



ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026



ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026

<u>INDEX</u>	<u>PAGE</u>
Independent auditor's review report	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of comprehensive income	3
Interim condensed consolidated statement of financial position	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 - 22



Independent Auditor's Review Report on the Interim Condensed Consolidated Financial Statements

To the shareholders of
Elm Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Elm Company** ("the Company") and its subsidiaries (collectively referred to as "the Group"), as at 30 June 2026, and the related interim condensed consolidated statement of profit or loss and statement of other comprehensive income for the three and six month periods then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the six month period then ended, and other explanatory notes.

The Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards ("IAS 34") "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with IAS 34 That is endorsed in the Kingdom of Saudi Arabia.

For Dr. Mohamed Al-Amri & Co.,



Gihad Mohamed Al-Amri
Certified Public Accountant
License No. 362



Riyadh, on: 5 August 2026 (G)
corresponding to: 22 Safar 1448 (H)

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026
All amounts in Saudi Riyals

	Note	For the three months period ended June 30		For the six months period ended June 30	
		2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Revenue	4	2,525,282,050	2,244,771,259	4,997,083,804	4,122,195,879
Cost of revenue		(1,495,313,796)	(1,328,436,631)	(2,917,829,449)	(2,433,608,309)
GROSS PROFIT		1,029,968,254	916,334,628	2,079,254,355	1,688,587,570
EXPENSES					
Research and development		(18,266,264)	(20,785,412)	(37,206,967)	(42,078,303)
Selling and marketing		(121,902,676)	(84,006,825)	(218,154,344)	(169,270,174)
Expected credit losses		(44,403,881)	(37,141,404)	(74,864,398)	(40,795,290)
General and administrative		(233,729,268)	(197,432,423)	(446,494,237)	(346,105,677)
Depreciation and amortization	5,7,8	(85,921,218)	(64,318,287)	(164,445,227)	(104,265,311)
Impairment of non-current assets		-	-	-	(1,544,266)
OPERATING PROFIT		525,744,947	512,650,277	1,138,089,182	984,528,549
Finance cost		(31,766,297)	(28,618,820)	(67,606,605)	(35,983,951)
Income from Murabaha deposits	12,13	32,993,651	29,123,519	75,640,440	72,882,746
Share in results from investments in associates and joint ventures	9	4,614,620	(946,874)	1,503,811	(1,659,302)
Change in fair value of financial assets and liability through profit or loss, net	9,10, 24,1	503,974	5,162,578	6,259,993	12,454,266
Gain on remeasurement of previously held equity interest in an associate before acquisition	24,1	-	-	59,100,000	-
Other income, net		13,930,682	19,621,008	27,156,936	32,521,570
NET PROFIT BEFORE ZAKAT		546,021,577	536,991,688	1,240,143,757	1,064,743,878
Zakat, net	17	(35,306,160)	52,650,722	(73,908,667)	20,629,765
NET PROFIT		510,715,417	589,642,410	1,166,235,090	1,085,373,643
Net profit attributable to:					
Equity holders of the parent company		512,803,089	589,643,321	1,169,301,881	1,085,374,554
Non-controlling interests		(2,087,672)	(911)	(3,066,791)	(911)
		510,715,417	589,642,410	1,166,235,090	1,085,373,643
Earnings per share from net profit attributable to equity holders of the parent company:					
Basic	16	6.58	7.58	15.01	13.95
Diluted	16	6.57	7.57	14.99	13.93



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from (1) to (28) form an integral part of these interim condensed consolidated financial statements

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026
All amounts in Saudi Riyals

	Note	For the three months period ended June 30		For the six months period ended June 30	
		2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
NET PROFIT		510,715,417	589,642,410	1,166,235,090	1,085,373,643
OTHER COMPREHENSIVE INCOME					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation difference		465,598	(585,556)	893,559	(814,962)
<i>Items that will not be reclassified subsequently to profit or loss:</i>					
Change in fair value of financial assets through other comprehensive income	10	2,392,668	(20,047,425)	(15,854,268)	(31,535,133)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		2,858,266	(20,632,981)	(14,960,709)	(32,350,095)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		513,573,683	569,009,429	1,151,274,381	1,053,023,548
Total comprehensive income attributable to:					
Equity holders of the parent company		515,661,355	569,010,340	1,154,333,502	1,053,024,459
Non-controlling interests		(2,087,672)	(911)	(3,059,121)	(911)
		513,573,683	569,009,429	1,151,274,381	1,053,023,548



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from (1) to (28) form an integral part of these interim condensed consolidated financial statements



ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026
All amounts in Saudi Riyals

	Note	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	740,301,134	689,435,290
Capital work in progress	6	76,043,414	196,030,648
Right-of-use assets	7	673,243,817	596,096,775
Intangible assets	8	401,668,553	251,081,318
Finance lease receivables – non current		30,350,662	45,470,575
Investments in associates and joint ventures	9	43,229,623	41,725,812
Other financial assets	10	243,995,537	227,597,182
Long term prepaid expenses		33,794,908	38,010,740
TOTAL NON-CURRENT ASSETS		2,242,627,648	2,085,448,340
CURRENT ASSETS			
Trade receivables	11	4,041,178,137	3,606,503,783
Contract assets		1,286,532,425	1,173,197,325
Finance lease receivables – current		27,435,070	27,584,336
Prepaid expenses and other current assets		500,464,796	447,281,090
Other financial assets	10	415,435,946	404,602,319
Murabaha deposits	12	1,916,239,051	2,306,000,000
Cash and cash equivalents	13	1,574,648,457	1,836,371,678
TOTAL CURRENT ASSETS		9,761,933,882	9,801,540,531
TOTAL ASSETS		12,004,561,530	11,886,988,871
EQUITY AND LIABILITIES			
EQUITY			
Share capital		800,000,000	800,000,000
Treasury shares		(259,426,688)	(273,857,280)
Other reserves		(33,444,312)	32,931,753
Retained earnings		3,953,055,427	3,062,121,606
Equity attributable to equity holders of the parent company		4,460,184,427	3,621,196,079
Non-controlling interests		16,180,587	112,771
TOTAL EQUITY		4,476,365,014	3,621,308,850
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowing – non current	15	1,140,000,000	1,520,000,000
Lease liabilities – non current		601,650,123	543,749,068
End of service benefits provision		625,893,859	596,341,932
Other financial liability	24.12	3,370,000	-
TOTAL NON-CURRENT LIABILITIES		2,370,913,982	2,660,091,000
CURRENT LIABILITIES			
Long term borrowing – current	15	395,684,161	453,408,021
Trade payables and other current liabilities		3,014,943,528	3,481,748,449
Contract liabilities		1,507,855,444	1,407,441,418
Zakat	17	127,535,205	153,260,920
Lease liabilities – current		111,264,196	109,730,213
TOTAL CURRENT LIABILITIES		5,157,282,534	5,605,589,021
TOTAL LIABILITIES		7,528,196,516	8,265,680,021
TOTAL EQUITY AND LIABILITIES		12,004,561,530	11,886,988,871



