

**ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**

**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS PRIOD ENDED MARCH 31, 2022**

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

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

### Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of **Elm Company** ("the Company") and its subsidiaries (together "the Group"), as of 31 March 2022, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the three month period then ended, and a summary of significant accounting policies and other explanatory notes.

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

### Scope of Review

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

### Conclusion

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

### Other Matter

The interim condensed consolidated financial statements of the Group for the three month period ended 31 March 2021 were reviewed by another auditor who expressed an unmodified conclusion on those interim condensed consolidated financial statements on 08 August 2021.

For Dr. Mohamed Al-Amri & Co.



Gihad Al-Amri  
Certified Public Accountant  
Registration No. 362

Riyadh, on: 25 Ramadan 1443 H  
Corresponding to: 26 April 2022 G



ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

All amounts in Saudi Riyals

	Note	For the three months period ended March 31	
		2022 (Unaudited)	2021 (Unaudited)
Revenue	5	1,092,006,956	773,631,949
Cost of revenue		(684,221,197)	(498,168,145)
<b>GROSS PROFIT</b>		<b>407,785,759</b>	<b>275,463,804</b>
<b>EXPENSES</b>			
Selling and marketing		(30,064,287)	(17,241,652)
Expected credit losses		(13,756,040)	(8,802,068)
General and administrative		(67,436,807)	(54,571,842)
Depreciation and amortization		(26,722,317)	(26,323,710)
<b>OPRATING PROFIT</b>		<b>269,806,308</b>	<b>168,524,532</b>
Finance cost		(844,910)	(1,334,216)
Income from murabha Deposit		2,963,589	2,682,111
Share of result from investment associate		(636,479)	(212,556)
Gain at fair value of Financial Assets through profit or loss		1,568,708	20,532,559
Other income, net		2,644,373	948,945
<b>NET PROFIT BRFORE ZAKAT</b>		<b>275,501,589</b>	<b>191,141,375</b>
Zakat	17	(25,860,831)	(22,271,608)
<b>NET PROFIT</b>		<b>249,640,758</b>	<b>168,869,767</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>			
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>249,640,758</b>	<b>168,869,767</b>
<b>EARNINGS PER SHARE FROM NET PROFIT:</b>			
Basic	15	3.17	2.11
Diluted	15	3.12	2.11

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman

The accompanying notes from (1) to (24) form an integral part of these interim condensed consolidated financial statements

ELM COMPANY  
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2022  
All amounts in Saudi Riyals

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>			
<b>NON -CURRENT ASSETS</b>			
Property and equipment	6	348,209,576	346,560,482
Capital work in progress		57,041,650	58,031,644
Right-of-use assets		103,889,917	108,084,151
Intangible assets		154,886,351	165,266,727
Investments in associates		2,860,745	3,497,224
Other financial assets	7	120,380,541	120,380,541
<b>TOTAL NON -CURRENT ASSETS</b>		<b>787,268,780</b>	<b>801,820,769</b>
<b>CURRENT ASSETS</b>			
Accounts receivable	8	1,737,865,591	1,654,806,023
Contract assets	9	919,225,323	660,298,461
Prepaid expenses and other current assets	10	138,183,950	123,320,561
Other financial assets	7	527,114,160	491,545,452
Murabha deposits	11	478,134,159	100,280,000
Cash and cash equivalents	12	783,501,905	1,362,219,462
<b>TOTAL CURRENT ASSETS</b>		<b>4,584,025,088</b>	<b>4,392,469,959</b>
<b>TOTAL ASSETS</b>		<b>5,371,293,868</b>	<b>5,194,290,728</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	13	800,000,000	800,000,000
Statutory reserve		81,689,142	81,689,142
Treasury share	15	(307,200,000)	-
Other reserve		(26,539,451)	(26,539,451)
Retained earnings		2,204,149,829	1,954,509,071
<b>TOTAL EQUITY</b>		<b>2,752,099,520</b>	<b>2,809,658,762</b>
<b>LIABILITIES</b>			
<b>NON - CURRENT LIABILITIES</b>			
Liabilities for purchasing property		50,142,450	50,142,450
Lease liabilities		88,108,290	87,396,354
End of service benefits provision	14	271,871,350	263,057,441
<b>TOTAL NON - CURRENT LIABILITIES</b>		<b>410,122,090</b>	<b>400,596,245</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable		159,440,270	249,301,715
Accrued expenses and other current liabilities	16	1,623,671,913	1,335,215,352
Contract liabilities		230,304,012	235,711,818
Zakat	17	129,325,976	103,465,145
liabilities of purchasing property		24,113,331	24,113,331
Lease liabilities		19,378,454	19,432,853
Due to related parties	18	22,838,302	16,795,507
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,209,072,258</b>	<b>1,984,035,721</b>
<b>TOTAL LIABILITIES</b>		<b>2,619,194,348</b>	<b>2,384,631,966</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,371,293,868</b>	<b>5,194,290,728</b>

