



We Make Life Easier..



Annual Report

2023



The Custodian of the Two Holy Mosques  
**King Salman bin Abdulaziz Al Saud**



His Royal Highness the Crown Prince, Prime Minister  
**Prince Mohammed bin Salman bin Abdulaziz Al Saud**



Elm was established as one of the first technology companies in the Kingdom, where the company began providing its e-services to all segments of society in order to achieve its mission represented in facilitating people's lives.

Since its incorporation, ultimate goal has been to facilitate human life through innovative technology and digital solutions as well as promote the community's well-being and sustainability.

Elm aims to be the leading digital enabler in the region by building integrated digital solutions, while providing consultancy services in the digital and business fields.

Elm has expanded its business through partnerships, acquisitions, and expansion by entering new markets, as well as adopting and supporting innovation.

# Contents

<b>Overview</b>	010
Who We Are	012
35 Years of Success	016
Investors	018
<b>Strategic Report</b>	022
Chairman's Message	024
CEO's Message	026
Economic Outlook	028
Elm 4.0 Strategy	034
Operational Performance	038
Overview from the CFO	068
Risk Management	078
Employees and Corporate Culture	083
Social Contribution	092
<b>Governance</b>	094
Board of Directors	097
Board Committees	104
Executive Management	112
Compensation and Remuneration	116
The Board of Directors and executive management Ownership	120
Dividend Policy and Distributed Dividend	121
General Assembly Meetings	122
Shareholders	124
Treasury Shares and Statutory Payments	124
Competing Business and Related Parties Transactions	125
Compliance With Corporate Governance Regulations and Board Declarations	129
<b>Consolidated Financial Statements</b>	132
Independent auditor's report	133
Consolidated statement of profit or loss and other comprehensive income	138
Consolidated statement of financial position	139
Consolidated statement of changes in equity	140
Consolidated statement of cash flows	142
Notes to the consolidated financial statements	144

# Overview

Who We Are

012

35 Years of Success

016

Investors

018



# Overview

## Who We Are

### In Brief

Elm was established on 09/06/1988 as a limited liability company with a share capital of SAR 500,000 and headquartered in Riyadh, Saudi Arabia.

Elm witnessed several stages of development through 35 years of success, until it became a joint stock company listed on the Saudi Stock Exchange "Tadawul" on 16/02/2022 with a fully paid share capital of SAR 800,000,000 divided into 80,000,000 ordinary shares with a nominal value of SAR 10 per share. Elm's activities are carried inside and outside the Kingdom.



### Elm Business

Elm is one of the largest and leading providers of integrated digital solutions, especially in the field of e-government transformation. Elm offers a wide range of digital ready-made and customized solutions in many fields that fit the customers' desires.

Digital products include ready-made solutions in the form of various packages and subscriptions that suit a wide range of customers and meet their needs. While customized solutions include Elm's projects for their customers based on their desires and aspirations.

Elm's Activities include:

#### 1. Digital Business

This sector includes two business suites, as follows:

- **Digital Products Suite:** These are ready-to-use solutions in the form of platforms, portals and applications and any related support services, developed in Elm in cooperation with multiple entities in the public and private sectors in order to create integrated services covering a large segment of society by creating advanced services that contribute to solving an existing issue or bridge an existing service gap by transforming traditional procedures into e-transactions.
- **Digital Projects Suite:** This suite includes integrated solutions, entitlement engines and digital platforms that provide end-to-end solutions to public and private customers in line with the best international practices and standards.

#### 2. Business Process Outsourcing (BPO)

Through the BPO segment and Emdad Alkhebrat Company (subsidiary company owned by Elm), Elm seeks to enhance its competitive advantage in operation management, whether fully or partially, through providing human resources services (specialized and non-specialized) on a large scale to various government and private entities. In addition, qualify national cadres with the highest standards, including job seekers or on-the-job employees through professional recruitment processes to fill available vacancies in the labor market.

#### 3. Professional Services

This includes consulting services such as data analytics and artificial intelligence, where Elm understands and studies the entity's issues and challenges and develops a comprehensive action plan to develop its overall performance and raise customer satisfaction levels.

# Overview

(continued)

## Vision, Mission, and Values

### Our Vision



To be the digital enabler for the government and business sectors in the Kingdom and the region

### Our Mission



Innovate to empower communities and make life easier

## Our Values



Trust

Promoting honesty, integrity, and openness among employees, partners, and customers.

Innovation

Taking initiative and thinking outside the box to satisfy the Company's partners and customers.

Customer-centric

Putting the customer's journey at the heart of every product and service.

Agility

Unleashing the capabilities of employees to quickly respond to satisfy the Company's customers.

Reliability

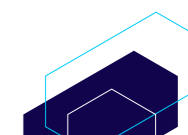
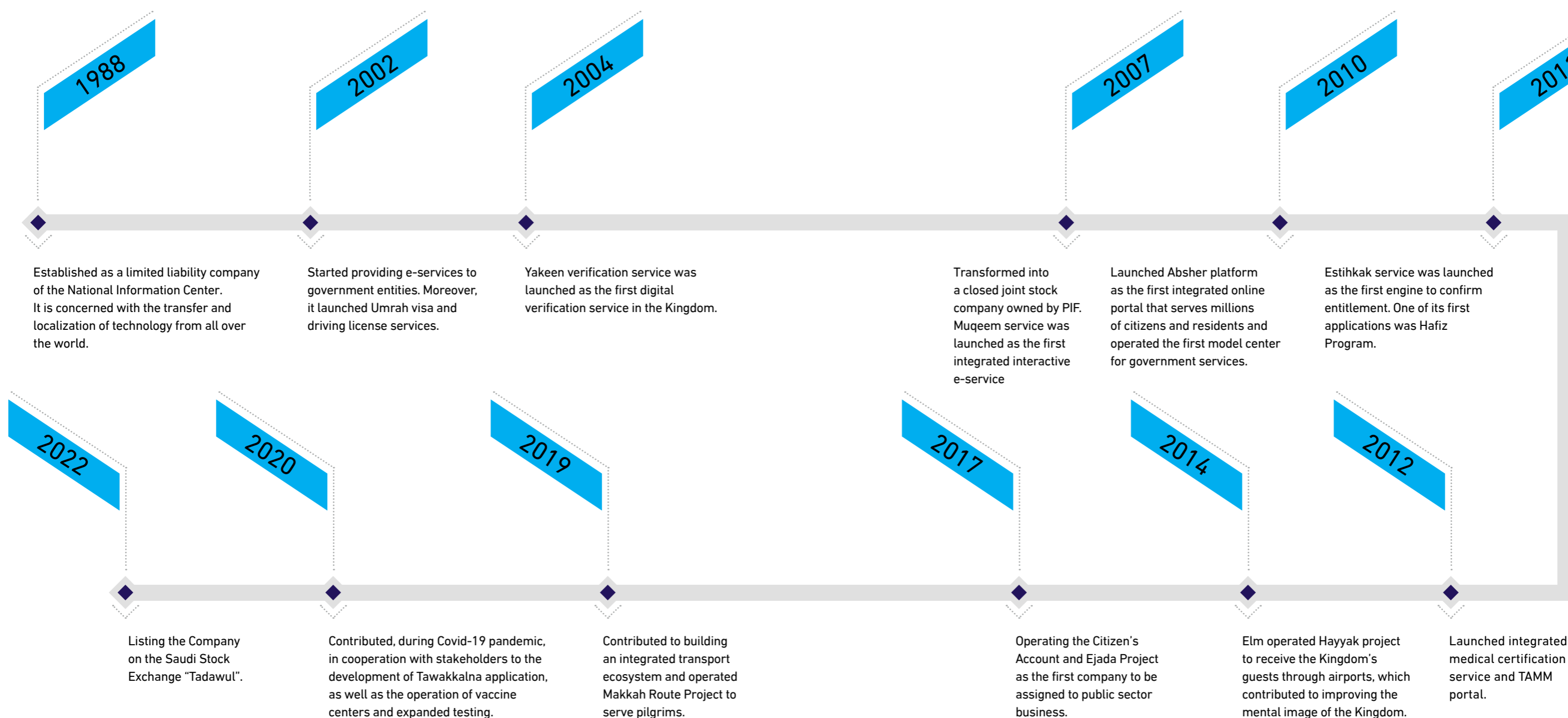
Showing commitment to employees and fulfilling the Company's promises to customers and partners.

## Elm Activities

- 01 Providing the services of telecommunications, information technology, information security, e-business, and credit information exchange.
- 02 Providing electronic connectivity services across the public and private sectors
- 03 Managing, processing, operating, and maintaining data and information centers.
- 04 Practicing wholesale and retail trade, importing, and exporting electronic devices and mechanisms, spare parts, software, information systems, and communication networks.
- 05 Managing, maintaining, operating, and developing electronic devices and mechanisms, information systems, and communication networks.
- 06 Providing websites for purchasing and selling via the Internet.
- 07 Providing, training, and developing the workforce to manage, operate, and develop the business and services of the public and private sectors in the field of information and communication technology and other fields.
- 08 Obtaining franchise related to the purposes of the Company.
- 09 Managing, marketing, and presenting the Company's technology projects or those of a third party inside and outside the Kingdom.
- 10 Providing all activities and services of development, marketing, and technology investment.
- 11 Providing Technology Projects Management services and supervising their execution.
- 12 Providing training services in the fields of development, marketing, and technology investment.
- 13 Investing inside and outside the Kingdom in technology companies and projects.
- 14 Attracting local and foreign investments to participate in any of the Company's activities.
- 15 Providing specialized consultations in information technology and security, communications, e-business, and credit information exchange.
- 16 Inspection of different systems and measurement of their performance.
- 17 Activities of inspection for events and recreational facilities.

# 35

Years of Success





# Overview

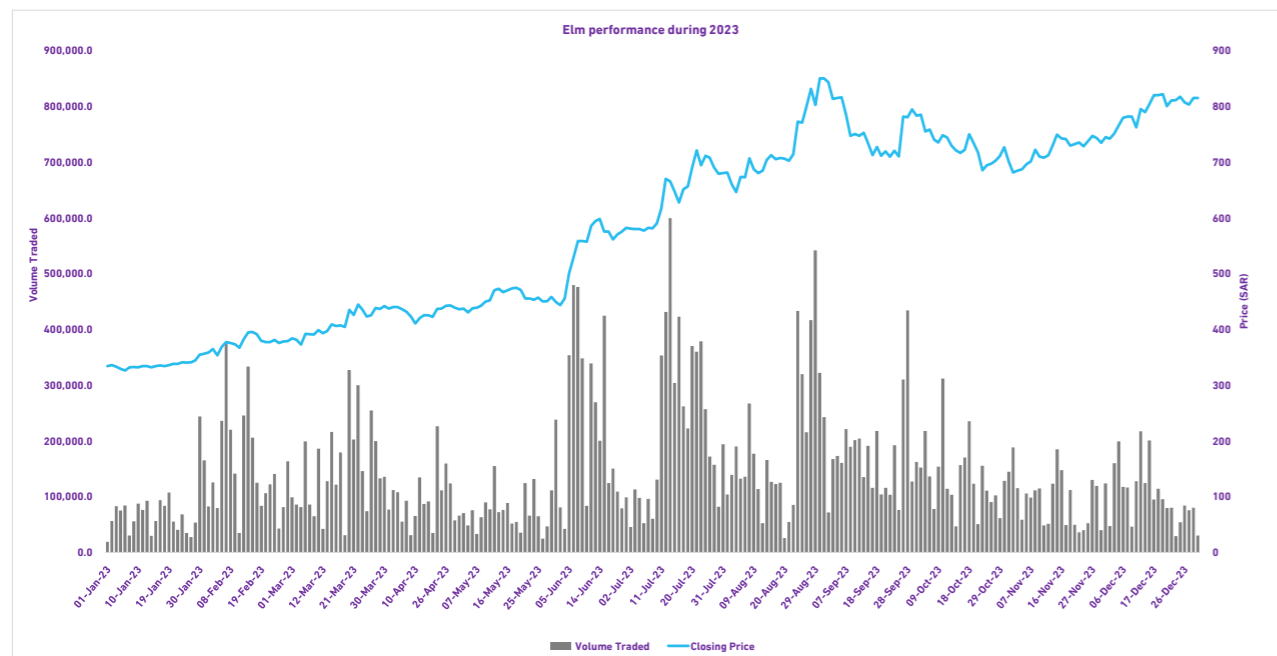
(continued)

## Investors



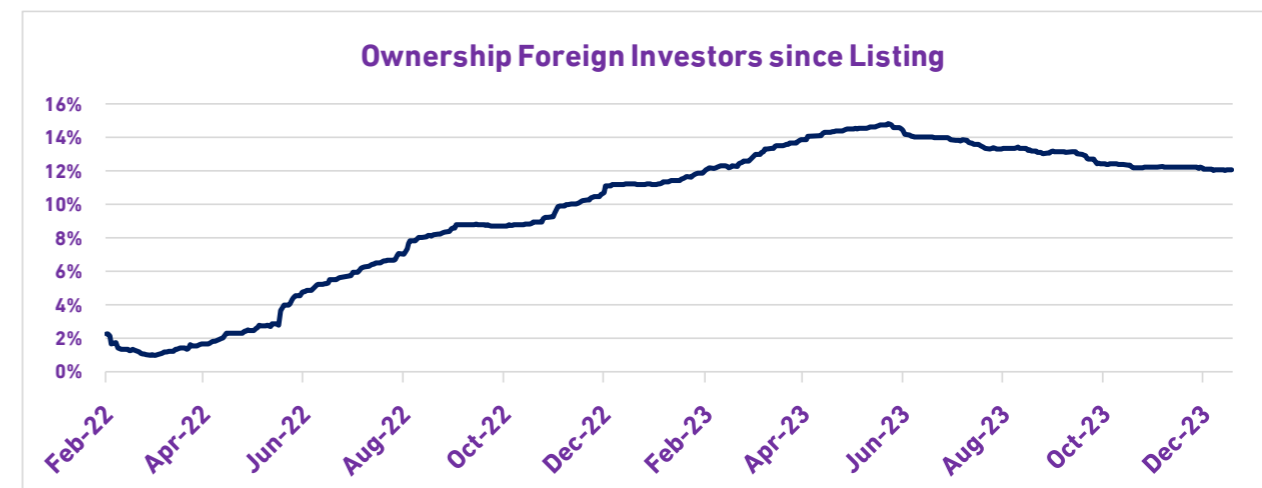
Elm's share was at the forefront of GCC companies in the market capitalization increment, where it rose by 145% to reach SAR 65.2 bn in 2023. Elm's share ranked first in the software and services sector and ranked eighth in TASI in terms of the increase in the share price to reach SAR 815 in 2023.

The graph shows Elm performance during 2023:



Reference: Saudi Exchange

Elm's impressive performance has attracted foreign investors as the ownership of qualified foreign investors (QFI) increased, reaching 12.04% at the end of this year.



Reference: Saudi Exchange

Elm's Investor Relations Department communicates effectively with the investment community and implementation of the best international standards and practices, aiming at promoting its performance and achieving its objectives and initiatives based on the principles of disclosure and transparency. Elm is always keen to disclose all relevant information in a professional and timely manner on its communication channels, such as websites and its Investor Relations application.

The Company also held more than 42 meetings with analysts and investors during the year. Elm showed high interest in investor conferences and roadshows, with the participation of the executive management. The most prominent conferences were as follows:

#	Conference	Date	Location
1	Saudi Capital Market Forum 2023 (5 meetings with +20 investors)	12-13 February 2023	Riyadh – Kingdom of Saudi Arabia
2	Morgan Stanley (8 meetings with +40 investors)	24-25 May 2023	London – United Kingdom
3	HSBC (9 meetings with +40 investors)	12-13 June 2023	London – United Kingdom
4	EFG (7 meetings with 30 investors)	11-12 September 2023	London – United Kingdom
5	Bank of America (6 meetings with +45 investors)	7 November 2023	Riyadh – Kingdom of Saudi Arabia
6	HSBC (7 meetings with +13 investors)	6 December 2023	Hong Kong - China

The Company conducts two earnings calls annually to discuss the mid- and annual performance in the presence of executive management, which contributed to increasing the coverage of analysts to 7 financial companies. The Company ranked 1st in the software and services sector in terms of qualified foreign investor (QFI).



# Overview

(continued)

## Investors

### Company's Shareholders

The Company's shareholders reached 124 thousand as of December 31, 2023. Institutional investors represented 91.3% of total stock ownership, while individual investors represented 8.7%.

### Company ownership structure

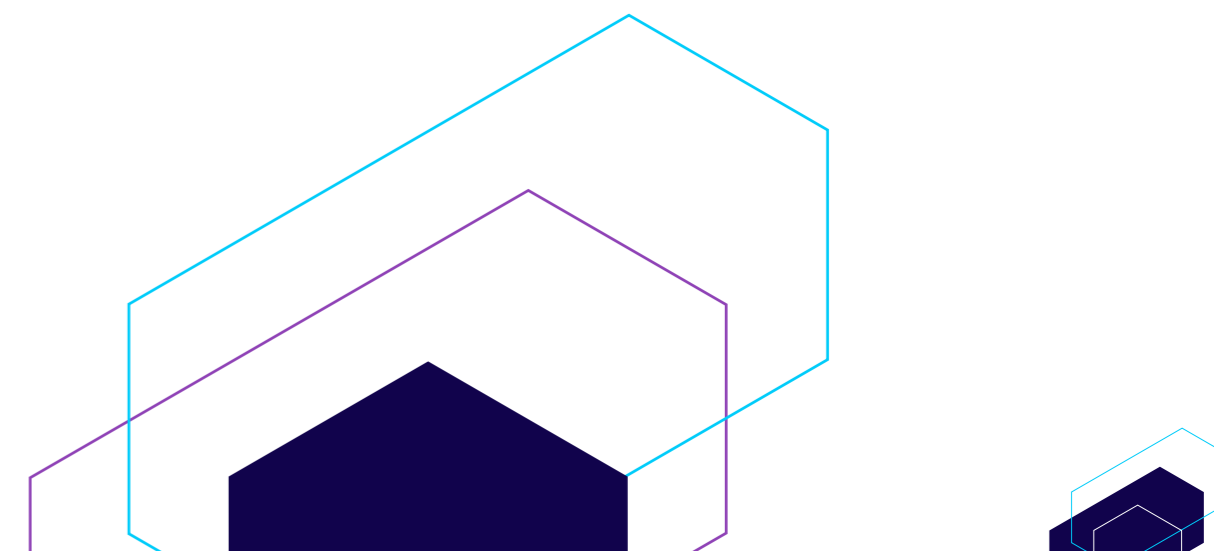
Shareholders	Number of shares	Ownership %
Public Investment Fund	53,600,000	67.0%
Public	24,097,200	30.1%
Treasury Shares	2,302,800	2.9%
<b>Total</b>	<b>80,000,000</b>	<b>100%</b>

### Company's Announcements on Tadawul

#	Subject	Date
1	Elm Company announces the conclusion of the negotiation procedures related to the Social Case Surveying Project (Second Phase) with the Ministry of Human Resource and Social Development.	04/12/2023
2	Elm Company Announces the Results of the Extraordinary General Assembly Meeting (First Meeting).	03/12/2023
3	Addendum announcement regarding Elm Company announcement Inviting Its Shareholders to Attend the Extraordinary General Assembly Meeting, (First Meeting) By Means of Modern Technology.	13/11/2023
4	Elm Company Invites Its Shareholders to Attend the Extraordinary General Assembly Meeting, (First Meeting) By Means of Modern Technology.	09/11/2023
5	Elm Company announces its interim condensed Consolidated Financial Results for the Period Ending on 30-09-2023 (nine months)	29/10/2023
6	Elm Company Announces the Signing of Sharia Compliant Banking Facilities Agreement	11/09/2023
7	Elm Company announces the intention to host an Earnings Conference Call with investors and analysts to discuss the financial results of the First Half of 2023	10/08/2023
8	Elm Company announces the distribution of interim cash dividends to shareholders for the First Half of 2023	06/08/2023
9	Elm Company announces its interim condensed Consolidated Financial Results for the Period Ending on 30-06-2023 (six months)	06/08/2023
10	Elm Company Announces the Award of a health insurance contract for the company's employees with The Company for Cooperative Insurance (Related Party)	20/06/2023

#	Subject	Date
11	Elm Company Announces Contract Sign-Off with National Real Estate Registration Services Company (Related party)	18/06/2023
12	Elm Company Announces Contract Sign Off with Ministry of Interior (Related Party)	14/06/2023
13	Elm Company announces that it has received letter of Award from the Ministry of Interior (Related Party)	06/06/2023
14	Elm Company announces the start of preliminary discussions with Thiqah Business Services Company to study the proposed acquisition by Elm Company of 100% of the shares in Thiqah Business Services Company.	05/06/2023
15	Elm Company announces its interim condensed Consolidated Financial Results for the period ending on 31-03-2023 (Three months)	14/05/2023
16	Elm Company Announces the Results of the Ordinary General Assembly Meeting, (First Meeting)	08/05/2023
17	Elm Company announces the commencement date of Electronic Voting on the Agenda of the Ordinary General Assembly Meeting (First Meeting) (Reminder Announcement)	04/05/2023
18	Elm Company Invites its shareholders to attend the ordinary general assembly meeting, (first meeting) by means of modern technology.	13/04/2023
19	Elm Company announces the distribution of interim cash dividends to shareholders for the Second Half of 2022	28/03/2023
20	Elm Company announces the intention to host an earnings conference call with investors and analyst to discuss the full year 2022 results	06/03/2023
21	Elm Co. announces its Annual Consolidated Financial Results for the Year Ended 31-12-2022	05/03/2023
22	Elm Company Announces the signing of an Agreement with the Saudi Data and AI Authority (SDAIA) (Related Party)	26/02/2023
23	Elm Company Announces that one of its subsidiaries (Tabadul) signed a Revenue-Sharing Agreement with Zakat, Tax and Customs Authority.	08/02/2023

References: Saudi exchange - Securities Depository Center Company "Edaa"



# Strategic Report

- Chairman's Message ..... 024
- CEO's Message ..... 026
- Economic Outlook ..... 028
- Elm 4.0 Strategy ..... 034
- Operational Performance ..... 038
- Overview from the CFO ..... 068
- Risk Management ..... 078
- Employees and Corporate Culture ..... 083
- Social Contribution ..... 092



## Chairman's Message

Achieving success has not been our biggest challenge; rather, it has been preserving and maximizing it. This necessitates foresight, focus, agility, and flexibility in the digital world, which have long served as the foundation of Elm's success. We continuously invest in our human capital, operational excellence, and strengths. By leveraging and committing to the Kingdom's vision, we have instilled a culture of achievement in our Company.

On behalf of the Board of Directors, I am pleased to present Elm's Annual Report 2023, which showcases the Company's financial performance, strategies, achievements, and aspirations during this eventful year.

Our performance this year builds upon the strength and agility of previous years, as we achieved exceptional results despite the global economic challenges that have affected markets and businesses worldwide.

While most of the world's economies have adopted a cautious approach, Saudi Arabia's economy has continued to progress toward the Kingdom's vision and achieve global growth. This reflects the wisdom of Saudi financial and economic policy, including diversification, balance, and increased harmony between the public and private sectors.

2023 has been one of the best financial years for our company. This success is the result of enhancing our productivity and developing our capabilities to sustain our strategic progress and demonstrating increased determination and innovation to meet the expectations and aspirations of our shareholders and customers.

I am proud to present Elm's accomplishments for 2023, which align with the aspirations of our shareholders and reflect the effort, creativity, innovation, and dedication of our human capital, which we consider our biggest investment. Additionally, we appreciate the trust and loyalty of our customers, and we are committed to maintaining it as we seek to foster further creativity.

To this end, we conducted a comprehensive specialized study and launched our new strategy until 2028, focusing on expanding in both local and international markets by growing our products within the Company and expanding our investment and acquisition policies locally and globally.

I would like to express my gratitude to our wise leadership, may God bless them, and extend my thanks to all our shareholders, senior management team, and staff for their unwavering dedication. Their commitment has been the true motivation behind our outstanding results this year. The journey will continue, God willing, as we strive to maintain and achieve even better results in the coming years.

**Mr. Raed Abdullah bin Ahmed**  
Chairman of the Board of Directors



## CEO's Message

This year, 2023, witnessed a number of unprecedented successes, achievements, and remarkable outcomes at all levels. Through strategic planning, a culture of ambition, and cross-sector collaboration, we have made remarkable progress towards our strategic ambition of becoming the leading digital company in the Kingdom of Saudi Arabia.

The Saudi economy has reported a strong performance despite the global impact of inflation and the economic decline on many economies. These exceptional achievements are a direct result of the wise leadership's vision.

We have built a strong financial record, achieving a continuous growth rate of almost 29% in cumulative revenue over the past 5 years. This year's revenue reached SAR 5.9 billion, representing a 28% increase compared to 2022, supported by growth in all business sectors. In addition to the net profit increase of 46%, reaching SAR 1.4 billion

We take great pride in receiving the award for the Best Work Environment for giant and large organizations in Saudi Arabia, competing against 88,000 participating entities. We have also been recognized as being among the top 10% of companies worldwide in terms of work environment, according to the Organization Health Index (OHI) conducted by McKinsey earlier this year, compared to 791 local and international organizations. In



addition to that, the local content ratio in Elm is also double the average for the technology sector in the Kingdom of Saudi Arabia.

In January of this year, we launched our new strategy, Elm 4.0, which depends on investing in its core features that facilitate its expansion and directing these features and strengths towards the aspirations of stakeholders. This is to achieve a new vision that aims to continue its growth as a digital partner for government organizations, followed by expansion plans to reach new and more achievements with new strategies to show our products in innovative ways targeting the private sector through organic and inorganic growth. This is through our internal development and ability-building, in addition to inorganic growth through acquisitions and partnerships locally and globally.

We will continue to provide great value to our customers, partners, and shareholders, focusing on continuous improvement and innovation to sustain our growing trajectory year after year. Elm's main goal since its establishment has been to facilitate human life through technology and innovative solutions, promoting well-being and sustainable solutions in alignment with the environment and the world.

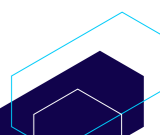
I would like to take this opportunity to express my appreciation and gratitude to the Chairman and members of the Board of Directors, our esteemed customers and shareholders, and all stakeholders for their ongoing commitment and support.

I am delighted to extend my profound gratitude to all of Elm's employees who worked hard to make their company at the forefront of digital companies; they are the real pillars of achieving these successes through their daily work and their innovations with full dedication and integrity. Looking forward to continuing teamwork and cooperation to achieve a bright future.

In conclusion, we will continue to deliver excellence to our customers, colleagues, and all our partners in the year 2024, and our company will continue to achieve its goal of being the first digital enabler in the region, to achieve our ambition to expand our business by entering new markets locally and globally.

**Dr. Abdulrahman Saad Aljadhai**

Chief Executive Officer



# Economic Outlook

## Saudi Economy

The Saudi economy continues to perform positively on growth by implementing structural, economic, and financial reforms that support economic diversification and increase the contribution of the private sector to achieve the objectives of Vision 2030 and ensure economic stability and sustainable development.

The Digital Economy Policy mentioned that the Kingdom aims to increase the size of its economy to rank among the top 15 states worldwide by creating an attractive investment environment and diversifying its economy to increase the contribution of non-oil exports from 16% to 50% of non-oil GDP.

Therefore, KSA is moving towards expanding strategic spending and investment in sectors and regions, accelerating the pace of project implementation to diversify the economic base to become more sustainable,

maximize economic, social, and environmental returns, and improve the quality of services provided to citizens, residents, and visitors. This contributes to financial sustainability in the medium and long term, as well as enhancing the resilience and strength of the KSA economy in addressing global economic challenges and developments. KSA also continues to support the diversification of the economic base by launching several programs and initiatives to benefit from all resources. One such initiative is the launch of four special economic zones based on the competitive advantages of each region.

## Gross Domestic Product (GDP) and Inflation

According to the fourth quarter of 2023 estimates from the General Authority for Statistics, non-oil activities achieved a growth rate of 4.6%. In addition to the growth of government activities by 2.1%, the average inflation rate is expected to reach 2.3% for the consumer price index (CPI) by the end of 2023, which is relatively low compared to global inflation.

The Ministry of Finance stated in the budget statement for the fiscal year 2024 that the preliminary estimates for 2024 indicate 4.4% real GDP growth, supported by growth in non-oil GDP as a result of economic reforms and efforts to accelerate economic diversification.



# Economic Outlook

(continued)

## Financial Performance in KSA

The Ministry of Finance stated in the budget statement for the fiscal year 2024 that the total revenues are expected to reach SAR 1,193 bn, with an increase of 5.6% compared to the budget due to the growth of non-oil revenues and activities. Total revenues in 2024 are expected to reach SAR 1,172 bn and SAR 1,259 bn by 2026. These forecasts are in line with the government's approach to building estimates of oil and non-oil revenues in the budget in anticipation of any developments that may occur in the local and global economies.

Total expenditures for 2023 are estimated at SAR 1,275 bn, increasing by 14.5% from the approved budget. This increase is mainly due to the government's keenness to protect citizens from the ongoing wave of inflation in the global economy by enhancing social spending while continuing to develop the level of public services provided to citizens and residents, in addition to continuing the implementation of many projects and strategies that will achieve positive structural changes that expand and

diversify the economic base. Accordingly, total expenditures are expected to reach SAR 1,251 bn in 2024 and SAR 1,368 bn by 2026.

The updated budget estimates for 2023 indicate an expected deficit of about SAR 82 bn (2.0% of GDP). Also, it is estimated that the budget deficit in 2024 will reach about SAR 79 bn (1.9% of GDP), with an expectation that it will continue at these levels in the medium term to reflect the government's direction to adopt expansionary spending.

## Tourism

The Saudi Press Agency reported that the Ministry of Tourism celebrated the achievement of one of the most important achievements of the Kingdom's Vision 2030 by reaching 100 million tourists by the end of 2023, 7 years earlier than the expected period for achieving this goal. These achievements reflect the Kingdom's commitment to strengthening and developing the tourism sector in line with the Kingdom's Vision 2030 and the National Tourism Strategy of developing targeted destinations and improving the provided services.

It is noteworthy that this achievement represents a major transformation for the growing tourism sector in the Kingdom. Tourism has become a major factor in driving economic development, and total spending amounted to more than SAR 250 billion during 2023, achieving direct impacts on the tourism sector's contribution to the GDP with an increase of more than 4%, representing more than 7% of the non-oil domestic product. The total number of domestic and international tourists reached

more than 106 million, an increase of 12% compared to the year 2022. The Kingdom has also received international recognition for its notable development in the tourism sector from the United Nations Tourism Organization (UN Tourism) and the World Travel and Tourism Council (WTTC).

## Foreign Direct Investment (FDI)

The Ministry of Finance stated in the budget statement for the fiscal year 2024 that KSA was able to attract FDIs by about SAR 14.3 bn during H1 2023, as the number of investment licenses issued by the Ministry of Investment increased by 60.4% to reach about 3,456. The National Investment Strategy is a key and empowering element of Vision 2030, which aims to generate diverse and strong investment opportunities, increase the net flows of foreign direct investment, improve the investment environment, and facilitate obstacles for foreign investors to increase the share of investments in GDP from 22% in 2019 to 30% in 2030.



# Economic Outlook

(continued)

## Information and Communication Technology (ICT) Sector

With the rapid development of information technology and modern technologies, there has been a clear impact on all aspects of the lives of households and communities around the world. The mechanism of economic transactions and activities has shifted from traditional to digital. Therefore, KSA considers the development of the digital economy to be one of the most important enablers of promoting non-oil sectors, which will contribute to the development and diversification of the economy and the achievement of Vision 2030 by increasing the contribution of the digital economy to the GDP to be in line with the leading global economies.

The Saudi government is keen to promote the growth of the digital economy as part of its broader economic diversification plan. The government's initiatives that aim to promote the digital economy are the main drivers of the ICT sector's development in the kingdom, where IT and emerging technologies are expected to make the biggest contribution to this growth. FDI, on the other hand, is critical because it provides capital, know-how, management expertise, and new market opportunities that contribute significantly to the overall growth and development of the sector.

Based on the 2024 budget statement of the Ministry of Finance, KSA support for this sector contributed to the growth of the ICT market by 6% during 2023 to reach SAR 172 bn. The ICT market is expected to grow as a result of government initiatives for digital transformation and adopting cutting-edge technologies such as the Internet of Things (IoT), artificial intelligence (AI), smart city infrastructure construction, and investments in 5G networks, which are expected to improve the income of telecommunications services in the region. The statement also mentioned one of the most important projects planned for the communications and information technology sector for the year 2024, which is providing more than 25,000 new job opportunities.

The Communications, Space, and Technology Commission (CST) launched high-speed internet service in 21,000 villages and immigration areas in various regions of the Kingdom, ensuring the continuity of communication services for more than 5 million people. The 5G coverage in the Kingdom has increased to 53%, while in Riyadh, it has exceeded 94%. Fiber optics coverage has reached 3.7 million Saudi homes.

To increase the Kingdom's position as a global investment destination, the Saudi Crown Prince launched the Special Economic Zone for Cloud Computing and Information Technology in 2023, within 4 economic zones launched in a number of cities in the Kingdom. The smart mobility sector, the Industry X.0 sector, and the digital healthcare sector are among the priority sectors that cloud companies will serve in the zone.

The Communications and Space Commission also announced that the Kingdom achieved five certificates of excellence at the World Summit on the Information Society Forum (WSIS 2023) in recognition of the excellence of its innovative projects. The International Telecommunication Union (ITU) also announced that the Kingdom achieved second place among the G20 countries and fourth place globally in the readiness of digital organizations, following their success in building a sustainable regulatory framework and shifting towards digital cooperative regulation to enable the digital economy.

References: (Digital Economy Policy - General Authority for Statistics - Budget Statement for FY 2024 - Saudi Press Agency - The Communications and Space Commission)



An increase of

**172 billion**

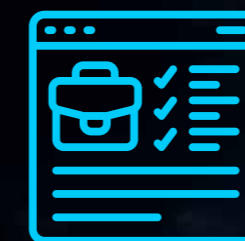
Saudi Riyals



Achieving growth of

**6%**

in the size of the communications and information technology market



Providing more than

**25,000**

job opportunities



# Elm 4.0 Strategy



“Elm 4.0” strategy (2024-2028) works to align its core competencies and capabilities that contributed to its expansion. where the company now aligns these competencies and areas of strength with the aspirations of the stakeholders to create a newfound perception of aiming to continue its growth as a digital partner to governmental entities, followed by expansion to obtain greater new milestones with new key strategies of innovatively providing products targeting private sectors through organic and inorganic growth.

Elm formulated its new strategy relying on its strengths, which include but are not limited to:

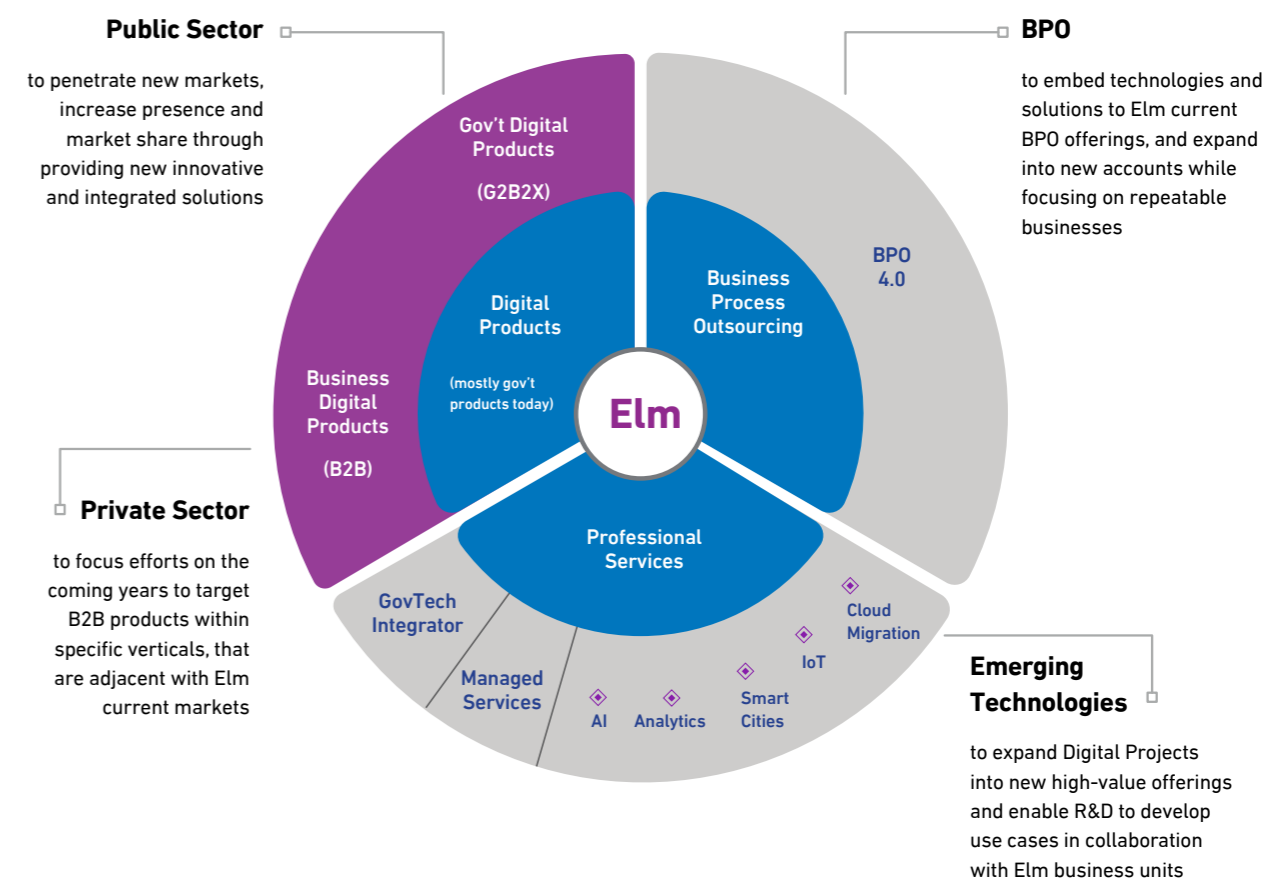
- Trust** → Strong reputation, credibility, and track record with major KSA government projects through numerous government accounts cutting across various government sectors.
- Culture** → Elm has achieved a high score on the Organization Health Index (OHI), placing it among the top 25% of companies in the world on the scale. Also, the company received the Best Work Environment Award for giant and large companies in Saudi Arabia in 2023, which is organized by the Ministry of Human Resources and Social Development, in competition with 88 thousand participating companies as a result of the great work culture and environment that supports and promotes the development of unique talents.
- Reach** → Build and operate leading digital government products and platforms that benefit businesses and consumers, with the potential for partnership opportunities spanning a wide range of products with millions of users.
- Diversity of offerings** → A wide variety of products and services depend on technical capabilities and competencies.
- Saudi champion** → Elm local content score is twice as high as the average score of the IT sector in KSA (63% compared to an average of 30% for the sector).
- Performance** → Elm has achieved a strong financial track record, recording continuous revenue growth at a compound annual rate of 29% for a 5-year (2019-2023)

By leveraging its strengths and capabilities, Elm has formulated a new strategy and set a bold ambition to be the digital enabler for the government and business sectors.