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from (1) to (28) form an integral part of these interim condensed consolidated financial statements



ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2026
All amounts in Saudi Riyals

		Equity attributable to the equity holders of the parent company								
	Note	Share capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity		
Balance as at January 1, 2025 (Audited)		800,000,000	(293,112,576)	60,669,508	4,725,547,762	5,293,104,694	140,882	5,293,245,576		
Net profit		-	-	-	1,085,374,554	1,085,374,554	(911)	1,085,373,643		
Other comprehensive loss		-	-	(32,350,095)	-	(32,350,095)	-	(32,350,095)		
Total comprehensive income		-	-	(32,350,095)	1,085,374,554	1,053,024,459	(911)	1,053,023,548		
Treasury shares settlement		14	-	19,255,296	(48,496,268)	29,240,972	-	-		
Share-based payment transactions		14	-	-	39,996,537	-	39,996,537	-	39,996,537	
Impact of acquisition through business combination under common control		23.4, 24.2	-	-	-	(3,121,807,695)	(3,121,807,695)	-	(3,121,807,695)	
Dividends			-	-	-	(310,840,232)	(310,840,232)	-	(310,840,232)	
Balance as at June 30, 2025 (Unaudited – Restated Note 23.4)			800,000,000	(273,857,280)	19,819,682	2,407,515,361	2,953,477,763	139,971	2,953,617,734	
Balance as at January 1, 2026 (Audited)			800,000,000	(273,857,280)	32,931,753	3,062,121,606	3,621,196,079	112,771	3,621,308,850	
Net profit			-	-	-	1,169,301,881	1,169,301,881	(3,066,791)	1,166,235,090	
Other comprehensive loss			-	-	(14,968,379)	-	(14,968,379)	7,670	(14,960,709)	
Total comprehensive income			-	-	(14,968,379)	1,169,301,881	1,154,333,502	(3,059,121)	1,151,274,381	
Treasury shares settlement		14	-	-	14,430,592	(86,434,737)	72,004,145	-	-	
Share-based payment transactions		14	-	-	-	35,027,051	-	35,027,051	-	35,027,051
Dividends		21	-	-	-	(350,372,205)	(350,372,205)	-	(350,372,205)	
Non-controlling interest recognized on acquisition of a subsidiary		1.1, 24.1	-	-	-	-	-	19,126,937	19,126,937	
Balance as at June 30, 2026 (Unaudited)			800,000,000	(259,426,688)	(33,444,312)	3,953,055,427	4,460,184,427	16,180,587	4,476,365,014	


Chief Financial Officer


Chief Executive Officer


Chairman

The accompanying notes from (1) to (28) form an integral part of these interim condensed consolidated financial statements

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIODS ENDED JUNE 30, 2026
All amounts in Saudi Riyals

	Note	June 30, 2026 (Unaudited)	June 30, 2025 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before zakat		1,240,143,757	1,064,743,878
<i>Adjustments for non-cash items:</i>			
Depreciation and amortization	5,7,8	164,445,227	104,265,311
Amortization of long term prepaid expenses		41,461,567	25,484,042
Expected credit losses		74,864,398	40,795,290
Impairment of non-current assets		-	1,544,266
End of service benefits provision		68,474,279	44,156,538
Share based payment transactions	14	35,027,051	39,996,537
Finance cost		67,606,605	35,983,951
Income from Murabaha deposits	12,13	(75,640,440)	(72,882,746)
Share in results from investments in associates and joint ventures	9	(1,503,811)	1,659,302
Change in fair value of financial assets and liability through profit or loss, net	9,10	(6,259,993)	(12,454,266)
Gain on remeasurement of previously held equity interest in an associate before acquisition	24.1	(59,100,000)	-
Other income, net		(1,659,169)	(3,031,987)
		1,547,859,471	1,270,260,116
<i>Working capital adjustments:</i>			
Trade receivables		(491,331,910)	(480,747,863)
Contract assets		(121,963,799)	(160,249,237)
Prepaid expenses and other current assets		(17,442,426)	(1,299,895)
Trade payables and other current liabilities		(524,399,160)	(149,227,985)
Contract liabilities		100,415,941	(56,240,953)
Cash generated from operations		493,138,117	422,494,183
Zakat paid		(99,634,382)	(113,689,400)
Proceeds from income from Murabaha deposits		57,182,395	87,109,868
End of service benefits paid		(41,534,449)	(19,328,736)
Net cash generated from operating activities		409,151,681	376,585,915
CASH FLOWS FROM INVESTING ACTIVITIES			
Murabaha deposits		389,760,949	1,389,446,000
Additions to property and equipment and intangible assets		(35,760,955)	(24,584,800)
Payments for capital works in progress		(54,703,684)	(133,470,438)
Additions to long term prepaid expenses		(41,150,875)	(16,643,814)
Additions to investments in other financial assets	10	(31,151,257)	(1,360,680)
Collections from other financial assets		-	100,000,000
Proceeds from finance lease receivables		18,593,468	14,983,801
Acquisition of a subsidiary, net of cash acquired	24.1	7,693,600	(3,141,074,348)
Changes in restricted cash		-	64,540
Net cash generated from / (used in) investing activities		253,281,246	(1,812,639,739)
CASH FLOWS FROM FINANCING ACTIVITIES			
Addition to long term borrowing		-	1,900,000,000
Repayment of long term borrowing		(380,000,000)	-
Payment of principal portion of lease liabilities		(79,279,473)	(39,865,778)
Finance cost paid		(114,478,174)	(542,282)
Dividends paid		(350,372,205)	(310,840,232)
Net cash (used in) / generated from financing activities		(924,129,852)	1,548,751,708
Net change in cash and cash equivalents		(261,696,925)	112,697,884
Cash and cash equivalents at the beginning of the period	13	1,836,371,678	2,250,797,179
Foreign currency exchange differences, net		(26,296)	1,653
Cash and cash equivalents at the end of the period	13	1,574,648,457	2,363,496,716

Please refer to Note 25 for non-cash transactions.



Chief Financial Officer



Chief Executive Officer



Chairman

The accompanying notes from (1) to (28) form an integral part of these interim condensed consolidated financial statements

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026
All amounts in Saudi Riyals

1. INFORMATION ABOUT THE COMPANY

Elm Company, formerly known as (Al Elm Information Security Company) (“the Company”), together with its subsidiaries, collectively referred to as (“the Group”), is a Saudi joint stock company, incorporated in the city of Riyadh, Kingdom of Saudi Arabia on Shawwal 24, 1408H (corresponding to June 8, 1988) and is registered with Commercial Registration number 1010069210.

