

| Market Data | |
|--------------------|-------------------|
| 52-week high/low | SAR 1,289.0/806.5 |
| Market Cap | SAR 66,280 mln |
| Shares Outstanding | 80 mln |
| Free-float | 32.99% |
| 12-month ADTV | 71,839 |
| Bloomberg Code | ELM AB |



Normalized Profits Up +7% Q/Q

November 05, 2025

Upside to Target Price 43.0%
 Expected Dividend Yield 1.0%
 Expected Total Return 44.0%

Rating Buy
 Last Price SAR 828.50
 12-mth target SAR 1,185.00

| Elm | 3Q2025 | 3Q2024 | Y/Y | 2Q2025 | Q/Q | RC Estimate |
|------------------|--------|--------|-----|--------|------|-------------|
| Sales | 2,535 | 1,871 | 35% | 2,245 | 13% | 2,498 |
| Gross Profit | 1,071 | 830 | 29% | 954 | 12% | 1,047 |
| Gross Margins | 42% | 44% | | 42% | | 42% |
| Operating Profit | 584 | 494 | 18% | 513 | 14% | 609 |
| Net Profit | 559 | 498 | 12% | 590 | (5%) | 593 |

(All figures are in SAR mln)

- Elm reported a record-high topline of SAR 2.54 bln (+35% Y/Y, +13% Q/Q), in line with our SAR 2.50 bln estimate. This growth was primarily driven by the consolidation of Thiqah, which contributed SAR 370 mln (14.6%) to topline, split between SAR 170 mln (10%) to Digital Business (DB) and SAR 200 mln (29%) to Business Process Outsourcing (BPO). Given that Thiqah's acquisition was completed on May 1, 2025, Y/Y and Q/Q comparisons are not fully like for like. Excluding the consolidation impact, Elm's standalone business continued to show robust organic growth, rising +16% Y/Y and +8% Q/Q to SAR 2.16 bln, keeping it on track and in line with management's guidance for Elm standalone and our estimates. Consolidated growth was driven by surge across all segments: DB (+24.7% Y/Y, +12.8% Q/Q), BPO (+71.3% Y/Y, +12.9% Q/Q), and Professional Services (+62.1% Y/Y, +17.1% Q/Q). Additionally, during 9M2025, the Top 6 Products topline grew +11% to SAR 2.91 bln. Based on management's consolidated topline growth guidance for 2025 of 33-35%, we estimate that 4Q2025 revenues could surge nearly +50% Y/Y to a new record.
- Gross margin stood at 42.2%, in line with our 41.9% estimate, though below 44.4% last year and 42.5% last quarter. The contraction came from the DB segment, despite being likely supported by a change in revenue recognition from Principal to Agent for a few agreements within the segment. This resulted in a +29% Y/Y and +12% Q/Q rise in gross profit to SAR 1.07 bln, in line with our SAR 1.05 bln estimates.
- However, OPEX rose +45% Y/Y and +10% Q/Q to SAR 487 mln due to the consolidation, above our SAR 439 mln estimate. This was the main contributor to the profit variance vs. our estimate. Consequently, operating margin came in at 23.0%, below 26.4% last year, flat Q/Q, and below our estimate.
- Bottomline came in at SAR 559 mln (+12% Y/Y, -5% Q/Q), below market consensus of SAR 618 mln but close to our SAR 593 mln estimate. Adjusting for a one-off Zakat reversal of SAR 69 mln recorded last quarter, normalized earnings would have risen +7% Q/Q. Sequential profit growth in 4Q2025 remains our key indicator, as it will provide better visibility and confidence. We maintain our Buy rating and SAR 1,185.00 target price.

Abdulrahman M Barghouth
 abdulrahman.barghouth@riyadcapital.com
 +966-11-203-6815

■ Stock Rating

| Buy | Neutral | Sell | Not Rated |
|--|--|--------------------------------------|--------------------------|
| Expected Total Return Greater than +15% | Expected Total Return between -15% and +15% | Expected Total Return less than -15% | Under Review/ Restricted |

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

Riyad Capital is a Saudi closed joint stock company with paid-up capital of SAR 500 million. Licensed by the Saudi Arabian Capital Market Authority (No. 07070-37). Commercial Registration No. 1010239234. Head Office: 3128 Financial Boulevard, 6671 Al Aqeeq Dist., Riyadh 13519, Kingdom of Saudi Arabia.

The information in this report was compiled in good faith from various public sources believed to be reliable. Whilst all reasonable care has been taken to ensure that the facts stated in this report are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable. Riyad Capital makes no representations or warranties whatsoever as to the accuracy of the data and information provided and, in particular, Riyad Capital does not represent that the information in this report is complete or free from any error. This report is not, and is not to be construed as, an offer to sell or solicitation of an offer to buy any financial securities. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this report. Riyad Capital accepts no liability whatsoever for any loss arising from any use of this report or its contents, and neither Riyad Capital nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof. Riyad Capital or its employees or any of its affiliates or clients may have a financial interest in securities or other assets referred to in this report. Opinions, forecasts or projections contained in this report represent Riyad Capital's current opinions or judgment as at the date of this report only and are therefore subject to change without notice. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections which represent only one possible outcome. Further, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified and future actual results or events could differ materially. The value of, or income from, any investments referred to in this report may fluctuate and/or be affected by changes. Past performance is not necessarily an indicative of future performance. Accordingly, investors may receive back less than originally invested amount. This report provides information of a general nature and does not address the circumstances, objectives, and risk tolerance of any particular investor. Therefore, it is not intended to provide personal investment advice and does not take into account the reader's financial situation or any specific investment objectives or particular needs which the reader may have. Before making an investment decision the reader should seek advice from an independent financial, legal, tax and/or other required advisers due to the investment in such kind of securities may not be suitable for all recipients. This research report might not be reproduced, nor distributed in whole or in part, and all information, opinions, forecasts and projections contained in it are protected by the copyright rules and regulations.