The main focus of the “Elm 4.0” strategy is to expand its customer base by growing its current business and expanding it to new horizons by targeting new government entities, in addition to focusing on selected areas in the private sector with high growth potential in line with the current expertise and capabilities within the company.

Elm aims to expand organically through internal development and building capabilities and competencies, as well as through inorganic growth through mergers, acquisitions, and partnerships.

● Core Today   ● Focus of Expansion (organic + inorganic)   ● Focus of Expansion (organic)   ◆ Potential Capital deployment for Capabilities



Looking to the future: moving to a new world

# Elm 4.0 Strategy

(continued)

In addition to the diversity of services, we are also entering new domains to elevate and enhance outputs to remarkable levels. This strategic expansion includes:

## Products and Platforms:

Expanding Elm's portfolio by strengthening collaborations with existing government entities, diversifying its business through targeting new government entities in sectors such as culture, tourism, and sports, and expanding into new businesses aligned with upcoming trends and opportunities coming from Expo 2030 and major sports events.

Leveraging the achievements in different government sectors such as transportation and logistics, financial services, healthcare, and real estate. Elm aims to target the private sector by focusing on adjacent markets in specific sectors and increasing efforts and resources to expand and grow through the development of digital products and platforms for businesses.

Elm has the capabilities to expand in the adjacent markets organically and inorganically, as the company sees the need to expand in this region, which will bring greater growth in the coming years.

## Business Process Outsourcing:

Expanding the provision of business process outsourcing (BPO) services to current clients in the government sector and targeting new government sectors. also focusing on building the required technical capabilities to develop and implement BPO 4.0 services, which focus on involving technology to expand the range of services provided, achieve higher efficiency and cost reduction, and achieve sustainable business partnerships between the public and private sectors.

## Digital Projects:

Expanding IT services in current government sectors and targeting new government sectors to provide high-value IT services to the company's clients, including integrating emerging technologies into its operations and contributing to providing integrated solutions to clients.

## Professional Services:

Expanding the scope of consulting services with a focus on technical consulting services, leveraging the company's expertise and its technological capabilities. Elm seeks to provide data and artificial intelligence solutions, aiming to fuel the company's growth and create new opportunities for its other projects.

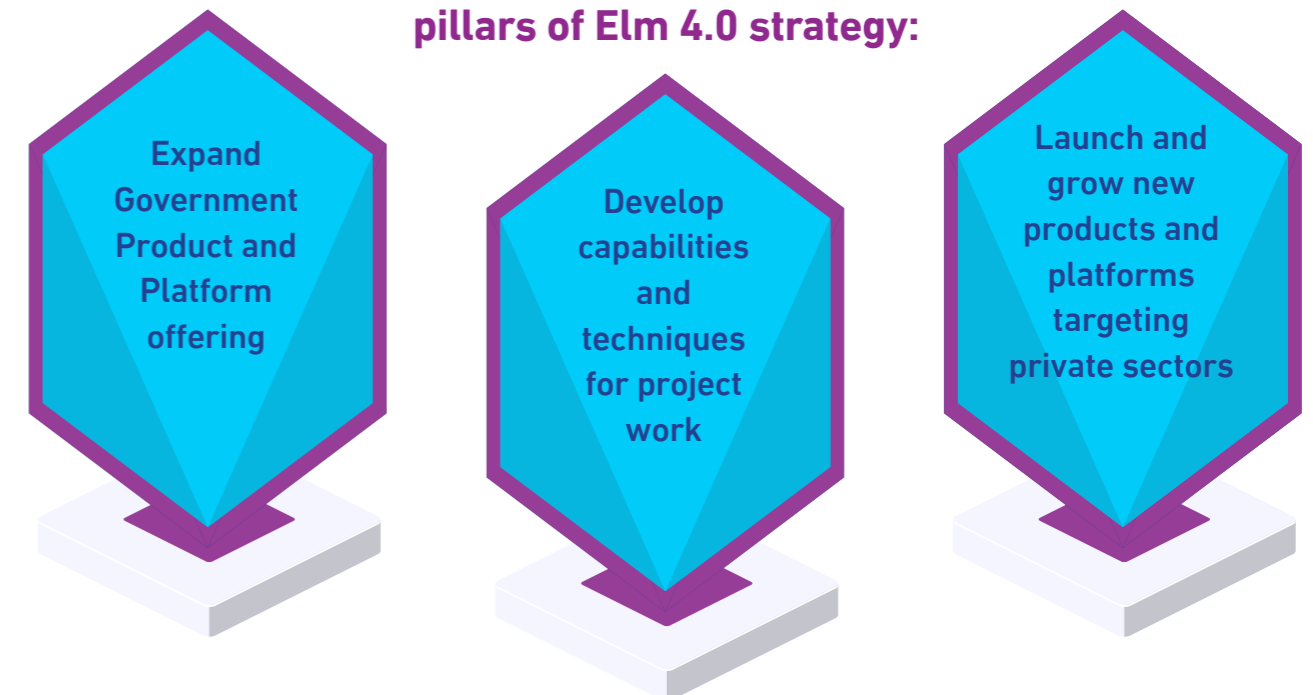
## So, how will Elm achieve the growth aspiration?

Diving into the adoption of new operating model to faster response to market changes and foster its growth, the required expansion will be through:

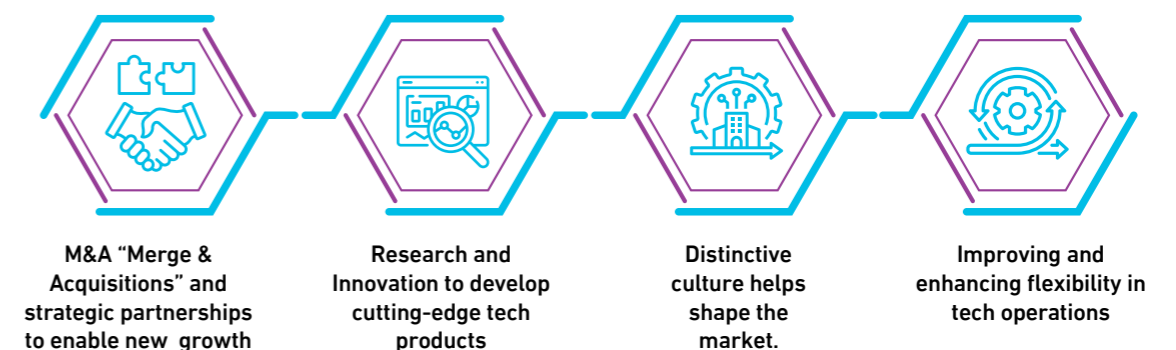
- Utilization of current capabilities.
- Building the required and wanted capabilities.
- Developing strategic partnerships.
- Growing inorganically through acquisitions.



## Main Strategic Objectives and pillars of Elm 4.0 strategy:



The key enablers to achieve the strategic objectives of Elm 4.0 can be summarized as:



# Operational Performance

## Overview of Elm Sectors

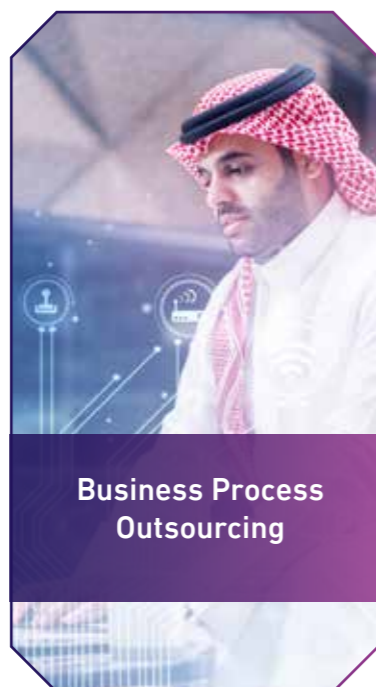
Elm has become a national leader in providing digital solutions to government entities, commercial entities, and society in general. Elm also works through its subsidiaries to provide digital products, omni-channel platforms, professional and specialized solutions, and services, as well as full outsourcing of business operations and professional solutions, ensuring that customers' needs are fully met.

The "Customer Centricity" approach and the ability to solve problems quickly and effectively have contributed to maintaining and continuously renewing outstanding agreements, thereby growing revenues. Through the offers provided by the Company, customers benefit from the multiple resources to monitor their customers' information and meet all their requirements through reliable systems that simplify and speed up the creation and dissemination of databases.

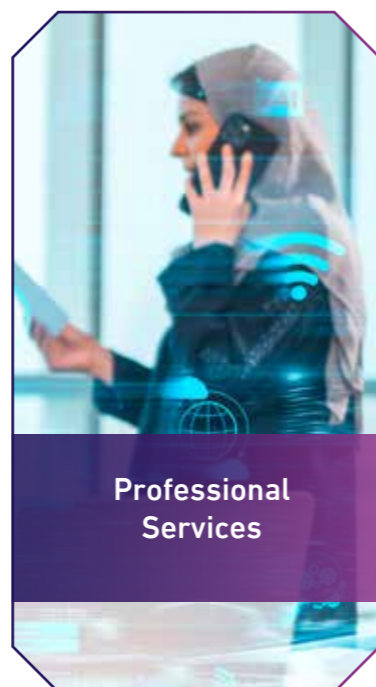
**The Company's business model is based on three main segments:**



Digital Business



Business Process Outsourcing



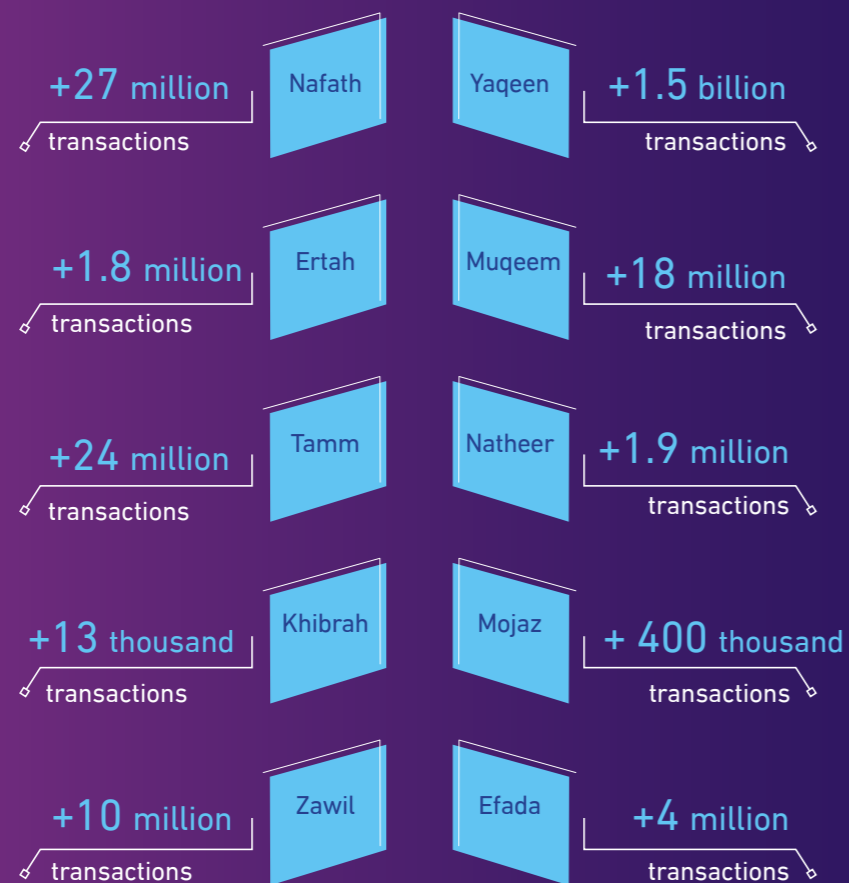
Professional Services



### Digital Services Division

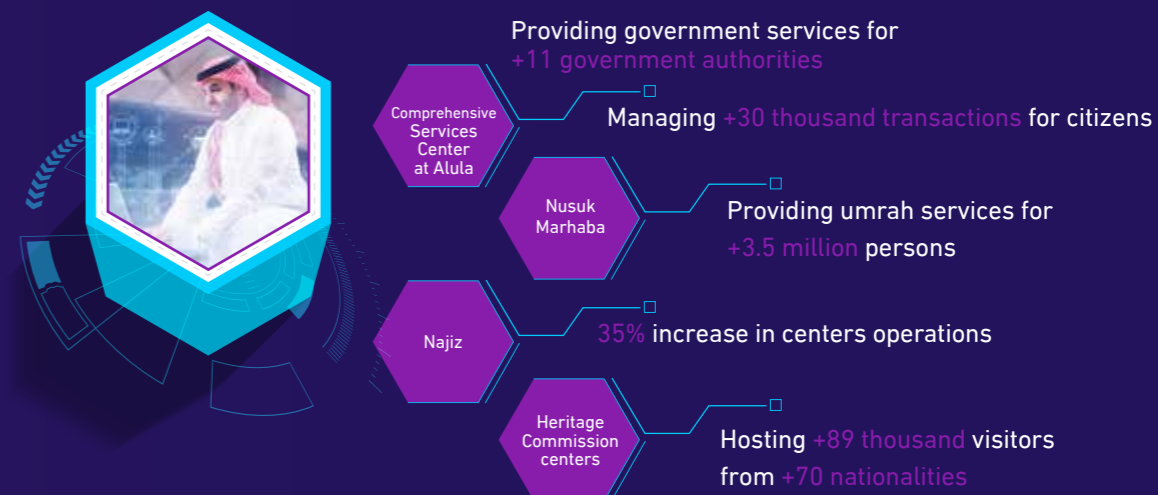


### Number of Operations

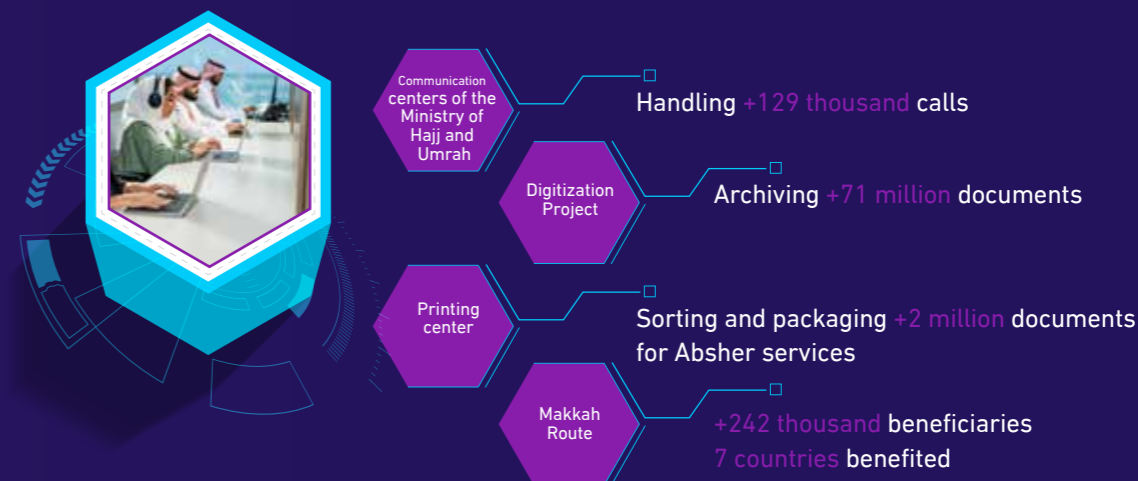


### Business Outsourcing Division

#### Business Centers



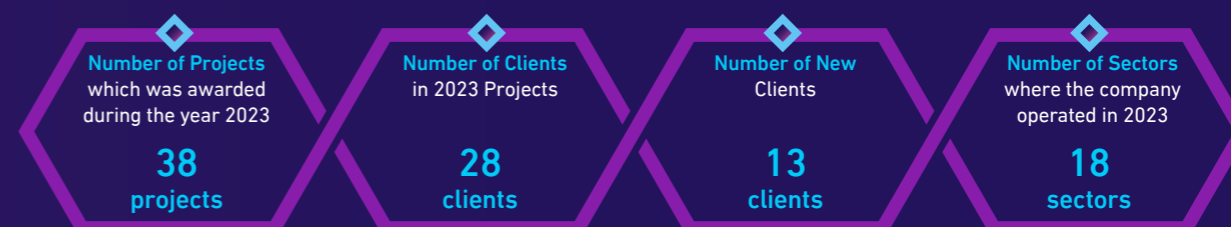
#### Process Outsourcing



#### Inspection



### Consultancy Services Division



# Digital Business Sector



Elm has several areas of specialization focused on developing technology solutions for products and projects across multiple uses and services. This segment includes the product suite and the digital projects suite.

Below is an overview of some activities carried out by the digital business segment:

## Digital Products

Elm offers innovative and ready-to-use solutions in the form of digital platforms, portals, e-applications, and their related support work. It targets specific segments in different sectors to create integrated solutions covering their requirements. It adopts modern technologies and trends in the fields of technology, business intelligence support, and the Internet of Things with various business models. Digital Products are categorized by target sector into:



Absher



Business Solutions Products



Business Integration Products



Mobility and Vehicle Products



Health Solutions Products



Security and Safety Products



Real Estate and Utilities Products



Hajj and Umrah Products

### 1-1 Absher

Absher is considered the leading platform in providing e-services in the Kingdom. In 2010, Absher began its journey to provide the services of the Ministry of Interior to the individual to begin the first steps of the Kingdom's direction towards digital transformation. Today, the platform has become one of the main pillars to achieve Vision 2030, followed by the launch of "Absher Business" platform to serve the private sector and "Absher Government" to serve government entities.

Absher platform is supervised by the Ministry of Interior and the Saudi Data and Artificial Intelligence Authority (SDAIA). As part of its contractual obligations, the Company has developed operated the platform with the aim of improving work procedures and automating the services provided by the Ministry of Interior's sectors for various segments of society, including citizens, residents, and visitors, in addition to the business and government sectors.



# Digital Business Sector

(continued)

## 1-2 Business Solutions Products



مقيم  
Muqem

1-2-1

### Muqem

An e-service that allows entities to view the data of their resident employees and complete their passport transactions online and instantly anytime and anywhere.

Some of the key transactions are Exit and Re-entry Visa, Final Exit Visa, Residency Renewal, Information Update Service, etc. The service allows dealing with ready forms based on

information linked to passports without the need to fill them, which reduces human errors.

"Tawasul" service was added to the main service, to facilitate communication with the passport department. The service is also linked to "Rabet" platform to enable all passport services through the API channel.

ضامن  
Dhamen

1-2-2

### Dhamen

A digital service acts as financial mediator or guarantor for various fields using an escrow account.

It has been developed to ensure the delivery of the value of the goods or service before receiving and delivering

them. It serves online platforms and other parties who do not have website and need to document and ensure delivery of the value of the good or service before receipt and delivery

Drones

1-2-3

### Drones Platform

A platform launched in partnership with the Saudi Federation for Cybersecurity, Programming, and

Drones. The platform aims to provide individuals and companies with many services related to drones.



1-2-4

### Khibrah

A digital platform that provides solutions to facilitate the request for specialized expertise with high professionalism for beneficiaries of experts such as engineering offices, evaluators, accountants, lawyers, and others. And completing all expert procedures related to the case without the need for repeated visits to the courts.

Khibrah also aims to reduce the duration of litigation by facilitating communication between the judge and the expert, achieving transparency between the concerned parties, saving time and increasing productivity, in addition to supporting the ministries with relevant statistics.

## 1-3 Business Integration Products



يقين  
Yakeen

1-3-1

### Yakeen

e-service provide an integration solution that authenticates the data of beneficiaries of financial institutions (banks and insurance companies) and public service institutions (such as government entities, health facilities, and aviation sectors). Those beneficiaries could be customers, visitors, employees, and job applicants

for the aforementioned entities. The data access is within the limits of privacy through integration with the databases in National Information Center and Saudi Post. Yakeen maintains data quality up-to-date and consistent with official records to avoid forgery and manipulation in national identities.

# Digital Business Sector

(continued)



## Natheer

A service designed to help entities update the data of customers, beneficiaries, and employees, for instance, Visa status and exit of expatriate employees, as the product is integrated with official records documented by government entities

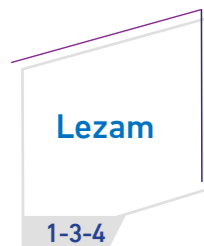
such as the National Information Center, the General Organization for Social Insurance, and Saudi Post to raise the level of data quality at the customer and avoid errors resulting from outdated information.



## Dakhli

This product aims to provide data on the income and wealth of individuals such as rents, real estate assets, commercial assets, and investments. It also provides data related to individuals' employment for official source such as General Organization

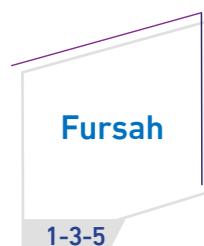
for Social Insurance without the need for the inquirer to attend, which enhances the effectiveness of the e-services provided by the customer, in addition to preventing fraud or human errors.



## Lezam

Focuses on risk assessment through analyzing the data of individuals, vehicles and facilities to generate a statistical report. The product

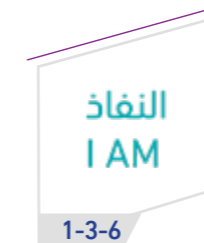
could expand outside insurance market into any area where data is available with partners.



## Fursah

Supports vendors in creating opportunities and saving the effort and money to target customers using traditional methods. This is done by

studying and analyzing the quality of the opportunity based on reliable data from its sources.



## Nafath Platform

A national initiative in cooperation with the National Information Center to verify the identities of citizens, residents and visitors to be granted

access in service portals of government and private entities using bilateral verification.



# Digital Business Sector

(continued)

## 1-4 Mobility and Vehicle Products



1-4-1

### Tamm

A service that enables businesses in the transportation ecosystem such as car dealers, renters or fleet owners to easily access the information bases of the General Department of Traffic (GDT) digitally and carry out various traffic transactions.

This service involves inquiring about car data, transferring their ownership and renewing their documents, identifying the actual driver, authorizing driving inside and outside the Kingdom, and issuing driving licenses and vehicle registration along with car plates immediately.



1-4-2

### Mojaz

A digital platform and application that provides available information on used cars since the date of its entry into the Kingdom. It helps those seeking used cars to make a purchase decision based on information derived from multiple official and reliable data sources to achieve a high level of trust, confidence and transparency to reduce fraud that occurs when selling used vehicles.

Mojaz service seeks to raise the level of confidence and transparency in the used vehicle market and provides various reports supported by figures, statistics, and dates of

interest to beneficiaries, such as the number of car maintenance times, the status of the guarantee, the number of previous owners, the number of authorizations that were issued on the vehicle, the accident description service that shows the date, cause and direct entity of the accident, as well as photos of the vehicle's damages, if any, and other information by linking with the various official reliable entities to ensure the integration and automation of information on a regular basis and provides guidance to customers to help them make decisions.



1-4-3

### Tajeer

Tajeer regulates car rental and issues unified rental contracts to protect the involved parties through a regulatory reference that allows the

Transport General Authority and relevant entities to implement their controls in a standard and advanced manner.



1-4-4

### Tawseel

A digital platform that aims to link order delivery companies with regulators so that they can govern and monitor the performance of delivery

applications including entitlement verification, drivers, and vehicles to raise the quality of operation, security and safety.



1-4-5

### Ertah

A platform is specialized in completing the digital transformation of the workshop sector, linking the vehicle owner with maintenance centers digitally to raise the level of confidence between the parties, ensure the legality of maintenance centers, develop a practical

classification of these workshop and provide approved payment methods, in addition to workshop ratings from beneficiaries to raise the quality of services. The platform is also digitizing the repair authorization processes to change the color and structure of vehicles.

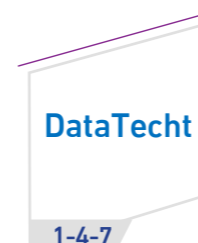


1-4-6

### Masarat

Provides a specialized vehicle management system that tracks supported by a dashboard and periodic analytical reports to support operational efficiency. It is integrated with "Tamm" product in order to

implement the daily authorization processes digitally. It is also integrated with "Shomoos" service (National Tourism Information Network) to provide it with the necessary information. .



1-4-7

### DataTecht

A platform that enables car agencies to upload the data of the vehicles to be recalled where the vehicle owner or the actual driver would be notified

via SMS for recall order, then update the recall data if the vehicle is repaired. It also allows notifying many times for vehicles that did not respond to the first notification.



# Digital Business Sector

(continued)



1-4-8

## Naql

This digital portal was developed in cooperation with the Transport General Authority concerned with the land transport sector in the Kingdom to increase information and organizational efficiency as well as automate transactions. It enables investors and beneficiaries to process transactions related to

the sector with more than 29 activities through integration with the relevant government entities. All transactions are processed digitally without the need to be reviewed by the Transport General Authority in order to regulate the sector and raise its efficiency.

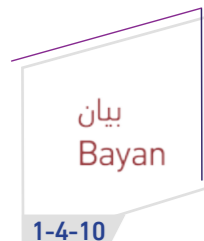


1-4-9

## Wasl

A digital platform that enables stakeholders in the Transport General Authority and its affiliated bodies to regulate and monitor the compliance of entities and individuals with

applicable laws and regulations. It is also building databases and statistics for the sector to raise the level of safety, quality and compliance.



1-4-10

## Bayan

A digital service that enables carriers and freight brokers to issue shipment documents for goods transported inland to/from the Kingdom. It also provides cargo

information, status and parties which contributes to raising the level of safety and preserving the rights of its parties.



1-4-11

## Basher

An e-service specifically provided to the General Department of Traffic (GDT) to digitize the uploading of traffic violations, accidents, and subsequent procedures, through which traffic department transactions can be organized, replicated and exported internationally.

sending the accident data to an assessment. The assessment then sends accident assessment reports, such as the accident number, vehicle owner, damage pictures, cost of spare parts and others to Basher and then to the National Information Center.

There is also an integration between Basher service and the Saudi Authority for Accredited Valuers (Taqeem) to exchange vehicle damage data resulting from traffic accidents between Basher and Taqeem, by

In addition, the data and images of Basher violation service can be viewed on the National Violation Management Platform (Efaa) through direct integration between the two platforms.



# Digital Business Sector

(continued)

## 1 - 5 Health Solutions Products



إفادة  
Efada

1-5-1

### Efada

The service grants access to medical check results. It records and transfers check results from health centers approved by the Ministry of Health to the databases of concerned authorities digitally in a secure manner. Thus, the entities can get the mentioned data without approaching the health center. It also allows accessing medical leave digitally, which helps eliminate fraud and improves data quality. It also helps to exclude people with infectious diseases.

Efada has recently included Gulf Cooperation Council (GCC) citizens

residing in the Kingdom. Efada records and transfers the results of medical checks from health centers approved by the Ministry of Health to traffic databases, allowing them to issue driving licenses digitally and quickly.

The services include medical reports for expatriate workers and new employees for issuance, renewal of driver's licenses and inspection reports for the license's renewal of Riyadh Municipality.

واحد  
Wahed

1-5-2

### Wahed

A platform that provides services for developing all transactions carried out in healthcare facilities on a daily basis, enhancing performance efficiency, and speeding up routine procedures (such as disease surveillance systems, laboratory data, user and patient management and registration data, employee affairs, providing necessary nursing and medical care, and a specialized medical insurance and billing system). This is in line with the urgent need to establish a system that enables the easy and secure exchange of patient health files.

Wahed's key features are the consolidation of the patient's health files, follow-up on the patient's health and treatment history, documentation of all medical checks and reports in the patient's file, provision of an easy-to-use system interface for users, operation and hosting of the system via the cloud environment for easy access anywhere and enabling health facilities to measure actual performance.

مستمر  
MUSTAMIR

1-5-3

### Mustamir

A unified platform organizing continuous professional development activities and programs in cooperation with the Saudi Commission for Health Specialties to enhance work efficiency and connect the relevant entities on a single platform. It serves as accreditation of continuous professional medical development entities, approving of entities' accreditation requests, enabling the Authority to monitor the performance

of entities so that their educational programs are in line with the best international practices, enabling entities to review the types of activities and their statistics, registering accredited training attendance hours for health practitioners, and developing performance indicators to measure the quality of training activities and the performance of employees.

NashraTech

1-5-4

### NashraTech

A product was developed in collaboration with the Gulf Health Council to issue QR codes and print them on medication packaging to guide the beneficiary to read the electronic leaflet. The main

beneficiaries of the system include the Gulf Health Council, pharmaceutical companies, GCC regulators, and GCC citizens and residents

# Digital Business Sector

(continued)

## 1-6 Security and Safety Products



### أمن Amn

1-6-1

#### Amn

A platform that provides the services of the General Directorate of Public Security to beneficiaries from the government and private sectors and establishments without the need to visit Public Security headquarters. Its services are characterized by diversity, ease of application, and speed of completion.

This platform also includes the service of issuing a criminal record certificate to government and private entities that request background checks during the employment process after approval of the candidates on Absher Platform

### البوابة الذكية Smart Gate

1-6-2

#### Smart Gate

A gateway that provides all reliable security services to verify the status of individuals and vehicles through fast and direct workflow mechanisms, with a focus on enhancing security and safety.

The service also enables identification using the QR code to manage process cycles and integrate with the active directory of the employee database.

### التصاريح الأمنية Security Permits

1-6-3

#### Security Permits

gateway was established in collaboration with the General Authority of Civil Aviation to enable airport operators to issue and manage

the necessary security permits for accessing airports in the Kingdom of Saudi Arabia.

### سلامة Salamah

1-6-4

#### Salamah

A platform to enhance performance in the General Directorate of Civil Defense and increase safety preparedness in facilities and commercial establishments that require Civil Defense permits. It enables various private sector entities to create their own accounts on the Civil Defense's digital portal, allowing them to issue or renew Civil Defense licenses digitally without the need to visit Civil Defense offices.

It helped to regulate the accreditation of safety-related entities such as safety companies and elevators through a dedicated mobile application. It enables Civil Defense inspectors to complete all their transactions digitally in addition to providing detailed reports on the service to decision-makers. Small enterprises can also obtain their permits within one day.

### زاوول Zawil

1-6-5

#### Zawil

A platform aimed at facilitating remote submission for security permits under the supervision of the General Directorate of Border Guards with integration with multiple platforms. It includes processing entry permits to ports digitally without the need to visit the Directorate or its branches and avoid any paperwork.

The platform includes issuing permits for fishing, tour, diving, passenger transport, maritime fleet driving, scientific research to universities and research authorities, port passes for non-Saudi vehicles, vehicle with customs card, and foreign yachts. It also registers marine vehicles, berths and allows movement between them.

# Digital Business Sector

(continued)

## 1-7 Real Estate and Utilities Products

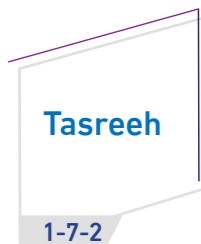


1-7-1

### Kashf

An application and platform that allows qualified companies accredited by the National Center for Water Efficiency and Conservation to provide leak detection services to customers in their homes, facilities

and properties. The application facilitates the opportunity for the customer to choose the suitable company for carrying out the leak detection process.



1-7-2

### Tasreeh

A unified platform enables the National Water Company to manage all sewage evacuation operations, rehabilitate sewage tanks, issue and renew sewage tank licenses, and

monitor and organize supporting environmental services in the field of sewage, including the evacuation, transportation, and discharge of sewage water.

## 1-8 Hajj and Umrah Products



The Company developed many platforms under the management of the Ministry of Hajj and Umrah to efficiently manage and organize Hajj and Umrah trips where those platforms provide digital services to pilgrims performing Hajj and Umrah comfortably to reflect the Kingdom's honor in servicing two holy mosques.

These diverse platforms, products, and services allow Elm to efficiently analyze visitor traffic behavior, assess capabilities, manage crowd movement, and provide reliable data for applications.



### Unified digital track for foreign pilgrims

An integrated system was developed to link the service stages in a sequential manner, starting from qualification and mandatory contracts such as housing and catering until the end of the pilgrims' journey and returning to their country. The platform also contains mechanisms for transparency and control by the Ministry of Hajj and Umrah.