The Company’s activities are represented in providing information security services, working in the field of electronic business, consulting services, exchanging credit information, managing and operating data and information centers, importing, developing, selling and maintaining hardware, software, information systems and communication networks, providing sites for buying and selling via the Internet, and working in the field of training and workforce development.

1.1 Subsidiaries

During the current period, the following subsidiary was acquired:

<u>Subsidiary Name</u>	<u>Country of Incorporation</u>	<u>Effective shareholding percentage</u>	
		<u>June 30, 2026</u>	<u>December 31, 2025</u>
Sahel Al Madar Trading Company	Saudi Arabia	60%	30%

On Sha’ban 16, 1447H (corresponding to February 5, 2026), the Group completed the acquisition of an additional 30% equity interest in its existing associate, Sahel Al Madar Trading Company, thereby increasing its ownership to 60% and obtaining control over the company. Sahel Al Madar Trading Company is a limited liability company registered in Riyadh; Kingdom of Saudi Arabia under commercial registration number 1010586820 dated Dhu al-Qidah 7, 1440H (corresponding to July 10, 2019). The company is primarily engaged in operating and managing a digital logistics platform directing goods transport vehicles and freight brokers. For details of the acquisition refer to (Note 24.1).

1.2 During the period, the Group undertook an internal restructuring involving the transfer of ownership of certain subsidiaries between entities under common control within the Group. The transaction represents a reorganization within the Group with no change in the ultimate ownership or control of the subsidiaries at the Group level and had no financial impact on the interim condensed consolidated financial statements of the Group.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”, endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”). These interim condensed consolidated financial statements do not include all the information and disclosures required in the complete annual consolidated financial statements in accordance with International Financial Reporting Standards and should therefore be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2025.

Certain prior periods’ figures have been reclassified and restated to conform to the current period’s presentation (Note 23).

2.1 Use of assumptions, estimates, and important accounting judgments

The significant accounting assumptions, estimates and judgments used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2025.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2025. In addition, the Group has adopted the following accounting policy for the acquisition of Sahel Al Madar Trading Company, which has been applied for the first time in the current period as the underlying transaction did not arise in prior periods:

3.1 Business combinations and goodwill

Business combinations (except for entities under common control) are accounted for using the acquisition method upon transfer of control to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Business combinations and goodwill (continued)

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and recognized under general and administrative expenses in the consolidated statement of profit or loss.

Goodwill is initially measured at cost calculated as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at the acquisition-date of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain on bargain purchase is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to a cash-generating unit (CGU) or a group of cash-generating units (CGUs) that are expected to benefit from the business combination irrespective of whether the other assets or liabilities acquired have been allocated to those units.

Where goodwill has been allocated to a CGU and part of the operations within that unit are disposed of, the goodwill associated with the disposed operation is included in the carrying amount when determining the gain or loss on disposal of the operation. The goodwill in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

Goodwill is tested for impairment annually by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports in its consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which generally does not exceed one year from the date of acquisition, the Group retrospectively adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as at the acquisition date and, if known, would have affected the measurement of the amounts recognized as at that date. Any additional assets or liabilities are also recognized during the measurement period if new information is obtained about facts and circumstances that existed as at the acquisition date. The measurement period ends once the group obtains all information that existed at the acquisition date or as soon as it becomes sure of the absence of more information.

3.2 Application of new and revised International Financial Reporting Standards (IFRSs)

There are no new or amended standards and interpretations applicable as of June 30, 2026 that have a material impact on the interim condensed consolidated financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 18 – Presentation and Disclosure in Financial Statements

The Group is currently completing its assessment of the potential impact of applying IFRS 18, Presentation and Disclosure in Financial Statements, which replaces IAS 1 and is effective for annual reporting periods beginning on or after 1 January 2027. The Standard will be applied retrospectively, with comparative figures restated. The Group has not early adopted this Standard in preparing these interim condensed consolidated financial statements.

Based on the preliminary assessment performed by the Group up to the date of authorization of these financial statements, the impact of applying the Standard is expected to relate mainly to presentation and disclosure requirements and is not expected to affect the Group's net profit or net assets. This includes the classification of income and expenses within the categories specified by the Standard, namely the operating, investing and financing categories, in addition to zakat and income taxes and discontinued operations. The Standard also requires the presentation of two mandatory subtotals, <Operating profit> and <Profit before financing, zakat and income taxes> in the consolidated statement of profit or loss.

The Group will present the new subtotal <Profit before financing, zakat and income taxes> in the consolidated statement of profit or loss. In addition, the <Operating profit> subtotal currently presented will differ under the new Standard due to the reclassification of certain items between the categories.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.2 Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

IFRS 18 – Presentation and Disclosure in Financial Statements (continued)

Based on the results of the assessment performed to date, the application of the Standard is expected to result in the classification of income and expense items as follows:

Operating category: Gains or losses arising from the fair-value remeasurement of the call option and contingent consideration obligation resulting from business combinations will be classified within operating category.

Investing category: Income from Murabaha deposits and call accounts, the Group's share of results of associates and joint ventures, fair valuation gains or losses on certain financial assets and gains or losses arising from the fair-value remeasurement of a previously held ownership interest in an associate before the acquisition.

Financing category: Finance costs on lease liabilities, finance costs on borrowings and interest costs on employees end of service benefit obligations.

The assessment of certain other items, including components of other income, net remains ongoing and will be classified according to their underlying nature.

The Standard addresses the application of aggregation and disaggregation principles to certain financial statement line items and disclosures, including the presentation of goodwill, currently included within intangible assets, as a separate line item in the consolidated statement of financial position.

The Standard also requires certain limited changes to the presentation of the consolidated statement of cash flows.

The Group does not currently expect the other requirements of the Standard, including those relating to management-defined performance measures, to have a material impact on its financial statements. However, certain measures used in the Group's reports and published public communications, including EBIT and EBITDA, may require additional disclosures under the Standard.

The Group continues to complete its assessment of all aspects relating to the application of the Standard and will disclose any material developments, if any, in subsequent financial periods. The Standard will be applied from its effective date.

4. REVENUE

Revenue sources:

	For the three months period ended June 30		For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Revenue from private parties	1,610,136,089	1,145,191,225	3,156,592,113	2,397,901,229
Revenue from government agencies	915,145,961	1,099,580,034	1,840,491,691	1,724,294,650
	2,525,282,050	2,244,771,259	4,997,083,804	4,122,195,879

Timing of revenue recognition:

	For the three months period ended June 30		For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
At a point in time	1,759,845,367	1,527,501,972	3,667,120,505	2,923,343,869
Over a period of time	765,436,683	717,269,287	1,329,963,299	1,198,852,010
	2,525,282,050	2,244,771,259	4,997,083,804	4,122,195,879

The amounts above include revenues from related parties (Note 18.1).

