incentives & marketing	45,639,683	42,273,245
Retention payable	4,191,456	3,535,720
Dividend payable	2,362,022	1,987,042
Litigation provision (Note 24)	1,110,250	1,070,417
Other	24,113,069	17,397,910
	3,274,474,415	2,805,055,424

The above amounts include balances with related parties (Notes 21).

20. ZAKAT

The group submitted all its zakat returns until the end of the year 2023, with paying the zakat due based on those returns and received the zakat certificate for that year. The group has not received any zakat assessments until the date of preparing the consolidated financial statements.

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20. ZAKAT (CONTINUED)

The Group pays VAT on a monthly basis and VAT returns have been submitted for all previous fiscal years. The Group underwent a tax examination for the years 2018, 2019, 2020 and 2022. The process of examining tax returns submitted for these years was closed and did not result in any tax differences.

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period / year	183,613,319	138,434,452
Charge during the period / year	33,598,631	117,057,649
Paid during the period / year	-	(71,878,782)
Balance at the end of the period / year	217,211,950	183,613,319

21. 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 consolidated financial statements, balances with related parties were unguaranteed.

21.1 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 March 31	
	2024	2023
	(Unaudited)	(Unaudited)
Transactions with government entities (*)		
Service revenue (Note 5)	573,075,658	437,257,805
Services cost	307,190,136	265,283,855
Transactions with government related entities		
Service revenue (Note 5)	72,993,437	52,610,832
Services cost	50,897,123	33,147,248
Transactions with Associate companies		
Services cost	509,709	729,139
* Service revenues from government entities include transactions with the main shareholder amounting to SR 7,5 million (2023: SR 8,8 million).		
Transaction with board of directors and senior executive managers		
Salaries and benefit	7,418,215	7,762,787
Remunerations and allowances	5,110,700	5,035,625
Share based payment Expense	3,144,179	1,344,018
End of service benefits Expense	1,133,096	471,692
	16,806,190	14,614,122

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21 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

21.2 Due from / to related parties

Balances	March 31, 2024	December 31, 2023
Due from related parties (*)		
<i>Due from government entities classified under:</i>		
Accounts receivable (Note 11)	1,469,723,074	1,487,490,009
Contract assets (Note 12)	735,328,294	701,502,502
<i>Due from government related entities classified under:</i>		
Accounts receivable (Note 11)	244,545,490	182,117,569
Contract assets (Note 12)	57,725,044	20,364,362
Due to Related Parties:		
<i>Due to government related classified under:</i>		
Accounts payable and other current liabilities (Note 19)	1,863,323,213	1,588,614,267
<i>Due to government related entities classified under:</i>		
Accounts payable and other current liabilities (Note 19)	67,734,370	30,513,812
<i>Due to associate companies classified under:</i>		
Accounts payable and other current liabilities (Note 19)	1,469,679	2,099,460

* Balances due from government entities include amounts due from the main shareholder included in receivables at an amount of SR 3.8 million (2023: SR 11.2 million). And due balances included in contract assets amounting to SR 22.8 million (2023: SR 25.6 million).

22. 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 company'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.
- 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.

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22. SEGMENT INFORMATION (CONTINUED)

The selected financial data for these sectors follows:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Revenue		
Digital Business	1,169,658,233	970,819,086
Business Process Outsourcing	438,384,929	279,638,909
Professional Services	30,969,282	37,702,015
	1,639,012,444	1,288,160,010
Cost		
Direct cost	(1,012,533,451)	(743,700,940)
Operating expenses (except depreciation and amortization, and ECL)	(216,461,238)	(172,704,583)
Expected credit loss (ECL)	(24,668,823)	(17,227,084)
Depreciation & amortization	(50,971,522)	(34,211,233)
Other income, net	43,991,510	35,964,637
Zakat	(33,598,631)	(33,877,443)
	(1,294,242,155)	(965,756,646)
Net profit	344,770,289	322,403,364

Below is a breakdown of gross profit by segments:

	For the three months period ended March 31	
	2024 (Unaudited)	2023 (Unaudited)
Digital Business	531,341,518	442,772,129
Business Process Outsourcing	88,178,953	95,181,992
Professional Services	6,958,522	6,504,949
	626,478,993	544,459,070

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22. SEGMENT INFORMATION (CONTINUED)

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

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>Assets</i>		
Digital Business	6,435,007,900	5,841,184,113
Business Process Outsourcing	2,411,824,584	2,030,343,296
Professional Services	170,381,030	225,685,229
	<u>9,017,213,514</u>	<u>8,097,212,638</u>
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>Liabilities</i>		
Digital Business	3,547,833,592	2,959,499,413
Business Process Outsourcing	1,329,719,000	1,028,695,497
Professional Services	93,936,721	114,345,874
	<u>4,971,489,313</u>	<u>4,102,540,784</u>

23. BANK FACILITIES

The Group has facilities agreements with local banks to meet the working capital requirements and support the Group's business requirements in the form of cash withdrawals and letters of guarantee with a maximum limit of SR 500 million as of March 31, 2024 (December 31, 2023: SR 500 million). The Group has utilized some of those facilities agreements to issue bank guarantees for its projects as disclosed in (Note 24).