# Digital Business Sector

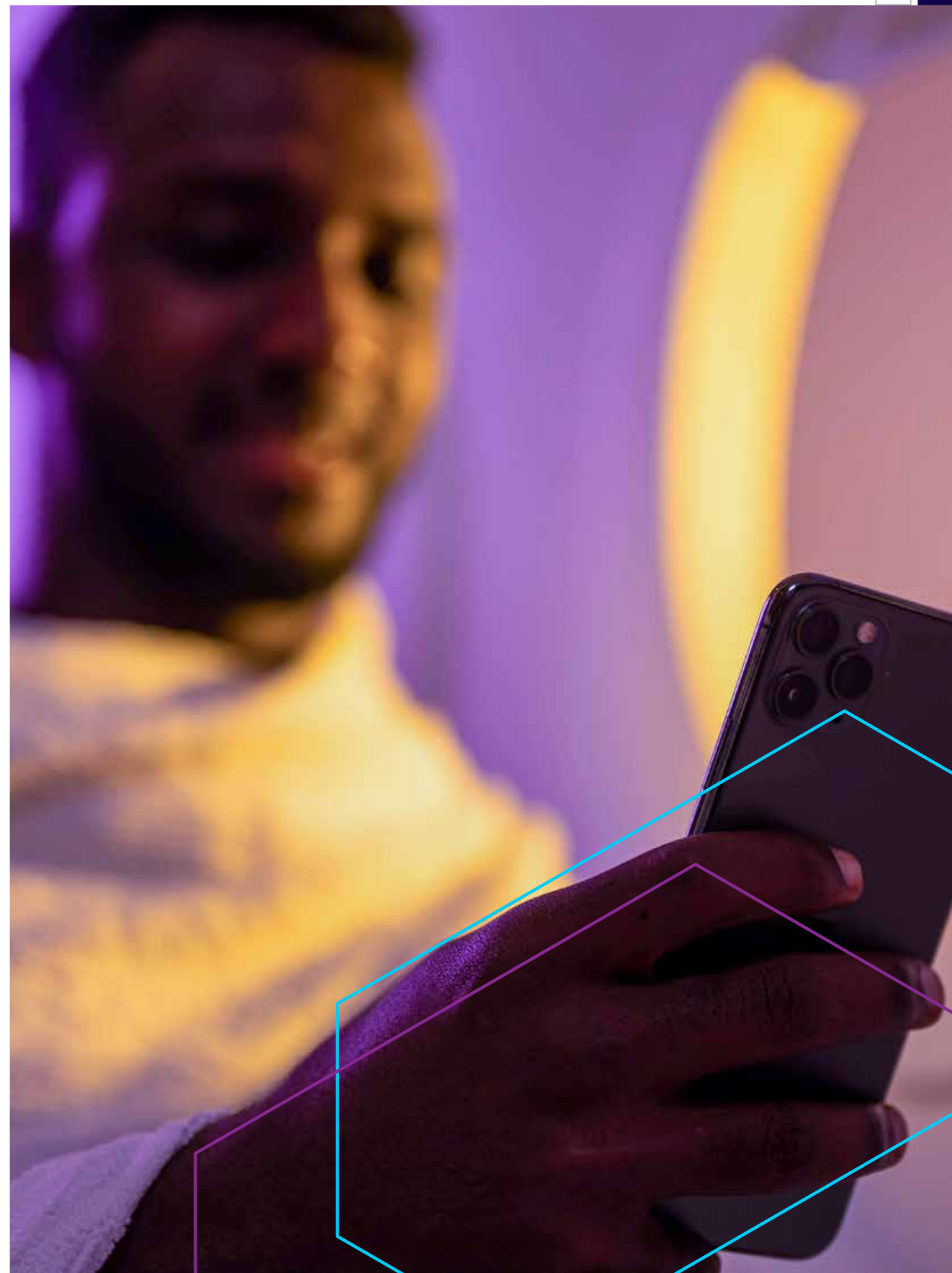
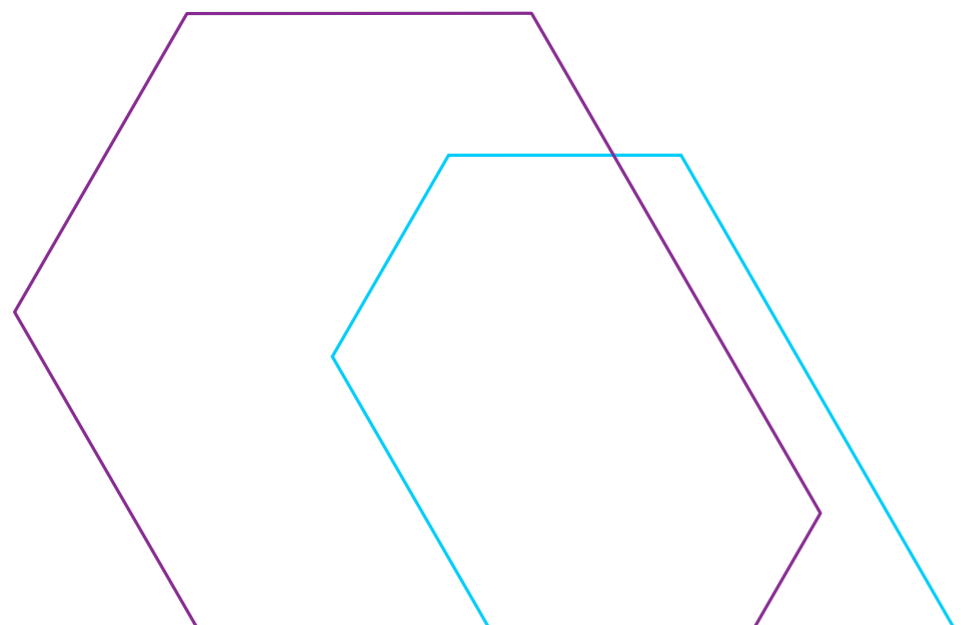
(continued)



## Nusuk Platform

These platforms contain many solutions that are provided in cooperation with the Ministry of Hajj and Umrah, including:

1. **Umrah Solutions Platform:** An integrated system that provides an interactive and safe interface for the Ministry of Hajj and Umrah and other stakeholders. It aims to facilitate and organize Umrah processes starting from booking Umrah programs until the arrival of departure points to improve efficiency and provide high-quality services.
2. **Nusuk Application:** The companion during Hajj journey from start to end as it will offer a unique digital experience during arrival, departure, mobility as well as visiting the Two Holy Mosques and holy sites.
3. **Entry and Exit Data Service for Umrah Visitors:** A service that provides entry and exit notices for Umrah performers to the Kingdom of Saudi Arabia on platforms dedicated to the Umrah system through which pilgrims' insurance policy can be issued in addition to many descriptive data such as arrival and departure that support decision-making.



# Digital Business Sector

(continued)

## Digital Projects

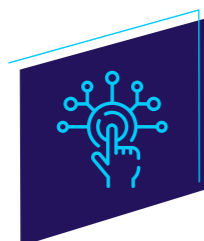
Elm provides leading services in the IT sector to apply the best international practices in the field of technology solutions. It helps government and private entities identify and analyze the issues they face to find appropriate solutions that contribute to developing their business and services.

Elm provides integrated solutions in several fields for various government and private entities as Turnkey.

We also provide the necessary support services, including:



Providing management and technical consultations.



Developing portals and operating systems.



Integration of government and non-government entities.

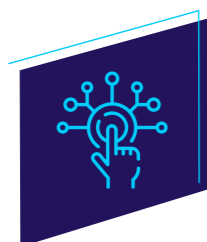


Preparing the technology infrastructure.

The digital projects include several key services, including:

### 2-1 Integrated Business Technologies

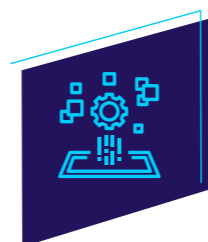
Elm manages and analyses big data, develops systems according to customers' needs, and integrates with infrastructure. The integrated business technologies include the following:



Develop solutions as per customer desire.



Smart phone applications

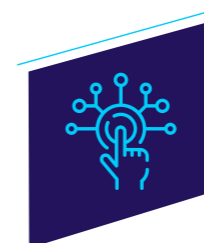


Business intelligence applications

### 2-2 Estihkak Engines

An integrated system was developed to control the entitlement of services provided by government and private entities. It ensures that the various supports reach their actual beneficiaries upon meeting support requirements.

Estihkak includes the following services:



Program and Special Components Management



Data Management



Operation Management

### 2-3 Platforms of the Digital Projects

The platforms developed and marketed by Digital Projects for customers include:

- **Inspection Platform:** a comprehensive platform that allows various sectors to manage inspections, violations, payments and other features in a dynamic manner.
- **Internet of Things (IoT) platform:** a platform that integrates "things" such as people, places, and devices to the internet so that data can be exchanged in an easy way. This platform was developed based on open-source technologies that allow the management and automation of connected devices for the purpose of data collection and analytics.
- **Asas Platform:** An advanced cloud platform for enterprise resource planning with up-to-date technologies and best practices. It includes interconnected systems that are integrated with a common database serving all divisions and departments of government and private entities. Elm established the platform based on the HR framework, financial systems, supply chain systems, and other systems.

# Business Process Outsourcing Sector



**Business Process Outsourcing sector aims to improve work procedures by focusing on developing operational excellence and using digital tools, in addition to improving government procedures to improve the level of services provided to beneficiaries, which contributes to raising the quality of life.**

Work has been done to improve the operations and activate the technical systems to facilitate achieving the general objective, such as inspection and automation projects such as the Al Rawda Al-Sharifa project, Al-Ula Comprehensive Services Center, and other related services, which are classified as (specialized outsourcing services).

The Business Process Outsourcing Sector provides solutions in several areas as follows:

## 1 Inspection

Inspection services are intended to increase efficiency and quality through operational and digital solutions. They aim to transform services from regulatory practices to economic value-added services. Inspection services include the following:

- **Inspection services:** Building, managing and operating government inspection services to ensure high levels of compliance rates. Inspection activities were introduced in 2018 through Riyadh Municipality followed by other 5 municipalities. In addition, inspection scope expands outside the municipal field to other government entities such as the Ministry of Tourism, the Royal Commission for Al-Ula, the Real Estate Authority and the Royal Commission for Riyadh Region.
- **Licenses:** Manage and issue licenses on behalf of the government entity through digital operating models such as Ejadh, the Royal Commission for Al Ula and the Royal Commission for Riyadh.
- **Crowd Management:** Provides solutions to manage human crowds and control their movement in open areas such as what is being provided to the Janadriyah Festival.

- **Questionnaires and Monitoring:** providing operational and technological solutions to collect and monitor complex data to provide qualitative information. For instance, readiness assurance of the holy sites and control of all facilities during the 2019 Hajj season in collaboration with the Ministry of Hajj and Umrah.

## 2 Business Centers

Elm provides optimal solutions for service entities that deal directly with the public. It seeks to achieve high efficiency in all phases of the customer's journey. Elm's Business Center services include:

- **Service Centers**
- **Mobile Customer Services**
- **Customer Journey**

## 3 Operation Outsourcing

Elm provides a set of business support services in specific specialized areas that effectively achieve the required operational objectives without full operation of the services. Elm's operations outsourcing services, include:

- **Communication channels**
- **Operation Outsourcing:** providing operational work to government and private entities including:
  - **Digitization and Archiving**
  - **Printing**
  - **Security Preparation**

# Professional Services Sector



**This sector focuses on providing consulting and data analysis services in the digital, technical and business sectors.**

It diagnoses client issues, assesses their process workflow with its pros and cons, understands future challenges and identifies obstacles that may hinder the implementation of new work methods. It also draws a clear vision with a business plan with ambitious targets to be achieved for the sake of raising overall performance and customer satisfaction.

The consulting market is expected to grow driven by digital transformation and adoption as well as increased use of services.

Elm provides complete consulting services covering strategy development and execution through comprehensive programs and projects. These services are provided by a consulting team with long experience in many digital, technology, management, and operational fields. In this field, Elm's main services include:

## 1 Strategic and Management Consulting and Transformation Programs

These consulting services define the desired transformation for the entity and develop the required roadmap. This is achieved by evaluating the status quo and identifying available resources in order to maximize the utilization of available factors, provide the appropriate conditions for their development, avoid risks and explore the entity's ecosystem through proven and innovative methodologies and tools that help to shape the future vision the entity aspires to achieve. All these processes are achieved in accordance with the best practices and the lessons learned from comparative studies. In this field, Elm's services include:

- **Strategy Design**
- **Operating Model Design**
- **Process Re-Engineering**
- **Specialized Offices (Corporate Excellence Offices)**

## 2 Strategy Implementation

Elm seeks to enable entities to implement their strategies in line with the strategic objectives of Vision 2030, analyzing and prioritizing their initiatives, programs and projects. It should also identify the factors that contribute to the success of the planned strategy and eliminate the obstacles facing entities in their journey to implement these strategies. Elm provides its services in this field to Vision Realization Offices (VROs) and strategy support offices in entities.

## 3 Organizational Transformation and Change Management Consulting

The consulting team works closely with the employees of entities to achieve the transformation's objectives based on a successful methodology that serves the entity's aspirations towards growth and development. The change management team prepares the entity's employees to embrace new processes, regulations, values, and organizational structures. In this field, Elm's services include:

- PMO Establishment, Transformation Management and Program Management
- Establishing the Vision Realization Office and Strategy Management Office
- Operation and knowledge transfer support
- Change Management
- Initiative Management



# Professional Services Sector (continued)

## 4 Digitization Consulting

Elm develops digital transformation and information technology strategies for its clients in accordance with the best digital and global technology practices. This would develop overall performance and improve customer satisfaction.

Elm also provides services for defining the characteristics of technological systems that the entity needs to digitize its operating models. Its services include:

- Develop strategies for digital transformation and information technology.
- Develop data management and governance strategies and support data office operation implementation.
- Establish and operate corporate structure offices and support the operation of the corporate structure office.
- Provide IT governance consulting.
- Analyze and evaluate digitalization needs and the level of digital maturity at organizations.
- Study and design reference architecture for digital platforms.

## 5 Data Analytics and AI

Elm helps its customers achieve the desired objectives efficiently and effectively as well as create and discover new targets based on data that leads to value-added products and services worth investing in. Data analysis and AI services include:

- **Sensing and Foresight:**

Enable entities to proactively solve problems before they occur. This helps in decision-making and crisis management to minimize the difficulties of identifying problems.

- **Advanced Analytics:**

Help decision-makers predict the future, find thoughtful predictions and answer complex future questions through the application of data mining and AI technologies. Such advanced analytics leads, for example, to exploring the main drivers or causes behind certain phenomena or choosing the best way to deal with a problem.

- **Emtiaz Platform for Big Data Solutions:**

Support different stages of building a system to manage and analyze big data, starting with communicating with various sources of data, followed by providing data processing and analyzing technologies that result in real-time dashboards, reporting applications and notifications.

Emtiaz platform also provides a sharing environment that enables the entity's different teams to process and analyze data or build machine learning models and data applications.



## Overview from the CFO

Elm delivered robust financial results in 2023, following a remarkable performance in 2022. We are very proud of achieving these positive results that have had the impact of enhancing our ability to continue supporting digital transformation in the Kingdom of Saudi Arabia and entering global markets by investing in these areas.

In 2023, revenues reached almost SAR 5.9 billion, an increase of 28% compared to 2022, supported by the growth in Digital Business revenue of 35%, Business Process Outsourcing revenue increase of 14%, and Professional Services revenue increase of 7%, which led to an increase in gross profit of 25% to reach SAR 2.35 billion. Net profit grew by 46%, reaching SAR 1.35 billion, further amplifying the positive results. EBITDA amounted to SAR 1.5 billion, an increase of 37% for the year 2023.

These results, along with maintaining a strong financial position and managing cash flow positively, led to a growing business. This strengthens the company's ability to achieve its long-term strategic goals while maximizing shareholder returns. In line with our commitment to deliver value to shareholders, the company distributed cash dividends to shareholders of SAR 233.09 million for the first half of the year 2023 and announced to distribute cash dividends of SAR 310.79 million for the second half of the year 2023, which will be paid in the first quarter of 2024.

We look forward to continuing to develop digital solutions and supporting digital transformation in the Kingdom of Saudi Arabia to achieve the goals of "Vision 2030."

**Mr. Othman Mohammed AlTwaijri**

Vice President of Finance Division



### 1- Key Indicators of Financial Results 2023

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) Margin

25%

Return on equity (ROE)

39%

Return on assets (ROA)

19%

Return on capital employed (ROCE)

30%

Gross profit Margin

40%

Net profit Margin

23%

Earnings per share

17.46

# Overview from the CFO

(continued)

## 2- Summarized Consolidated Statement of Profit or Loss

SAR in Millions	2023	2022	%Change	2021	2020	2019
Revenue	5,898	4,606	28%	3,828	2,466	2,102
Cost of revenue	(3,547)	(2,720)	30%	(2,505)	(1,629)	(1,421)
<b>Gross profit</b>	<b>2,351</b>	<b>1,886</b>	<b>25%</b>	<b>1,323</b>	<b>837</b>	<b>681</b>
Total operating expenses	(1,000)	(913)	10%	(708)	(481)	(381)
Operating profit	1,351	972	39%	615	356	300
Other income/expenses, net	123	51	142%	34	17	7
EBTDA	1,501	1,092	37%	731	468	387
<b>Net profit before zakat</b>	<b>1,473</b>	<b>1,023</b>	<b>44%</b>	<b>649</b>	<b>373</b>	<b>307</b>
Zakat	(117)	(93)	26%	(82)	(66)	-
<b>Net profit</b>	<b>1,356</b>	<b>930</b>	<b>46%</b>	<b>567</b>	<b>307</b>	<b>307</b>
Basic Earnings per share	17.46	11.94	46%	7.09	3.83	3.84
Gross Profit Margin	40%	41%	≈pp (1)	35%	34%	32%
Operating Profit Margin	23%	21%	≈pp 2	16%	14%	14%
Net Profit Margin	23%	20%	≈pp 3	15%	12%	15%

**Revenue** grew by 28% to SAR 5,898 million in 2023, driven by the growth across all Business Segments, and led by Digital Business which grew by 35%.

**Gross Profit Margin** decreased by 1.0 Percentage Points to 40%, mainly due to decreased profitability of Business Process Outsourcing.

**Operating expenses** increased by 10% to SAR 1,000 million in 2023 mainly driven by the increase in general and administrative expenses by SAR 103 million, and selling and marketing expenses by SAR 42 million. This was offset by the decrease in Non-Cash Expected credit loss expense which decreased by SAR 57 million.

**Operating Profit Margin** expanded by 1.8 Percentage Points to 23%, this improvement was driven by a slower rate of growth in operating expenses compared to revenue.

**Net Profit Margin** expanded by 2.8 Percentage Points to 23% compared to previous year, due to the increase in operating profit and income from murabha deposit, offset by loss resulted from Associates and investments fair value through profit or loss and increase in Zakah expense.

## 3- Summarized Consolidated Statement of Financial Position

SAR in Millions	2023	2022	Change %	2021	2020	2019
Total non-current assets	1,130	871	30%	802	742	592
Total current assets	6,967	5,155	35%	4,392	3,282	2,220
<b>Total Assets</b>	<b>8,097</b>	<b>6,026</b>	<b>34%</b>	<b>5,194</b>	<b>4,025</b>	<b>2,812</b>
Total non-current liabilities	573	404	42%	401	404	401
Total current liabilities	3,530	2,575	37%	1,984	1,387	901
<b>Total Liabilities</b>	<b>4,103</b>	<b>2,979</b>	<b>38%</b>	<b>2,385</b>	<b>1,791</b>	<b>1,302</b>
Equity attributable to equity holders of the parent Company	3,995	3,047	31%	2,810	2,234	1,510
Non-controlling interest	0.16	-	100%	-	-	-
<b>Total Equity</b>	<b>3,995</b>	<b>3,047</b>	<b>31%</b>	<b>2,810</b>	<b>2,234</b>	<b>1,510</b>
<b>Total Liabilities and Equity</b>	<b>8,097</b>	<b>6,026</b>	<b>34%</b>	<b>5,194</b>	<b>4,025</b>	<b>2,812</b>

By the End of the reported period, **Total assets** increased by 34% to SAR 8,097 million in 2023 compared to SAR 6,026 million in 2022, mainly driven by 35% increase in current assets as a result of growth in receivables and Contract assets SAR 900 million impacted by the revenue growth. And the increase in Cash, Cash Equivalent and Short-term investments by 786 million. Non-Current assets Also increased by 30% as a result capital expenditure spending during the year and the additional leased buildings for the group companies.

**Total liabilities** increased by 38% to SAR 4,103 million in 2023 compared to SAR 2,979 million in 2022, driven by 37% increase in Current liabilities as a result of the increase in Payables and other current liabilities balance by 877 million, influenced by the growth in outstanding balances related to income sharing. Non-Current liabilities increased by 42% due to additional leases.

**Total equity** increased by 31% to SAR 3,995 million in 2023 compared to SAR 3,047 million in 2022. Mainly due to an increase resulted from total comprehensive income during the year of SAR 1,377 million, and a decrease resulted from Dividends distributed of SAR 466 million.

# Overview from the CFO

(continued)

## 4- Summarized Consolidated Statement of Cash Flows

SAR in Millions	2023	2022	Change %	2021	2020	2019
Net cash generated from operating activities	1,559	1,706	(9%)	598	724	220
Net cash used in investing activities	(1,231)	(1,731)	(29%)	(175)	283	(219)
Net cash used in financing activities	(532)	(748)	(29%)	(75)	(98)	(91)
Cash and cash equivalents	384	589	(35%)	1,362	1,013	105

**Cash flow from operating activities** was 9% lower to SAR 1,559 million in 2023 compared to SAR 1,706 million in 2022, mainly due to a negative working capital movement of SAR 171 million in current year compared to positive SAR 400 million in the previous year. Offset by the increase in net profit before zakat.

**Net cash used in investing activities** was 29% lower to SAR 1,231 million in 2023 compared to SAR 1,731 million in 2022, decrease is mainly due to changes in Murabha deposit balance.

**Net cash used in financing activities** was down by 29% to SAR 532 million in 2023 compared to SAR 748 million in 2022, decrease is mainly due to a purchase of treasury shares in the previous year by SAR 307 million, compared to non this year.

This left Elm with an end of period **cash and cash equivalents** of SAR 384 million compared to SAR 589 million in 2022.

## 5- Revenue by segment and geography

SAR in Millions	2023	2022	Change %	2021	2020	2019
Digital business	4,255	3,152	35%	2,102	1,727	1,531
Business Process Outsourcing	1,479	1,301	14%	1,635	652	433
Professional Services	164	153	7%	90	86	138
<b>Total*</b>	<b>5,898</b>	<b>4,606</b>	<b>28%</b>	<b>3,828</b>	<b>2,466</b>	<b>2,102</b>

\* All revenues generated inside the Kingdom of Saudi Arabia except SAR 1 million that was generated outside.

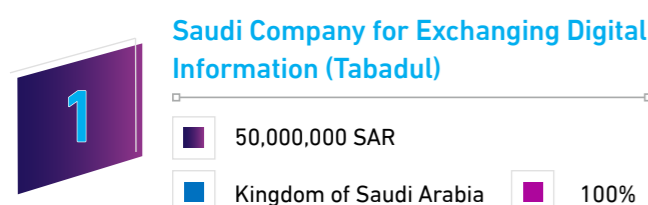


# Subsidiaries, Associates and VC

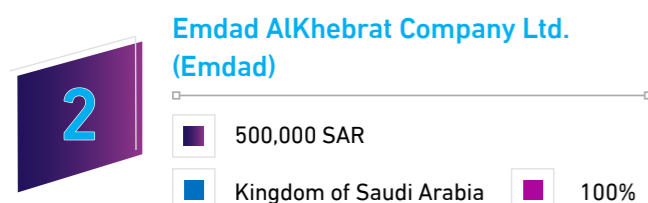
## Subsidiaries

■ Capital
 ■ Ownership
 ■ Country of incorporation and operation

Subsidiaries of the Company, which are owned directly or indirectly:



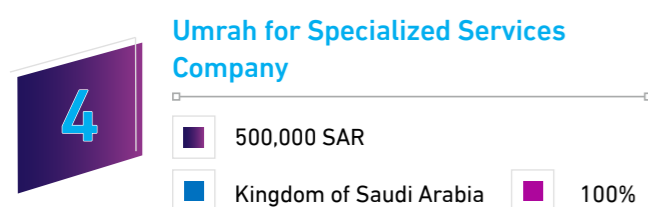
The main activities of the company are to operate in the sectors of information and communications technology, installation, maintenance and support and support programs, systems and applications of communications and information technology, establishing, developing, operating and managing communications and information technology facilities and participating in the development, creation, operation, maintenance and management of technical areas.



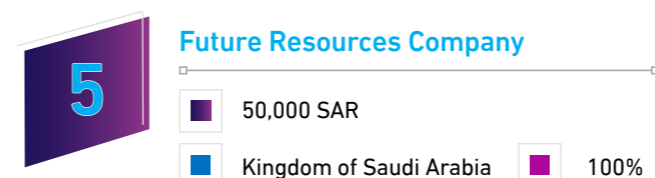
The main activities of the company are to manage call centers, service centers and to provide consultation services in the field of electronic business, operation and maintenance, import, export and sale of devices, hardware, software, systems and workforce development.



The main activities of the Company are to manage call centers, service centers, computer systems programming, computer consultancy activities, information technology services, data processing, website hosting, and retail sale of information and communication equipment in specialized stores.



The main activities of the company are bus transport of passengers between the cities, catering services for Hajj and Umrah, inspection of different systems and measuring their performance, providing marketing services on behalf of others, marketing and reservation of tourist accommodation units, reception and farewell services for pilgrims. The Company has not yet commenced its business operations.



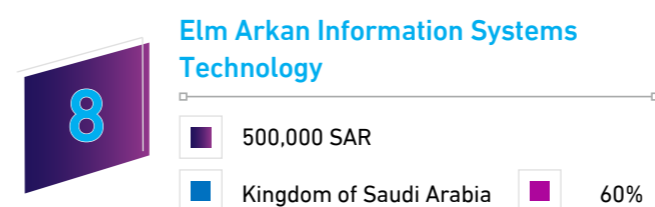
The main activities of the company are systems analysis, design and programming of special software, maintenance of software and web page design, investment activities for the special account of the concerned units, including venture capital companies, investment clubs and providing of senior management consulting services. The Company is 0.02% owned by Emdad Al Khebrat Limited and is 99.98% owned by Elm Technical Investment Company.



The main activities of the Company are consulting services, customer service, developing and providing solutions and supporting service. The Company is 100% owned by Future Resources Company Limited.



The main activities of the Company are conducting research and development activities related to emerging technologies. The Company is 100% owned by Elm Technical Investment Company.



The main activities of the company are systems analysis, design and programming of special software, application development and financial technology solutions and providing Service management and control of communications and information networks, cybersecurity and the establishment of infrastructure for hosting websites on the Internet, data processing services and related activities. The company is owned by 60% of Elm Company



# Subsidiaries, Associates and VC

(continued)

## Associate Companies

■ Capital ■ Ownership ■ Country of incorporation and operation



### Sahl Al Madar Trading Company

■ 200,000 SAR  
 ■ Kingdom of Saudi Arabia ■ 30%

The main activities of the company are engaged in directing goods transport vehicles, freight brokers.



### Smart National Solutions

■ 204,000 SAR  
 ■ Kingdom of Saudi Arabia ■ 24%

The main activities of the company are designing and programming special software, software maintenance and designing web pages.

## Venture Capital Investments



Zid Holding Limited



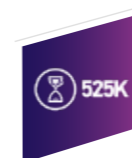
Healthify Me



Bayzat Company



Unifonic Company



525K



FlyAkeed



Syarah Company



Curative Care



Klaim



Carefe

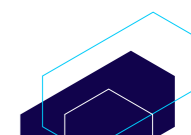


Telgani



Foodics

■ Investments represents unlisted equity and advance payments for future equity holdings. These represent venture capital investments in information technology companies operating within Saudi Arabia and internationally.



# Risk Management



## 1- Enterprise Risk Management

The IT space is globally facing many challenges as a result of the rapid pace of innovative transformations and emerging technologies, and digital markets in Saudi Arabia are becoming more rapidly and competitive than ever before. Rapid digital transformations and advanced digital services that threaten stable revenue streams require increased agility, innovation, and service excellence.

Elm recognizes the critical role of risk management in protecting the interests of its customers, shareholders, and the communities it serves by effectively implementing its strategy to successfully achieve its objectives and ensure its sustainable growth.

## 2- Risk Management Governance

Elm Board of Directors ensures that effective corporate governance is maintained by reviewing and overseeing governance best practices and adopting them in Elm as part of corporate governance. The highest standards of risk management governance are approved through the Board Risk Committee. The Committee also plays a key role in monitoring the implementation of risk management framework, risk strategy and risk management policies, and monitoring Elm's risk management system. The Committee is responsible for the periodic review and management of significant risks as well as monitoring the organizational risk appetite index.

In line with the three defense lines model of the Internal Auditors Association, Elm's risk management function is independent and separate from the business units and sectors in Elm, as it conducts its activities as a control function in the second line of defense. The risk management function is to perform a comprehensive risk assessment cycle in accordance with the risk policy approved by the Board to ensure the continued improvement and growth of risk management practices.

## 3- Risk Management Framework

Elm's risk management framework promotes its risk culture through continuous monitoring, raising risk awareness, and encouraging operational and strategic risk-taking decisions. The framework provides a standardized approach and provides risk management principles and practices in line with MCIT's Risk Management and ISO 31000:2018. The framework also provides for the need for a coherent approach in the identification, assessment, management, control, accountability and reporting of risks and exposures in their activities. The framework ensures the need for continuous improvement in risk management through periodic assessment and estimation and lessons learned.

The framework provides risk management guidance for the day-to-day activities of Elm, covering all relevant risk categories, including strategic and operational categories, governance, organization, compliance, finance, information systems, technology, and people.

## 4- Maintaining a Risk Culture in Elm

Elm emphasizes the importance of a strong risk culture that shapes risk-awareness, risk-based decision-making, and management behaviors. Risk management is the responsibility of all employees, and final accountability lies with senior management and the board. A positive risk culture, effective communication between businesses, monitoring functions and ensuring controls are also key characteristics of risk governance at Elm. Elm ensures the continuous improvement and enhancement of risk governance and implementation through the performance management system and the supervision of relevant committees.



# Risk Management

(continued)

## 5- Elm Risks

Elm's risk management strategy supports informed risk decision-making based on the risk appetite index approved by the Board of Directors with the application of risk response strategies, thus identifying risks that are prepared to be exploited as opportunities and the risks that must be monitored and mitigated. Required limits and internal controls are regularly monitored to ensure that risks and exposures remain within the risk appetite index.

The following illustrates the risks that Elm faces in achieving its objectives, carrying out its business, and risk response strategies.

### Strategy

Working in a competitive and dynamic environment requires Elm to create a flexible development strategy and robust implementation of commercial plans to meet market requirements and achieve sustainable growth.

#### □ Response Strategy

Elm's strategy is reviewed annually to keep pace with variables through the Strategy and Planning Office. Elm's strategy considers competitive growth objectives, goals, competition, and market trends. The strategy includes initiatives to ensure the expansion of Elm's customer base and revenue sources, as well as initiatives to ensure growth through strategic partnerships with the public and private sectors and building digital platforms. The strategy also includes the need for inorganic growth through M&A and venture capital investments.

### Competition

Increased competition and rapid market change with key players and the entry of new competitors and innovative start-ups have created competitive risks within the industry.

#### □ Response Strategy

Elm is considered a leading company in the field of modern technology by fostering a culture that inspires innovation. Through leveraging talent in local and global markets and collaborating with key entities, Elm improved its R&D capabilities internally and invested in developing collaborations with startups. Elm is an enabler for the growth and enablement of startups through its application interface integration ecosystem (API), which aims to increase the value of its shareholders.

### Technology

Outdated operations and IT infrastructure may not be able to meet market requirements, and Elm may not help grow beyond competition.

#### □ Response Strategy

Elm pays particular attention to technology modernization and development on a regular basis based on a continuous assessment of all technology systems. Ad-hoc technology initiatives are part of the updated Elm strategy which aims to deliver services and meet complex and advanced business requirements flexibly and efficiently.

### Cybersecurity

The spread and continued increase of advanced threats require enhanced defense, protection and cyber security solutions, and threat manifestations include third-party integrations where vendor and supplier vulnerabilities can be exploited to attack the organization and its customers.

#### □ Response Strategy

Elm shall continue to enhance cybersecurity and protect internal systems by developing and maintaining cybersecurity policies and procedures on a regular basis and in full compliance with the National Cybersecurity Authority (NCA) regulations, while ensuring awareness raising and continuously testing the effectiveness of information security controls. Elm has established robust practices that ensure information security, asset protection, integrity, and availability. Elm's core activities in the field of cybersecurity include security development, penetration testing, and regular vulnerability management.

### Privacy and Data Management

One of the biggest challenges facing organizations is managing data privacy considering the rapid growth in data volume and the use of AI/generative AI tools, and it is necessary to manage data privacy risks in general and with external entities in particular.

#### □ Response Strategy

Elm recognizes the threats posed by the rapid spread of AI/generative AI tools to information privacy and emphasizes and pursues ethical AI practices. Elm has established a privacy framework that is in line with government data management regulations and privacy risks. Elm's privacy framework includes policies and procedures to address personal information privacy, process data classification, manage records, and retain or destroy data. It also addresses the need to encrypt data in accordance with the most important and least privileged principles.



# Risk Management

(continued)

## Talent and Workforce

Succession and attraction challenges and retaining the best talent in competitive labor markets pose a risk to the long-term transformation goals of companies.

### □ Response Strategy

Several initiatives have been developed to ensure Elm remains an attractive place to work to attract and retain the best talent in the Kingdom. Elm maintains a positive transformation rate and continuously monitors and compares risks related to talent and the workforce to ensure business continuity and minimize disruption.

Elm is proud of its recruitment process, continuous development and learning culture, and ability to attract core talent. The integration of employees is one of Elm's key initiatives that promotes a culture of collaborative work that is monitored and reported periodically.

## Regulatory

Increased regulatory requirements and standards bring multiple compliance challenges that may increase operations costs and potentially impact the profitability of Elm.

### □ Response Strategy

A dedicated governance and compliance function has been established to oversee all current and future regulatory requirements. The mandated function will permanently consider legislation and regulations, provide recommendations and coordinate efforts with internal and external stakeholders in a proactive manner.

# Employees and Corporate Culture



## Talents and Competencies Recruitment

The recruitment of talents and competencies is an essential pillar of Elm's success, and attracting exceptional talent is an important investment in the company's future. Elm's is committed and dedicated to nurturing outstanding talent and establishing a robust foundation for long-term profitability and sustainable development.

Elm uses several recruitment strategies, leveraging the tools and resources necessary for effective HR sourcing, attracting, and hiring. These strategies include:



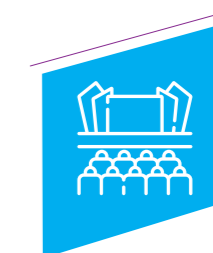
### Enhancing the Company Brand

Elm invests in building a strong and solid identity stemming from the distinctiveness of its environment and culture.



### Digital Recruitment Platforms

Recognizing the benefits of digital tools, Elm utilizes them to identify, attract, and hire competent candidates efficiently.



### Conferences and Exhibitions

Elm actively participates in the Kingdom's major recruitment exhibitions on a yearly basis to connect with potential candidates.

# Employees and Corporate Culture (continued)

## Employee Referral Program

Elm values the contributions of its employees in identifying competent individuals within their knowledge domain. The Employee Referral Program encourages staff to recommend candidates who align with our hiring guidelines and standards, ensuring a fair and equitable employment process for all nominated individuals. Here is the breakdown of new employee demographics based on age and gender:

#	Age group	Male	Female	Total
1	to 30 years 18	161	103	264
2	More than 30 years	71	13	84

## Competitive Environment and Culture



In 2023, The Company won the prestigious “2023 Best Work Environment” award for giant and large organizations in Saudi Arabia, competing with 88,000 participating entities. Elm’s receipt of this award from the Ministry of Human Resources and Social Development (HRDS) confirms its commitment to fostering a work environment that values and enhances competencies for the long term.

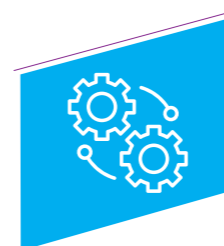
Elm attributes its success in drawing and retaining highly skilled individuals to its distinctive culture and surroundings. This cultural approach not only creates an engaging and fulfilling work atmosphere but also increases employee loyalty and productivity, fueling motivation. Elm witnessed a noteworthy 46.26% decrease in the job dropout rate, consistently maintaining a rate below the global average for information system companies, as reported by Gartner for IT research in 2021.

The company is recognized nationally and internationally for providing a healthy work environment and culture. Elm stands out through various standard indices. McKinsey’s OHI survey, conducted at the outset of 2023, positioned Elm in the top 10% of businesses globally in terms of the work environment, compared to 791 domestic and foreign enterprises with nearly 3 million participants.

## Employee Comprehensive Care and Support



Elm recognizes that the company’s employees are the reason behind its productive work environment and culture. The company places attention on even the smallest details, offering continuous training and development, healthcare and wellness programs, bonuses, and benefits, all within a distinctive work environment.



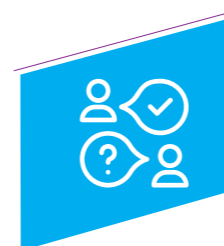
### Employee Engagement

Elm systematically measures the rate of employee engagement across its branches and departments, conducting annual assessments to improve and enhance employee involvement. Collaborating closely with relevant departments, Elm implements development plans created with its staff members. Over the past few years, the rate of employee engagement has witnessed significant growth, culminating in a 4.13 out of 5 in the 2023 Gallup index because of Elm’s commitment to utilizing employee feedback as a basis for cultivating a robust performance culture.



### Work-Life Balance

At Elm, we are dedicated to fostering work-life balance for our employees. We achieve this by encouraging adaptability and resilience in job performance and working hours. Embracing a hybrid business model, Elm places a premium on productivity, regardless of the physical location from which employees fulfill their responsibilities.



### Employee Voice

Elm places a high value on listening to its workers. In pursuit of this commitment, we provide various anonymous channels for employees to express their suggestions, comments, and concerns, including platforms like “Employee Voice,” “Maak,” and “Report to us.” These submissions are monitored and addressed by the CEO, impartial departments, and committees. The goal of these channels is to highlight key remarks, suggestions, and challenges, allowing the company to create a comfortable and healthy work environment.

# Employees and Corporate Culture (continued)

## Ceremonies and Events

Elm provides an engaging and well-organized work environment through a variety of events and activities, such as:

### Annual Ceremony

This event brings our staff together to celebrate their yearly accomplishments.



### Competitive Sports Events

Inclusive of football, paddle, and electronic games, creating a fun and competitive atmosphere for all employees over several weeks.



### Junior Elmawy

An occasion where employees' children visit the workplace for a day of enjoyable activities.



### Morning Coffee

A monthly gathering provides direct access between the staff and the CEO to discuss and stay informed about the latest developments.

### Celebrating National Occasions

Activities that enhance significant aspects and values in the lives of our employees.



### Department Lunch

A monthly event bringing together staff from all departments outside the office environment, in addition to various parties and events throughout the year.



# Employees and Corporate Culture (continued)

## Internal Communication

Elm promotes dialogue through internal seminars on platforms like “Diwan” and “Yamer,” acting as forums for staff discussion and interaction. These platforms empower employees to freely share their opinions with human resources departments regarding Elm’s programs and express both admiration and reservations.

## HR Committee

The HR committee, directly reporting to the Chairman and independent from the human capital department, takes charge of organizing most of Elm’s ceremonies and events. Annually, elections are held to form this committee, with employees nominating themselves for various roles. Playing an essential role in monitoring channels like the employee voice, the HR committee ensures impartiality in numerous activities, contributing to Elm’s commitment to employee engagement and well-being.

## Training and Development

Training and development at Elm are designed to support the growth of its human resources. Focused on an approach that cares for and supports employees, Elm implements advanced and diverse training programs. These programs aim to enhance fundamental skills and improve leadership potential. The executive training includes internal and external courses, group training, and specialized leadership programs.