5. PROPERTY AND EQUIPMENT

During the six months period ended June 30, 2026, the Group made additions to property and equipment with total cost of ₪ 110.4 million, including non-cash additions transferred from capital work in progress with an amount of ₪ 75.1 million (June 30, 2025: ₪ 28.9 million, including non-cash additions transferred from capital work in progress with an amount of ₪ 6.5 million). Property and equipment with a net book value of ₪ 1.6 million were disposed of by the Group during the six months period ended June 30, 2026 (June 30, 2025: ₪ 2.4 million). Depreciation expense for the six months period ended June 30, 2026 amounted to ₪ 58.7 million (June 30, 2025: ₪ 35.2 million). The impact of acquisition through business combination was ₪ 0.8 million (June 30, 2025: ₪ 35.4 million). For further details of the acquisition refer to (Note 24.1).

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

	For the three months period ended June 30		For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Cost of revenue	14,830,135	9,562,030	27,850,998	19,894,799
General and administrative expenses	13,929,246	8,001,066	26,900,595	14,329,552
Selling and marketing expenses	1,624,545	198,434	3,226,781	426,808
Research and development	401,816	277,884	770,613	547,854
	30,785,742	18,039,414	58,748,987	35,199,013

6. CAPITAL WORK IN PROGRESS

During the six months period ended June 30, 2026, additions to capital work in progress amounted to ₪ 54.7 million (June 30, 2025: ₪ 133.5 million). Transfers from capital work in progress to property and equipment and intangible assets amounted to ₪ 174.7 million during the six months period ended June 30, 2026 (June 30, 2025: ₪ 12.7 million). Impairment charge amounting to ₪ nil was recognized against capital work in progress during the six months period ended June 30, 2026 (June 30, 2025: ₪ 1.5 million). The impact of acquisition through business combination was ₪ 0.1 million (June 30, 2025: ₪ 118.5 million). For further details of the acquisition refer to (Note 24.1).

7. RIGHT-OF- USE ASSETS

During the six months period ended June 30, 2026, the net additions in right of use assets amounted to ₪ 184.7 million (June 30, 2025: ₪ 53.5 million) all of which are non-cash additions. The right-of-use assets were reduced by ₪ 56.8 million as a result of remeasurement of the related lease liabilities following changes in the lease terms that did not constitute a separate lease. The impact of acquisition through business combination was ₪ 2.6 million (June 30, 2025: ₪ 41.9 million). For further details of the acquisition refer to (Note 24.1).

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

	For the three months period ended June 30		For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Cost of revenue	9,384,177	6,981,841	18,705,821	12,618,260
General and administrative expenses	15,375,938	16,271,077	31,135,539	30,049,250
Selling and marketing expenses	1,041,376	-	1,068,067	-
	25,801,491	23,252,918	50,909,427	42,667,510

8. INTANGIBLE ASSETS

During the six months period ended June 30, 2026, the net additions to intangible assets amounted to ﷲ 100.1 million, including non-cash additions transferred from capital work in progress with an amount of ﷲ 99.6 million (June 30, 2025: ﷲ 8.4 million, including non-cash additions transferred from capital work in progress with an amount of ﷲ 6.2 million). Amortization expense for the six months period ended June 30, 2026 amounted to ﷲ 54.8 million (June 30, 2025: ﷲ 26.4 million). The impact of acquisition through business combination was ﷲ 7.4 million (June 30, 2025: ﷲ 220.0 million) in addition to goodwill amounting to ﷲ 97.9 million (June 30, 2025: ﷲ nil) recognized as part of the business combination. For further details of the acquisition refer to (Note 24.1).

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

	For the three months period ended June 30		For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Cost of revenue	27,217,973	20,327,924	50,558,111	20,806,506
General and administrative expenses	2,068,598	1,825,017	4,136,273	2,758,876
Selling and marketing expenses	13,321	-	26,785	-
Research and development	34,093	873,014	65,644	2,833,406
	29,333,985	23,025,955	54,786,813	26,398,788

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The movements in the balance of investments in associates and joint ventures are as follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
<u>Investment using the equity method:</u>		
Balance at the beginning of the period/year	41,725,812	30,000
Impact of acquisition through business combination under common control (note 24.2)	-	22,567,389
Transfer from long term interest	-	1,990,231
Additions during the period/year	-	19,594,200
Share of profit / (loss)	1,503,811	(2,403,071)
Share of other comprehensive loss	-	(52,937)
Gain on remeasurement of previously held equity interest in an associate before acquisition (note 24.1)	59,100,000	-
Deemed disposal on business acquisition (note 24.1)	(59,100,000)	-
	43,229,623	41,725,812
<u>Long term interest:</u>		
Balance at the beginning of the period/year	-	6,657,350
Losses at FVTPL	-	(2,608,232)
Transfer to investment using the equity method	-	(1,990,231)
Share of loss	-	(2,058,887)
	-	-
Group's net investment balance	43,229,623	41,725,812

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026
All amounts in Saudi Riyals

10. OTHER FINANCIAL ASSETS

The Group's other financial assets consist of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
<i><u>Financial assets at FVTPL</u></i>		
Money market funds (A)	415,435,946	404,602,319
Investment in venture capital fund (B)	3,117,867	2,906,610
Advance for share subscription (C)	15,251,143	15,634,777
Subscription for future equity (D)	5,625,000	-
Derivative financial instrument – Call option (note 24.1.3)	26,800,000	-
	466,229,956	423,143,706
<i><u>Financial assets at FVTOCI</u></i>		
Unquoted equity investments (E)	193,201,527	209,055,795
	659,431,483	632,199,501
Other financial assets are presented in the statement of financial position as follows:		
Non-current	243,995,537	227,597,182
Current	415,435,946	404,602,319
	659,431,483	632,199,501

- A) Investments in money market funds represent investments in Murabaha funds, aimed at achieving low-risk returns for unit holders while preserving capital and providing liquidity (fair value level 2).
- B) This represents an investment in a closed venture capital fund with a total commitment of ₪ 13.1 million, to be invested over a 5 year commitment period. The fund invests in early-stage technology-focused companies in Africa. As of June 30, 2026, the actual contribution amounted to ₪ 3.1 million. The investment is classified as a debt instrument and measured at fair value using various valuation techniques including discounted cash flow models and multiples method (fair value level 3).
- C) The advance payment amount represents a subscription to preferred shares in an unquoted company for a total amount of ₪ 15.8 million. As the shares had not been legally issued until the reporting date, the amount is classified as a debt instrument measured at FVTPL, to be reclassified to an equity instrument at FVTOCI upon the issuance of shares.
- D) The subscription for future equity represents the Group's right to obtain shares in the upcoming investment rounds of a certain company. The subscription is classified as a debt instrument in accordance with IFRS 9 «Financial Instruments», and measured at fair value using various valuation techniques including discounted cash flow models, multiples method, and equity rounds (fair value level 3).
- E) Investments in unquoted equity instruments represent venture capital investments in companies operating in the information technology sector in Saudi Arabia and abroad, and measured at fair value using various valuation techniques such as discounted cash flow models and multiples method (fair value level 3). Management has chosen to classify these investments in equity instruments 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 medium to long-term purposes and realizing their potential performance over the long-term.