24. CONTINGENT LIABILITIES

- The Group has outstanding bank letters of guarantee amounted to SAR 88 million as of March 31, 2024 (December 31, 2023: SR 109 million).
- In the normal course of business, the Group is a party to legal cases either as a plaintiff or defendant. As on March 31, 2024, the Group recorded a provision against legal cases in the amount of SR 1.1 million (December 31, 2023: SAR 1.1 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 19).
- As of March 31, 2024, the associate companies have contingent liabilities amounted to SAR 0.67 million (December 31, 2023: nil). The Group discloses its share of contingent liabilities from its associates.

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25. DIVIDENDS

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

Announcement Date	Distribution Date	Amount (SAR per share)	Total Distributed	Type	Status
March 9, 2024	March 25, 2024	4	310,788,800	Interim	Paid

26. 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 three months period ended 31 March 2024. The fair valuation techniques are as applied as of 31 December 2023.

The below table 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 31 March 2024			
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	-	375,232,706	227,906,324	603,139,030
As at 31 December 2023				
	Level I	Level II	Level III	Total
Financial assets				
Other financial assets	-	18,797,335	227,906,324	246,703,659

27. COMPARATIVE FIGURES

Reclassification

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

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27. COMPARATIVE FIGURES (CONTINUED)

1- Interim condensed consolidated statement of profit or loss and other comprehensive income

The Group has reclassified some items of expenses to enhance presentation and align with the nature of these balances, the following table presents the reclassification:

	<u>March 31, 2023</u>	<u>Reclassification</u>	<u>Amount after reclassification</u>
Cost of Revenue	754,971,243	(11,270,303)	743,700,940
Selling & Marketing Expenses	64,047,824	3,204,437	67,252,261
General & Admin. Expenses	97,386,456	8,065,866	105,452,322
	<u>916,405,523</u>	<u>-</u>	<u>916,405,523</u>

2- Interim condensed consolidated statement of cash flows

The Group has reclassified some items of current liabilities to enhance presentation and align with the nature of these balances, the following table presents the reclassification:

	<u>March 31, 2023</u>	<u>Reclassification</u>	<u>Amount after reclassification</u>
<u>Cash Flows from Operating Activities</u>			
<i>Working capital adjustments:</i>			
Accounts payable and other current liabilities	182,056,451	(11,724,769)	170,331,682
Due to related parties	(11,724,769)	11,724,769	-

3- Segment information

The Group has reclassified certain segment information to align with changes in the presentation of internal reports for operational decision-maker within the Group, the following table presents the reclassification:

2- *A Revenues:*

	<u>March 31, 2023</u>	<u>Reclassification</u>	<u>Amount after reclassification</u>
Digital business	968,903,108	1,915,978	970,819,086
Business process outsourcing	277,367,554	2,271,355	279,638,909
Professional services	41,889,348	(4,187,333)	37,702,015
	<u>1,288,160,010</u>	<u>-</u>	<u>1,288,160,010</u>

2- *B Gross profit:*

	<u>March 31, 2023</u>	<u>Reclassification</u>	<u>Amount after reclassification</u>
Digital business	447,685,479	(4,913,350)	442,772,129
Business process outsourcing	82,279,650	12,902,342	95,181,992
Professional services	3,223,638	3,281,311	6,504,949
	<u>533,188,767</u>	<u>11,270,303</u>	<u>544,459,070</u>

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28. SUBSEQUENT EVENTS

The Extraordinary General Assembly in its meeting held on 22 Shawwal 1445 H (corresponding to 1 May 2024) approved transferring the balance of statutory reserve amounting to SR 174,708,101 to retained earnings. The financial effects of the above transaction have not been brought to account at 31 March 2024. The transfer of the group statutory reserve will be brought to account from the resolution date.

29. APPROVAL OF THE FINANCIAL STATEMENTS

These Interim condensed consolidated financial statements were approved by the Board of Directors on 1 Dhu al-Qadah 1445H (corresponding to 9 May 2024).