Hours of Employee Training for the year 2023:

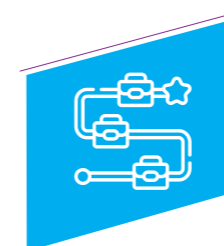
Total Training Hours	83,532	Average Training Hours per employee	31.9
Total Training Hours for females	17,168	Average Training Hours per male employees	31.6
Total Training Hours for males	66,364	Average Training Hours per female employees	33

### Training Courses

At Elm, we implement innovative strategies to support training and development. One of the main approaches is a dynamic training program that encompasses both internal and external training courses, along with distinctive training paths.

### Enhancing Knowledge Sharing

Elm encourages its workforce, especially those who have undergone training and have the knowledge, to conduct internal sessions and workshops to facilitate the sharing of new knowledge, skills, and best practices, fostering teamwork and reinforcing the company’s commitment to ongoing leadership development, ultimately elevating collective performance.



### Special Training Courses

Elm provides comprehensive training courses designed for specific professions. The Innovation Pioneers program has been created to enhance employees’ creative confidence and design thinking, foster the generation of innovative ideas, and empower the transformation of those ideas into actionable plans. Participants are actively involved in a concluding project, requiring them to apply their acquired abilities to address real-world challenges.

Innovation Pioneers Program for the year 2023

Number of Program Participants	72
Number of Program Graduates	49

### Leadership Training and Development Programs

Elm is committed to supporting its leaders with training programs focused on enhancing their interpersonal, leadership, and administrative skills. The company views it as an important investment contributing to organizational efficiency in terms of vision, strategy, decision-making, adaptability, management, and the ability to inspire and cultivate staff. These efforts collectively contribute to the attainment of organizational and cultural excellence.

Training Hours for Leadership in 2023

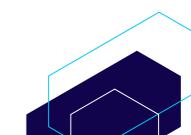
Total Training Hours for Senior Management	5,056
Total Training Hours for middle-level management	21,952
Total Training Hours for each of the senior management leaders	31.80
Total Training Hours for each of the middle-level management leaders	49.33

### Academic Certificates

In support of educational pursuits, Elm motivates its staff to pursue bachelor’s degrees by covering education costs. Furthermore, the company provides programs for continuing education, allowing employees to pursue master’s degrees while actively contributing to the growth of the company.

### Professional Certificates

Elm promotes keeping up with the latest developments in the industry by encouraging its staff to attain professional certifications and offering bonuses upon successful certification completion.



# Employees and Corporate Culture (continued)

## Benefits and Incentives

Demonstrating its dedication to employee well-being, Elm provides financial benefits and incentives as a key strategic pillar to enhance job satisfaction and productivity. This approach contributes to overall company performance, benefiting stakeholders and shareholders while reinforcing Elm's competitive position in the market.

Regularly reviewing and adjusting employee incentives in alignment with market standards, Elm ensures that its offerings remain competitive. The following are some examples of the benefits and incentives that Elm offers, develops, and updates on a regular basis:



### Prioritizing Health and Safety

At Elm, the well-being of our employees takes center stage, and as a testament to this commitment, we extend health insurance coverage to our workforce, their families, and parents. Recognizing the importance of well-being, Elm actively engages in various exhibitions and events to promote public awareness of physical health. Additionally, we invest in our employees' personal health initiatives, such as health club memberships, gym equipment purchases, and health meal subscriptions. Ensuring a safe and injury-free workplace is paramount, and Elm strives to provide secure environments for all employees.



### Long-term Employee Shares Program

The Long-Term Employee Shares Program is designed for both executive and non-executive staff with a track record of exceptional performance over the years. This program aims to attract and inspire competencies reflective of Elm's culture and environment, encouraging engagement for both executive and non-executive employees. Unlike programs exclusive to executive staff, participation is open to all, strengthening their commitment to inclusivity.

The program is designed to drive Elm towards its growth and strategic objectives. Employees meeting program requirements and contributing to the company's financial targets, as determined by the board of directors, are awarded shares, aligning individual success with the collective progress of Elm.



### Supporting Mortgage

Elm extends a unique opportunity for employees to secure a suitable home for themselves and their families by covering mortgage interest payments for a maximum of 10 years.



### Interest-Free Loans

In a commitment to the well-being of our workforce, employees are eligible to receive interest-free loans up to 4 times their base pay. These loans are structured to be repaid within a year.



### Flexible Financial Benefits

Elm goes beyond standard benefits by offering employees a specific amount of flexible financial benefits that can be utilized based on their annual needs. This flexible approach allows employees to allocate funds towards health, sports, education, technology appliances, or even car insurance.



### Family Care

Recognizing the importance of family, Elm places extra emphasis on the well-being of employees' loved ones. We contribute to health club dues for spouses, children, and parents, organize training sessions for family members, and operate daycare centers for the children of our female employees.



# Social Contribution

## Investment in National Competencies



Elm is dedicated to fostering cooperative training across a range of majors, collaborating with various universities, including King Saud University (KSU), Imam Mohammed Ibn Saud Islamic University (IMSIU), and Princess Nourah University (PNU). The company actively invests in nurturing emerging national talents, channeling efforts into developing their skills and knowledge while selectively recruiting individuals with exceptional qualities to join its workforce.

In 2023, cooperative training participants constituted approximately 17% of all recruits, underscoring Elm's steadfast commitment to investing in and cultivating national competencies. This commitment is further evident in our enduring relationships with educational authorities, which foster knowledge exchange and facilitate the employment of bright national talents. Elm's proactive approach is exemplified by ongoing initiatives, including collaborations such as the 2023 partnership with Al-Faisal University, which aims to provide job opportunities and comprehensive training.



Total Number of Participants

198

## Recruitment Conferences and Exhibitions

Elm maintains a strong presence at key recruitment fairs across the Kingdom. In 2023, the Company actively participated in significant events to provide employment opportunities that foster the professional growth of young individuals, such as the Khatwa Career Fair, King Fahd University for Petroleum and Minerals Career Fair, Prince Sultan University Career Expo, Al-Faisal University Career Expo, and Tuwaiq Academy Career Fair.



## Women Empowerment

At Elm, our dedicated focus on expanding the presence of female professionals is aimed at adopting equal opportunities for both genders within the sector of information technology. Our commitment extends to actively attracting and integrating experienced women into our workforce. The noteworthy outcome of our efforts is evident in the remarkable 40.6% increase in the number of women employed compared to the previous year.



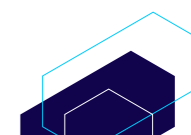
## Nationalization

Elm is committed to empowering Saudi talent and providing them with valuable opportunities. Aligned with the goals of Saudi Vision 2030 and deeply embedded in Elm's strategic framework is the principle of Saudization. In line with Vision 2030, we persistently engage in attracting, involving, and supporting Saudi talent, offering them educational and training avenues. As a testament to our dedication, Elm has achieved an impressive 81% Saudization rate, reflecting our commitment to the national vision and the development of local talent.



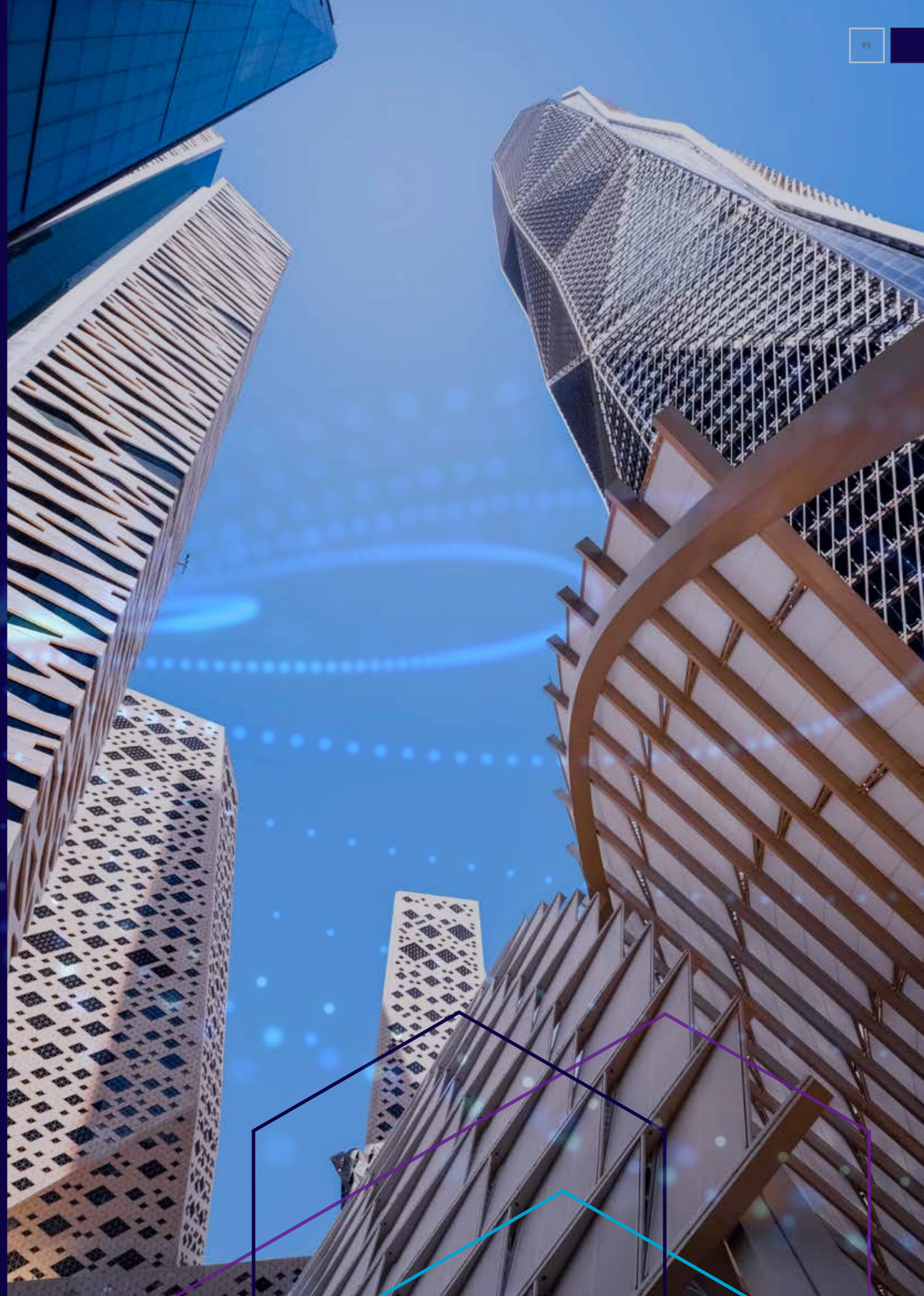
## Charity Opportunities

As part of its commitment to promoting social responsibility, Elm has donated SAR 1 million through the Ehsan platform. This contribution aimed to support social activities, leave a positive impact, and highlight the importance of corporate responsibility by improving the well-being of individuals. Furthermore, Elm has made a significant donation of SAR 150,000 to the KSU Research Excellence Award to promote innovative thinking. Elm's belief is that supporting and empowering young Saudi talent is the company's responsibility.



# Governance

- Board of Directors 097
- Board Committees 104
- Executive Management 112
- Compensation and Remuneration 116
- The Board of Directors and executive management Ownership 120
- Dividend Policy and Distributed Dividend 121
- General Assembly Meetings 122
- Shareholders 124
- Treasury Shares and Statutory Payments 124
- Competing Business and Related Parties Transactions 125
- Compliance With Corporate Governance Regulations and Board Declarations 129



# Governance

## Governance

Elm is committed to the principles of governance, especially the principles of transparency and disclosure, and to enhancing the role of the Board of Directors and executive management by defining their tasks and responsibilities. In addition, Elm is adopting advanced mechanisms to enhance internal control, risk management, and compliance and ensure their effectiveness. The governance measures and procedures implemented by Elm are also consistent with the rules and regulations issued by the regulatory authorities and the best practices followed.

The Board of Directors has established governance rules and supervises them on an ongoing basis, which include policies and general instructions, and procedures in order to ensure the effective performance of the company's business. Furthermore, these rules include the rights of shareholders and the tools that enable the shareholders to use their rights effectively and in accordance with best practices to enhance the principles of accountability and transparency and build strategic relationships with various stakeholders.

The Board of Directors consists of 9 members elected by the General Assembly, consisting of 6 non-executive members and 3 independent members. Furthermore, the Board of Directors contains 4 committees (the Audit Committee, the Nominations and Remuneration Committee, the Investment Committee, and the Risk Committee).

During 2023, the company amended its bylaws and governance regulations to be consistent with the amendments to the new companies' law and the executive regulations issued by the Capital Market Authority. The Extraordinary General Assembly approved the amendments on 16-05-1445H, corresponding to 30-11-2023.

## Board of Directors

### Members of the Board of Directors



**Mr. Raed Abdullah bin Ahmed**  
Board of Directors Chairman

Non-executive member



**Mr. Raed Abdullah Ismail**  
Board of Directors Vice Chairman

Non-executive member



**H.E. Ms. Alshayhana Saleh Alazzaz**  
Board of Directors Member

Non-executive member



**H.E. Dr. Issam Abdullah Alwaqit**  
Board of Directors Member

Non-executive member



**Eng. Abdullah Abdulrahman Alrabiah**  
Board of Directors Member

Non-executive member



**Mr. Abdullah Saad Alsalem**  
Board of Directors Member

Non-executive member



**Dr. Khaled Abdulaziz Alghoneim**  
Board of Directors Member

Independent member



**Mr. Abdularahman Mohammed Alodan**  
Board of Directors Member

Independent member



**Mr. Faris Ibrahim Alrashed Alhumaid**  
Board of Directors Member

Independent member

### Committees

- Audit Committee
- Nominations and Remunerations Committee
- Investment Committee
- Risk Management Committee



# Governance

(continued)

## Members of the Board of Directors



**Mr. Raed Abdullah Bin Ahmed**

### Academic Qualification

- Master's degree in financial markets, Arab Academy for Management, Banking, and Financial Science, Egypt, 2008
- Higher Diploma in Financial Planning, Dalhousie University and Institute of Banking, Canada, 2002.
- Bachelor's degree in accounting, King Saud University, Kingdom of Saudi Arabia, 1991.

### Current Positions

- Royal Highness adviser, Minister of Interior

### Previous Positions

- Deputy of Market Institutions at the Capital Market Authority
- Deputy of Listed Companies and Investment Products at the Capital Market Authority
- Director of the General Department of Corporate Finance at the Capital Market Authority
- General Supervisor of the General Department of Financial and Administrative Affairs at the Capital Market Authority.
- Director of the General Department of Market Supervision at the Capital Market Authority
- Vice President of Islamic Banking at Riyad Bank

### Current Memberships

- Chairman of Elm Company
- Board member of the Saudi Falcons Club
- Board member of the Saudi Shooting Federation
- Member Committee of the Quality-of-Life Program



**Mr. Raed Abdullah Ismail**

### Academic Qualification

- Master's degree in business administration, London Business School, United Kingdom, 2008.
- Bachelor's degree in finance, George Mason University, USA, 2001.

### Current Positions

- Director of Operation Enhancement Performance Division at the Public Investment Fund
- Director of Investments in the Middle East and North Africa at the Public Investment Fund

### Previous Positions

- General Manager at Mawarid Food Company Ltd.
- Founder and General Manager of Retail House Ltd.
- Chief Executive Officer at Saudi Tadawi Healthcare Group
- General Manager at Olayan Food Services Company
- Senior Director of Consulting Investment Global Banking at HSBC

### Current Memberships

- Vice Chairman of Elm Company
- Board Member of GDC Middle East Company
- Chairman of the Helicopter Company
- Board Member of Tahakum Investment Company
- Board Member of americana restaurants international PLC
- Board Member of National Unified Procurement Company "NUPCO"
- Board Member of Bahri Company
- Board Member of Kayanee Company
- Board Member of Red Sea Cruise Ships Company
- Board Member of Aviation Services Company

### Previous Membership

- Board member of Saudi Arabia Credit Suisse Bank
- Board Member of ACWA Power Company



**H.E. Ms. Alshayhana Saleh Alazzaz**

### Academic Qualification

- Bachelor's degree in law, Durham University, United Kingdom, 2008

### Current Positions

- Deputy Secretary General of the Council of Ministers
- General Legal Counsel at the Public Investment Fund

### Previous Positions

- Head of Transactions at the Public Investment Fund
- Legal advisor at the Law Office of Looaye M. Al-Akkas in association with Vinson & Elkins LLP
- Legal advisor at Baker McKenzie

### Current Memberships

- Board Member of Elm Company
- Chairman of Sela Company

### Previous Membership

- Board Member of Diplomatic Quarter Holding Company
- Board Member of the Saudi Electronic Information Exchange (Tabadul)



**H.E. Dr. Issam Abdullah Alwaqit**

### Academic Qualification

- Ph.D. in Computer Science, Valencia Polytechnic University, Kingdom of Spain, 2011.
- Master's degree in computer science, University of Southern California, USA, 2002
- Bachelor's degree in computer science, King Saud University, Saudi Arabia, in 1998.

### Current Positions

- Director at the National Information Center

### Previous Positions

- Chief Executive Officer of the National Digital Transformation Unit
- Secretary of the National Committee for Digital Transformation
- Deputy of Technical Affairs at the Ministry of Foreign Affairs
- General Supervisor of Information Technology at the Ministry of Education.
- Dean of the Electronic Transactions and Communications at King Saud University.
- Dean of the Deanship of E-Learning and Distance Education at King Saud University.
- Associate Professor at King Saud University.
- Chief of the Saudi Computer Society.

### Current Memberships

- Board member of Elm Company
- Board member of the Saudi Business Center
- Board member of the National Center for Government Resources
- Board member of the General Authority for Statistics
- Board member of the Research, Development, and Innovation Authority
- Board member of the Saudi Company for Artificial Intelligence
- Board Member of e-commerce Company

# Governance

(continued)



**Eng. Abdullah Abdulrahman Alrabiah**

#### Academic Qualification

- Master's degree in electrical engineering, King Saud University, Kingdom of Saudi Arabia, 2006.
- Bachelor's degree in electrical engineering, King Saud University, Saudi Arabia, in 1999.

#### Current Positions

- Deputy of the Ministry of Interior for Regions Affairs
- Secretary General of the General Secretariat of the Meeting of Their Highnesses, the Governors of the Regions.

#### Previous Positions

- Director of the Technology Program at the Ministry of Interior
- Deputy of Security Capabilities at the Ministry of Interior

#### Current Memberships

- Board member of Elm Company
- Board member and Secretary of the of the National Program for Community Development in the Regions.
- Board member of the General Food Security Authority
- Board member of the Saudi Falcons Club
- Board member of Sustainable Agricultural Rural Development.
- Board member of the National Center for Wildlife Development.
- Board member of the National Association for Community Services "Ajwad".



**Mr. Abdullah Saad Alsalem**

#### Academic Qualification

- Master of Business Administration, University of Portsmouth, United Kingdom, 2010.
- Bachelor's degree in information systems, King Saud University, Saudi Arabia, 2007.

#### Current Positions

- Director of the Strategy and Planning Department at the Public Investment Fund

#### Previous Positions

- Director of Project Management at the Public Investment Fund

#### Current Memberships

- Board member of Elm Company
- Board member of the Saudi Company for Artificial Intelligence
- Board member of Jasara Company
- Board member of the Saudi Boutique Company
- Board member of THIQAH Business Services Company
- Board member of Jabal Alshifa Development Company
- Board member of Aletihad
- Board member of Capton Energy Company (United Arab Emirates)
- Board member of Sky Company



**Mr. Faris Ibrahim Alrashed Alhumaid**

#### Academic Qualification

- Bachelor's degree in computer science, King Saud University, Saudi Arabia, 1994.
- Entrepreneurs Development Program, Ceylon College of Management, Massachusetts Institute of Technology, Cambridge, USA, 2009.
- Oxford Advanced Leadership and Management Program, University of Oxford, Oxford, UK, 2011.
- Certificate of the Board of Directors Institute, Institute of Board Members, Saudi Arabia, in 2015.

#### Current Positions

- Managing Director and Chief Executive Officer of Sharaka Financial Company
- Founding partner of the Lindo Saudi Invoice Financing
- Founder and Chairman of the Board of Trustees of the Wateen Endowment Foundation
- Founder and Chairman of the Trustees Board at OQAL

#### Previous Positions

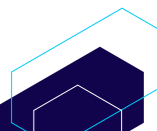
- Head of Private Equity at Derayah Financial Company
- Chairman at Nal Investment Company Limited
- President at Riyadh Steel Company
- General Manager at Aldawalij Company
- Director of the Future Kids Center

#### Current Memberships

- Board member of Elm Company
- Board member of Medad Offices
- Board member of Sharaka Financial Company
- Board member of Bin Dawood Holding Company
- Board member of Naseej Digital Transformation Solutions Company
- Board member of SHL Finance Company
- Board member of Digital Mobility Solutions Company
- Board member of Hala Bostani Company
- Chairman of Ratio Specialty Company
- Board member of Tanami Arabia Company
- Board member of Ibrahim Al-Rashed Al-Hamid Sons Company

#### Previous Membership

- Board member of Dur Hospitality Company
- Board member of Qassim Cement Company
- Board member of Derayah Financial Company
- Chairman of the Czech Center for Physiotherapy and Rehabilitation
- Board member of Al Rajhi Business Company
- Board member of Alsaghyir Trading-Contracting Company
- Board member of Almehbaj Alshamiyah Company
- Vice Chairman of Lindo Saudi Invoice Financing Company
- Board member of Hala Company
- Board member of Dallah Healthcare Company
- Board member of Shaker Group
- Board member of Binary Works Company, (Egypt)



# Governance

(continued)



Mr. Abdulrahman Mohammed Alodan

## Academic Qualification

- Master's degree in computer science, Florida Institute of Technology, USA, 1985
- Bachelor's degree in computer science, Jacksonville University, USA, 1984

## Current Positions

- Director and Funder of Security House Trading Est
- Chief Executive Officer at Kemit Industry Company

## Previous Positions

- Information technology consultant at Riyad Bank
- Vice President of Information Technology at Riyad Bank
- Executive Director of the Transformation and Performance Improvement Program at Riyad Bank
- Director of Solutions and Systems Department at Riyad Bank
- Director of the Treasury, Investment, and Trade Finance Systems Development Program at Riyad Bank
- Director of Systems Reengineering at United Saudi Bank
- Owner and general manager at Almadar Telecom Company
- Director of the Computer Operations Department at the Central Bank of Saudi Arabia (SAMA)

## Current Memberships

- Board member of Elm Company
- Board member of the Saudi National Bank

## Previous Membership

- Board member of Tawuniya Insurance Company
- Board member of the Founding Committee at the Small and Medium Enterprises Bank



Dr. Khaled Abdulaziz Alghoneim

## Academic Qualification

- PhD in Computer and Electrical Engineering, Carnegie Mellon University, USA, 1996.
- Master's degree in computer and electrical engineering, Carnegie Mellon University, USA, 1992.
- Bachelor's degree in computer engineering, King Saud University, Saudi Arabia, in 1988

## Current Positions

- Founder and Chairman of the Board of Directors of Hawaz
- Co-founder and Chairman of the Board of Directors of Mozn

## Previous Positions

- Chief Executive Officer at Takamol Holding
- Chief Executive Officer at STC Group
- Chief Executive Officer at Elm
- Associate Professor at King Saud University

## Current Memberships

- Board member of Elm Company
- Board member of Tawuniya Insurance Company
- Board member of Alobeikan Company
- Board member of Etihad Etisalat (Mobily) Company
- Board member of Bayan Credit Bureau Company

## Previous Membership

- Board member of the Saline Water Conversion Corporation
- Board member of the National Water Company
- Board Member of the Saudi Electronic Information Exchange (Tabadul)
- Board member of Takaful Charity Foundation
- Board member of the Saudi Human Resources Development Fund (HADAF)
- Board member of THIQA Business Services Company
- Board member of King Abdulaziz City for Science and Technology
- Board member of King Abdulaziz and his Companions Foundation for Giftedness and Creativity (Mawhiba)
- Board member of the Transport General Authority
- Board member of Unifonic Company
- Board member of Riyadh Second Health Cluster
- Board member of Takamol Holding
- Board Chairman of the Saudi Computer Society

## Board of Directors' Meetings and Attendance



The Article of Association specified the number of the Board of Directors to be 9 members, The Board of Directors began on 25/11/2021, for a period of 3 years.

The Company's Board of Directors held 9 meetings during 2023. The following are the board meetings and members' attendance record:

#	Name	Classification	27 Mar	29 Mar	03 May	31 May	26 Jul	05 Aug	28 Sep	28 Oct	20 Dec	Total
1	Mr. Raed Abdullah bin Ahmed - Chairman	Non-Executive	✓	✓	✓	-	✓	-	✓	✓	✓	7
2	Mr. Raed Abdullah Ismail - Vice Chairman	Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
3	H.E. Ms. Alshayhana Saleh Alazzaz	Non-Executive	✓	✓	✓	✓	✓	-	✓	-	✓	7
4	H.E. Dr. Issam Abdullah Alwaqit	Non-Executive	✓	✓	✓	-	✓	✓	✓	✓	✓	8
5	Eng. Abdullah Abdulrahman Alrabiah	Non-Executive	✓	✓	✓	✓	✓	✓	✓	-	✓	8
6	Mr. Abdullah Saad Alsalem	Non-Executive	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
7	Dr. Khaled Abdulaziz Alghoneim	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
8	Mr. Abdulrahman Mohammed Alodan	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
9	Mr. Faris Ibrahim Alrashed Alhumaid	Independent	✓	✓	✓	✓	✓	✓	✓	✓	✓	9

## Board and Committees Assessment

The Board of Directors assigned an independent expert house the Gulf Cooperation Council Board Directors Institute (GCC BDI) to conduct an evaluation of the work of the Board and its committees, which consisted of an online survey and two-sided interviews, and an analysis of all relevant data, taking into account the results of and the recommendations of the previous evaluation, in addition to the stages of development and differences that occurred, and their impact on the effectiveness and performance of the Board and its committees, the interaction between the Board members as one team, the Board and the executive management, governance, challenges and risks and how to manage them, identifying strengths, and some areas and opportunities that can contribute more in enhancing the effectiveness of the Board's performance and improving and developing its performance.

# Governance (continued)

## Board Committees

### External Members of the Board Committees

#### Dr. Abdulrahman Mohammed Albarrak

Chairman of the Audit Committee

##### Current Positions

- Chief Executive Officer of Thara Administrative Investment Company

##### Previous Positions

- Vice Chairman of the Board of Directors at Capital Market Authority
- Dean and Head of the Finance Department at King Faisal University

##### Academic Qualifications

- Ph.D. in Finance, Newcastle University, UK, 2005
- Master's degree in finance, University of Colorado, USA, 2001
- Bachelor's degree in accounting, King Faisal University, Saudi Arabia, in 1997.

#### Mr. Marwan Hamad Alhuhaidan

Member of the Audit Committee

##### Current Positions

- General Director for the General Department of Cyber Risk Control at the Saudi Central Bank (SAMA)

##### Previous Positions

- Director of Information Technology and Payment Systems Risk Management at the Saudi Central Bank (SAMA)

##### Academic Qualifications

- Master's degree in computer systems security, University of Glamorgan, UK, 2010
- Bachelor's degree in information systems, King Saud University, Saudi Arabia, in 2003

#### Dr. Abdulrahman Saad Aljadhi

Member of the Investment Committee

##### Current Positions

- Chief Executive Officer of Elm Company

##### Previous Positions

- Director of E-Business and Director of Strategy at Elm Company from 2005 to 2012
- Infrastructure Director at Saudi Telecom Company (STC) from 2002 to 2005
- Assistant Professor at the College of Technology from 1999 to 2002

##### Academic Qualifications

- Ph.D. in Computer Science, University of Pittsburgh, Pennsylvania, USA, 1999
- Master's degree in computer science, University of Michigan, Michigan, USA, 1993
- Bachelor of Computer Engineering, King Saud University, Saudi Arabia, 1989

#### Mr. Fahad Khaled Alsaud

Member of the Investment Committee

##### Current Positions

- Chief Executive Officer and Managing Director at Alpha Financial Company

##### Previous Positions

- Advisor to H.E. Governor of the Public Investment Fund
- Vice President of Alternative Investments at Jadwa Investment Company
- Advisor to H.E. the Chairman of the Capital Market Authority

##### Academic Qualifications

- Master's degree in Corporate Finance, Reading University, United Kingdom, 2009
- Bachelor's degree in financial management, King Fahd University of Petroleum and Minerals, Saudi Arabia, 2006
- Chartered Financial Analyst (CFA)

#### Mr. Turki Abdulmohsin Alluhaid

Member of the Audit Committee

##### Current Positions

- Managing Partners, Turki Abdulmohsin Al Luhaid and Saleh Abdullah Al Yahya Accountants and Auditors

##### Previous Positions

- Auditor partner at Ernst & Young (EY)
- Operations Execution Officer in the Credit Department at Riyadh Bank

##### Academic Qualifications

- Bachelor's degree in accounting, King Saud University, Saudi Arabia, 2003.
- Fellowship of the Saudi Organization for Chartered and Professional Accountants (SOCPA)
- Fellowship of the American Institute of Certified Public Accountants.

#### Mr. Firas Salah Aldine Alquraishi

Member of the Audit Committee

##### Current Positions

- Director of the Accounting, Financial, and Control Department at the Public Investment Fund

##### Previous Positions

- Financial Affairs Director at the Water and Electricity Company
- Financial Controller at Saudi Fransi Capital
- Assistant Finance Director at Amana Cooperative Insurance Company
- Assistant Relationship Manager at the Saudi Hollandi Bank
- Auditor at Price Waterhouse Coopers (PwC)

##### Academic Qualifications

- Master's degree in Banking and Finance, University of Sydney, Australia, 2010
- Bachelor's degree in accounting, King Fahd University of Petroleum and Minerals, Saudi Arabia, in 2006.

#### Ms. Shahad Abdurahman Attar

Member of the Investment Committee

##### Current Positions

- Department Manager in the Local Direct Investments Team, and Head of the Technology and Media Sector at the Public Investment Fund

##### Previous Positions

- Head of the Communications and Information Technology Sector at the Ministry of Investment
- General Manager of Business Development and Government Relations Department at Accenture Company
- Director of Business Development and Government Relations at the Saudi Telecom Company (STC)

##### Academic Qualifications

- Master of Business and Technology Entrepreneurship, Waterloo University, Canada, 2006
- Bachelor's degree in information systems management, Dar Al-Hekma University, Saudi Arabia, in 2005

#### Mr. Nawaf Dauod Alhoshan\*

Member of the Investment Committee

##### Current Positions

- Chief Strategy and Business Development Officer at Saudi Arabian Military Industries (SAMI)

##### Previous Positions

- Deputy Minister of Technology at the Ministry of Communications and Information
- Chief Executive Officer at Raz Holding Group
- Director of Systems and Solutions at the STC
- Director of Systems and Solutions at Advanced Electronics Company

##### Academic Qualifications

- Executive Master of Business Administration, King Fahd University of Petroleum and Minerals, Saudi Arabia, 2014
- Bachelor's degree in computer science, King Saud University, Saudi Arabia, in 2001

\*The resignation of Mr. Nawaf Alhoshan from the Committee membership was accepted on 2/8/2023.

# Governance

(continued)

## Audit Committee

### Composition

The Audit Committee consists of five (5) members who were appointed by Extraordinary General Assembly resolution dated 20/04/1443 AH (corresponding to 25/11/2021 AD).

### Duties and Responsibilities

The Audit Committee aims to assist the Board of Directors in performing its monitoring and supervisory duties efficiently and effectively, and its main tasks include:

- Analyze the Company's interim and annual financial statements to ensure its integrity, fairness and transparency and provide its opinion and recommendations thereon.
- Examine and review the Company's internal and financial control systems and risk management system to ensure its effectiveness, in addition to the effectiveness and efficiency of the Company's administrative information systems and other information technology systems.
- Monitor and oversee the performance and activities of the internal auditor and internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Provide recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Ensure the Company's compliance with the relevant laws, regulations, policies, and instructions.
- Ensure the effectiveness of the formation procedures and the performance of audit committees and internal audit departments in subsidiaries.

### Meeting Attendance

The Audit Committee convened five (5) meetings during 2023 as following table:

#	Name	26 February	02 March	11 May	03 August	26 October	Total
1	Dr. Abdulrahman Mohammed Albarrak (Chairman)	✓	✓	✓	✓	✓	5
2	Mr. Turki Abdulmohsin Alluhaid	✓	✓	✓	✓	✓	5
3	Mr. Marwan Hamad Alluhaidan	✓	✓	✓	✓	✓	5
4	Mr. Firas Salah Aldine Alquraishi	✓	✓	✓	✓	✓	5
5	Mr. Abdularahman Mohammed Alodan	✓	✓	✓	✓	✓	5

### Outcomes of the annual review of the internal control processes' effectiveness

Elm's audit committee seeks to support the board of directors in ensuring the sufficiency of the company's internal control system and its effective implementation. It also aims to provide the Board of Directors with recommendations that would enhance and develop the internal control system to assist Elm in achieving its objectives while safeguarding the interests of shareholders. Additionally, the audit committee supports the board of directors in fulfilling their oversight responsibilities for the company's financial, operational, and information systems.

Elm's audit committee had oversight over the internal audit engagements and outcomes, which provide a periodic review of the adequacy and effectiveness of the internal control system and procedures in a way that enables a continuous assessment of the effectiveness of this system. This serves the objectives of the board of directors to obtain reasonable confirmations regarding the efficiency and effectiveness of the company's internal control system design and implementation.

### Audit Committee major activities during 2023

Over 2023, Elm's audit committee, in the presence of the internal audit, external auditor, and other relevant departments and divisions in Elm, held nine meetings to discuss several issues related to the committee's roles and responsibilities, such as:

- Examine quarterly and annual financial statements before presenting them to the board of directors and discussing the management letter with the external auditor.
- Recommendation for the appointment of the company's external auditor.
- Approval of the internal audit plan and discussion on the periodic internal audit reports.
- Discussion of whistleblower incidents and the actions taken to resolve them.
- Discussion of the reports of oversight bodies, such as the National Cybersecurity Authority and the General Bureau of Auditing.
- Discussion of periodic risk reports covering financial, operational, and business risks.
- Recommending the establishment of an independent risk committee.
- Discussing periodic reports regarding governance and compliance to verify the company's compliance with relevant rules and regulations.
- Discussing the updated audit committee charter.
- Discussion the guidelines of approval for Elm's charters and policies.

### Audit Committee's opinion on the adequacy of the internal control system

Considering the audit committee's scope of work and based on the periodic reports submitted by the company's internal audit, external auditor, the company's executive management, and the management's assurances about the adequacy of the Company's control system, the audit committee did not find any material matters of significant impact on the internal control system for the financial year ending December 31, 2023. Noting that no internal control system can provide absolute assertions about the soundness and effectiveness of the internal control system, but rather reasonable ones. There is also no conflict between the decisions and recommendations of the Audit Committee and those of the Board of Directors.

# Governance

(continued)

## Nominations and Remunerations Committee

### Composition

The Nomination and Remuneration Committee consists of five (5) members who were appointed by Board of Directors resolution dated 20/04/1443 AH (corresponding to 25/11/2021 AD). Duties and Responsibilities

The Nomination and Remuneration Committee aims to assist the Board of Directors in performing its monitoring and supervisory duties efficiently and effectively, and its main tasks include:

- Recommend clear policies and standards for the membership of the Board, the Executive Management and the Company's representative on subsidiaries boards, in addition to recommending to the Board the necessary mechanisms to annually assess its performance, its members and subcommittees and the executive management.
- Ensure annually the independence of Independent Directors and ensure the absence of any conflicts of interest.
- Examine and review succession plans for the Board, CEO, and the Executive Management of the Company
- Prepare a clear policy for the remuneration of board members, its subcommittees and executive management, and present such policy to the Board.
- Review the remuneration and retirement plans, as well as incentive policies and plans related to employees.
- Verify that the Company is in compliance with its governance rules.

### Meeting Attendance

The Nominations and Remunerations Committee convened Seven (7) meetings during 2023 as following table:

#	Member's name	09 March	21 May	30 May	04 July	07 September	04 December	24 December	Total
1	Mr. Faris Ibrahim Alrashed Alhumaid (Chairman)	✓	✓	✓	✓	✓	✓	✓	7
2	H.E. Dr. Issam Abdullah Alwaqit	✓	✓	✓	-	✓	✓	✓	6
3	Mr. Raed Abdullah Ismail	✓	✓	✓	✓	✓	✓	✓	7
4	Eng. Abdullah Abdulrahman Alrabiah	✓	✓	✓	✓	✓	✓	✓	7
5	Mr. Abdullah Saad Alsalem	✓	✓	✓	✓	✓	✓	✓	7

## Investment Committee

### Composition

The Investment Committee consists of five (5) members who were appointed by Board of Directors resolution dated 20/04/1443 AH (corresponding to 25/11/2021 AD).

### Duties and Responsibilities

The Investment Committee aims to assist the Board of Directors in performing its monitoring and supervisory duties efficiently and effectively, and its main tasks include:

- Assist the Board of Directors in fulfilling its responsibilities by establishing guidelines for non-organic investments by the Company.
- Define investment objectives and investment policies and supervise investment activities based on the approval of the Board of Directors.
- Define investment criteria or standard metrics adopted by the Company for monitoring its investment performance and conducting regular reviews of them.
- Review and assess recommendations regarding wholly or partially establishing or acquiring companies, and take the necessary actions,
- Supervise the performance of investment operations and monitor the compliance of these investments with investment strategies and policies.
- Review and address matters related to compliance with zakat/tax requirements related to investment transactions and ensuring the Company's investments align with Shariah principles.