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

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at the beginning of the period/year	632,199,501	711,476,717
Additions during the period/year (note 24.1.3)	36,776,257	18,664,590
Proceeds during the period/year	-	(100,000,000)
Gains on financial assets at FVTPL during the period/year	6,309,993	26,300,312
Losses on financial assets at FVTOCI during the period/year	(15,854,268)	(24,242,118)
Balance at the end of the period/year	659,431,483	632,199,501

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026
All amounts in Saudi Riyals

11. TRADE RECEIVABLES

Trade receivables consist of the following:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Government receivables	2,682,841,760	2,363,370,268
Private receivables	2,175,559,375	1,991,467,082
	4,858,401,135	4,354,837,350
Expected credit losses provision (note 11.1)	(817,222,998)	(748,333,567)
	4,041,178,137	3,606,503,783

The amounts above include balances from related parties (Note 18.2).

11.1 During the six months period ended June 30, 2026, the Group recognized an expected credit loss charge of ₪ 66.2 million in the interim condensed consolidated statement of profit or loss (June 30, 2025: ₪ 32.4 million). In addition, a provision of ₪ 2.6 million (June 30, 2025: ₪ 96.2 million) was recognized as part of the business combination during the period. For further details of the acquisition refer to (Note 24.1).

12. MURABAHA DEPOSITS

The balance of Murabaha deposits consists of deposits with a term of more than three months. The average commission is 5.15% annually (June 30, 2025: 5.73% annually), and the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of ₪ 25.1 million during the three months period ended June 30, 2026 (June 30, 2025: ₪ 3.0 million), and during the six months period ended June 30, 2026 ₪ 56.8 million (June 30, 2025: ₪ 14.3 million). All Murabaha deposits mature within one year.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Cash at banks	673,077,003	517,371,678
Short term Murabaha deposits (note 13.1)	901,571,454	1,319,000,000
	1,574,648,457	1,836,371,678

13.1 The balance of short-term Murabaha deposits consists of short-term deposits of three months and less. The average commission is 4.76% annually (June 30, 2025: 5.77% annually). The interim condensed consolidated statement of profit or loss has been charged with a total deposit income of ₪ 7.9 million during the three months period ended June 30, 2026 (June 30, 2025: ₪ 26.1 million), and during the six months period ended June 30, 2026, ₪ 18.8 million (June 30, 2025: ₪ 58.6 million).

13.2 The Group holds balances on behalf of contracting parties as part of the operating and provisioning of services, which are not available for use in its operating activities. As the Group acts in the capacity of an agent, these balances have not been recognized as assets of the Group and are treated as off-balance sheet items in the consolidated statement of financial position. As at June 30, 2026, these cash balances amounted to ₪ 16.6 billion (December 31, 2025: ₪ 12.5 billion).

14. SHARE BASED PAYMENT

During the period, the Group announced the fifth phase of the long-term incentive plan program for its employees, the details of which are as follows:

Grant date	Due date	Average fair value of the shares (ﷲ)	Maximum number of shares granted	Settlement method
Fifth phase				
January 1, 2026	March 31, 2029	719	122,813 shares	Equity
March 8, 2026	March 31, 2029	534	47,607 shares	Equity

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

	For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)
Tranche 1 – Long term incentive plan program	-	6,461,135
Tranche 2 – Long term incentive plan program	10,723,307	15,581,775
Tranche 3 – Long term incentive plan program	8,912,386	9,340,939
Tranche 4 – Long term incentive plan program	8,674,467	8,612,688
Tranche 5 – Long term incentive plan program	6,716,891	-
	35,027,051	39,996,537

During the current period, treasury shares were settled under tranche 2 for the long term incentive plan program for 112,739 shares (June 30, 2025: 150,432 shares).

15. LONG TERM BORROWING

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

During the six months period ended June 30, 2026, finance cost amounting to ﷲ 46.9 million (2025: ﷲ 20.6 million) has been recognized in the interim condensed consolidated statement of profit or loss. As of the reporting date, no breaches of facility terms have occurred, and no assets of the Group have been pledged as collateral.

The Group's long term borrowing consists of:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balance at the beginning of the period/year	1,973,408,021	-
Additions during the period/year	-	1,900,000,000
Repayments during the period/year	(484,663,780)	-
Add: Accrued finance cost	46,939,920	73,408,021
Balance at the end of the period/year	1,535,684,161	1,973,408,021

Long term borrowing is classified as follows:

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Long term borrowing – non current	1,140,000,000	1,520,000,000
Long term borrowing – current	395,684,161	453,408,021
	1,535,684,161	1,973,408,021

16. EARNINGS PER SHARE

Earnings per share for the period have been calculated by dividing the profit for the period by the weighted average number of shares outstanding at the end of the period. The calculation of basic and diluted earnings per share is based on the following information:

	For the three months period ended June 30		For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Net profit attributable to equity holders of the parent company	512,803,089	589,643,321	1,169,301,881	1,085,374,554
Number of shares				
Weighted average number of shares for calculation for basic earnings per share	77,973,229	77,785,274	77,916,859	77,785,274
Impact of potential ordinary shares (note 16.1)	74,127	128,290	74,127	128,290
Weighted average number of shares for calculation for diluted earnings per share	78,047,356	77,913,564	77,990,986	77,913,564
EARNINGS PER SHARE:				
Basic	6.58	7.58	15.01	13.95
Diluted	6.57	7.57	14.99	13.93

16.1 Potential ordinary shares relate to share based payment program for eligible employees (Note 14). The diluted EPS for the comparative periods has been recalculated to reflect the inclusion of only the potential dilutive ordinary shares.