### Meeting Attendance

The Investment Committee convened five (5) meetings during 2023 as following table:

#	Name	26 February	07 May	30 May	09 August	18 September	Total
1	Mr. Abdullah Saad Alsalem (Chairman)	✓	✓	✓	✓	✓	5
2	Mr. Nawaf Dauod Alhoshan*	-	✓	✓	-	-	2
3	Dr. Abdulrahman Saad Aljadhi	✓	✓	✓	✓	✓	5
4	Ms. Shahad Abdulrahman Attar	✓	✓	✓	✓	✓	5
5	Mr. Fahad Khaled Alsaud	✓	✓	✓	✓	✓	5
6	Mr. Fares Ibrahim Alrashed Alhumaid**	-	-	-	✓	✓	2

\*The resignation of Mr. Nawaf Alhoshan from the Committee membership was accepted on 2/8/2023.

\*\* Mr. Fares Alrashed Alhumaid was appointed as a member of the Committee on 8/5/2023.

# Governance

(continued)

## Risk Management Committee

### Composition

The Risk Management Committee consists of Three (3) members who were appointed by Board of Directors resolution dated 13/03/1445 AH (corresponding to 28/09/2023 AD).

### Duties and Responsibilities

The Risk Management Committee aims to assist the Board of Directors in performing its monitoring and supervisory duties efficiently and effectively, and its main tasks include:

- Ensures the availability of strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitors its implementation, reviews, and updates it based on the Company's internal and external changing factors.
- Ensures the determination of the acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such a level.
- Ensures the feasibility of the Company continuation, the successful continuity of its activities and determining the risks that threaten its existence during the following twelve months.
- Oversee the Company's risk management system and assess the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company in order to determine areas of inadequacy therein.
- Regularly reassessing the Company's ability to take risks and be exposed to such risks.
- Verify the independence of the risk management employees from activities that may expose the Company to risk.

### Meeting Attendance

The Risk Management Committee convened one (1) meeting during 2023 as following table:

#	Name	04 December	Total
1	H.E. Dr. Issam Abdullah Alwaqit (Chairman)	✓	1
2	H.E. Ms. Alshayhana Saleh Alazzaz	✓	1
3	Dr. Khaled Abdulaziz Alghoneim	✓	1



# Governance

(continued)

## Executive Management



**Dr. Abdulrahman Saad Aljadhai**

Chief Executive Officer

### Previous Positions

- Director, E-Business and Strategy at the Company, from 2005 to 2012.
- Director, Infrastructure at Saudi Telecom Company (STC), from 2002 to 2005.
- Assistant Professor, College of Technology, from 1999 to 2002.

### Academic Qualifications

- Ph.D. in Computer Science, University of Pittsburgh, Pennsylvania, USA, 1999.
- Master of Computer Science, University of Michigan, Michigan State, USA, 1993
- Bachelor of Computer Engineering, King Saud University, Saudi Arabia, 1989.



**Mr. Mohammad Abdulaziz Alomair**

Chief of Digital Products

### Previous Positions

- Executive Manager of E-Services at the Company, from 2012 to 2016.
- Manager of Electronic Services Sales at the Company, from 2011 to 2012.
- Manager of Marketing and Business Solutions at the Company, from 2008 to 2011.
- Marketing Manager at the Company, from 2005 to 2008.

### Academic Qualifications

- Master of Business Administration (MBA), Strayer University, USA, 2009.
- Bachelor of Systems Analysis, King Saud University, KSA, 2000.
- Diploma of Marketing, Chamber of Commerce, Saudi Arabia, 2003.



**Dr. Nasser Zaid Almehary**

Vice President of Business Sectors

### Previous Positions

- Vice President of Training Solutions at the Company, from 2013 to 2020.
- Business Development Advisor, Axir Health Systems, from 2011 to 2013.
- Chief Technology Officer and Advisor to His Highness the Deputy Foreign Minister for Technical Affairs, Ministry of Foreign Affairs, from 2009 to 2011.
- Team Leader of the Command, Control, Communications, Computer and Intelligence Project, Ministry of Defense, from 2008 to 2010.

### Academic Qualifications

- Ph.D. in Information Security, Florida Tech, USA, 2004.
- Master of Computer Engineering, King Saud University, Saudi Arabia, 1996.
- Bachelor of Computer Engineering, King Saud University, Saudi Arabia, 1989.



**Mr. Majid Saad Alarifi**

Vice President of Marketing

### Previous Positions

- Manager of Marketing at the Company, from 2010 to 2018.
- Assistant General Manager of Leasing, Mohammed Al Habib Real Estate Company, from 2007 to 2010.
- Manager of Service Development (SaudiNet), Saudi Telecom Company (STC), from 2001 to 2007.
- Deputy Managing Director, General Electric, from 1997 to 2001.

### Academic Qualifications

- Bachelor's degree in business administration, King Saud University, Saudi Arabia, 1997



**Mr. Othman Mohammed Altwaijri**

Vice President of Finance

### Previous Positions

- Executive Director of Financial Operations at the Company, from 2018 to 2019.
- Audit Manager and Licensed Partner, Ernst & Young (EY), from 2016 to 2018.
- Assistant Audit Manager, Ernst & Young (EY), from 2014 to 2016.
- Chief Auditor, Ernst & Young (EY), from 2011 to 2014.

### Academic Qualifications

- Bachelor of Accounting, King Saud University, Saudi Arabia, 2007.
- Fellowship, Saudi Organization for Certified Public Accountants (SOCPA), Saudi Arabia, 2015.



**Dr. Mohammed Abdulkarim Almohimeed**

Vice President of Corporate Transformation

### Previous Positions

- Vice President of Digital Delivery Suite at the Company, from 2016 to 2023.
- Executive Director, Start-up Unit at the Company, from 2014 to 2016.
- Executive Director, Electronic Services Business Unit at the Company, from 2010 to 2014.
- Technology Manager, Obeikan Education, 2010.

### Academic Qualifications

- Ph.D. in Electrical and Computer Engineering, University of Pittsburgh, USA, 1997.
- Master of Computer Engineering, Syracuse University, USA, 1988.
- Bachelor of Electrical Engineering, King Saud University, Saudi Arabia 1985.



**Dr. Abdulaziz Saad Altammami**

Vice President of Corporate Development

### Previous Positions

- Vice President of Corporate Relations at the Company, from 2012 to 2017.
- Chief Technical Officer at the Company, from 2010 to 2012.
- General Manager of Business Management Technology, Saudi Telecom Company (STC), from 2008 to 2010.
- General Manager of Resource Planning and Electronic Services, Technology, Saudi Telecom Company (STC), from 2006 to 2007.

### Academic Qualifications

- Ph.D. in Computer Engineering, University of Bradford, UK, 1995.
- Master of Real-Time Systems, University of Bradford, UK, 1990.
- Bachelor of Computer Engineering, King Saud University, Saudi Arabia, 1987



**Mr. Bassam Naser Almohaideb**

Vice President of Business Process Outsourcing

### Previous Positions

- Deputy Chief Executive Officer, Emdad Al Khebrat, from 2018 to 2020.
- Manager of Projects and Portfolios at the Company, from 2019 to 2020.
- Manager of Operations, Business Process Outsourcing at the Company, from 2015 to 2017.
- Program Manager at the Company, from 2013 to 2015.

### Academic Qualifications

- Bachelor of Mechanical Engineering, King Saud University, Saudi Arabia, 2007.
- Diploma in Leaders Program, GE University, Italy, 2012.



# Governance

(continued)



**Mr. Muneer Owish Alfuhaidy**

Vice President of Human Capital

#### Previous Positions

- Manager of Human Resources, Al Afdal Company, from 2004 to 2010.
- Human Resources Supervisor, Jarir Marketing Company, from 2000 to 2004.

#### Academic Qualifications

- Master of Human Resources, Arab East Colleges, Saudi Arabia, 2018.
- Bachelor of Public Relations and Media, King Saud University, Saudi Arabia, 2000.



**Mr. Fares Hamad Alfares**

- Vice President of Shared Services
- Secretary of the Board of Directors

#### Previous Positions

- General Director of Shared Services at the Company, from 2016 to 2018.
- Head of the Legal Department at the Company, from 2005 to 2016.
- Employee at the Saudi Grains Organization (formerly, the Grain Silos and Flour Mills Organization), from 2001 to 2003.

#### Academic Qualifications

- Master of Laws, Nottingham Trent University, UK, 2005.
- Bachelor of Laws, King Saud University, Saudi Arabia, 2001.



**Mr. Riad Souissi**

Vice President of Research and Innovation

#### Previous Positions

- General Manager of Research at the Company, from 2018 to 2020.
- General Manager of Development at the Company, from 2010 to 2018.
- Information Manager, Axis Company, (Indonesian company), from 2008 to 2011.
- Manager of Integration Development, Saudi Telecom Company (STC), from 2004 to 2008.

#### Academic Qualifications

- Master of Communication and Information Systems, École Centrale Paris, France, 1996.
- Bachelor of Communication and Information Systems, École Centrale Paris, France, 1995



**Mr. Abdulaziz Abdullah Alhidery**

Chief of Internal Audit

#### Previous Positions

- Director, Internal Audit at the Company, from 2012 to 2016.
- Internal Auditor at the Company, from 2008 to 2011.

#### Academic Qualifications

- Master of Information Technology, California State University, USA, 2016.
- Master of Professional Accounting, King Saud University, Saudi Arabia, 2012.
- Bachelor of Accounting, King Saud University, Saudi Arabia, 2001
- Fellowship, Saudi Organization for Certified Public Accountants (SOCPA), Saudi Arabia, 2007.
- Fellowship, Certified Internal Auditor (CIA), Institute of Internal Auditors, 2012.



**Eng. Salem Saud Alghaslan**

Vice President of Technology

#### Previous Positions

- Senior Advisor to the Chief Technology Officer at the Company, from 2017 to 2020.
- Executive Manager of Absher E-Services at the Company, from 2014 to 2017.
- Leader of the Technical Partnership Consulting Team at the Company, from 2012 to 2014.
- Manager of Phase II Public Database Program, National Information Center, from 2011 to 2012.

#### Academic Qualifications

- Bachelor of Computer Science, Indiana State University, USA, 1985.



**Mr. Fahad Essa Alshathry**

- Vice President of Investment
- Acting Vice President of Professional Services

#### Previous Positions

- General Manager for Financial and Digital Transformation Sector at the Company during 2021.
- General Manager for the Public Investment Fund sector at the Company from 2018 to 2020.
- Business Development and Sales Manager at the Company from 2011 to 2018.
- Assistant Manager for Government Solutions at the Company from 2010 to 2011.

#### Academic Qualifications

- Bachelor of Software Engineering, Business and Information Technology College, United Kingdom, 2003.
- Diploma of Computer Science, Public Administration Institute, Saudi Arabia, 1994.



**Mr. Alameen Shawqi A Alhazmi**

Vice President of the Digital Delivery Suite

#### Previous Positions

- Executive Director of the Royal Commission for AIUla Governorate from 2021 to 2022.
- Executive Deputy at the National Solidarity Company for Pharmaceuticals and Medical Supplies, "NUPCO", from 2018 to 2021.
- Executive Vice President for Operations at Riyadh Airports Company from 2017 to 2017.
- Executive Assistant at Elm Company, from 2003 to 2017.

#### Academic Qualifications

- Master of Business Administration (Executive Program), Arab Academy for Science, Technology, and Maritime Transport, Egypt, 2008
- Bachelor's degree in information systems, King Saud University, Saudi Arabia, 2003.

# Governance

(continued)

## Compensation and Remuneration

### Board, Committees Members' and Executive Management Remuneration Policy

#### Board Members' and Committee Members' Remuneration

Criteria and Standards for Board Members' and Committee Members' Remuneration:

1. The remuneration of a Board member (in consideration of their Board duties) shall be a certain amount and an attendance fee for Board meetings, as defined by this policy, in addition to any in-kind benefits or a certain percentage of net profits. It is permissible to combine two or more of these benefits. However, the remuneration of an independent Board members shall not be a percentage of the profits that are realized by the Company, nor shall it be based directly or indirectly on the Company's profits.
2. The Remuneration must be fair and proportionate to the Board member's activities carried out and responsibilities borne by the Board members, in addition to the objectives set out by the Board to be achieved during the financial year
3. A Board member may receive a Remuneration for any additional executive, technical, managerial or consultative – pursuant to a professional license- duties or positions carried out by the Board member, and such Remuneration shall be in addition to the Remuneration he/she may receive in his/her capacity as a member in the Board and in the committees formed by the Board, pursuant to the Companies Law and the Company's articles of association.
4. Remuneration of Board members, its subcommittee members, and executive management shall be taken into account the relevant regulations and laws.

#### Executive Management Remuneration

1. The annual bonus of the Company's Chief Executive Officer is determined based on his/her achievement of the financial and strategic objectives and other criteria in accordance with the company's approved policy.
2. The annual bonuses for the executive management of the company is calculated according to the company's approved policy and mechanism for annual bonuses.
3. Salaries and benefits allocated to the executive management are determined based on the policies approved in the Company.

For more details, please review Board, Committees Members' and Executive Management Remuneration Policy

### Board Members' Remuneration

The following table shows remuneration of the Board for the year 2023.

	Fixed remunerations							Variable remunerations						End-of-service award	Aggregate Amount	Expenses Allowance
	Specific amount	Allowance for attending Board meeting	Total Allowance for attending committee meetings committee	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
<b>First: Independent Directors</b>																
Dr. Khaled Abdulaziz Alghoneim	250,000	27,000	3,000	-	-	-	280,000	-	-	-	-	-	-	-	280,000	-
Mr. Abdulrahman Mohammed Alodan	250,000	27,000	15,000	-	-	-	292,000	-	-	-	-	-	-	-	292,000	-
Mr. Faris Ibrahim Alrashed Alhumaid	250,000	27,000	27,000	-	-	-	304,000	-	-	-	-	-	-	-	304,000	-
<b>Total</b>	<b>750,000</b>	<b>81,000</b>	<b>45,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>876,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>876,000</b>	<b>-</b>
<b>Second: Non-Executive Directors</b>																
Mr. Raed Abdullah Bin Ahmed	450,000	21,000	-	-	-	-	471,000	-	-	-	-	-	-	-	471,000	-
Mr. Raed Abdullah Ismail	250,000	27,000	21,000	-	-	-	298,000	-	-	-	-	-	-	-	298,000	-
H.E. Ms. Alshayhana Saleh Alazzaz	250,000	21,000	3,000	-	-	-	274,000	-	-	-	-	-	-	-	274,000	-
H.E. Dr. Issam Abdullah Alwaqit	250,000	24,000	21,000	-	-	-	295,000	-	-	-	-	-	-	-	295,000	-
Eng. Abdullah Abdulrahman Alrabiah	250,000	24,000	21,000	-	-	-	295,000	-	-	-	-	-	-	-	295,000	-
Mr. Abdullah Saad Alsalem	250,000	27,000	36,000	-	-	-	313,000	-	-	-	-	-	-	-	313,000	-
<b>Total</b>	<b>1,700,000</b>	<b>144,000</b>	<b>102,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,946,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,946,000</b>	<b>-</b>

The Board of Directors' Members' total remuneration and compensation were calculated based on the Board, Committee Members', and Executive Management Remuneration Policy, and there are no material deviations from that policy.

### Committees Members Remuneration

The following table shows remuneration of Committees Members for the year 2023:

#### Audit Committee

Name	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
Dr. Abdulrahman Mohammed Albarrak	150,000	15,000	<b>165,000</b>
Mr. Turki Abdulmohsin Alluhaid	150,000	15,000	<b>165,000</b>
Mr. Marwan Hamad Alluhaidan	150,000	15,000	<b>165,000</b>
Mr. Firas Salah Aldine Alquraishi	150,000	15,000	<b>165,000</b>
Mr. Abdulrahman Mohammed Alodan	150,000	15,000	<b>165,000</b>
<b>Total</b>	<b>750,000</b>	<b>75,000</b>	<b>825,000</b>

# Governance

(continued)

## Nominations and Remunerations Committee

Name	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
Mr. Faris Ibrahim Alrashed Alhumaid	150,000	21,000	171,000
H.E. Dr. Issam Abdullah Alwaqit	150,000	18,000	168,000
Mr. Raed Abdullah Ismail	150,000	21,000	171,000
Eng. Abdullah Abdulrahman Alrabiah	150,000	21,000	171,000
Mr. Abdullah Saad Alsalem	150,000	21,000	171,000
<b>Total</b>	<b>750,000</b>	<b>102,000</b>	<b>852,000</b>

## Investment Committee

Name	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
Mr. Abdullah Saad Alsalem	150,000	15,000	165,000
Mr. Nawaf Dauod Alhoshan	87,945	6,000	93,945
Dr. Abdulrahman Saad Aljadhi	150,000	15,000	165,000
Ms. Shahad Abdurahman Attar	150,000	15,000	165,000
Mr. Fahad Khaled Alsaud	150,000	15,000	165,000
Mr. Faris Ibrahim Alrashed Alhumaid	61,233	6,000	67,233
<b>Total</b>	<b>749,178</b>	<b>72,000</b>	<b>821,178</b>

## Risk Management Committee

Name	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
H.E. Dr. Issam Abdullah Alwaqit	39,041	3,000	42,041
H.E. Ms. Alshayhana Saleh Alazzaz	39,041	3,000	42,041
Dr. Khaled Abdulaziz Alghoneim	39,041	3,000	42,041
<b>Total</b>	<b>117,123</b>	<b>9,000</b>	<b>126,123</b>

The Committee Members' total remuneration and compensation were calculated based on the Board, Committee Members', and Executive Management Remuneration Policy, and there are no material deviations from that policy.

## Remunerations of Senior Executives

The following table shows remunerations of the top Five Senior Executives, including the CEO and the Executive Vice-President of Finance for the year 2023.

	2023	2022	
Fixed Remunerations	Salaries	8,267,570	6,947,062
	Allowances	2,663,869	2,405,947
	In-kind benefits*	376,151	83,521
	<b>Total</b>	<b>11,307,590</b>	<b>9,436,530</b>
Variable Remunerations	Periodic remunerations	2,509,677	3,042,925
	Profits	-	-
	Short-term incentive plans	6,122,107	4,541,751
	Long-term incentive plans	-	-
	Granted shares (insert the Value) **	63,105	-
<b>Total</b>	<b>8,694,889</b>	<b>7,584,676</b>	
End of Service award	-	-	
<b>Total Remunerations for Board Executives if any</b>	<b>-</b>	<b>-</b>	
<b>Aggregate Amount</b>	<b>20,002,479</b>	<b>17,021,206</b>	

The Senior Executives' total remuneration was calculated based on the Board, Committee Members', and Executive Management Remuneration Policy, and there are no material deviations from that policy.

\* In-kind benefits were added for 2022 and 2023 as part of the fixed remunerations.

\*\* The amount of the granted shares is calculated based on the average fair value (210.35 SAR per share) of the broad-based stock ownership program for the company's employees.

# Governance

(continued)

## The Board of Directors and executive management Ownership

### Board of Directors

#	Name	Year-Begin Balance	Year-End Balance	Net Change	Change %
1	Mr. Raed Abdullah Bin Ahmed	-	-	-	-
2	Mr. Raed Abdullah Ismail	-	-	-	-
3	H.E. Ms. Alshayhana Saleh Alazzaz	-	-	-	-
4	H.E. Dr. Issam Abdullah Alwaqit	-	-	-	-
5	Eng. Abdullah Abdulrahman Alrabiah	-	-	-	-
6	Mr. Abdullah Saad Alsalem	-	-	-	-
7	Dr. Khaled Abdulaziz Alghoneim	-	-	-	-
8	Mr. Abdularahman Mohammed Alodan	-	-	-	-
9	Mr. Faris Ibrahim Alrashed Alhumaid	1,243	1,243	-	-

Ownership of the Board members and their relatives (husband, wife, and minor children). There are no rights or debt instruments issued by the company or any of its subsidiaries.

### Executive Management

#	Name	Year-Begin Balance	Year-End Balance	Net Change	Change %
1	Dr. Abdulrahman Saad Aljadhi	-	-	-	-
2	Mr. Othman Mohammed Altuwaijri	-	60	60	-
3	Mr. Mohammed Abdulaziz Alomair	-	60	60	-
4	Dr. Mohammed Abdulkarim Almohimeed	-	118	118	-
5	Dr. Nasser Zaid Almashari	-	60	60	-
6	Dr. Abdulaziz Saad Altamami	-	60	60	-
7	Mr. Majid Saad Alarefi	-	60	60	-
8	Mr. Bassam Nasser Almuheidib	-	60	60	-
9	Mr. Munir Owais Alfahidi	-	-	-	-
10	Mr. Faris Hamad Alfaris	-	60	60	-
11	Mr. Riad Souissi	-	60	60	-
12	Mr. Abdulaziz Abdullah Alhaidari	-	60	60	-
13	Eng. Salem Saud Alghaslan	327	453	126	39 %
14	Mr. Fahd Issa Alshathri	-	60	60	-
15	Mr. Alameen Shawqi Alhazmi	-	1,154	1,154	-

Ownership of the executive management members and their relatives (husband, wife, and minor children). There are no rights or debt instruments issued by the company or any of its subsidiaries.

## Dividend Policy and Distributed Dividend

### Dividend Policy

#### The General Dividend Distribution Policy

- The Company may distribute annual or interim dividends to the shareholders after meeting statutory requirements in this regard.
- Take into account controls imposed by the relevant authority regarding the creation of the reserves, a certain percentage of the net profits may be allocated to reserves for purposes determined by the General Assembly
- The Ordinary General Assembly, when determining the allocation of shares in net profits, may decide to form other reserves as needed to serve the Company's interests or to ensure the distribution of stable and regular dividends to the shareholders. The General Assembly may also allocate amounts from net profits for social purposes for the Company's employees.

#### Eligibility of Dividends and the Payment Schedule

- The shareholder shall be entitled to his/hers share in dividends based on a resolution adopted by the General Assembly in this respect, The resolution shall state the eligibility date and distribution date. The shareholders registered in the shareholder register shall be entitled to their shares in dividends at the end of the eligibility date. The Board of Directors shall execute the resolutions approved by the Ordinary General Assembly with respect to distribution of dividend to shareholders according to the relevant statutory controls.
- The Board shall execute the General Assembly resolution with respect to distribution of dividends to the registered shareholders within 15 business days from the date they become entitled to such dividends as determined in the General Assembly resolution, or the Board's resolution on distributing interim dividends.

#### Distribution of profits to preferred shares

If the Company fails to pay the specified share of profits to the preferred shareholders from the net profits of the Company, after deducting reserves, if any, for a period of three consecutive years, the Special Assembly of the holders of these shares - held in accordance with the provisions of the Companies Act - may decide to attend the Company's General Assembly meetings and participate in voting until the Company is able to pay all the profits allocated to the holders of these shares for those years. Each preferred share shall have one vote at the General Assembly meeting, and the holder of the preferred share in this case has the right to vote on all items on the agenda of the Ordinary General Assembly meeting without exception.

#### Distribution of interim dividends

A Company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis after fulfilling the following requirements:

- The issuance of a resolution by the General Assembly renewed annually authorizing the Board to distribute interim dividends.
- The Company shall enjoy Company regular positive profitability
- The Company shall enjoy reasonable liquidity, and able to reasonably foresee the scale of its profits.
- The Company shall have distributable profits based on the latest audited financial statements. These profits shall be sufficient to cover the proposed dividend distribution, after deducting the amounts distributed and capitalized of the profits, after the date of these financial statements

# Governance

(continued)

## Dividend Distribution

The Board recommended dividends distribution of SAR 466,183,200 during the year 2023 as follows:

#	Dividends Period	Announcing Date	Eligibility date	Distribution date	Dividend per share (SAR)	Percentage of Dividend to the Share Par Value (%)	The Total amount distributed (SAR)
1	The Second half of the year 2022	28 /03/ 2023	04 /04/ 2023	13 /04/ 2023	3	30%	233,091,600
2	The First half of the year 2023	06 /08/ 2023	13 /08/ 2023	24 /08/ 2023	3	30%	233,091,600

## General Assembly Meetings

The Company convened 2 General Assembly meetings during the year 2023. The Ordinary General Assembly was held on May 7 and the Extraordinary General Assembly was held on November 30 through modern technology using the Tadawulaty system. The following is the attendance record of Board members:

#	Name	Ordinary General Assembly Meeting 07-May	Extraordinary General Assembly Meeting 30-November
1	Mr. Raed Abdullah bin Ahmed	✓	✓
2	Mr. Raed Abdullah Ismail	✓	✓
3	H.E. Ms. Alshayhana Saleh Alazzaz	-	-
4	H.E. Dr. Issam Abdullah Alwaqit	✓	✓
5	Eng. Abdullah Abdulrahman Alrabiah	✓	✓
6	Mr. Abdullah Saad Alsalem	✓	-
7	Dr. Khaled Abdulaziz Alghoneim	✓	✓
8	Mr. Abdulrahman Mohammed Alodan	✓	✓
9	Mr. Faris Ibrahim Alrashed Alhumaid	✓	✓

### The results of Ordinary General Assembly meeting that was held on 07 May 2023

- Approve on External Auditors Report for the financial year ending on 31/12/2022.
- The Company's financial statements for the fiscal year ending on 31/12/2022 has been reviewed and discussed.
- The Board of Directors Report for the fiscal year ending on 31/12/2022 has been reviewed and discussed.
- Approve discharging the Board members from any liabilities for the fiscal year ended 31/12/2022.
- Approve paying an amount of (1,708,571.45) Riyals as remuneration to the Board members for the fiscal year ending on 31/12/2022.
- Approve the appointment of Dr. Mohammed Al-Amir &Co. as the external auditor, based on the recommendation of the Audit Committee; to examine, review and audit the financial statements for the second and third quarters as well as the annual statements for the fiscal year 2023 and for the first quarter of the year 2024, and to determine the auditor's fees.

- Approve delegating the Board of Directors to distribute interim dividends on a semiannual / quarterly basis for the financial year 2023.
- Approve the Social Responsibility Policy.
- Approve on delegating to the Board of Directors the authorization powers of the General Assembly stipulated in paragraph (1) of Article 27 of the Companies Law, for a period of one year starting from the date of the approval by the General Assembly or until the end of the delegated Board of Directors' term, whichever is earlier, in accordance with the conditions set forth in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
- Approve 47 items related to business and contracts concluded between the Company and related parties.
- Approve the participation of the Board member Mr. Abdullah bin Saad Alsalem in a business that competing with the Company's business for his board membership in Thiqaq Business Company

### The results of Extraordinary General Assembly meeting that was held on 30 November 2023

- Approve the amendment of the Company's Articles of Association in accordance with the new Companies law and rearranging the articles of the Articles of Association and their numbering according to the proposed amendments mentioned.
- Approve the amendment of Article (03) of the Company's Articles of Association related to (Purposes of the Company).
- Approve the amendment of Article (12) of the Company's Articles of Association related to (Shares Trading).
- Approve the amendment of Article (18) of the Company's Articles of Association related to (The Company Management).
- Approve the amendment of Article (21) of the Company's Articles of Association related to (Powers of the Board of Director).
- Approve the amendment of Article (23) of the company's Articles of Association related to (Powers of the Chairman of the Board of Directors, Deputy-Chairman, and Secretary).
- Approve the amendment of the Dividend Policy.
- Approve the amendment of the Audit Committee Charter.
- Approve the amendment of the Nominations and Remuneration Committee Charter.
- Approve the amendment of the Remuneration Policy of the Board of Directors, its subcommittees, and the executive management.
- Approve the amendment of the Nomination Policy and Standards for the Membership of the Board of Directors.

# Governance

(continued)

## Shareholders

### Shareholder Suggestions

The Board of Directors and Executive Management pay great attention to shareholders' proposals and opinions, as the Board of Directors has authorized the company to take the necessary measures that enable shareholders to communicate through the Investor Relations Department regarding their concerns and proposals via various communication channels such as e-mail, direct telephone, and the company's website.

The Investor Relations Department continuously collects shareholder queries and questions, then reports them to the Board of Directors. Moreover, the shareholder can communicate directly with the Board of Directors during the company's general assemblies, as sufficient time is scheduled during the assembly to answer all questions.

Elm is also committed to disclosing all relevant information and making it available through its website and application. Two meetings are held annually in the presence of a group of executive management, financial analysts, representatives of investment entities, and shareholders via modern technology in order to discuss the announced financial results period and answer the participants' questions during the meeting.

### Shareholders' Register

During 2023, the Company requested the Shareholders register 8 times from the Securities Depository Center (Edaa). Following are the dates and reasons for request:

#	Request Date	Reasons for Request
1	14/ 02/ 2023	Corporate Action
2	04/ 04/ 2023	Dividends Distribution
3	07/ 05/ 2023	General Assembly Meeting
4	02/ 07/ 2023	Corporate Action
5	13/ 08/ 2023	Dividends Distribution
6	28/ 09/ 2023	Corporate Action
7	30 /11/ 2023	General Assembly Meeting
8	31 /12/ 2023	Corporate Action

## Treasury Shares and Statutory Payments

### Treasury Shares

Number of shares	Purpose of keeping the shares
2,302,800	Long-term future incentive plans for the employees

On February 16, 2022, the Group purchased 2,4 million shares of its shares from the main shareholder at a value of SR 128 per share, for a total cash consideration of SR 307,2 million.

The group maintains these shares as treasury shares to support the long-term future incentive plans for the employees, knowing that the purchased shares will not have the right to vote in the general assemblies of the company's shareholders and are not entitled to any dividends during the company's holding period.

The program aims to attract, motivate, and retain the group's employees. The program provides a share-based payment plan for eligible employees participating in the program in which they are granted shares in the company upon fulfillment of terms of service and performance.

The following table shows the number of shares and changes during the year:

Shares	31 December 2023
The number of outstanding treasury shares at the beginning of the year	2,400,000
The number of shares purchased during the year	-
The number of shares settled and reissued during the year	(97,200)
<b>Total</b>	<b>2,302,800</b>

### Statutory Payments

Statutory Organization	Item	2023	
		Paid	Due for Fiscal Year-End
Zakat, Tax, and Customs Authority (ZATCA)	Zakat	71,901,713	117,057,649
	Withholding tax	10,769,737	1,147,065
	VAT	483,517,647	92,344,247
	Customs fees	6,087	-
General Organization for Social Insurance (GOSI)	GOSI fees	78,645,335	7,104,752
Ministry of Human Resources and Social Development	Labor Office fees	2,796,700	-
Ministry of Interior	Visa and Passport fees	320,800	-

## Competing Business and Related Parties Transactions

### Competing Business

Based on Article (27) of the Companies Law relating to the participation of a board member in any business competing with the company, as well as Article (45) of the Corporate Governance Regulation relating to accepting membership in the Board of Directors of a competing company or establishment. Since the member of the Board of Directors, Mr. Abdullah bin Saad Al Salem, disclosed his membership in the Board of Directors of "Thiqa" Company, which is a competing company for Elm Company's business, the Board of Directors submitted a recommendation to the General Assembly, and the General Assembly approved the membership of Mr. Abdullah Bibi Saad. Al-Salem on the Board of Directors of Thiqa Company on 17/10/1444 AH corresponding to 07/05/2023 AD.

# Governance

(continued)

## Related Parties Transactions

Transactions with related parties include business and contracts in which Elm Company is a party and in which there is a direct or indirect interest for members of the Board of Directors, senior executives, or any person related to any of them. The following is a statement of these transactions:

**1- Contracts and agreements concluded with related parties to which is a party to, and in which there is a direct or indirect interest of the members of the Board of Directors or senior executives:**

#	Contract or Agreement	Member who has an indirect interest
1	Transactions and contracts between the company and Ministry of Interior which is the execution of Makkah Route project for an amount of (69,934,159.95) Saudi riyals without any preferential treatment	Mr. Rayed bin Abdullah bin Ahmad and Eng. Abdullah bin Abdulrahman AL-Rabiah
2	Transactions and contracts between the company and Mobily which is Connectivity Agreement for an amount of (27,203,633.53) Saudi riyals without any preferential treatment	Dr. Khaled bin Abdulaziz Alghoneim
3	Transactions and contracts between the company and Tawuniya Insurance Company which is hHealth insurance for the company's employees' vehicles and buildings insurance for an amount of (82,946,436.26) Saudi riyals without any preferential treatment	Dr. Khaled bin Abdulaziz Alghoneim Mr. Abdulrahman bin Mohammed Al-Odan*
4	Transactions and contracts between the company and National Program for Community Development which is consulting services to study the social and economic situation of Al-Ula and Khaybar regions for an amount of (2,300,000.00) Saudi riyals without any preferential treatment	Eng. Abdullah bin Abdulrahman AL-Rabiah
5	Transactions and contracts between the company and National Program for Community Development which is consulting services to study the economic situation of the Asir region for an amount of (2,700,000.00) Saudi riyals without any preferential treatment	Eng. Abdullah bin Abdulrahman AL-Rabiah
6	Transactions and contracts between the company and National Program for Community Development which is consulting services to study the social and economic situation of the Tabuk region for an amount of (2,700,000.00) Saudi riyals without any preferential treatment	Eng. Abdullah bin Abdulrahman AL-Rabiah
7	Transactions and contracts between the company and Saudi Post which is Appendix to the agreement to provide document and plate delivery services for an amount of (3,450,028.75) Saudi riyals without any preferential treatment	Mr. Rayed bin Abdullah bin Ismail
8	Transactions and contracts between the company and Saudi Post which is Post Business White Glove Service for an amount of (296,240.00) Saudi riyals without any preferential treatment	Mr. Rayed bin Abdullah bin Ismail
9	Transactions and contracts between the company and Saudi Post which is PO for Absher for an amount of (3,450,000.00) Saudi riyals without any preferential treatment	Mr. Rayed bin Abdullah bin Ismail
10	Transactions and contracts between the company and Naseej for Technology which is Supplying technical equipment and systems for library management for public library project. For an amount of (2,627,080.70) Saudi riyals without any preferential treatment	Mr. Faris bin Ibrahim Alrashid Alhumaid
11	Transactions and contracts between the company and Naseej for Technology which is Connecting RFID devices to the library management system and training employees for an amount of (21,850.00) Saudi riyals without any preferential treatment	Mr. Faris bin Ibrahim Alrashid Alhumaid

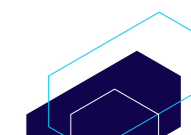
\* Mr. Abdulrahman bin Mohammed Al-Odan membership in Tawuniya Insurance Company Board has ended in March of 2023

**2- Elm provides services to a number of entities that are considered related parties, and these services and subscriptions have a direct or indirect interest for members of the Board of Directors or for senior executives or for any person related to any of them. The following is a statement of these dealings:**

Based on the available information, the company has not been involved in any material business or contract to which the company is a party, and in which a board member, the CEO, senior executives, or any person related to any of them is or was interested. However, the company has disclosed the indirect interest of board members in business and contracts conducted on behalf of the company and confirms that these transactions were carried out without any conditions or preferential benefits.

It is worth noting that Elm offers a wide range of ready-made and customized digital solutions in many areas, including electronic services whether for individuals or commercial and legal entities, and given that these products serve a large segment of customers due to their importance in completing digital business. The company also disclosed the memberships of the company's board members on the boards of directors of other companies, which may have dealings and/or subscriptions in these products or services.

#	Entity (Related Party)	Type of Relationship / Service Provided by Elm	Total Value of Transactions	Member who has an indirect interest
1	National Shipping Company of Saudi Arabia	Muqem Service- Tamm Service	5,600.00	Mr. Raed bin Abdullah bin Ismail
2	Tawuniya Insurance Company	Muqem Service- OTP Service- Nabaa Service- Basher Service- Yakeen MV Service	16,161,633.75	Dr. Khaled bin Abdulaziz Alghoneim Mr. Abdulrahman bin Mohammed Al-Odan*
3	Mobily	Muqem Service- Tamm Service- Nabaa Service- Wasl Service- Najz Service- Kiosk Batch- OTP Service	9,144,582.07	Dr. Khaled bin Abdulaziz Alghoneim
4	Bayan Credit bureau	Muqem Service- Tamm Service	2,900.00	Dr. Khaled bin Abdulaziz Alghoneim
5	Alobeikan Company	Muqem Service	1,100.00	Dr. Khaled bin Abdulaziz Alghoneim
6	Hawaz Company	Muqem Service	1,100.00	Dr. Khaled bin Abdulaziz Alghoneim
7	Mozon Company	Muqem Service- Tamm Service	2,900.00	Dr. Khaled bin Abdulaziz Alghoneim
8	Kumait Company	Tamm Service- Muqem Service	7,400.00	Mr. Abdulrahman bin Mohammed Al-Odan*



# Governance

(continued)

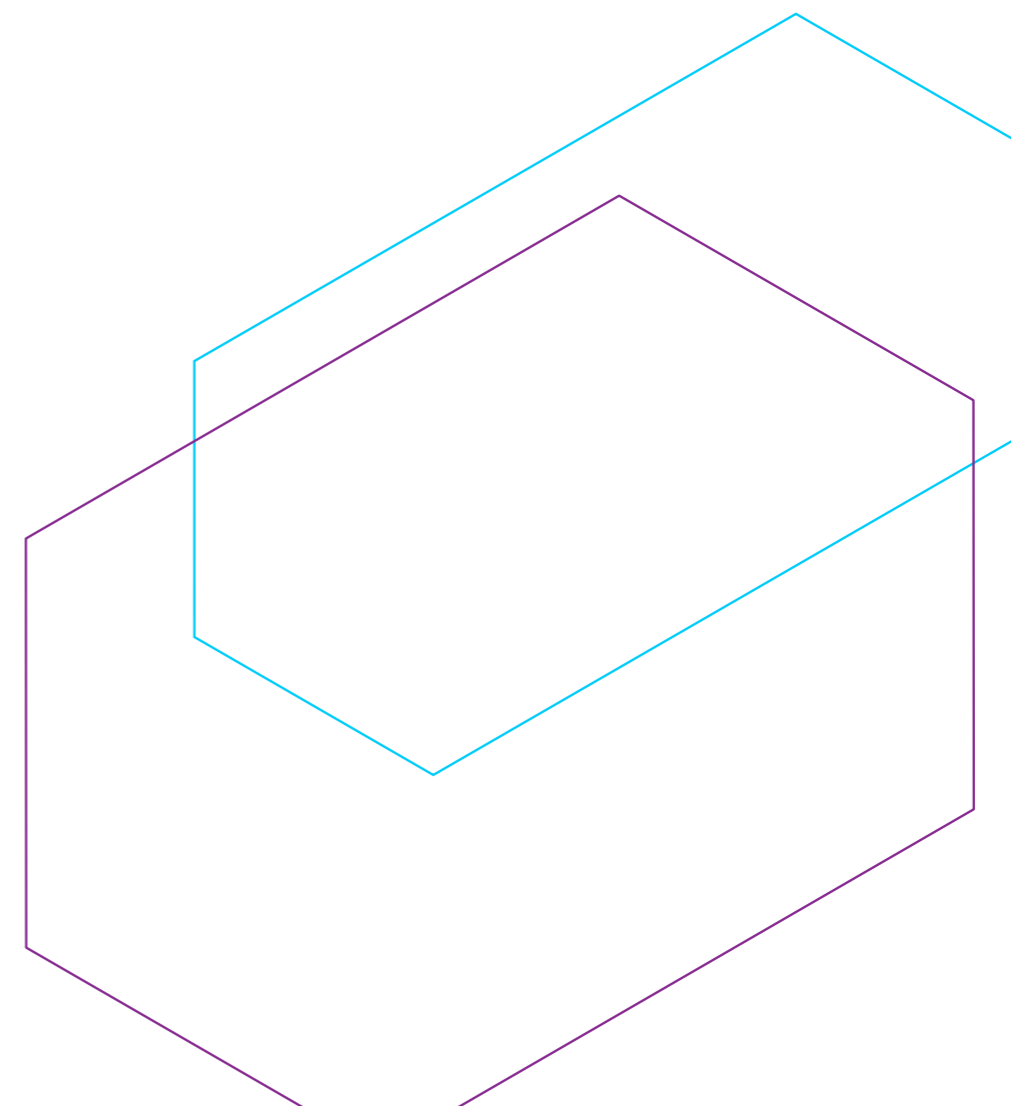
#	Entity (Related Party)	Type of Relationship / Service Provided by Elm	Total Value of Transactions	Member who has an indirect interest
9	Ahmed Alodan company and bros	Muqem Service	1,100.00	Mr. Abdulrahman bin Mohammed Al-Odan*
10	Naseej for Technology	Muqem Service- Tamm Service	7,400.00	Mr. Faris bin Ibrahim Alrashid Alhumaid
11	Derayah financial	Yakeen Basic Service- Muqem Service- Yakeen IAM Service- OTP Service- Saudi Post Yakeen Service	1,281,458.80	Mr. Faris bin Ibrahim Alrashid Alhumaid
12	Dur Hospitality Company	Muqem Service	7,550.00	Mr. Faris bin Ibrahim Alrashid Alhumaid
13	Czech Centre for Physiotherapy (CRC)	Muqem Service- Tamm Service	5,400.00	Mr. Faris bin Ibrahim Alrashid Alhumaid
14	Bindawood holding	Muqem Service	15,378.00	Mr. Faris bin Ibrahim Alrashid Alhumaid
15	Saudi home loans	Yakeen Basic Service- Yakeen IAM Service- Muqem Service- Tamm Service- OTP Service- Natheer Service- Saudi Post Service Yakeen MV Service	292,399.20	Mr. Faris bin Ibrahim Alrashid Alhumaid
16	Tanami limited company	Muqem Service	3,600.00	Mr. Faris bin Ibrahim Alrashid Alhumaid
17	The Digital Bonds for Telecommunica	Tamm Service-Yakeen IAM Service Muqem Service OTP Service Yakeen Basic Service Saudi Post Service Yakeen MV Service	139,515.00	Mr. Faris bin Ibrahim Alrashid Alhumaid
18	Transportation Solutions Company	Muqem Service- Tamm Service	2,900.00	Mr. Faris bin Ibrahim Alrashid Alhumaid
19	Ibrahim alrashed alhumaid Sons company	Muqem Service	2,300.00	Mr. Faris bin Ibrahim Alrashid Alhumaid

\* Mr. Abdulrahman bin Mohammed Al-Odan membership in Tawuniya Insurance Company Board has ended in March of 2023

## Compliance With Corporate Governance Regulations and Board Declarations

### Compliance With Corporate Governance Regulations

Elm is committed to fully comply with and implement the mandatory provisions of Corporate Governance Regulations issued by the Capital Market Authority. The Board of Directors oversees the Company's compliance with Governance standards and regulations issued by the Capital Market Authority. The Executive Management and its committees work to review and update governance policies and practices, with the aim of enhancing integrity, transparency and compliance.





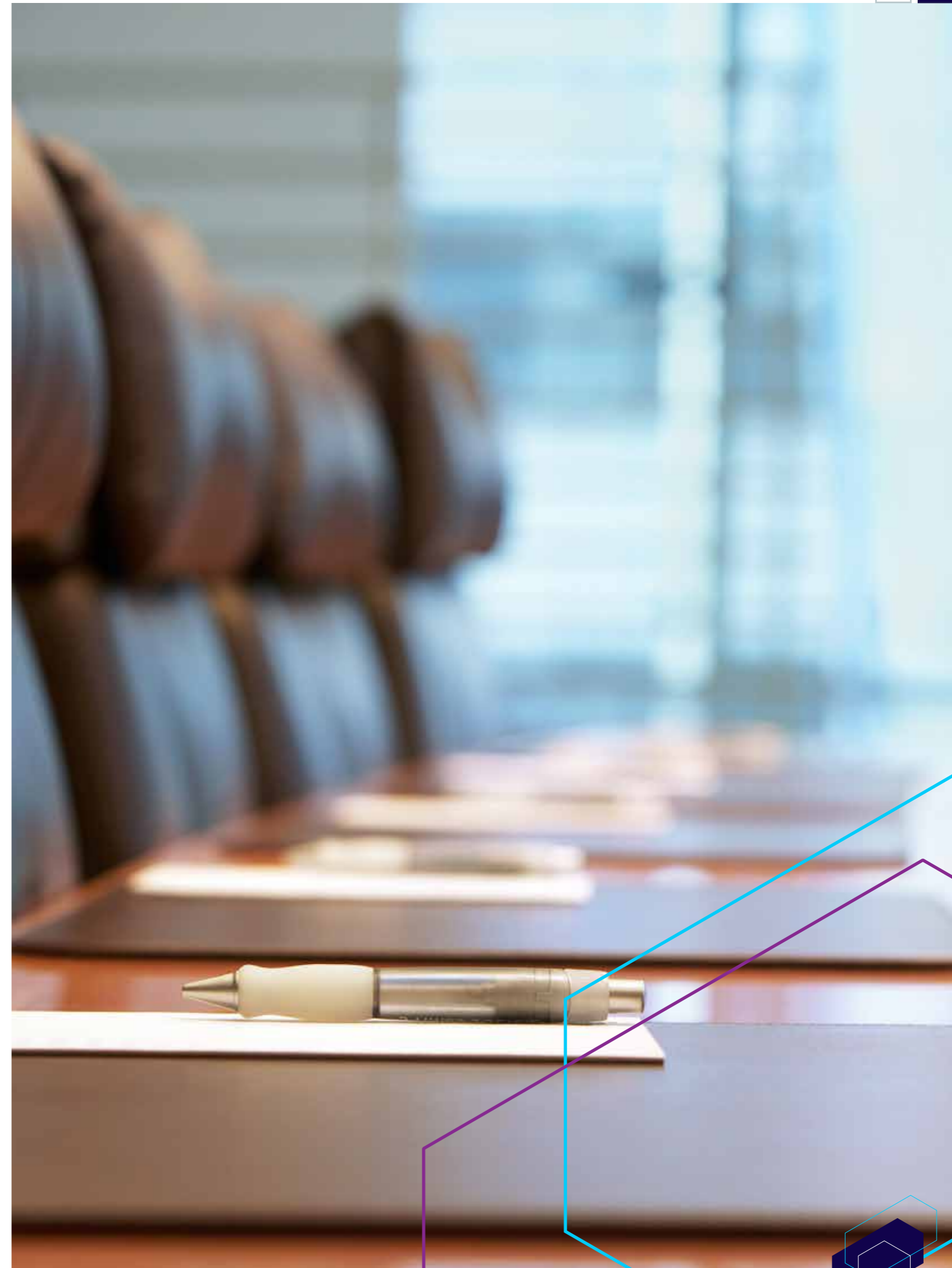
# Governance

(continued)

## Board Declarations

### The Board of Directors declarations that:

- Proper books of accounts have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the company's ability to continue its activity.
- There is no penalty, punishment, precautionary measure or preventive restriction has been imposed on the Company by the Capital Market Authority or any other supervisory, regulatory or judiciary authority.
- There is no conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors regarding the appointment of the company's auditor, their dismissal, determining their fees, evaluating their performance, or the appointment of the internal auditor.
- There is no difference from the accounting standards approved by the Saudi Organization for Chartered Public Accountants.
- There are no shares and debt instruments issued to subsidiaries.
- According to Article 85 of the Rules on the Offer of Securities and Continuing Obligations, the company has not been notified of any interest in the category of voting shares belonging to persons (other than members of the company's board of directors, senior executives and their relatives).
- There are no transferable debt instruments, any contractual securities, subscription right notes or similar rights issued or granted by the company during the fiscal year.
- The Company has no loans.
- There are no transfer or subscription rights under transferable debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during the fiscal year.
- There is no refund, purchase or cancellation by the company of any recoverable debt instruments during the fiscal year.
- There are no arrangements or agreements under which a member of the company's board of directors or a senior executive waived any remuneration.
- There are no arrangements or agreements under which one of the company's shareholders waived any rights to profits.
- The external auditor provided their opinion without any reservations on the consolidated financial statements.
- The Board of Directors has not recommended changing the auditor before the end of the period for which he was appointed.



# Consolidated Financial Statements

Independent auditor's report	133
Consolidated statement of profit or loss and other comprehensive income	138
Consolidated statement of financial position	139
Consolidated statement of changes in equity	140
Consolidated statement of cash flows	142
Notes to the consolidated financial statements	144



# 4

## INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of Elm Company**  
(A Saudi Joint Stock Company)

Riyadh – Kingdom of Saudi Arabia

**Report on the Audit of the Consolidated Financial Statements**

### Opinion

We have audited the consolidated financial statements of **Elm Company** (the "Company") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the requirements of International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue from contracts with customers	
Key Audit Matter	How our audit addressed the key Audit Matter
<p>The Group's revenue mainly consists of digital business, business process outsourcing, and professional services amounting to SR 5.9 billion for the year ended 31 December 2023.</p> <p>We considered this a key audit matter due to the audit of revenue related to digital business is dependent on the use of information technology. In addition, the considerations of the agent and principal according to the International Financial Reporting Standard \15 "Revenue from Contracts with Customers" require the management to analyze the terms and conditions of the contracts with the customers to assess whether the Group is principal or agent, which affects the Group's presentation of revenue on a gross or net basis.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>We involved our IT specialists in testing the design, implementation, and operating effectiveness of controls related to revenue recognition for a sample of digital business.</li> <li>We tested a sample of reports extracted from the IT systems used for digital business revenues and match them with the amount recorded in the general ledger.</li> <li>We traced a sample of digital business revenue with collected amounts in the Group's bank statements.</li> <li>We tested a sample of transactions recorded before and after the year end to ensure that revenues were recorded in the appropriate period.</li> <li>We audit those judgments taken by management to assess whether the Group is a principal or agent for a sample of the contracts.</li> <li>We evaluated the adequacy and appropriateness of disclosures included in the consolidated financial statements.</li> </ul>
For more details, Refer to notes (2/3-5/ 5/32)	

Expected credit losses provision for trade receivables and contract assets	
Key Audit Matter	How our audit addressed the key Audit Matter
<p>As at 31 December 2023, the Group's accounts receivable and contract assets balance amounted to SR 3.7 billion, against which an impairment allowance of SR 572 million is maintained.</p> <p>The Group assesses at each reporting date whether the accounts receivable and contract assets are impaired. Management has applied an expected credit loss ("ECL") model to determine the appropriate allowance for impairment loss. Further, the Group performs an assessment based on a defined policy for certain categories of accounts receivables and contract assets.</p> <p>The determination of allowance for expected credit losses is based on certain assumptions that relates mainly to risk of default and expected loss rates. The Group applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, market conditions, as well as forward looking estimates.</p> <p>We considered this as a key audit matter due to the level of judgment applied and estimates made in the application of the ECL.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding of the process used by management in determining the allowance for expected credit losses for the accounts receivable and contract assets.</li> <li>We assessed the significant assumptions used in the ECL model's calculation such as; forward-looking factors and macro-economic variables that are used to determine the allowance for expected credit losses.</li> <li>We tested the completeness and mathematical accuracy of the ECL model.</li> <li>We assessed the assumptions used by management in connection to the determination of allowance for expected credit losses for certain customers and contract assets' categories.</li> <li>We tested, on a sample basis, the calculation performed by management on allowance for expected credit losses for these categories of customers and contract assets.</li> <li>We evaluated the adequacy and appropriateness of disclosures included in the consolidated financial statements.</li> </ul>
For more details, Refer to notes (2/3-16 /16/17/35)	

### Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA and Regulations for Companies and the Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance, i.e., the Board of Directors are responsible for overseeing the Group's financial reporting process.

### **Auditor's responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**For BDO Dr. Mohamed Al-Amri & Co.**



Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362



Riyadh, on: 29 Sha'ban 1445 (H)  
Corresponding to: 10 March 2024 (G)

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

### Consolidated statement of profit or loss and other comprehensive income

	Note	December 31, 2023	December 31, 2022
Revenues	5	5,898,362,840	4,606,098,893
Cost of revenues	6	(3,547,310,230)	(2,720,238,240)
<b>GROSS PROFIT</b>		<b>2,351,052,610</b>	<b>1,885,860,653</b>
<b>EXPENSES</b>			
Selling and marketing	7	(277,027,209)	(235,185,339)
Expected credit losses	35 - A	(91,770,357)	(148,819,716)
General and administrative	8	(475,801,109)	(372,958,213)
Depreciation and amortization	10, 12, 13	(149,951,571)	(120,049,688)
Impairment of non-current assets	11, 10, 13	(5,918,692)	(36,455,686)
<b>OPERATING PROFIT</b>		<b>1,350,583,672</b>	<b>972,392,011</b>
Finance cost	10, 12	(5,861,229)	(7,943,568)
Income from murabaha deposits	19, 20	127,856,085	41,227,288
Share in results from investments in associates	14	(11,946,369)	(1,099,466)
Loss at fair value of financial assets through profit or loss	14, 15	(15,968,640)	(402,085)
Other income, net	9	28,588,884	18,902,556
<b>NET PROFIT BEFORE ZAKAT</b>		<b>1,473,252,403</b>	<b>1,023,076,736</b>
Zakat	30	(117,057,649)	(92,887,147)
<b>NET PROFIT</b>		<b>1,356,194,754</b>	<b>930,189,589</b>
<b>Net profit attributable to:</b>			
Equity holders of the parent Company		1,356,230,754	930,189,589
Non-controlling interests		(36,000)	-
		<b>1,356,194,754</b>	<b>930,189,589</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of financial assets through other comprehensive income	15	26,381,472	(8,805,133)
Re-measurement of end of service benefits provision	27	(5,463,042)	(8,376,190)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>20,918,430</b>	<b>(17,181,323)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,377,113,184</b>	<b>913,008,266</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent Company		1,377,149,184	913,008,266
Non-controlling interests		(36,000)	-
		<b>1,377,113,184</b>	<b>913,008,266</b>
<b>Earnings per share from net profit attributable to equity holders of the parent company :</b>			
Basic	26	17.46	11.94
Diluted	26	16.95	11.63

### Consolidated statement of financial position

	Note	December 31, 2023	December 31, 2022
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	10	375,183,246	353,498,965
Capital work in progress	11	119,813,847	57,778,145
Right-of-use assets	12	230,798,737	80,386,822
Intangible assets	13	174,646,541	179,633,131
Investments in associates	14	2,137,153	18,383,057
Other financial assets	15	227,906,324	181,549,092
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,130,485,848</b>	<b>871,229,212</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	16	2,322,353,701	1,465,078,203
Contract assets	17	847,625,684	804,461,993
Prepaid expenses and other current assets	18	337,441,825	212,713,357
Other financial assets	15	18,797,335	85,853,919
Murabaha deposits	19	3,056,113,638	1,998,369,994
Cash and cash equivalents	20	384,394,607	588,679,391
<b>TOTAL CURRENT ASSETS</b>		<b>6,966,726,790</b>	<b>5,155,156,857</b>
<b>TOTAL ASSETS</b>		<b>8,097,212,638</b>	<b>6,026,386,069</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	21	800,000,000	800,000,000
Statutory reserve	22	174,708,101	174,708,101
Treasury shares	23	(294,758,400)	(307,200,000)
Other reserves	25	12,826,478	(24,180,887)
Retained earnings		3,301,731,675	2,403,679,701
Equity attributable to equity holders of the parent Company		3,994,507,854	3,047,006,915
Non-controlling interest		164,000	-
<b>TOTAL EQUITY</b>		<b>3,994,671,854</b>	<b>3,047,006,915</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Liabilities for purchasing property	10	-	25,396,063
Lease liabilities	12	212,090,689	71,192,414
End of service benefits provision	27	360,689,127	307,462,112
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>572,779,816</b>	<b>404,050,589</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable and other current liabilities	28	2,805,055,424	1,928,312,367
Contract liabilities	29	503,707,390	472,263,219
Zakat	30	183,613,319	138,434,452
Liabilities of purchasing property	10	25,396,063	24,746,387
Lease liabilities	12	11,988,772	11,572,140
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,529,760,968</b>	<b>2,575,328,565</b>
<b>TOTAL LIABILITIES</b>		<b>4,102,540,784</b>	<b>2,979,379,154</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>8,097,212,638</b>	<b>6,026,386,069</b>

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Consolidated statement of changes in equity

	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			
<b>Balance as at January 1, 2022</b>		<b>800,000,000</b>	-	<b>81,689,142</b>	<b>(26,539,451)</b>	<b>1,954,509,071</b>	<b>2,809,658,762</b>	-	<b>2,809,658,762</b>
Net profit		-	-	-	-	930,189,589	930,189,589	-	930,189,589
Other comprehensive income		-	-	-	(17,181,323)	-	(17,181,323)	-	(17,181,323)
<b>Total comprehensive income</b>		-	-	-	<b>(17,181,323)</b>	<b>930,189,589</b>	<b>913,008,266</b>	-	<b>913,008,266</b>
Purchase of treasury shares		-	(307,200,000)	-	-	-	(307,200,000)	-	(307,200,000)
Dividends		-	-	-	-	(388,000,000)	(388,000,000)	-	(388,000,000)
Share-based payment transactions		-	-	-	19,539,887	-	19,539,887	-	19,539,887
Transferred to statutory reserve		-	-	93,018,959	-	(93,018,959)	-	-	-
<b>Balance as at December 31, 2022</b>		<b>800,000,000</b>	<b>(307,200,000)</b>	<b>174,708,101</b>	<b>(24,180,887)</b>	<b>2,403,679,701</b>	<b>3,047,006,915</b>	-	<b>3,047,006,915</b>
<b>Balance as at January 1, 2023</b>		<b>800,000,000</b>	<b>(307,200,000)</b>	<b>174,708,101</b>	<b>(24,180,887)</b>	<b>2,403,679,701</b>	<b>3,047,006,915</b>	-	<b>3,047,006,915</b>
Net profit		-	-	-	-	1,356,230,754	1,356,230,754	(36,000)	1,356,194,754
Other comprehensive income		-	-	-	20,918,430	-	20,918,430	-	20,918,430
<b>Total comprehensive income</b>		-	-	-	<b>20,918,430</b>	<b>1,356,230,754</b>	<b>1,377,149,184</b>	<b>(36,000)</b>	<b>1,377,113,184</b>
Treasury shares settlement	23, 24	-	12,441,600	-	(20,446,020)	8,004,420	-	-	-
Share-based payment transactions	24	-	-	-	36,534,955	-	36,534,955	-	36,534,955
Dividends	38	-	-	-	-	(466,183,200)	(466,183,200)	-	(466,183,200)
Transactions with non-controlling interests		-	-	-	-	-	-	200,000	200,000
<b>Balance as at December 31, 2023</b>		<b>800,000,000</b>	<b>(294,758,400)</b>	<b>174,708,101</b>	<b>12,826,478</b>	<b>3,301,731,675</b>	<b>3,994,507,854</b>	<b>164,000</b>	<b>3,994,671,854</b>



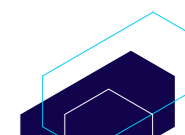
For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Consolidated statement of cash flows

	Notes	December 31, 2023	December 31, 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit before zakat		1,473,252,403	1,023,076,736
Adjustments for non-cash items:			
Depreciation and amortization	10.12.13	149,951,571	120,049,688
Impairment of non-current assets	10.11.13	5,918,692	36,455,686
Expected credit losses	35-A	91,770,357	148,819,716
End of service benefits provision	27	67,760,770	62,759,695
Share based payment transactions	24	36,534,955	19,539,887
Finance cost	10.12	5,861,229	7,943,568
Income from murabaha deposits	19.20	(127,856,085)	(41,227,288)
Share in results from investments in associates	14	11,946,369	1,099,466
Loss at fair value of financial assets through profit or loss	14.15	15,968,640	402,085
Other income, net	9	51,497	(8,006,898)
		<b>1,731,160,398</b>	<b>1,370,912,341</b>
Working capital adjustments:			
Accounts receivable	16	(933,306,211)	85,322,207
Contract assets	17	(56,820,705)	(188,420,420)
Prepaid expenses and other current assets	18	(89,379,560)	(68,167,359)
Accounts payable and other current liabilities	28	877,039,462	514,084,454
Contract liabilities	29	31,444,171	57,501,741
<b>Cash from operations</b>		<b>1,560,137,555</b>	<b>1,771,232,964</b>
Zakat paid	30	(71,878,782)	(57,917,840)
Proceeds from income from murabaha deposits		90,360,772	19,587,610
End of service benefits paid	27	(19,996,797)	(26,731,214)
<b>Net cash generated from operating activities</b>		<b>1,558,622,748</b>	<b>1,706,171,520</b>

	Notes	December 31, 2023	December 31, 2022
<b>INVESTING ACTIVITIES</b>			
Murabaha deposits	19	(1,057,743,644)	(1,898,089,994)
Purchase of property, equipment and intangible assets	10.13	(92,838,585)	(111,536,688)
Proceeds from sale of property and equipment	10	390,108	1,170,162
Proceeds from other financial assets	15	467,929,663	446,352,768
Proceeds from investments in associates	14	150,000	-
Investments in other financial assets	14.15	(432,696,961)	(127,022,303)
Payments for capital works in progress	11	(115,757,975)	(42,155,522)
<b>Net cash used in investing activities</b>		<b>(1,230,567,394)</b>	<b>(1,731,281,577)</b>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities	12	(39,484,748)	(26,382,665)
Purchase of treasury shares	23	-	(307,200,000)
Payment of liabilities for purchasing property	10	(24,746,387)	(24,113,331)
Finance costs paid	10.12	(1,925,803)	(2,734,018)
Dividends paid	38	(466,183,200)	(388,000,000)
<b>Net cash used in financing activities</b>		<b>(532,340,138)</b>	<b>(748,430,014)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(204,284,784)</b>	<b>(773,540,071)</b>
Cash and cash equivalents at the beginning of the year	20	588,679,391	1,362,219,462
<b>Cash and cash equivalents at the end of the year</b>		<b>384,394,607</b>	<b>588,679,391</b>



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements

### 1. INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES

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 AH (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.

The Company owns a branch under commercial registration no. 4030446307 dated Jumada Al-Thani 12, 1443 AH (corresponding to December 16, 2021), in Jeddah.

#### Subsidiaries

The company subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage	
		December 31, 2023	December 31, 2022
Saudi Information Exchange Company	Kingdom of Saudi Arabia	100%	100%
Emdad Al Khebrat Company Limited	Kingdom of Saudi Arabia	100%	100%
Elm Technical Investment Company	Kingdom of Saudi Arabia	100%	100%
Future Resources Company Limited	Kingdom of Saudi Arabia	100%	100%
Asdam Digital Company	United Arab Emirates	100%	100%
Elm Arkan Company	Kingdom of Saudi Arabia	60%	60%
Elm Europe Limited	United kingdom	100%	100%
Umrah Company for Specialized Services	Kingdom of Saudi Arabia	100%	100%

1. Saudi Information Exchange Company, a limited liability company registered with commercial register number 1010274503 and its headquarter is in Riyadh, was established through Royal Decree No. M/39 dated Rajab 7, 1430 AH (corresponding to December 31, 2009) and operates in the sectors of information and communications technology, installation, maintenance and support and support programs, systems and applications of communications and information technology, establishing, developing, operating and managing communications and information technology facilities and participating in the development, creation, operation, maintenance, and management of technical areas.
2. Emdad Al Khebrat Company Limited, a limited liability company registered under commercial registration number 1010414975 on Rajab 22, 1435 AH (corresponding to May 21, 2014). And its headquarter is in Riyadh. The principal activity of the Company is to manage call centers, service centers and to provide consultation services in the field of electronic business, operation and maintenance, import, export, and sale of devices, hardware, software, systems, and workforce development.
3. Elm Technical Investment Company, a Limited Liability Company registered under commercial registration number 1010599252 on Ramadan 11, 1440 AH (corresponding to May 16, 2019). And its headquartered is in Riyadh. The main activities of the Company are to manage call centers, service centers, computer systems programming, computer consultancy activities, information technology services, data processing, website hosting, and retail sale of information and communication equipment in specialized stores.
4. Future Resources Company Limited, a Limited Liability Company registered under commercial registration number 1010606896 on Rabi Al Awal 8, 1441 AH (corresponding to November 5, 2019). The Company headquartered is in Riyadh. The main activities of the Company are systems analysis, design and programming of special software, maintenance of software and web page design, investment activities for the special account of the concerned units, including venture capital companies, investment clubs, and providing of senior management consulting services.
5. Asdam Digital Company, a free zone limited liability Company under the Dubai commercial Companies Law, registered under commercial registration no. 99019, dated Safar 9, 1443 AH (corresponding to September 16, 2021), headquartered in Dubai. The main activities of the Company are consulting services, customer service, developing and providing solutions, and supporting service providers for technical systems.
6. Elm Arkan Company, a Limited Liability Company Registered under commercial registration number 1010209530, dated Rabi' Thani 15, 1426 AH (corresponding to May 23, 2005), headquartered in Riyadh. The Company's main activities are systems analysis, design and programming of special software, application development, and financial technology solutions, and providing Service management and control of communications and information networks, cybersecurity and the establishment of infrastructure for hosting websites on the internet, data processing services and related activities.
7. Elm Europe Limited, a private Limited Company, registered under commercial Registration number 14554402, dated Jumada al-awwal 28, 1444 AH (corresponding to December 22, 2022), headquartered in London. The main activities of the Company are conducting research and development activities related to emerging technologies.
8. Umrah Company for Specialized Services, a Single Person Limited Liability Company registered under commercial registration number 1010656805 on Safar 12, 1442 AH (corresponding to September 30, 2020). And it's headquarter is in Riyadh. The principal activities of the Company are bus transport of passengers between the cities, catering services for Hajj and Umrah, inspection of different systems and measuring their performance, providing marketing services on behalf of others, marketing and reservation of tourist accommodation units, reception, and farewell services for pilgrims.

The Company and its subsidiaries mentioned above are referred to collectively as the "Group" in these consolidated financial statements.



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance and basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and professional Accountants ("SOCPA").

Certain prior year figures have been reclassified to conform to the current period's presentation (Note 37).

#### 2.2 Basis of consolidation

The accompanying consolidated financial statements include the financial statements of Elm Company and its subsidiaries (collectively referred as "the Group").

A subsidiary is an entity controlled by the group. The Group controls an enterprise when it has controlling interest over the investee Company and when the Company is exposed to variable returns or has rights to these returns as a result of its participation with the entity and it also has the ability to influence these returns through the power it exerts on the enterprise.

The results of subsidiaries acquired or excluded during the year are included in the consolidated statement of profit or loss and other comprehensive income from the actual acquisition date or until the actual date of disposal, as appropriate.

All inter-Company balances, assets, liabilities and equities, revenue, expenses, and cash flows related to group transactions between the Company and its subsidiaries are eliminated upon consolidation of the financial statements.

The non-controlling interests in the net assets of the subsidiary are determined separately from the equity of the Company.

The accounting policies applied by the subsidiaries are in accordance with the group's accounting policies. Adjustments are made to the financial statements of the subsidiaries to comply with the financial statements of The Group, as required.

In case of loss of control over a subsidiary, it ceases to recognize the related assets (including goodwill, if applicable), liabilities, non-controlling interests and other components of equity, and the resulting gain or loss is then recognized in the consolidated statement of profit or loss.

#### 2.3 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for:

- Employee end-of-service benefits which have been measured at the present value of future obligations using projected unit credit method which is measured at fair value through other comprehensive income;
- Other financial assets which are measured at fair value through other comprehensive income or profit or loss; and
- Long-term interest (advances payment for future equity shares) in associate companies, where they are measured at fair value through profit or loss.
- Share-based payment measured at fair value for the share price at the grant date.

#### 2.4 Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals which represents the functional currency for the group.

### 2.5 Use of assumptions and estimates and important accounting judgments

#### 2.5.1 Important accounting judgments in applying accounting policies

The following are important judgments, regardless of those that include estimates made by the Group's management during the process of applying the Group's accounting policies which have a significant and major impact on the amounts recognized in the consolidated financial statements:

##### Determining Significant influence

Management considers that the group has significant influence over an entity when the group is exposed to risks or has rights to a significant part of the variable returns arising from its involvement with the investee and when it has the ability to make changes to the investee Company to affect or participate in affecting that returns through its ability to participate in directing the related activities of the investee companies.

The determination of significant influence depends on the way decisions are made regarding the relevant activities and the Group's rights in the investee companies.

In general, there is an assumption that owning a significant portion of the voting rights (typically above 20% of the voting rights) leads to a significant influence.

Management use the equity method for investees where it has a significant influence, when ownership is in ordinary shares and other instruments that are substantially similar to the ordinary shares of the investee ("in-substance ordinary shares"). Management assesses that for an instrument to qualify as an in-substance ordinary share for this purpose, an instrument would need to carry rights that are substantially the same as the investee's ordinary shares and provide returns associated with those ordinary shares. When investing in Start-up's

management assess whether the investment is substantially similar to the investment in the ordinary shares of the investee, and take into consideration all the characteristics below:

1. Subordination rights
2. Risks and rewards of ownership
3. Obligation to transfer value

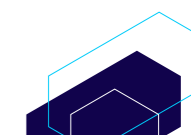
Management has assessed that there are substantive subordination rights of the preferred shares the group owns as compared to the ordinary shares, causing the instruments not to be substantially similar. Accordingly, the management measures these investment at fair value, and present it as part of other financial assets.

##### Determination of control

Subsidiaries are all investee companies that the Group controls. Management considers that the Group controls an entity when the Group is exposed to, or has rights, to most variable returns from its involvement with the investee and has the ability to use its power over the investee to affect those returns through its ability to direct relevant activities. Relationship with the investee companies.

The determination of the group's control depends on the way decisions are made regarding the related activities and The Group's rights in the investee companies.

In general, there is an assumption that having a majority of voting rights leads to control. In support of this presumption, when The Group has equal or less than a majority of the voting rights of the investee, the Group considers all relevant facts and circumstances when assessing whether it exercises control over the investee, including contractual and other arrangements that have an effect on activities that affect the returns of the investee companies.



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### Principal versus agent

The Group has made an assessment of its arrangements to determine whether it is acting as principal and then presents revenue at gross or agent and then presents revenue on a net basis. In this evaluation, the group took into account obtaining or not obtaining control over the stipulated goods or services before they are transferred to the customer. As well as other indicators like if the party is primarily responsible for fulfillment and appreciation when setting the price, and in cases where the group conducts Agency activities related In accordance with a contract whereby the end customer receives project management and coordination support. The group only proves net commission income where you arrange for a third party to transfer goods or services under that arrangement and thus act as an agent.

### Determine the lease term for contracts that include renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination clauses. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

### 2.5.2 Using assumptions and estimates

The preparation of the consolidated financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the amounts of assets and liabilities, and disclosure of contingent liabilities as at the date of the consolidated financial statements and the amounts of revenue and expenses during the reporting period. Although these estimates are based on management's knowledge of current events and procedures, actual results may ultimately differ from these estimates due to circumstances out of the groups control. The estimates and underlying assumptions are reviewed on an ongoing basis, and adjustments to accounting estimates are recognized in the period in which the estimates are revised if the adjustment affects only that period or in the period of the review and future periods if the adjustment affects current and future periods.

The following are important assumptions that relates to future periods and other major sources of uncertainty in the estimates in the financial reporting period that may have significant risks that result in substantial adjustments to the carrying amounts of assets and liabilities for the upcoming financial year:

#### Estimated useful lives and residual values of property and equipment and intangible assets

The useful lives and residual values of property, equipment and intangible assets are calculated for the purposes of calculating depreciation and amortization, respectively. These estimates are made based on the expected usage of individual assets. The residual value is determined based on experience and observable data when available.

#### The assumptions used to estimate the impairment of non-current assets

Determining the impairment of non-current assets requires making a value-in-use for non-current assets or the cash-generating unit where

the non-current assets belong. The value used in the calculation requires the management to make an estimate of the expected future cash flows from the non-current assets or the cash generating unit and an appropriate discount rate in order to calculate the present value. An impairment loss can be significant when the actual future cash flows are less than expected.

#### The assumptions used to determine the actuarial value of end of service benefits provision

Defined benefit obligations are discounted at a rate set by reference to relevant market yields at the end of the reporting period. Significant judgment is required when setting the criteria for which yield curve is derived. this includes government premium risk and identifying changes to be eliminated.

#### Zakat provision

Zakat provision is estimated at the end of each reporting period in accordance with the regulations of the Zakat, Tax and Customs Authority (ZATCA), and on an annual basis zakat returns are submitted to the Zakat, Tax and Customs Authority. The adjustments resulting from the final zakat assessment are recorded during the reporting period in which this assessment is approved by the Zakat, Tax and Customs Authority.

#### Calculation of expected credit losses provision

The estimate of the expected credit loss allowance is calculated in accordance with the accounting policy detailed in (Note 3).

The Group uses a dedicated matrix for the purpose of calculating expected credit losses for accounts receivable, contract assets and employee receivables. This matrix is initially based on historical default rates. The Group calibrates the matrix to adjust the historical experience of credit losses for forward-looking information, at each reporting date the Group updates the historical default rates and this is reflected in the forward-looking estimates. Management also estimates the credit loss for specific cases separately.

The Group also utilizes a dedicated matrix for the purpose of calculating the present value of money for government receivables, through which it estimates the expected collection date by applying certain assumptions and inputs such as historical collection experience per client.

Expected credit losses are recognized in the consolidated statement of profit or loss. The difference between the amounts collected in future periods and the amounts expected will be recognized in the consolidated statement of profit or loss.

#### The assumptions used to determine the actuarial value of end of service benefits provision

The Group has made various estimates to determine the actuarial value of the employee end of service benefits provision. These estimates are disclosed in Note 27.

#### The assumptions used to measure revenue

The Group estimates revenue based on the expected average collection of control and inspection projects, based on historical data associated with these projects.

#### Incremental borrowing rate for leases

The Group cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

### 3. SIGNIFICANT ACCOUNTING POLICIES



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

The following is a statement of the significant accounting policies used by the group in preparing these consolidated financial statements:

### 3.1 Classification of assets and liabilities as “current” and “non-current”

The group presents the assets and liabilities in the consolidated statement of financial position as current / non-current. The assets are classified current when:

- It is expected to be realized or intended to be sold or exhausted during the normal operations cycle.
- If it is acquired mainly for trading purposes;
- It is expected to be realized within 12 months after the financial period; or
- When it is cash and cash equivalents unless there are restrictions on their replacement or their use to pay off any liabilities for a period not less than 12 months after the financial period.