17. ZAKAT

- The Company and its wholly owned subsidiaries (excluding <Thiqah Group>) file a consolidated zakat return. The Group has filed all its zakat returns up to and including the year ended December 31, 2025, paid the zakat due based on those returns, and obtained the zakat certificates for those years. The Group received the final assessment results from the Zakat, Tax and Customs Authority (<ZATCA>) for the years 2021, 2022, and 2023 without any additional liabilities or adjustments. The Group also received a notification requesting additional information from ZATCA in respect of the year 2024. However, there were no outstanding assessments as of June 30, 2026.
- The Group files and pays Value Added Tax (<VAT>) on a monthly basis, and all returns for previous financial years have been submitted. Furthermore, the Group was subject to a tax audit for the years 2018 through 2024. The audit procedures for these years have been finalized, and the final audit results were received with no material differences. The Group also received a request for additional information from ZATCA in respect of the year 2025. The audit remains ongoing, and no assessments had been issued as of June 30, 2026.
- Thiqah Group and the non-wholly owned subsidiaries file their zakat returns separately on an individual basis. All zakat returns relating to these companies have been submitted up to and including the year ended December 31, 2025, the zakat due based on those returns has been paid, and the zakat certificates for those years have been obtained.

18. 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, associates and joint ventures, and members of the board of directors and senior management of the Company. All of these transactions are carried out according to the terms agreed by the management of the Group. As at the date of preparing the interim condensed consolidated financial statements, balances with related parties were unguaranteed.

18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

18.1 Related party transactions

The transactions with related parties are similar to commercial transactions with external parties. Below are the details of the significant transactions with related parties:

	For the three months period ended June 30		For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Transactions with government entities *				
Service revenue (note 4)	915,145,961	1,099,580,034	1,840,491,691	1,724,294,650
Services cost	330,255,832	313,759,590	706,717,277	642,974,611
Transactions with government related entities				
Service revenue (note 4)	97,296,771	88,320,444	203,843,268	151,133,886
Services cost	12,378,680	37,236,632	23,584,548	63,670,073
Transactions with associates and joint ventures				
Service revenue	-	-	9,660,008	-
Services cost	407,258	-	1,101,129	299,929
Transaction with the board of directors and senior executive managers				
Salaries and benefits	5,316,025	5,152,348	10,496,495	10,234,268
Remunerations and allowances	3,768,871	4,033,785	7,532,592	7,616,651
Share based payment expense	3,505,391	3,822,216	6,113,093	6,539,579
End of service benefits expense	879,503	942,058	1,251,237	1,318,639
	13,469,790	13,950,407	25,393,417	25,709,137

* Service revenues from government entities include transactions with the main shareholder amounting to ₪ 4.7 million (June 30, 2025: ₪ 16.8 million).

18.2 Due from / to related parties

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
Balances		
Due from related parties *		
<i>Due from government entities classified under:</i>		
Trade receivables	2,682,841,760	2,363,370,268
Contract assets	1,177,750,737	1,046,421,253
<i>Due from government related entities classified under:</i>		
Trade receivables	365,528,480	386,518,216
Contract assets	45,334,743	77,719,295
<i>Due from associates and joint ventures classified under:</i>		
Prepaid expenses and other current assets	20,601,738	10,943,307
Trade receivables	-	1,843,143
Due to related parties: **		
<i>Due to government entities classified under:</i>		
Trade payables and other current liabilities	1,051,995,486	1,163,773,421
<i>Due to government related entities classified under:</i>		
Trade payables and other current liabilities	63,811,496	56,073,483
<i>Due to associates and joint ventures classified under:</i>		
Trade payables and other current liabilities	55,697	2,377,046

* Balance due from government entities include amounts due from the main shareholder included in trade receivables amounting to ₪ 2.6 million (December 31, 2025: ₪ 3.7 million) and due balances included in contract assets amounting to ₪ 16.8 million (December 31, 2025: ₪ 15.3 million).

** Balance due to government entities include amounts due to the main shareholder included in trade payables and other current liabilities amounting to ₪ 0.30 million (December 31, 2025: ₪ 0.07 million).

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026
All amounts in Saudi Riyals

19. SEGMENT INFORMATION

The information regarding the Group's operating segments is described below in accordance with IFRS 8, where the standard requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's operating decision maker. The Group's business includes the following:

- 1- **Digital Business:** These are ready-to-use solutions in the form of technical services, portals, electronic applications, and related support work, which were developed by the Company in cooperation with a large number of facilities in the public and private sectors with the aim of creating integrated services that cover a large segment of society, by creating advanced services that contribute to solving An existing problem or filling an existing service gap, by converting traditional procedures into electronic transactions. In addition to integrated technology businesses, entitlement engines and digital platforms. The Group provides integrated technology business solutions to clients from the public and private sectors.
- 2- **Business Process Outsourcing:** The Group seeks to enhance its competitive advantage through business attribution solutions in the field of operation and service provision in the areas of competence through the management and the total operation of services, or partial support for them in specific areas, and their progression towards a digital vision.
- 3- **Professional Services:** These include advisory services and professional services in data analysis and artificial intelligence, through which the Group understands the problems of the facility and develops a comprehensive action plan to develop its overall performance and raise customer satisfaction levels.

The selected financial data for these segments is as follows:

	For the three months period ended June 30		For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Revenue				
Digital Business	1,860,680,306	1,584,851,537	3,629,038,439	2,966,956,717
Business Process Outsourcing	626,115,880	618,990,953	1,269,195,463	1,068,173,026
Professional Services	38,485,864	40,928,769	98,849,902	87,066,136
	2,525,282,050	2,244,771,259	4,997,083,804	4,122,195,879
Cost				
Direct cost	(1,495,313,796)	(1,328,436,631)	(2,917,829,449)	(2,433,608,309)
Operating expenses (except depreciation and amortization, ECL, Impairment)	(373,898,208)	(302,224,660)	(701,855,548)	(557,454,154)
Expected credit loss (ECL)	(44,403,881)	(37,141,404)	(74,864,398)	(40,795,290)
Depreciation & amortization	(85,921,218)	(64,318,287)	(164,445,227)	(104,265,311)
Impairment of non-current assets	-	-	-	(1,544,266)
Other income, net	20,276,630	24,341,411	102,054,575	80,215,329
Zakat	(35,306,160)	52,650,722	(73,908,667)	20,629,765
	(2,014,566,633)	(1,655,128,849)	(3,830,848,714)	(3,036,822,236)
Net profit	510,715,417	589,642,410	1,166,235,090	1,085,373,643

Below is a breakdown of gross profit by segments:

	For the three months period ended June 30		For the six months period ended June 30	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
Digital Business	916,729,723	814,626,900	1,757,099,756	1,449,725,043
Business Process Outsourcing	107,213,645	93,485,709	294,463,661	221,415,184
Professional Services	6,024,886	8,222,019	27,690,938	17,447,343
	1,029,968,254	916,334,628	2,079,254,355	1,688,587,570

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026
All amounts in Saudi Riyals

19. SEGMENT INFORMATION (CONTINUED)

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

	June 30, 2026 (Unaudited)	December 31, 2025 (Audited)
<i>Assets</i>		
Digital Business	8,900,158,083	8,445,428,101
Business Process Outsourcing	2,866,935,071	3,212,531,782
Professional Services	237,468,376	229,028,988
	12,004,561,530	11,886,988,871
<i>Liabilities</i>		
Digital Business	5,581,389,916	5,872,572,692
Business Process Outsourcing	1,797,887,447	2,233,850,812
Professional Services	148,919,153	159,256,517
	7,528,196,516	8,265,680,021

20. COMMITMENTS AND CONTINGENT LIABILITIES

- The Group has operating and capital commitments amounting to ₪ 2.5 billion (December 31, 2025: ₪ 2.4 billion).
- 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 ₪ 700 million as of June 30, 2026 (December 31, 2025: ₪ 700 million). The outstanding bank letters of guarantee amounted to ₪ 184 million as of June 30, 2026 (December 31, 2025: ₪ 247 million).
- In the normal course of business, the Group is a party to legal cases either as a plaintiff or defendant. As on June 30, 2026, the Group recorded a provision against legal cases amounting to ₪ 1 million (December 31, 2025: ₪ 1 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 June 30, 2026, the associates and joint ventures have contingent liabilities amounting to ₪ 0.6 million (December 31, 2025: ₪ 0.6 million). The Group discloses its share of contingent liabilities from its associates and joint ventures.

21. DIVIDENDS

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

Announcement Date	Distribution Date	Amount (₪ per share)	Total Distributed	Type	Status
March 1, 2026	March 16, 2026	4.5	350,372,205	Interim	Paid

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial assets and liabilities have been accounted for at amortized cost except for other financial assets which have been carried at fair value. The management assessed that the fair value of current financial assets and liabilities approximates their carrying amounts.

There have been no transfers between levels during the six months period ended June 30, 2026. The fair valuation techniques are as applied as of December 31, 2025.

The table below shows the book values and fair values of financial assets, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value:

	As at June 30, 2026			
	Level I	Level II	Level III	Total
<i>Financial assets</i>				
Other financial assets	-	415,435,946	243,995,537	659,431,483
<i>Financial liabilities</i>				
Other financial liability	-	-	3,370,000	3,370,000
	As at December 31, 2025			
	Level I	Level II	Level III	Total
<i>Financial assets</i>				
Other financial assets	-	404,602,319	227,597,182	632,199,501

23. COMPARATIVE FIGURES

A. Reclassifications

As part of the regular review of the financial disclosures and presentation, certain comparative figures have been reclassified and adjusted to conform to the current period presentation of the consolidated financial statements. The reclassifications had no impact on the net profit, net assets or shareholders' equity of the Group as previously reported.

23.1 Interim condensed consolidated statement of profit or loss

23.1.1 *For the three months period:*

	Amounts as reported June 30, 2025	Reclassifications	Amounts after reclassifications
Cost of revenue	(1,291,073,281)	(37,363,350)	(1,328,436,631)
Research and development	(20,777,190)	(8,222)	(20,785,412)
Selling and marketing	(82,172,708)	(1,834,117)	(84,006,825)
General and administrative	(236,638,112)	39,205,689	(197,432,423)
	(1,630,661,291)	-	(1,630,661,291)

23.1.2 *For the six months period:*

	Amounts as reported June 30, 2025	Reclassifications	Amounts after reclassifications
Cost of revenue	(2,395,405,110)	(38,203,199)	(2,433,608,309)
Research and development	(42,070,081)	(8,222)	(42,078,303)
Selling and marketing	(167,345,631)	(1,924,543)	(169,270,174)
General and administrative	(386,241,641)	40,135,964	(346,105,677)
	(2,991,062,463)	-	(2,991,062,463)

23.2 Segment information

23.2.1 *The gross profit for the three months period:*

	Amounts as reported June 30, 2025	Reclassifications	Amounts after reclassifications
Digital business	846,469,970	(31,843,070)	814,626,900
Business process outsourcing	98,852,947	(5,367,238)	93,485,709
Professional services	8,375,061	(153,042)	8,222,019
	953,697,978	(37,363,350)	916,334,628

23.2.2 *The gross profit for the six months period:*

	Amounts as reported June 30, 2025	Reclassifications	Amounts after reclassifications
Digital business	1,482,346,733	(32,621,690)	1,449,725,043
Business process outsourcing	226,800,007	(5,384,823)	221,415,184
Professional services	17,644,029	(196,686)	17,447,343
	1,726,790,769	(38,203,199)	1,688,587,570

23. COMPARATIVE FIGURES (CONTINUED)

23.3 Interim condensed consolidated statement of cash flows

23.3.1 For the six months period:

	Amounts as reported June 30, 2025	Reclassification	Amounts after reclassification
Net cash used in investing activities	(1,827,623,540)	14,983,801	(1,812,639,739)
Net cash generated from financing activities	1,563,735,509	(14,983,801)	1,548,751,708
	(263,888,031)	-	(263,888,031)

B. Restatement

As explained in (note 40) of the Group's annual consolidated financial statements for the year ended December 31, 2025, certain prior-period errors were identified in the amounts and balances reported in Thiqah's financial statements during the review and assessment procedures performed as part of the 2025 year end reporting process, which resulted in a reduction to the net assets of Thiqah recognized at the acquisition date. The resulting impact was recognized in the Group's annual consolidated financial statements.

23.4 Interim condensed consolidated statement of changes in equity

23.4.1 For the six months period:

	Amounts as reported June 30, 2025	Restatement	Amounts after restatement
Impact of acquisition through business combination under common control	(2,810,359,099)	(311,448,596)	(3,121,807,695)
Retained earnings	2,718,963,957	(311,448,596)	2,407,515,361
Equity attributable to the equity holders of the parent company	3,264,926,359	(311,448,596)	2,953,477,763
Total equity	3,265,066,330	(311,448,596)	2,953,617,734

24. BUSINESS COMBINATIONS

24.1 ACQUISITION OF SAHEL AL MADAR TRADING COMPANY

On Rajab 2, 1447H (corresponding to December 22, 2025), the Group entered into a Share Purchase and Subscription Agreement (the «SPSA») to acquire an additional 30% ownership stake in its existing associate Sahel Al Madar Trading Company («Sahel Al Madar»), increasing the Group's ownership in the company from 30% to 60%. As a result, the Group obtained control over the relevant activities of Sahel Al Madar, which was previously accounted for as an associate using the equity method. Management believes that the acquisition will result in synergies and expand the range of products in the digital business segment that can be offered to the client base.

The regulatory procedures were completed, control was transferred, and the acquisition was finalized on Sha'ban 16, 1447 AH (corresponding to February 5, 2026). Sahel Al Madar's financial information has been consolidated with the Group's consolidated financial statements with effect from January 31, 2026 considering the immateriality of transactions between the acquisition date and the effective consolidation date.