All other assets are classified as “non-current”.

All liabilities are classified current when:

- It is expected to be paid during the normal operations cycle;
- If acquired mainly for trading purpose;
- It is due for payment within 12 months after the financial period; or
- There is no unconditional right to postpone the payment of liabilities for a period not less than 12 months after the financial period.

All other liabilities are classified as “non-current”.

### 3.2 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability ;or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses appropriate valuation methods in accordance with the circumstances, and sufficient data are available for it to measure the fair value and increase the use of observable inputs and reduce the use of unobservable inputs.

All other assets and liabilities that are measured at fair value or disclosed in the consolidated financial statements are categorized within the fair value hierarchy mentioned below and based on the lowest level inputs that are significant to the fair value measurement as whole.

- Level 1 - quoted prices in active markets for identical assets or liabilities (i.e. without modifying or renewing prices);

- Level 2 - fair value measurements that consider significant lower level inputs that are observable directly or indirectly; and
- Level 3 - fair value measurements that don’t consider significant lower level inputs that are unobservable.

With respect to the assets and liabilities that are recognized in the consolidated financial statements at fair value on a frequent basis, the Group determines whether the transfer has occurred between the hierarchical levels to measure the fair value by recalibrating the classification (based on significant lower level inputs to measure the fair value as a whole) at the end of each financial period.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of assets and liabilities and a hierarchy of levels of fair value measurement mentioned above.

### 3.3 Business Combination process for common-controlled entities

Business combination process that involves common-controlled entities and that does not include a consideration is accounted for using business combination pooling of interest method where the assets and liabilities are recorded at their book value in the books of the acquirer. As for business combination process that involves common-controlled entities and that includes a consideration is accounted for using acquisition method of accounting. The consolidated financial statements after the acquisition are presented from the declaration date of the combination without consolidating or restating the comparative year figures and goodwill resulting from the acquisition is not recorded. Any costs incurred from the acquisition are directly recognized in the consolidated statement of changes in equity.

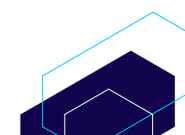
### 3.4 Investments in associates

An associate is an entity over which the Group has significant influence but does not have control or joint control over it. Significant influence is the Group ability to participate in the financial and operating policies decisions of the investee but has no control or joint control over those policies.

The considerations made in determining significant influence are holding—directly or indirectly—voting rights in the investee, representation on the board of directors or equivalent governing body of the investee, participation in policy-making, including participation in decisions about dividends or other distributions; material transactions between the Group and its investee; interchange of managerial personnel; or provision of essential technical information.

The investment in associates are accounted for in the consolidated financial statement of the Group using the equity method of accounting. The investment in associates in the consolidated statement of financial position is initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit and loss and other comprehensive income of the associate adjusted for any impairment in the value of net investment. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses.

Additional losses are recognized and recorded as liabilities only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

Unrealized gain or losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Unrealized gains or losses resulting from transactions between the Group and the associate company are excluded to the extent of the Group's ownership share in the associate company.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss.

When the Group discontinues accounting for an investment under the equity method due to a loss of control or significant influence, any retained interest in the entity is re-measured at fair value, and the change in carrying amount is recognized in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or a financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified directly to the consolidated statement of profit or loss or the consolidated statement of financial position.

### 3.5 Revenue recognition

#### Revenue from contracts with customers

The Group recognizes revenue from contracts with customers using five steps method as mentioned in IFRS 15:

- Step (1): Identify the contract (s) with the customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and clarifies the foundations and criteria that must be fulfilled for each contract.
- Step (2): Identify the performance obligations in the contract. A performance obligation is an undertaking stipulated in the contract with the customer to transfer a good or service to the customer.
- Step (3): Determine the transaction price: The transaction price represents the amount of compensation that the group expects to have the right in exchange for transferring the promised goods or services to the customer except the amounts that are collected on behalf of third parties.
- Step (4): Allocate the transaction price to the performance obligations stipulated in the contract. For contracts that involve more than one performance obligation, the Group will allocate the transaction price to each performance obligation, in an amount that the Group expects to have the right to fulfill each performance obligation.
- Step (5): Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group fulfills a performance obligation and recognizes revenue over a period of time if one of the following controls is met:

- A) The performance of the Group does not originally create an asset with an alternative use to the Group, and the group has the right to enforce payment in exchange for the performance completed to date.
- B) Group performance creates or improves a customer-controlled asset at the same time that the asset is constructed or improved.
- C) The customer receives the benefits provided by the performance of the facility and consumes it at the same time once the group has performed.

With regard to performance obligations, if any of the above conditions are not met, revenue is recognized at a point of time in which the performance obligation is fulfilled.

In the event that the Group fulfills the performance obligation through providing the promised services, this will lead to the creation of an asset based on a contract in exchange for compensation earned from the performance. In the event that the compensation received by the customer exceeds the amount of proven revenue, a contract obligation may arise. The Group takes in consideration the transition of the asset (or service) that fulfills the performance obligation, if applicable.

Revenue is measured at the fair value of the consideration received or receivable, after taking into consideration the terms of the contractual payment, and after excluding taxes and fees. The Group reviews revenue arrangements in accordance with specific criteria to ascertain whether it is acting as principal or agent.

When the Group is not highly certain of the possibility of collecting from certain customers, the revenue is recognized upon collection.

Revenue is recognized to the extent that it is probable that the economic benefits of the Group will flow, and that revenue and costs, if applicable, can be measured reliably.

The following is an explanation of the revenue recognition method for each segment:

1. **Digital Business:** Digital business revenue consists of two types: products and projects, revenue from products are recognized as follows for subscriptions over a period of time, as for transactions, they are recognized at a point in time. Project revenue over time and at a point in time based on the nature of the performance obligation specified in the contract.
2. **Business Process Outsourcing:** Revenue from the business process outsourcing segment consists of projects. Revenue can

be recognized over time and at a point in time based on the nature of the performance obligation specified in the contract.

3. **Professional Services:** Professional services segment revenue consists of projects. Revenue can be recognized over time and at a point in time based on the nature of the performance obligation specified in the contract.

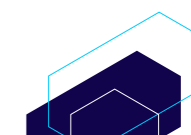
### 3.6 Foreign currencies

#### Balances and foreign transactions

Originally, transactions in foreign currencies are transferred by the Group's entities at the exchange rates prevailing in the functional currency of the date on which the transaction occur.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing in the functional currency at the date of preparation of the consolidated financial statements. Differences arising from settlement or transfer of monetary items are recognized in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost, recorded in a foreign currency, are translated at the exchange rates prevailing at the date of the initial transactions. Non-monetary items recorded in foreign currencies that are measured at fair value at the exchange rates prevailing at the date when the fair value is determined are transferred. Profits or losses resulting from the conversion of non-monetary items that are measured at fair value are treated in accordance with the recognition of gains or losses resulting from the change in the fair value of the item (i.e. exchange differences are recognized on items whose profit or loss is measured at fair value in other comprehensive income or consolidated statement of profit or loss, respectively).



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 3.7 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. This cost includes cost of replacing part of the property, plant and equipment and borrowing costs related to long-term construction projects, in case the evidentiary standards are met. If the replacement of important parts of plant and equipment is required on stages, the group consumes these parts independently over their useful lives. Conversely, when a major examination is performed, its cost is recognized in the carrying amount of the equipment as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the consolidated statement of profit or loss as incurred. The present value of the expected cost of removing an asset (if any) after its use is included in the cost of the underlying asset in the event that the evidentiary criteria related to the recognition of the allowance are fulfilled.

Any item of property and equipment and any significant part that was initially recognized is discontinued upon exclusion or when there are no future benefits expected from use or disposal. Any gains or losses arising from discontinuation of any asset (calculated as the difference between the net proceeds from disposals and the carrying amount of the asset) are included in the consolidated statement of profit or loss for the year in which the asset is discontinued.

The residual value, useful lives, and methods of depreciation of property and equipment are reviewed at the end of each financial period and adjustments are made in the future, if appropriate.

Under construction projects appear at the cost incurred until the asset is prepared for the purpose for which it was created. This cost is then capitalized to the related assets. Cost includes the cost of contractors, materials, services, and capital advances.

The Group depreciates property, plant and equipment on a straight line basis. The following are the expected useful life of the group's property and equipment:

- Leasehold improvements: 5 years or contract term, whichever is less
- Information system devices: 3-5 years
- Buildings: 25 – 33 years
- Vehicles: 4 - 5 years
- Furniture and fixtures : 4 - 7 years

### 3.8 Intangible assets

Intangible assets acquired independently are initially measured at cost. The cost of intangible assets acquired in the acquisition of entities represents the fair value at the date of acquisition. After initial recognition, intangible assets are recorded at cost less accumulated amortization and accumulated impairment losses. Internally developed intangible assets are capitalized.

Intangible assets with a specified life are amortized over their estimated useful lives, and reviewed to ensure that there is an impairment in its value when there is an evidence that indicates that a decrease has occurred. The period and method for amortization of intangible assets with a finite useful life are reviewed at least at the end of each financial reporting period. Changes in the accounting of expected useful life or the method of amortizing future economic benefits embodied in the asset – through adjusting the amortization period or method, as appropriate, and it is considered as changes in accounting estimates. Amortization expense for intangible assets with specific lives is recognized in the consolidated statement of profit or loss as an expense and in line with the function of the intangible assets.

Intangible assets that do not have a specific life are not amortized, but are tested annually to ensure that there is no impairment in their

value either alone or at the cash-generating unit level. The indefinite life asset is reviewed annually to ensure that the assessment made for the unspecified useful life is still supported, otherwise the change from "specified life" to "unspecified life" will be made on a future basis.

Profits or losses resulting from discontinuation of the recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of profit or loss upon discontinuation of the asset.

Computer programs , platforms , Licenses and patents are recorded at cost, less accumulated amortization, and accumulated impairment losses. Historical cost includes the expenses directly related to purchasing items.

Projects under development related to intangible assets are presented within the capital work-in-progress item in the financial position until the asset is ready for its intended use. It is then transferred to the relevant intangible assets category. The cost primarily includes software license fees and developer salaries.

Amortization is charged to the consolidated statement of profit or loss using the straight-line method over the estimated useful lives, and may be charged against the related assets if it represents a portion of their costs

Computer software, electronic systems, and licenses are amortized over a period of 5 years unless they have an indefinite useful life. Patents are amortized based on the term of the issued certificate.

### 3.9 Impairment of non-financial assets

The Group, at the date of preparing the consolidated financial statements, makes an assessment to ensure that there is no evidence of any impairment in the value of an asset. In case that such evidence exists or when an annual test is required to confirm the existence of an

impairment in the value, the Group estimates the recoverable amount for that asset.

The recoverable amount represents the higher value of the fair value of the asset or cash generating unit, less costs of disposal and the present value, and is determined for each asset, except in cases where the asset does not generate cash inflows that are largely independent of those from other assets or group assets. In cases where the carrying amount of the asset or cash generating unit exceeds the recoverable amount, the asset is considered to be impaired and is written down to the recoverable amount.

When estimating the present value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects market assessments for the time value of money and the risks inherent in the asset. When determining the fair value less cost of sales, it is taken into consideration the latest market transactions that are available. Where no such factors can be identified, appropriate valuation methods are used.

The Group calculates present value based on the information used in calculating the detailed budgets and forecasts, which are prepared independently for each cash generating unit in the group to which the asset is allocated. The information used to calculate budgets and expectations usually covers a five-year period. A long-term growth rate is calculated and applied to the expected future cash flows after the fifth year.

Impairment losses from continuing operations are recognized in the consolidated statement of profit or loss.

For assets, except goodwill, an evaluation is performed at the date of preparing all consolidated financial statements, to ensure that there is any indication that there were no previously reported impairment losses or decreases. If such evidence exists, the Group estimates the recoverable amount of the asset or cash generating unit.

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

The previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount since the last impairment loss was recognized. The reversal of the entry is limited so that the book value of the asset does not exceed the recoverable value of it nor the book value that was supposed to be determined after deduction of depreciation if the impairment loss was not proven in previous years. This reversal is recognized in the consolidated statement of profit or losses.

Intangible assets with indefinite useful lives are tested to ensure that there is no annual decrease in their value, either individually or at the cash-generating unit level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### 3.10 Cash and cash equivalents

Cash and cash equivalents are shown in the consolidated statement of financial position comprise cash at banks, cash in hand, and murabaha deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and short-term deposits as stated above after deducting bank overdrafts (if any) since it's considered an integral part of the Group's cash management.

### 3.11 Murabaha deposits

Long-term murabaha deposits include long-term deposits with banks with an original maturity of more than three months. Bank deposits are considered as a cash management tool for the group. Returns from bank deposits are accounted for in the consolidated statement of profit or loss when due.

### 3.12 Dividend distribution

The Group recognizes distributions to shareholders as a liability when the distribution is approved. The corresponding amount is recognized directly in equity.

### 3.13 Provisions

Provisions are recognized when the Group has current or expected legal obligations as a result of past events, it is probable that the outflow of resources with economic benefits will be necessary to settle the obligation and a reliable estimate of the amount of the obligation can be performed. When the Group expects that some or all of the provisions will be recovered, for example under an insurance contract, the recoveries are recognized as a separate asset but only when these recoveries are almost confirmed. The expense related to the provision is displayed in the consolidated statement of profit or loss after discounting any recoverable amounts. If the effect of the time value of money is material, provisions are discounted using the current pre-tax rate, which reflects, when appropriate the risks related to the obligation. When using a discount, the increase in the provision due to the passage of time is recognized as a finance cost.

### 3.14 Segmental reporting

The Group's operating segments are identified based on internal reports that are regularly reviewed by the Group's chief operating decision maker (chief operating decision maker) in order to allocate resources between the segments and to assess their performance.

### 3.15 Employee end of service benefits

The group provides end of service benefits to the employees if eligible as a defined benefit program.

The net assets or liabilities of the retirement program recognized in the consolidated statement of financial position are the fair value of the program assets, (if any), less the present value of the defined benefit obligations expected at the preparation date of the consolidated financial statements.

The Group is required to make assumptions about variables such as discount rates, salary increase rate, longevity, employee turnover and future healthcare costs, where applicable. Changes in the underlying assumptions can have a significant impact on the expected benefit obligations and the costs of defined employee benefits. All assumptions are reviewed at each reporting date.

The defined benefit liabilities are periodically re-measured by independent actuaries using the expected credit unit method. The present value of the defined benefit liabilities is determined by discounting the estimated future cash flows using commission rates for high-quality corporate bonds that are recorded in the currency in which the benefits are to be paid, and which have terms close to the terms of the related obligations. Commission cost is calculated by applying the discount rate to the net balance of the defined benefit liabilities and the fair value of the program assets. This cost is included in employee benefits expenses in the consolidated statement of profit or loss and other comprehensive income.

The costs of the defined benefit liabilities for the initial periods are calculated on an annual basis using the rate of actuarially defined pension cost at the end of prior year, after adjusting for significant market fluctuations and any significant one-time events, such as program adjustments or manpower cuts and reimbursement. In the absence of such significant market fluctuations and one-time events, actuarial liabilities are carried forward based on assumptions at the beginning of the year. If there are material changes to the assumptions or arrangements during the initial period, a re-measurement of these liabilities is taken into consideration.

Re-measurements, comprising actuarial gains and losses, are reflected immediately in other comprehensive income in the period in which they occur. Changes in the present value of the defined benefit liabilities resulting from settlements or downsizing the program are recognized directly in consolidated statement of profit or loss and other comprehensive income as a past service cost.

A liability assessment under these programs is performed by an independent actuary based on the expected credit unit method. The costs related to these programs consist mainly of the present value of related benefits, on an equal basis, in each year of service and commissions on this obligation in relation to employee services in prior years.

The costs of current and prior services related to post-employment benefits are recognized directly in the consolidated statement of other comprehensive income while the increase in the commitment to the discount rates recorded as a financing costs. Any changes in net liabilities as a result of actuarial valuations and changes in assumptions are re-measured to other comprehensive income.

In the Kingdom of Saudi Arabia, with regard to the employee end of service benefits provision, the actuarial valuation process takes into consideration the Saudi labor law and the group policy.

### 3.16 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual instrument.

The following are the significant accounting policies followed by the group for the classification, recognition, and measurement of financial instruments:



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### A. Financial assets

#### A.1 Classification and initial Recognition

The classification and initial recognition of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies and recognizes its financial assets as follows:

- Financial asset at amortized cost;
- Financial asset at Fair value through Profit or loss ("FVTPL"); and
- Financial asset at fair value through other comprehensive income ("FVOCI").

Below is a detailed statement of the classification and initial proof of each of the above-mentioned items;

#### Financial asset at amortized cost

A financial asset is measured at amortized cost, if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows (HTC); and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. It results in cash flows that are only payments of the principal amount and commission on the principal amount outstanding. This evaluation is referred to as the "pay test only from principal and commission", and this evaluation is performed at the level of the financial instrument.

Accounts receivable and contract assets, which are held to collect contractual cash flows that are expected to result in cash flows that are solely payments of principal, or cash flows that are

solely payments of principal and commission on the principal amount that do not carry a significant financing portion, are measured at transaction cost.

#### Financial asset at FVOCI

##### Equity instruments

On initial recognition, for an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

##### Debt instruments

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (HTCS); and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial asset at FVTPL

All financial assets not classified as held at amortized cost or FVOCI are classified as FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

#### A.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

#### Financial asset at amortized cost

##### - Debt Instruments

Financial assets at amortized cost are subsequently measured using the Effective Interest Rate ("EIR") method and are subject to impairment. Gain and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at the date of preparing these consolidated financial statements, the Group does not have any debt instrument assets.

##### - Accounts receivable and contract assets

Accounts receivable and contract assets, which are held to collect contractual cash flows that are expected to result in cash flows that are solely payments of principal, or cash flows that are solely payments of principal and commission on the principal amount that do not carry a significant financing portion, are measured at transaction cost. Subsequent measurement and impairment are described in the note on impairment (Note 3.16, Paragraph A.4).

#### Financial asset at FVTPL

The financial assets measured at fair value through profit or loss ("FVTPL") are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future.

#### Financial asset at FVOCI

Financial assets are measured at fair value through other comprehensive income at the end of each reporting period and the transaction costs that the Group incurs when the assets are disposed of in the future are not discounted.

#### A.3 De-recognition

A financial asset or a part of a financial asset is de-recognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
  - a) The Group has transferred substantially all the risks and rewards of the asset; or
  - b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount assigned to the part of the asset for which recognition was expected) and the sum of (i) the consideration received and (ii) any cumulative gain or loss recognized in other comprehensive income It is recognized in the consolidated statement of profit or loss.

#### A.4 Impairment

Management assesses on a forward-looking basis the ECL associated with its account receivables, contract assets and employee receivables.

Management applies the simplified approach in calculating ECL's. Therefore, management does not track changes in credit risk, but instead recognized a loss allowance base on lifetime ECL's at each reporting date. Management has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Also, management evaluate on on-going basis the credit risk where it takes additional ECL for specific cases where applicable.

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### A.5 Business model assessment

The Group makes an assessment of the objective of a business model under which an asset is held, at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated-e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held to collect contractual cash flows and to sell financial assets.

The business model assessment is based on reasonably expected scenarios without taking

'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realized in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

### A.6 Assessments whether contractual cash flows are solely payments of principal and interest ("SPPI" criteria)

For the purposes of this assessment, 'principal' is the fair value of the financial asset on initial recognition. 'Interest' is the consideration for the time value of money, the credit and other basic lending risk associated with the principal amount outstanding during a particular period and other basic lending costs (e.g. liquidity risk and administrative costs), along with profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

### B. Financial liabilities

#### B.1 Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at gain value through profit or loss ("FVTPL"); and
- Other financial liabilities measured at amortized cost using the effective interest method ("EIR") method.

The category of financial liability at FVTPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVTPL upon initial recognition; and
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are classified as held for trading.

All financial liabilities are recognized initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value.

As of the date of this financial statement the group doesn't have any financial liabilities at FVTPL.

#### B.2 Subsequent measurement

Financial liabilities at FVTPL continue to be recorded at fair value with changes being recorded in the consolidated statement of profit or loss.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortized cost using

the EIR method. Gain or loss are recognized in the consolidated statement of profit or loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortization is included as finance costs in the consolidated statement of profit or loss.

For accounts payables and contract liabilities. They are initially recognized at fair value and subsequently measured at amortized cost.

#### B.3 De-recognition

A financial liability is de-recognized when the obligation under the liability is settled or discharged.

### 3.17 Leases

The Group assesses whether a contract is based on or contains a lease based on the lease concept and determines whether the arrangement is based on or contains a lease based on the substance of the arrangement at the inception of the lease. An arrangement is or contains a lease if the arrangement is based on a right to use an asset or assets and the arrangement provides a right to use the asset or assets for a specified period even if this right is not expressly stated in the arrangement.

#### A. The group as a Lessee

##### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs, and any lease payments made at or before the commencement date less any lease incentives received.



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

Right-of-use assets are depreciated over the estimated useful life of the asset or the term of the lease on a straight line basis, whichever is shorter. If ownership of the leased asset passes to the Group at the end of the lease term or the right-of-use cost reflects the Group's exercise of the option to purchase the leased asset, then the asset is depreciated over the estimated useful life of the asset.

### Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

All lease payments are allocated between the obligation and the finance cost. The finance cost is recognized in the consolidated statement of profit or loss over the term of the lease.

### Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Impaired assets are those items that do not reach the Group's capitalization threshold. Payments related to short-term leases and leases of low-value assets are recognized on a straight-line basis in the consolidated statement of profit or loss.

### B. Group as a lessor

Leases in which the Group does not transfer all the significant risks and rewards of ownership of the asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included within other income in the consolidated statement of profit or loss. Initial direct costs incurred during the negotiation and arrangement of an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as a lease expense.

#### 3.18 Zakat

The Group calculates and records zakat provision based on the zakat base in its consolidated financial statements in accordance with Zakat, Tax, and Customs Authority ("ZATCA") regulations in the Kingdom of Saudi Arabia. Adjustments arising from final zakat assessment are recorded in the reporting period in which such assessment is approved by the Zakat, Tax, and Customs Authority ("ZATCA").

#### 3.19 Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the shares. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity.

#### 3.20 Share based payment

Company employees receive remuneration in the form of shares under the long-term employee incentive program, under which employees provide services in consideration for Company shares (repayable transactions in the form of equity instruments). The cost is determined through the fair value of the financial instrument at the grant date. The grant date is the date on

which both the Company and the employee agree to a share-based payment agreement, so that there is a common understanding of the terms and conditions of the agreement between the parties (Note 24).

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense included in the salaries and benefits of the employees, with a corresponding increase in the other reserves at the equity statement, over the vesting period of the awards.

The cumulative expense recognized at each reporting date until the long-term employee incentive program end date reflects the Group's best estimate of the number of shares that will ultimately vest.

In case of program terms adjusted, the minimum expense recognized is equal to the value of the expense as if the terms had not been adjusted, if the original terms are met. Any additional expense is recognized for any adjustment leading to an increase in the fair value of the awards or bringing benefit to the employees and measured at fair value on the date of the adjustment.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

In case of cancellation of the program, the process of the cancellation is an acceleration of vesting, and recognize immediately the amount of expenses that would have been recognized including those benefits that are not earned and are controlled by the Company or the employee and which are not yet due. In case a new program is implemented to replace one that has been

terminated, and it determined as an alternative program on the grant date to the new program, the terminated program and the new program are processed as if it was an adjustment to the original program, as mentioned in the previous paragraph.

## 4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023 (unless otherwise indicated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### A. New and amended standards and interpretations

- Amendments to IAS 8

The amendments are intended to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies.

- Amendments to IAS 12 Deferred tax related to assets and liabilities arising from a single transaction

These amendments require companies to recognize deferred tax on transactions that lead, on initial recognition, to equal amounts of temporary differences that are deductible and taxable.

### B. New and amended IFRSs not yet effective

- Amendments to IFRS 16 - Lease liabilities in Sale and Leaseback Transactions

These amendments include requirements for sale and leaseback transactions in IFRS 16 to

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

clarify how a Company accounts for sale and leaseback transactions after the date of the transaction. Sale and leaseback transactions in which some or all of the lease payments are considered to be variable lease payments depend on the index or rate that is highly likely to be affected.

- Amendments to IAS 1 - Non-current liabilities with commitments and classification of liabilities as current or non-current

These amendments explain how compliance with the conditions with which a Company must comply during the twelve months after the reporting period affects the classification of liabilities. These amendments also aim to improve the information provided by the Company regarding the liabilities subject to these conditions.

- Amendments to IAS 7 and IFRS 7. Supplier financing arrangements
- Amendments to IAS 27. Non-convertibility

### 5. REVENUE

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

	December 31, 2023	December 31, 2022
Digital business	4,254,973,267	3,151,784,457
Business process outsourcing	1,478,990,609	1,301,376,963
Professional services	164,398,964	152,937,473
	<b>5,898,362,840</b>	<b>4,606,098,893</b>
Revenue sources:		
Revenue from private parties	3,775,264,378	2,655,220,084
Revenue from government agencies	2,123,098,462	1,950,878,809
	<b>5,898,362,840</b>	<b>4,606,098,893</b>
*The amounts above include transactions with related parties (Note 31).		
Revenue recognition time:		
At a point in time	4,231,277,288	3,495,512,431
Over a period of time	1,667,085,552	1,110,586,462
	<b>5,898,362,840</b>	<b>4,606,098,893</b>

### 6. COST OF REVENUE

Cost of revenue is as follows:

	December 31, 2023	December 31, 2022
Direct costs	1,949,474,399	1,437,414,287
Salaries and employee benefits	1,597,835,831	1,282,823,953
	<b>3,547,310,230</b>	<b>2,720,238,240</b>

\*The amounts above include transactions with related parties (Note 31).

### 7. SELLING AND MARKETING EXPENSES

Selling and marketing expenses are as follows:

	December 31, 2023	December 31, 2022
Salaries and employee benefits	170,502,084	157,756,293
Partnerships sales commission	39,267,220	40,579,335
Advertising and exhibitions	38,636,504	18,984,476
Bank commission costs and invoice fees	16,694,688	11,670,807
Public relations	7,653,034	4,010,176
Other expenses	4,273,679	2,184,252
	<b>277,027,209</b>	<b>235,185,339</b>

### 8. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are as follows:

	December 31, 2023	December 31, 2022
Salaries and employee benefits	369,049,905	300,130,870
Consulting and professional services	25,957,077	14,519,508
Subscriptions and memberships	19,076,194	12,252,915
Hospitality and activities	18,729,810	12,161,738
Contractor expenses	14,663,305	10,777,122
Utilities and communications	4,085,224	2,078,543
Repair and maintenance expenses	3,109,318	4,289,882
Other expenses	21,130,276	16,747,635
	<b>475,801,109</b>	<b>372,958,213</b>

### 9. OTHER INCOME, NET

Other income are as follows:

	December 31, 2023	December 31, 2022
Income from Call Accounts	17,157,199	335,377
Funds received from HRDF to support Saudization	13,137,385	11,617,797
Reversal of retention payable	-	8,035,001
Donations	(1,000,000)	(1,000,000)
Foreign exchange losses	(728,890)	(529,472)
Others	23,190	443,853
	<b>28,588,884</b>	<b>18,902,556</b>

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

## 10. PROPERTY AND EQUIPMENT

	Land (A)	Buildings (A)	Information system devices	Furniture and fixtures	Leasehold improvements	Vehicles	Total
<b>Cost</b>							
<b>Balance as at January 1, 2022</b>	<b>33,760,000</b>	<b>293,598,577</b>	<b>125,075,783</b>	<b>45,290,139</b>	<b>113,835,602</b>	<b>10,982,872</b>	<b>622,542,973</b>
Additions during the year	-	-	28,303,649	584,795	338,141	7,888,061	<b>37,114,646</b>
Transfer from capital work in progress (Note 11)	-	-	12,068,973	43,850	-	-	<b>12,112,823</b>
Disposals during the year	-	-	(4,134,155)	(1,544,418)	-	(1,946,701)	<b>(7,625,274)</b>
<b>Balance as at December 31, 2022</b>	<b>33,760,000</b>	<b>293,598,577</b>	<b>161,314,250</b>	<b>44,374,366</b>	<b>114,173,743</b>	<b>16,924,232</b>	<b>664,145,168</b>
Additions during the year	-	2,170,482	62,604,191	1,318,819	1,317,274	6,360,128	<b>73,770,894</b>
Disposals during the year	-	-	(856,309)	(10,933)	(11,182,006)	(2,449,840)	<b>(14,499,088)</b>
<b>Balance as at December 31, 2023</b>	<b>33,760,000</b>	<b>295,769,059</b>	<b>223,062,132</b>	<b>45,682,252</b>	<b>104,309,011</b>	<b>20,834,520</b>	<b>723,416,974</b>
<b>Accumulated depreciation and impairment</b>							
<b>Balance as at January 1, 2022</b>	-	<b>39,945,647</b>	<b>83,920,948</b>	<b>40,007,016</b>	<b>107,834,346</b>	<b>4,274,534</b>	<b>275,982,491</b>
Depreciation during the year	-	9,052,507	25,124,831	2,010,263	1,666,023	3,165,697	<b>41,019,321</b>
Impairment during the year	-	-	71,400	-	-	-	<b>71,400</b>
Disposals during the year	-	-	(3,856,741)	(1,353,700)	-	(1,216,568)	<b>(6,427,009)</b>
<b>Balance as at December 31, 2022</b>	-	<b>48,998,154</b>	<b>105,260,438</b>	<b>40,663,579</b>	<b>109,500,369</b>	<b>6,223,663</b>	<b>310,646,203</b>
Depreciation during the year	-	9,062,507	34,014,909	1,870,674	2,040,535	4,388,994	<b>51,377,619</b>
Disposals during the year	-	-	(800,385)	(10,537)	(11,023,333)	(1,955,839)	<b>(13,790,094)</b>
<b>Balance as at December 31, 2023</b>	-	<b>58,060,661</b>	<b>138,474,962</b>	<b>42,523,716</b>	<b>100,517,571</b>	<b>8,656,818</b>	<b>348,233,728</b>
<b>Net book value:</b>							
<b>As at December 31, 2023</b>	<b>33,760,000</b>	<b>237,708,398</b>	<b>84,587,170</b>	<b>3,158,536</b>	<b>3,791,440</b>	<b>12,177,702</b>	<b>375,183,246</b>
<b>As at December 31, 2022</b>	<b>33,760,000</b>	<b>244,600,423</b>	<b>56,053,812</b>	<b>3,710,787</b>	<b>4,673,374</b>	<b>10,700,569</b>	<b>353,498,965</b>

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

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

	December 31, 2023	December 31, 2022
Cost of revenue	33,588,158	16,671,105
General and administrative expenses	16,927,281	23,575,603
Selling and marketing expenses	862,180	772,613
	<b>51,377,619</b>	<b>41,019,321</b>

(A) During year 2011, Elm Company purchased a land and a main building for the company in the amount of SR 25 million and SR 228 million, respectively. Noting that the amount will be paid according to a schedule of payments agreed in the sales contract, where the last payment will be in 2024, and the ownership of the land and building will be transferred to the company when the last payment is made. The company added improvements to the building amounting to SR 50 million, the cost of the building then become SR 278 million.

The liabilities for purchasing a property are presented in the consolidated statement of the financial position as follows:

	December 31, 2023	December 31, 2022
Liabilities for purchasing a property - non current	-	25,396,063
Liabilities for purchasing a property - current	25,396,063	24,746,387
	<b>25,396,063</b>	<b>50,142,450</b>

The following are finance costs related to the property that is charged to the consolidated statement of profit or loss and other comprehensive income:

	December 31, 2023	December 31, 2022
Finance cost	1,580,181	2,206,489

The following is the payment schedule based on the undiscounted cash flows due over the subsequent years:

	Value
First year	26,062,795
	<b>26,062,795</b>

## 11. CAPITAL WORK IN PROGRESS

Capital work in progress consists of platforms, electronic systems, and improvements to rented buildings. The movement of capital work in progress is as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	57,778,145	58,031,644
Additions	115,757,975	42,155,522
Transferred to property and equipment (Note 10)	-	(12,112,823)
Transferred to intangible assets (Note 13)	(53,313,932)	(30,296,198)
Impairment during the year (A)	(408,341)	-
<b>Balance at the end of the year</b>	<b>119,813,847</b>	<b>57,778,145</b>

### A) Impairment

As on December 31, 2023, the Group recorded an impairment against its internally developed work in progress, amounted to SR 0.4 million (December 31, 2022: Nil). due to the presence of indicators of impairment, as the management conducted a study to assess the recoverable amount through forecasting the expected future cash flows of the asset and which resulted in recoverable amount being less than the current value of the asset. Impairment will be classified under cost of revenue if presented by function.

## 12. RIGHT -OF- USE ASSETS AND LEASE LIABILITIES

The movement of right -of- use assets during the year are as follows:

	Buildings and land	Printers	Total
Balance as at January 1, 2022	107,579,580	504,571	<b>108,084,151</b>
Adjustment during the year	(12,577,568)	-	<b>(12,577,568)</b>
Additions during the year	10,678,782	-	<b>10,678,782</b>
Disposals during the year	(735,726)	-	<b>(735,726)</b>
Depreciation during the year	(24,558,246)	(504,571)	<b>(25,062,817)</b>
<b>Balance as at 31 December 2022</b>	<b>80,386,822</b>	<b>-</b>	<b>80,386,822</b>
Additions during the year	180,132,179	1,208,070	<b>181,340,249</b>
Disposals during the year	(4,212,244)	-	<b>(4,212,244)</b>
Depreciation during the year	(26,439,723)	(276,367)	<b>(26,716,090)</b>
<b>Balance as at December 31, 2023</b>	<b>229,867,034</b>	<b>931,703</b>	<b>230,798,737</b>

For The Year Ended December 31, 2023  
All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

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

	December 31, 2023	December 31, 2022
Cost of revenue	10,252,843	7,142,817
General and administrative expenses	16,463,247	17,920,000
	<b>26,716,090</b>	<b>25,062,817</b>

The lease liability consists of the following:

	December 31, 2023	December 31, 2022
Lease liabilities- non current	212,090,689	71,192,414
Lease liabilities- current	11,988,772	11,572,140
	<b>224,079,461</b>	<b>82,764,554</b>

The following table outlines the remaining cash obligations of the company for lease contracts. The table has been prepared based on the undiscounted cash flows for lease obligations as of the nearest date the group can be required to make payment:

	Buildings and land	Printers	Total
First year	42,761,092	466,278	<b>43,227,370</b>
Second year	35,173,469	336,000	<b>35,509,469</b>
Third year	22,632,318	336,000	<b>22,968,318</b>
Fourth year	21,903,426	37,722	<b>21,941,148</b>
Fifth year	15,577,200	-	<b>15,577,200</b>
More than five year	98,308,800	-	<b>98,308,800</b>
	<b>236,356,30</b>	<b>1,176,000</b>	<b>237,532,305</b>

The following are finance costs that were charged to the consolidated statement of profit or loss:

	December 31, 2023	December 31, 2022
Finance cost	4,281,048	5,737,079

## 13. INTANGIBLE ASSETS

Intangible assets consist of electronic platforms and systems, licenses and patents. The movement during the year is as follows:

	December 31, 2023	December 31, 2022
<b>Cost</b>		
Balance at the beginning of the year	562,806,330	458,088,090
Transferred from capital work in progress (Note 11)	53,313,932	30,296,198
Additions during the year	19,067,691	74,422,042
Disposals during the year	(1,615,974)	-
<b>Balance at the end of the year</b>	<b>633,571,979</b>	<b>562,806,330</b>
<b>Accumulated amortization</b>		
Balance at the beginning of the year	(383,173,199)	(292,821,363)
Impairment during the year (A)	(5,510,351)	(36,384,286)
Amortization during the year	(71,857,862)	(53,967,550)
Disposals during the year	1,615,974	-
Accumulated amortization at the end of the year	(458,925,438)	(383,173,199)
<b>Net Book Value at the end of the year</b>	<b>174,646,541</b>	<b>179,633,131</b>

### A) Impairment

As on December 31, 2023, the Group recorded an impairment against internally developed technology platforms, amounted to SR 5,5 million (December 31, 2022: SR 36,3 million) due to the presence of indicators of impairment. The management conducted a study to assess the recoverable amount through forecasting the expected future cash flows of the asset which resulted in recoverable amount being less than the current value of the asset. Impairment is classified under cost of revenue if presented by function.

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

	December 31, 2023	December 31, 2022
Cost of revenue	63,467,667	47,010,076
General and administrative expenses	8,390,195	6,957,474
	<b>71,857,862</b>	<b>53,967,550</b>

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 14. INVESTMENTS IN ASSOCIATES

The following is the details of each of the Group's associate companies as at the end of the year:

Associate Company name	Country of Origin/ place of operations	Ownership share percentage	
		December 31, 2023	December 31, 2022
Sahel Al Madar Trading Company (A)	Kingdom of Saudi Arabia	30%	30%
Smart National Solution Company (B)	Kingdom of Saudi Arabia	24%	24%
Al Dal Real Estate Services Company (C)	Kingdom of Saudi Arabia	-	30%

A) Sahel Al Madar Trading Company established under the Saudi Companies Law under commercial registration no. 1010586820. The Company is engaged in directing goods transport vehicles, freight brokers. The group invested an amount of SR 14 million divided into SR 60 thousand, representing an equity investment, according to which the group obtained an ownership percentage representing 30% of the Company, and an advance payment for future equity in the Company representing the remaining amount of SR 13,9 million. And valued at fair value through profit or loss using the multiples method (fair value level 3).