This transaction has been accounted for as a business combination achieved in stages using the acquisition method under IFRS 3 – Business Combinations. Accordingly, the Group has remeasured its previously held equity interest in Sahel Al Madar to its fair value as of the acquisition date and the resulting gain amounting to ₪ 59.1 million has been recognized in the consolidated statement of profit or loss.

The Group is currently in the process of allocating the purchase consideration to the identifiable assets, liabilities and contingent liabilities acquired and has accounted for the acquisition based on provisional assessment of the fair values of the acquired assets and assumed liabilities as at the acquisition date. Adjustment to the provisional values will be finalized within 12 months of the date of acquisition.

ELM COMPANY
(A SAUDI JOINT STOCK COMPANY)
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED JUNE 30, 2026
All amounts in Saudi Riyals

24. BUSINESS COMBINATIONS (CONTINUED)

24.1 ACQUISITION OF SAHEL AL MADAR TRADING COMPANY (CONTINUED)

24.1.1 The provisional fair values of the identifiable assets acquired, and liabilities assumed of Sahel Al Madar as of acquisition date were as follows:

Assets

Property and equipment		808,306
Capital work in progress		37,968
Right-of-use assets		2,613,458
Intangible assets		7,359,203
Trade receivables	(a)	9,601,391
Prepaid expenses and other current assets		5,897,398
Cash and cash equivalents		71,853,600
		<u>98,171,324</u>

Liabilities

Lease liabilities – non current		2,747,694
End of service benefits provision		2,612,690
Trade payables and other current liabilities		44,993,597
		<u>50,353,981</u>

Total identifiable net assets acquired at provisional fair value

47,817,343

Non-controlling interest (40% of net assets)	(b)	(19,126,937)
Purchase consideration	(c)	(67,480,000)
Fair value of previously held equity interest in Sahel Al Madar		(59,100,000)
Goodwill (provisional)	(d)	<u>97,889,594</u>

(a) The acquisition date fair value and gross amount of the trade receivables amounts to ₪ 12.2 million. It is expected that the full contractual amounts can be collected.

(b) The Group elected to recognize the non-controlling interests in Sahel Al Madar at the proportionate share of the acquired net identifiable assets.

(c) Purchase consideration:

Cash paid	95,100,000
Contingent consideration (note 24.1.2)	3,320,000
Call option (note 24.1.3)	(30,940,000)
	<u>67,480,000</u>

24.1.2 Contingent consideration:

As per the terms of the SPSA, the transaction includes an additional consideration of up to ₪ 31 million (earn-out payment) to be paid during the year ending December 31, 2028, contingent upon the achievement of certain agreed performance targets for the year ending December 31, 2027. The contingent consideration has been classified as a financial liability with a fair value of ₪ 3.32 million at the acquisition date, estimated by calculating the present value of the future expected cash flows (Level 3). The significant unobservable input in the valuation includes the expected future financial performance. As of June 30, 2026, the fair value of the contingent consideration has been remeasured to ₪ 3.37 million and the resulting loss of ₪ 50 thousand has been recognized in the interim condensed consolidated statement of profit or loss.

24.1.3 Call option:

As part of the amended shareholders' agreement, the Group has a call option to acquire the remaining 40% equity interest in Sahel Al Madar, exercisable between January 1, 2030 and December 31, 2031. The option forms part of the overall transaction arrangement and no separate consideration was paid for the option.

The call option has been classified as a derivative financial instrument and recognized at fair value of ₪ 30.94 million at the acquisition date. The fair value has been determined using a valuation technique based on significant unobservable inputs (including assumptions about volatility, correlation and expected future financial performance) and is classified as Level 3 within the fair value hierarchy. Subsequent changes in fair value will be recognized in the consolidated statement of profit or loss. As of June 30, 2026, the fair value of the call option has been remeasured to ₪ 26.80 million and the resulting loss of ₪ 4.14 million has been recognized in the interim condensed consolidated statement of profit or loss.

(d) The goodwill is attributable to the synergies expected to arise as the result of the acquisition.

24. BUSINESS COMBINATIONS (CONTINUED)

24.1 ACQUISITION OF SAHEL AL MADAR TRADING COMPANY (CONTINUED)

24.1.4 Analysis of cash flows on acquisition:

Net cash acquired with the subsidiary	71,853,600
Cash consideration	(95,100,000)
Add: Consideration allocated to call option	30,940,000
Net cashflow on acquisition	7,693,600

24.1.5 Impact on Group results

From the date of acquisition to June 30, 2026, Sahel Al Madar has contributed revenues of ₪ 14.1 million and loss of ₪ 6.2 million to the Group. If the acquisition had taken place at the beginning of the period, revenues for the six months period ended June 30, 2026 would have been ₪ 4,999.9 million and the profit for the six months period ended June 30, 2026 would have been ₪ 1,164.7 million.

24.2 ACQUISITION OF THIQAH BUSINESS SERVICES COMPANY

During the prior year, on Shawwal 23, 1446H (corresponding to April 21, 2025), the Group acquired 100% of the issued share capital of Thiqah Business Services Company («Thiqah») from Public Investment Fund («PIF»). Details of this acquisition are disclosed in (note 40) of the Group's annual consolidated financial statements for the year ended December 31, 2025.

25. NON-CASH TRANSACTIONS

Significant non-cash investing and financing activities recorded during the period are as follows:

- Transfers from capital work in progress to property and equipment and intangible assets. Refer to (Note 6).
- Additions to right-of-use assets and lease liabilities. Refer to (Note 7).
- Remeasurement of lease liabilities with corresponding adjustment to right-of-use assets. Refer to (Note 7).
- Change in fair value of financial assets designated as FVOCI refer to (Note 10).
- Additions to other financial assets amounting to ₪ 5.6 million (Note 10-D).
- Recognition of other financial liability in respect of contingent consideration arising from business combination. Refer to (Note 24.1.2).
- Recognition of non-controlling interest upon business combination. Refer to (Note 24.1).
- Shares issued to employees under the long-term incentive plan program. Refer to (Note 14).

26. SUBSEQUENT EVENTS

- On July 30, 2026 (corresponding to Safar 16, 1448H), the Board of Directors approved the distribution of cash dividends amounting to ₪ 390 million (at ₪ 5 per share), for the first half of the financial year 2026.
- Except as disclosed, there are no subsequent significant events since the period ended June 30, 2026 that could have a material impact on the financial position of the Group as shown in these interim condensed consolidated financial statements.

27. GEOPOLITICAL DEVELOPMENTS

The Group is actively monitoring ongoing regional geopolitical developments and their potential impact on its operations. While the situation remains evolving, the Group maintains a robust operational framework to manage associated risks. To date, there has been no material impact on the Group's financial position or performance for the period ended June 30, 2026.

28. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on Safar 16, 1448H (corresponding to July 30, 2026).