The following is a summary of the book value of the Group's share in the Company's net assets according to the equity method:

	December 31, 2023	December 31, 2022
Net assets of Sahel Al Madar	6,282,077	11,413,621
The Group's share in the ownership of Sahel Al-Madar	30%	30%
<b>The book value of the Group's share</b>	<b>1,884,623</b>	<b>3,424,086</b>

B) Smart National Solutions Company Technology established under the Companies Law in Saudi Arabia under Commercial Registration No. 1010463892. The main activities of the Company are designing and programming special software, software maintenance and designing web pages. The group invested an amount of SR 4,9 million, divided into SR 49 thousand, representing an equity investment, according to which the group obtained an ownership percentage representing 24% of the Company, and an advance payment for future equity in the Company representing the remaining SR 4,8 million. And valued at fair value through profit or loss using the multiples method (fair value level 3).

The following is a summary of the book value of the Group's share in the Company's net assets according to the equity method:

	December 31, 2023	December 31, 2022
Net assets of Smart National Solutions	3,472,054	18,551,171
The Group's share in the ownership of Smart National Solutions	24%	24%
<b>The book value of the Group's share</b>	<b>833,293</b>	<b>4,452,281</b>

C) Al-Dal Real Estate Services Company, a Limited Liability Company registered with commercial register no. 1010680496, on Jumada Al-Awwal 29, 1442 AH (corresponding to January 13, 2021), and its headquarters is in Riyadh. The Company's main activities are in auctioneers and auction brokers. For all commodities, wholesale online, residential home auctions activities, non-store auctions, brokerage agents' activities, real estate management activities for commission, providing marketing services on behalf of others.

During the year, the Group sold all of its shares in Al Dal Real Estate Services Company, in exchange for SR 150 Thousand. The disposal resulted in a loss of SR 29 Thousand, which has been recognized in the condensed consolidated statement of profit or loss under other income, net.

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

	December 31, 2023			Total
	Sahel Al Madar	Smart National Solutions	Al Dal Real Estate Services	
<b>Investment using the equity method:</b>				
Balance at the beginning of the year	-	2,218,741	179,017	<b>2,397,758</b>
Disposals during the year	-	-	(179,017)	<b>(179,017)</b>
Share of results from associates	-	(2,218,741)	-	<b>(2,218,741)</b>
	-	-	-	-
<b>Long Term Interest:</b>				
Balance at the beginning of the year	4,846,150	11,139,149	-	<b>15,985,299</b>
Gain/ (Loss) at FVTPL	4,176,503	(8,297,021)	-	<b>(4,120,518)</b>
Group share in total accumulated losses (A)	(8,327,378)	(1,400,250)	-	<b>(9,727,628)</b>
	<b>695,275</b>	<b>1,441,878</b>	-	<b>2,137,153</b>
<b>Group's net investment balance</b>	<b>695,275</b>	<b>1,441,878</b>	-	<b>2,137,153</b>

	December 31, 2022			Total
	Sahel Al Madar	Smart National Solutions	Al Dal Real Estate Services	
<b>Investment using the equity method:</b>				
Balance at the beginning of the year	-	3,347,224	150,000	<b>3,497,224</b>
Share of results from associates	-	(1,128,483)	29,017	<b>(1,099,466)</b>
	-	<b>2,218,741</b>	<b>179,017</b>	<b>2,397,758</b>
<b>Long Term Interest:</b>				
Balance at the beginning of the year	2,163,978	12,421,724	-	<b>14,585,702</b>
Gain/ (Loss) at FVTPL	8,430,000	-	-	<b>8,430,000</b>
Group share in total accumulated losses (A)	(5,747,828)	(1,282,575)	-	<b>(7,030,403)</b>
	<b>4,846,150</b>	<b>11,139,149</b>	-	<b>15,985,299</b>
<b>Group's net investment balance</b>	<b>4,846,150</b>	<b>13,357,890</b>	<b>179,017</b>	<b>18,383,057</b>

(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.

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 15. OTHER FINANCIAL ASSETS

The Group's other financial assets balances consist of:

	December 31, 2023	December 31, 2022
<b>Financial assets at FVTPL</b>		
Money Market Funds (A)	18,797,335	85,853,919
Advance payment for future equity (B)	19,936,296	29,972,335
	<b>38,733,631</b>	<b>115,826,254</b>
<b>Financial assets at FVTOCI</b>		
Unquoted equity investments (C)	207,970,028	151,576,757
<b>Other financial assets are presented in the statement of financial position as follows:</b>		
Current	18,797,335	85,853,919
Non-current	227,906,324	181,549,092
	<b>246,703,659</b>	<b>267,403,011</b>

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 during valuation, fair value is measured using various methods such as multiples methods and investment 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 during valuation, fair value is measured using various methods such as multiples methods and investment rounds (Fair value level 3). These investments are retained for medium to long-term strategic purposes. 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.

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

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	267,403,011	597,340,291
Additions during the year	432,696,961	118,592,303
Collected from financial assets	(467,929,663)	(446,352,768)
(Loss)/gain on financial assets at FVTPL	(11,848,122)	6,628,318
Gain/(loss) on financial assets at FVTOCI (Note 25)	26,381,472	(8,805,133)
<b>Balance at the end of the year</b>	<b>246,703,659</b>	<b>267,403,011</b>

### 16. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	December 31, 2023	December 31, 2022
Government receivables	1,487,490,009	928,308,495
Trade receivables	1,278,516,916	904,392,219
	<b>2,766,006,925</b>	<b>1,832,700,714</b>
Expected credit losses provision	(443,653,224)	(367,622,511)
	<b>2,322,353,701</b>	<b>1,465,078,203</b>

\*The above amounts include balances with related parties (Note 31).

Account receivable ageing is as follows:

	December 31, 2023		December 31, 2022	
	Government	Private	Government	Private
0-90 days	520,838,382	733,104,253	277,734,067	467,398,827
91-180 days	303,443,740	131,237,836	42,800,548	84,812,999
181-365 days	59,458,087	122,080,896	23,250,420	102,783,606
More than 365 days	603,749,800	292,093,931	584,523,460	249,396,787
	<b>1,487,490,009</b>	<b>1,278,516,916</b>	<b>928,308,495</b>	<b>904,392,219</b>

The movement of expected credit losses provision is as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	367,622,511	263,216,898
Provision for the year (Note 35-A)	76,030,713	104,405,613
<b>Balance at the end of the year</b>	<b>443,653,224</b>	<b>367,622,511</b>

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 17. CONTRACT ASSETS

Contract assets represent revenues generated by services performed by the Group that have not been invoiced to customers up to the date of the consolidated financial statements, and that revenue will be invoiced in subsequent financial periods.

Contract assets consists of the following:

	December 31, 2023	December 31, 2022
Government contract assets	701,502,502	807,711,945
Trade contract assets	274,984,648	111,954,500
	<b>976,487,150</b>	<b>919,666,445</b>
Expected credit losses provision	(128,861,466)	(115,204,452)
	<b>847,625,684</b>	<b>804,461,993</b>

\*The above amounts include balances with related parties (Note 31).

The movement of expected credit losses is as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	115,204,452	70,947,564
Provision for the year (Note 35-A)	13,657,014	44,256,888
<b>Balance at the end of the year</b>	<b>128,861,466</b>	<b>115,204,452</b>

### 18. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31, 2023	December 31, 2022
Advance to vendors	93,910,498	21,985,226
Prepaid expenses	77,400,840	59,965,903
Deferred costs	70,830,503	58,031,098
Accrued murabaha deposit income	37,495,313	23,799,051
Letter of guarantee	30,466,718	26,102,849
Employees receivable, net*	26,020,880	21,052,388
Other, net*	1,317,073	1,776,842
	<b>337,441,825</b>	<b>212,713,357</b>

\*Employee receivables and Other balances are shown net after deducting the allowance for expected credit losses.(Note 35-A).

### 19. MURABAHA DEPOSITS

The balance of murabaha deposits consists of deposits with a term of more than three months. The average commission is 6.20% annually (December 31, 2022: 4.98% annually), and the consolidated statement of profit or loss income has been charged with a total deposit income amounting to 127,9 SR million during the year ended December 31, 2023(December 31, 2022:SR 37,9 million). All murabaha deposits mature within one year.

### 20. CASH AND CASH EQUIVALENTS

Cash and Cash equivalents consists of the following:

	December 31, 2023	December 31, 2022
Cash at banks	320,390,132	63,190,550
Short term murabaha deposits *	64,004,475	525,488,841
	<b>384,394,607</b>	<b>588,679,391</b>

\*The balance of short-term murabaha deposits consists of short-term deposits of three months and less. The average commission is 5.79% annually (2022: 5.01%).

\*\* The Company has a balance of SR 2.6 billion as at December 31, 2023 (December 31, 2022: SR 1,4 billion) restricted in its bank accounts, which has not been recorded within the group's assets, as this amount relates to services in which the Company links them to technical systems for the purpose of transferring them between the parties benefiting from these services and the consolidated statement of profit or loss was not charged with deposit income during the year ended December 31, 2023 (December 31, 2022: SR 3,3 million).

### 21. SHARE CAPITAL

The issued and fully paid-up capital consists of 80,000,000 shares with a nominal value of SR 10 per share (December 31, 2022: 80,000,000 shares with a par value of SR 10 per share).

### 22. STATUTORY RESERVE

As at December 31,2023, the statutory reserve balance was SR 174,7 million (December 31,2022: SR 174,7 million).

According to the corporate law and the company's updated Article of Association, no statutory reserve has been formed during the current year.



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 23. TREASURY SHARES

On February 16, 2022, the Group purchased 2,4 million shares of its shares from the main shareholder at a value of SR 128 per share, for a total cash consideration of SR 307,2 million. The Group maintains these shares as treasury shares in order to support the long-term future incentive plans for the employees (Note 24), knowing that the purchased shares will not have the right to vote in the general assemblies of the Company's shareholders and are not entitled to any dividends during the Company's holding period.

The following table shows the number of shares and changes during the year:

	December 31, 2023	December 31, 2022
The number of outstanding treasury shares at the beginning of the year	2,400,000	-
The number of shares purchased during the year	-	2,400,000
The number of shares settled and reissued during the year	(97,200)	-
	<b>2,302,800</b>	<b>2,400,000</b>

### 24. SHARE BASED PAYMENT

Share-Based payment is one of the employee incentive programs which aims to attract, motivate and retain the Group's employees. The program provides a share-based payment plan for eligible employees participating in the program in which they are granted shares in the Company upon fulfillment of terms of service and performance. And the expenses related to the program is included in the employee benefits expense item in the consolidated statement of profit or loss, and recording the amount corresponding to the expenses in other reserves in equity, in accordance with the requirements of International Financial Reporting Standard (2): Share- Based Payment.

#### A) Broad based Stock ownership program

During the year, the Company settled a broad based stock ownership program for its employees, the details which are as follows:

Grant date	March 30, 2022
Due date	February 16, 2023
Average fair value of the shares	SR 210
Number of shares granted	97,200 Shares
Settlement method	Equity

#### A) long-term future incentive plans program- Tranche 1

During the year 2022, the group announced the first phase of the long-term incentive plan program for its employees:

Grant date	December 1, 2022
Due date	March 31, 2025
Average fair value of the shares	SR 322
Maximum number of shares granted	162,596 Shares
Settlement method	Equity

#### C) long-term future incentive plans program- Tranche 2

During the year 2023, the group announced the second phase of the long-term incentive plan program for its employees:

Grant date	September 7, 2023
Due date	March 31, 2026
Average fair value of the shares	SR 767
Maximum number of shares granted	119,621 Shares
Settlement method	Equity

The following is the share-based payment expenses by program type:

	December 31, 2023	December 31, 2022
Broad based stock ownership program	2,813,352	17,632,670
long-term future incentive plans program- Tranche 1	21,166,876	1,907,217
long-term future incentive plans program- Tranche 2	12,554,727	-
	<b>36,534,955</b>	<b>19,539,887</b>

### 25. OTHER RESERVES

Other reserves consist of the following:

	December 31, 2023	December 31, 2022
<b>Employees end of service benefits rereasurement</b>		
Opening balance	(53,360,943)	(44,984,753)
Remeasurement losses (Note 27)	(5,463,042)	(8,376,190)
	<b>(58,823,985)</b>	<b>(53,360,943)</b>
<b>Other financial assets revaluation reserve</b>		
Opening balance	9,640,169	18,445,302
Gain/(Loss) on revaluation (Note 15)	26,381,472	(8,805,133)
	<b>36,021,641</b>	<b>9,640,169</b>
<b>Share based payment</b>		
Opening balance	19,539,887	-
Additions	36,534,955	19,539,887
Settlement	(20,446,020)	-
	<b>35,628,822</b>	<b>19,539,887</b>
<b>Balance at the end of the year</b>	<b>12,826,478</b>	<b>(24,180,887)</b>

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 26. EARNINGS PER SHARE

	December 31, 2023	December 31, 2022
Net profit attributable to equity holders of the parent Company	1,356,230,754	930,189,589
<b>Number of Shares</b>		
Weighted average number of shares for calculation for basic earnings per share	77,684,684	77,903,297
Weighted average number of shares for repurchased shares	2,315,316	2,096,703
Weighted average number of shares for calculation for diluted earnings per share	80,000,000	80,000,000
<b>EARNINGS PER SHARE:</b>		
Basic	17.46	11.94
Diluted	16.95	11.63

### 27. END OF SERVICES BENEFITS PROVISION

	December 31, 2023	December 31, 2022
<b>Financial assumptions:</b>		
Discount rate	4.5% - 5.00%	4.5% - 4.55%
Salary increase rate	4.50% - 7.00%	4.50% - 7.00%

Employee end of service benefits provision movement in present value is as follows:

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	307,462,112	263,057,441
Current service cost	53,971,227	56,260,945
Current service financing cost	13,789,543	6,498,750
Benefits paid	(19,996,797)	(26,731,214)
Actuarial losses (Note 25)	5,463,042	8,376,190
<b>Balance at the end of the year</b>	<b>360,689,127</b>	<b>307,462,112</b>

Following is sensitivity analysis for the actuarial assumptions:

	Rate change	December 31, 2023		December 31, 2022	
		Increase	Decrease	Increase	Decrease
Discount rate	1%	(21,192,645)	23,980,303	(18,443,421)	20,875,073
Increase salary rate	1%	24,460,710	(22,032,918)	21,265,553	(19,147,422)
Employee turnover rate	10%	(4,230,933)	4,681,208	(3,947,687)	4,335,256

### 28. ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES

Accounts payable and other current liabilities are as follows:

	December 31, 2023	December 31, 2022
Income sharing accruals	1,578,815,235	812,510,288
Contractual cost	384,390,554	370,623,525
Employee accruals	368,550,827	319,331,953
Accounts payable	328,851,291	318,805,227
Value added tax (VAT)	74,902,463	35,396,601
Incentives & marketing	42,273,245	38,345,939
Litigation provision (Note 34)	1,070,417	16,386,478
Retention payable	3,535,720	2,156,491
Dividend Payable	1,987,042	1,986,500
Others	20,678,630	12,769,365
	<b>2,805,055,424</b>	<b>1,928,312,367</b>

\*The above amounts include balances with related parties (Note 31).

### 29. CONTRACT LIABILITIES

Contract liabilities are as follows:

	December 31, 2023	December 31, 2022
Deferred revenue from subscriptions	301,738,702	261,667,633
Advance from customers	201,968,688	210,595,586
	<b>503,707,390</b>	<b>472,263,219</b>

### 30. ZAKAT

#### 30-1 Zakat and Tax position

- The group submitted all its zakat returns until the end of the year 2022, 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.
- 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 and 2020, 2022 and the process of examining tax returns submitted for these years was closed and did not result in any tax differences.

#### 30-2 Zakat Base

The Group calculates and records the zakat provision on zakat base in accordance with the rules and regulations of zakat in the Kingdom of Saudi Arabia the details of which are as follows:

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

	December 31, 2023	December 31, 2022
Capital at beginning of the year	800,000,000	800,000,000
<b>Additions:</b>		
Retained earnings - beginning of the year	2,411,684,121	1,954,509,071
Provision and reserves	931,855,233	640,908,026
Accounts payable and other liabilities	371,752,158	525,531,570
Net adjusted profit	1,772,115,104	1,287,803,391
<b>Total adjusted equity</b>	<b>6,287,406,616</b>	<b>5,208,752,058</b>
<b>Disposals:</b>		
Dividends paid	(466,183,200)	(388,000,000)
Purchase of treasury shares	(294,758,400)	(307,200,000)
Net property (adjusted) and investments	(931,863,431)	(871,229,212)
Total adjusted disposals	(1,692,805,031)	(1,566,429,212)
Zakat base	2,822,486,481	2,354,519,455
Zakat base during the year	4,682,305,967	3,715,485,880
<b>2.5% Zakat from the zakat base during the year</b>	<b>117,057,649</b>	<b>92,887,147</b>

### 30-3 Zakat Provision

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

	December 31, 2023	December 31, 2022
Balance at the beginning of the year	138,434,452	103,465,145
Charge during the year	117,057,649	92,887,147
Paid during the year	(71,878,782)	(57,917,840)
<b>Balance at the ending of the year</b>	<b>183,613,319</b>	<b>138,434,452</b>

### 31. 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 consolidated financial statements, balances with related parties were unguaranteed.

The transactions with related parties are similar to commercial transactions with external parties. Below are the details of the significant transactions with related parties during the year:

	December 31, 2023	December 31, 2022
<b>Transactions with government entities (*)</b>		
Service revenue (Note 5)	2,123,098,462	1,950,878,809
Services cost (Note 6)	1,035,654,707	642,584,511
<b>Transactions with government related entities</b>		
Service revenue (Note 5)	228,010,829	188,971,456
Services cost (Note 6)	59,519,482	41,282,273
<b>Transactions with Associate companies</b>		
Services cost (Note 14)	7,704,913	15,928,053

\* Service revenues from government entities include transactions with the main shareholder amounting to SR 30,0 million (2022: SR 74,0 million)

	December 31, 2023	December 31, 2022
<b>Transaction with board of directors and senior executive managers</b>		
Salaries and benefit	25,627,146	20,101,227
Remunerations and allowances	29,087,389	22,590,750
Share based payment Expense	8,344,559	613,424
End of service benefits Expense	4,010,484	3,775,462
	<b>67,069,578</b>	<b>47,080,863</b>

	December 31, 2023	December 31, 2022
<b>Balances</b>		
<b>Due from related parties (*)</b>		
Due from government entities classified under:		
Accounts receivable (Note 16)	1,487,490,009	928,308,495
Contract assets (Note 17)	701,502,502	807,711,945
Due from government related entities classified under:		
Accounts receivable (Note 16)	182,117,569	160,880,654
Contract assets (Note 17)	20,364,362	37,254,998
<b>Due to Related Parties:</b>		
Due to government related classified under:		
Accounts payable and other current liabilities (Note 28)	1,588,614,267	840,661,466
Due to government related entities classified under:		
Accounts payable and other current liabilities (Note 28)	30,513,812	26,022,401
Due to associate companies classified under:		
Accounts payable and other current liabilities (Note 28)	2,099,460	6,750,717

\* Balances due from government entities include amounts due from the main shareholder included in receivables at an amount of SR 11,2 million (2022: SR 29,8 million). And due balances included in contract assets amounting to SR 25,6 million (2022: SR 47,7 million).

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 31. 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:

- 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.
- 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.
- 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.

Below are the summarized financial data for these sectors:

	December 31, 2023	December 31, 2022
<b>Revenue</b>		
Digital business	4,254,973,267	3,151,784,457
Business process outsourcing	1,478,990,609	1,301,376,963
Professional services	164,398,964	152,937,473
	<b>5,898,362,840</b>	<b>4,606,098,893</b>
<b>Cost</b>		
Direct cost	(3,547,310,230)	(2,720,238,240)
Operating expenses (except depreciation and amortization, ECL and impairment)	(752,828,318)	(608,143,552)
Expected credit loss (ECL)	(91,770,357)	(148,819,716)
Depreciation and amortization	(149,951,571)	(120,049,688)
Impairment of non-current assets	(5,918,692)	(36,455,686)
Other income, net	122,668,731	50,684,725
Zakat	(117,057,649)	(92,887,147)
	<b>(4,542,168,086)</b>	<b>(3,675,909,304)</b>
<b>Net profit</b>	<b>1,356,194,754</b>	<b>930,189,589</b>

Below is an analysis of gross profit by segments:

	December 31, 2023	December 31, 2022
Digital business	1,959,970,691	1,452,328,755
Business process outsourcing	366,554,707	399,379,038
Professional services	24,527,212	34,152,860
	<b>2,351,052,610</b>	<b>1,885,860,653</b>

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

	December 31, 2023	December 31, 2022
<b>Assets</b>		
Digital business	5,841,184,113	4,123,634,856
Business process outsourcing	2,030,343,296	1,702,655,584
Professional services	225,685,229	200,095,629
	<b>8,097,212,638</b>	<b>6,026,386,069</b>

	December 31, 2023	December 31, 2022
<b>Liabilities</b>		
Digital business	2,959,499,413	2,038,679,830
Business process outsourcing	1,028,695,497	841,774,240
Professional services	114,345,874	98,925,084
	<b>4,102,540,784</b>	<b>2,979,379,154</b>

### 33. 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 December 31, 2023 (December 31, 2022: SR 150 million). The Group has utilized some of those facilities agreements to issue bank guarantees for its projects as disclosed in (Note 34).

### 34. CONTINGENT LIABILITIES

- The Group has outstanding bank letters of guarantee amounting to SR 109 million as of December 31, 2023 (December 31, 2022: SR 97 million).
- The Group has operating and capital commitments amounting to SR 1,3 billion (December 31, 2022: SR 840 million).
- In the normal course of business, the Group is a party to legal cases either as a plaintiff or defendant. As on December 31, 2023, the Group recorded a provision against legal cases amounting to SR 1,1 million (December 31, 2022: SR 16,4 million), which is the best estimate of management. Over the provisions of these issues and management does not expect that there will be any additional liability over the amount recorded as a provision for these issues.
- As of December 31, 2023, the associate companies have no contingent liabilities (December 31, 2022: SR 0,5 million). The Group discloses its share of contingent liabilities from its associates.

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 35. RISK MANAGEMENT

The Group's activities are exposed to a number of financial risks: market risk (including currency risk, fair value, cash flow interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out by senior management in accordance with the policies approved by the Board of Directors. The most important types of risk are credit risk, currency risk and fair value risk.

The Board of Directors has overall responsibility for establishing and monitoring the Group's risk management framework. Executive management is responsible for developing and monitoring the Group's risk management policies, and any changes and compliance issues are reported to the Board of Directors through the Audit Committee.

The Group Audit Committee oversees how management monitors compliance with The Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The internal audit department assists The Group Audit Committee in carrying out its oversight role. The internal audit department performs regular and ad hoc reviews of risk management controls and procedures and the results are reported to the Audit Committee.

#### A. Credit risk

Credit risk is the risk that the Group will incur financial loss in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the Group's receivables from customers as well as employees.

The carrying amounts of accounts receivable, contract assets and employees receivable represent the maximum exposure to credit risk.

The movement in the expected credit loss in respect of accounts receivable, contract assets and employee receivables during the year, as follows:

	December 31, 2023	December 31, 2022
<b>Balance at the beginning of the year</b>	484,140,695	335,320,979
Provision for accounts receivable (Note 16)	76,030,713	104,405,613
Provision for contract assets (Note 17)	13,657,014	44,256,888
Provision for Other receivable (Note 18)	2,232,412	-
(Reversal) /provision for employees (Note 18)	(149,782)	157,215
<b>Balance at the end of the year</b>	<b>575,911,052</b>	<b>484,140,695</b>

The exposure to credit risk for trade receivables and contract assets by type of customer (governmental or non-governmental) was as follows:

	Accounts Receivable		Contract Assets	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Government	1,487,490,009	928,308,495	701,502,502	807,711,945
Private	1,278,516,916	904,392,219	274,984,648	111,954,500
	<b>2,766,006,925</b>	<b>1,832,700,714</b>	<b>976,487,150</b>	<b>919,666,445</b>

The following tables present information about exposure to credit risk and expected credit losses for receivables:

	Government receivables (A)			
	December 31, 2023		December 31, 2022	
	Book value	ECL	Book value	ECL
Low risk	1,339,954,623	41,224,181	787,071,797	540,009
Loss	147,535,386	147,535,386	141,236,698	141,236,698
	<b>1,487,490,009</b>	<b>188,759,567</b>	<b>928,308,495</b>	<b>141,776,707</b>

	Trade account receivable			
	December 31, 2023		December 31, 2022	
	Book value	ECL	Book value	ECL
1-90 days	733,104,253	-	467,398,827	-
91-180 days	131,237,836	4,318,875	84,812,999	2,801,520
181 - 365 days	122,080,896	18,796,015	102,783,606	16,311,125
More than 365 days	292,093,931	231,778,767	249,396,787	206,733,159
	<b>1,278,516,916</b>	<b>254,893,657</b>	<b>904,392,219</b>	<b>225,845,804</b>

The following tables present information about exposure to credit risk and expected credit losses for contract assets:

	Government contract assets			
	December 31, 2023		December 31, 2022	
	Book value	ECL	Book value	ECL
Low risk	590,764,961	-	708,510,461	-
Loss	110,737,541	110,737,541	99,201,484	99,201,484
	<b>701,502,502</b>	<b>110,737,541</b>	<b>807,711,945</b>	<b>99,201,484</b>

	Trade contract assets			
	December 31, 2023		December 31, 2022	
	Book value	ECL	Book value	ECL
Low risk	256,860,724	-	95,951,532	-
Loss	18,123,924	18,123,924	16,002,968	16,002,968
	<b>274,984,648</b>	<b>18,123,924</b>	<b>111,954,500</b>	<b>16,002,968</b>

The amount of provision for credit loss also includes provisions related to employee receivables in the amount of SR 1,163,950 as at December 31, 2023 (December 31, 2022: SR 1,313,732).

The amount of provision for credit loss also includes provisions related to other receivables in the amount of SR 2,232,412 as at December 31, 2023 (December 31, 2022: nil).

For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

The Group uses a dedicated matrix for the purpose of calculating expected credit losses for trade receivables, contract assets and employee receivables. This matrix is based initially on historical default rates. The Group calibrates the matrix to adjust the historical experience of credit losses, taking into account the information expected in the future. At the date of each financial report, The Group updates the historical default rates and this is reflected in future estimates, in addition, it calculates additional provisions for specific cases.

(A) During the year 2023, the Group implemented a dedicated matrix for the purpose of calculating the present value of money for governmental receivables. Through this matrix, the Group estimates the expected collection date by applying certain assumptions and inputs such as historical collection experience per client, which is reflected within the low-risk category of the risk items.

### Low value financial assets

A financial asset is considered impaired when one or more events that have a negative impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is impaired includes observable data about the following events:

- Significant financial difficulties for the issuer of securities or the lender;
- A breach of contract, such as a late payment or default;
- The lender(s) granted the borrower, for economic or contractual reasons related to the borrower's financial difficulty, a privilege(s) that the lender would not consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization; and
- The disappearance of an active market for that financial asset due to financial difficulties.

### Definition of default

The Group considers the following to be default events, for the purpose of managing credit risk internally because past experience indicates that receivables that meet any of the following criteria are generally unrecoverable.

- When there is a non-compliance with the financial commitments of the counterparty; or
- Information prepared internally or obtained from external sources indicates that the debtor is unlikely to pay its debt (without regard to any collateral held by the Group).

### write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial distress and there is no realistic prospect of recovery. For example: when the counterparty is under liquidation or has entered into bankruptcy proceedings. Written-off financial assets may continue to be subject to enforcement activities under The Group's recovery procedures, subject to legal advice where appropriate. Any recoveries are recognized in the consolidated statement of profit or loss.

### B. Liquidity risk

Liquidity risk represents the Group's inability to meet its financial obligations as they fall due. The Group minimizes liquidity risk by ensuring that the necessary liquidity is always available. Except for the obligation to purchase property and lease obligations, all other financial liabilities are expected to be settled in the following 12 months.

The Group ensures that it has sufficient cash on demand to meet the expected operating expenses, including servicing its financial obligations, and this does not include the potential impact of emergency conditions that cannot be reasonably foreseen such as natural disasters. In addition, the Group maintains various lines of credit.

The Group monitors the risk of shortfall in liquidity using forecast models to determine the effects of operating activities on the overall availability of liquidity. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of revolving credit facilities and other sources of liquidity if needed.

The table below summarizes the maturities of the Group's financial liabilities based on undiscounted contractual payments:

	December 31, 2023			Total
	Within one year	Between 1 and 5 years	More than 5 years	
Accounts payable and other current liabilities	2,783,306,377	-	-	2,783,306,377
Liabilities of purchasing property	26,062,795	-	-	26,062,795
Lease liabilities	43,227,370	95,996,135	98,308,800	237,532,305
	<b>2,852,596,542</b>	<b>95,996,135</b>	<b>98,308,800</b>	<b>3,046,901,477</b>

	December 31, 2022			Total
	Within one year	Between 1 and 5 years	More than 5 years	
Accounts payable and other current liabilities	1,899,156,526	-	-	1,899,156,526
Liabilities of purchasing property	26,062,795	26,062,795	-	52,125,590
Lease liabilities	15,775,056	16,123,197	75,578,787	107,477,040
	<b>1,940,994,377</b>	<b>42,185,992</b>	<b>75,578,787</b>	<b>2,058,759,156</b>

For The Year Ended December 31, 2023  
All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### C- Credit risk

#### Managing the risks of fluctuation in currency exchange rates

Currency risk is the risk that a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Group did not carry out significant transactions in foreign currencies except the US dollar, the British pound and the Euro during the year. The Group was not exposed to the risks of fluctuation in currency exchange rates during the period, and the management does not expect that the Group will be subject in the future to transactions related to these risks substantially.

#### interest rate risk

It is the exposure to various risks associated with the impact of fluctuations in the prevailing interest rates on the financial position and cash flows of the Group. The Group's interest rate risk arises from bank deposits, short-term bank debt and long-term debt which are at floating interest rates. All debts and deposits are subject to regular re-pricing. Management monitors changes in interest rates and believes that the fair value and cash flow interest rate risks are not significant to The Group.

#### Interest Rate Sensitivity Analysis

For rate deposits, the analysis is prepared assuming that the amount of the deposit outstanding at the end of the reporting period was due throughout the year. An increase or decrease of 50 basis points represents management's assessment of a reasonable possible change in interest rates.

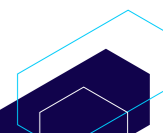
On December 31, 2023, if the group's short-term deposit rates were 50 basis points higher/lower with all other variables held constant, the profit for the year would be SR 16,9 million higher/lower, as a primary result of higher interest income/ low on variable rate deposits (December 31, 2022: SR 12,6 million).

### D - Capital management

The Group's objective when managing capital is to protect the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustainable development of its business.

### 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

Below table shows the book values and fair values of financial assets and liabilities, 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. If the book value reasonably approximates the fair value, there were no reclassifications of financial assets measured at fair value through the fair value hierarchy levels during the year:



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

	December 31, 2023						
	Book value			Fair value			
	At fair value	At amortized cost	Total	Level one	Level two	Level three	Total
<b>Financial assets</b>							
Other financial assets	246,703,659	-	<b>246,703,659</b>	-	18,797,335	227,906,324	<b>246,703,659</b>
Accounts receivable	-	2,322,353,701	<b>2,322,353,701</b>	-	-	-	<b>2,322,353,701</b>
Prepaid expenses and other current assets	-	93,982,911	<b>93,982,911</b>	-	-	-	<b>93,982,911</b>
Murabaha deposits	-	3,056,113,638	<b>3,056,113,638</b>	-	-	-	<b>3,056,113,638</b>
Cash and cash equivalents	-	384,394,607	<b>384,394,607</b>	-	-	-	<b>384,394,607</b>
<b>Total</b>	<b>246,703,659</b>	<b>5,856,844,857</b>	<b>6,103,548,516</b>	-	<b>18,797,335</b>	<b>227,906,324</b>	<b>6,103,548,516</b>
<b>Financial liabilities</b>							
Accounts payable and other current liabilities	-	2,805,055,424	<b>2,805,055,424</b>	-	-	-	<b>2,805,055,424</b>
Liabilities of purchasing property	-	25,396,063	<b>25,396,063</b>	-	-	-	<b>25,396,063</b>
Lease liabilities	-	224,079,461	<b>224,079,461</b>	-	-	-	<b>224,079,461</b>
<b>Total</b>	-	<b>3,054,530,948</b>	<b>3,054,530,948</b>	-	-	-	<b>3,054,530,948</b>

	December 31, 2022						
	Book value			Fair value			
	At fair value	At amortized cost	Total	Level one	Level two	Level three	Total
<b>Financial assets</b>							
Other financial assets	283,388,310	-	<b>283,388,310</b>	-	85,853,919	197,534,391	<b>283,388,310</b>
Trade receivable	-	1,465,078,203	<b>1,465,078,203</b>	-	-	-	<b>1,465,078,203</b>
Prepaid expenses and other current assets	-	15,324,785	<b>15,324,785</b>	-	-	-	<b>15,324,785</b>
Murabaha deposits	-	1,998,369,994	<b>1,998,369,994</b>	-	-	-	<b>1,998,369,994</b>
Cash and cash equivalents	-	588,679,391	<b>588,679,391</b>	-	-	-	<b>588,679,391</b>
<b>Total</b>	<b>283,388,310</b>	<b>4,067,452,373</b>	<b>4,350,840,683</b>	-	<b>85,853,919</b>	<b>197,534,391</b>	<b>4,350,840,683</b>
<b>Financial liabilities</b>							
Accounts payable and other current liabilities	-	1,928,312,367	<b>1,928,312,367</b>	-	-	-	<b>1,928,312,367</b>
Liabilities of purchasing property	-	50,142,450	<b>50,142,450</b>	-	-	-	<b>50,142,450</b>
Lease liabilities	-	82,764,554	<b>82,764,554</b>	-	-	-	<b>82,764,554</b>
<b>Total</b>	-	<b>2,061,219,371</b>	<b>2,061,219,371</b>	-	-	-	<b>2,061,219,371</b>



For The Year Ended December 31, 2023

All Amounts in Saudi Riyals

## Notes to the consolidated financial statements (continued)

### 37. 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 consolidated financial statements. The reclassification had no impact on the net assets of the Group.

#### 1- Consolidated statement of financial position

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

	December 31, 2022	Reclassification	Balance after reclassification
<b>Non-current assets</b>			
Other financial assets	197,534,391	(15,985,299)	<b>181,549,092</b>
Investment in associate	2,397,758	15,985,299	<b>18,383,057</b>
	<b>199,932,149</b>	<b>-</b>	<b>199,932,149</b>
<b>Current liabilities</b>			
Accounts payable and other current liabilities	1,903,401,458	24,910,909	<b>1,928,312,367</b>
Due to related parties	24,910,909	(24,910,909)	<b>-</b>
	<b>1,928,312,367</b>	<b>-</b>	<b>1,928,312,367</b>

The reclassification impact on the consolidated financial position of the Group has a similar effect on the consolidated statement of cash flows, and this impact has been reversed.

#### 2- 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:

	December 31, 2022	Reclassification	Balance after reclassification
Digital business	3,139,716,782	12,067,675	<b>3,151,784,457</b>
Business process outsourcing	1,301,376,963	-	<b>1,301,376,963</b>
Professional services	165,005,148	(12,067,675)	<b>152,937,473</b>
	<b>4,606,098,893</b>	<b>-</b>	<b>4,606,098,893</b>

#### 2-B Gross profit:

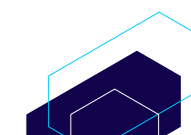
	December 31, 2022	Reclassification	Balance after reclassification
Digital business	1,456,365,284	(4,036,529)	<b>1,452,328,755</b>
Business process outsourcing	399,379,038	-	<b>399,379,038</b>
Professional services	30,116,331	4,036,529	<b>34,152,860</b>
	<b>1,885,860,653</b>	<b>-</b>	<b>1,885,860,653</b>

### 38. DIVIDENDS

- The Board of Directors, in its meeting held on Ramadan 5, 1444 AH (corresponding to March 27, 2023), approved cash dividends of SR 233,1 million (at SR 3 per share) for the second half of the year 2022. During April, the dividends were paid.
- The Board of Directors, in its meeting held on Muharram 18, 1445 AH (corresponding to August 5, 2023), approved cash dividends of SR 233,1 million (at SR 3 per share) for the first half of the year 2023. During August, the dividend were paid.
- The Board of Directors, in its meeting held on Shaaban 28, 1445 AH (corresponding to March 9, 2024), approved cash dividends of SR 310,8 million (at SR 4 per share) for the second half of the year 2023.

### 39. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors on Shaaban 28, 1445 AH (corresponding to March 9, 2024).





**We Make Life Easier..**