Chief Financial Officer

Chief Executive Officer

Chairman

The accompanying notes from (1) to (24) 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 THREE MONTHS PERIOD ENDED MARCH 31, 2022

All amounts in Saudi Riyals

	Share capital	Proposed Increase in capital	Treasury shares	Statutory reserve	Other reserve	Retained earnings	Total equity
Balance as at January 1, 2021 (Audited)	50,000,000	450,000,000	-	25,000,000	(35,371,085)	1,744,306,794	2,233,935,709
Net profit for the period	-	-	-	-	-	168,869,767	168,869,767
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	168,869,767	168,869,767
Transfer to share capital	450,000,000	(450,000,000)	-	-	-	-	-
<b>Balance as at March 31, 2021 (Unaudited)</b>	<b>500,000,000</b>	<b>-</b>	<b>-</b>	<b>25,000,000</b>	<b>(35,371,085)</b>	<b>1,913,176,561</b>	<b>2,402,805,476</b>
Balance as at January 1, 2022 (Audited)	800,000,000	-	-	81,689,142	(26,539,451)	1,954,509,071	2,809,658,762
Net profit for the period	-	-	-	-	-	249,640,758	249,640,758
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	-	-	249,640,758	249,640,758
Purchase of treasury shares	-	-	(307,200,000)	-	-	-	(307,200,000)
<b>Balance as at March 31, 2022 (Unaudited)</b>	<b>800,000,000</b>	<b>-</b>	<b>(307,200,000)</b>	<b>81,689,142</b>	<b>(26,539,451)</b>	<b>2,204,149,829</b>	<b>2,752,099,520</b>

Chief Financial Officer

Chief Executive Officer

Chairman

The accompanying notes from (1) to (24) 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 THREE MONTHS PERIOD ENDED MARCH 31, 2022  
All amounts in Saudi Riyals

	Notes	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit before zakat		275,501,589	191,141,375
<i>Adjustments for non-cash items:</i>			
Depreciation and amortization		26,722,317	26,323,710
Expected credit losses		13,756,040	8,802,068
End of service benefits provision	14	14,449,876	12,038,659
Finance cost		844,910	1,334,216
Income from murabha deposit	11	(2,963,589)	(2,682,111)
Share of result from associate		636,479	-
Gain at fair value of financial assets through profit or loss		(1,568,708)	(20,532,559)
(Gain) / loss disposals of property and equipment		(70,246)	71,134
		<u>327,308,668</u>	<u>216,496,492</u>
<i>Working capital adjustments:</i>			
Accounts receivable	8	(96,675,974)	(128,493,007)
Contract assets	9	(259,066,496)	(184,025,528)
Prepaid expenses and other current assets	10	(16,362,808)	(20,438,369)
Accounts payable		(89,861,445)	(14,578,943)
Accrued expense and other current liabilities		288,456,561	123,772,869
Contract liabilities		(5,407,806)	(17,101,159)
Due to related parties	18	6,042,795	6,799,126
<b>Cash from operations</b>		<u>154,433,495</u>	<u>(17,568,519)</u>
Proceeds from income from murabha deposits	11	3,821,427	943,223
End of service benefits paid	14	(5,635,967)	(6,099,068)
<b>Net cash generated from / (used in) operating activities</b>		<u>152,618,955</u>	<u>(22,724,364)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Murabha deposits		(377,854,159)	(246,177,550)
Purchase of property and equipment and intangible assets		(4,522,945)	(1,244,524)
Proceeds from disposal of property and equipment		552,733	-
Investments in other financial assets		(34,000,000)	(394,850)
Payments for capital works in progress		(6,942,142)	(10,022,729)
<b>Net cash used in investing activities</b>		<u>(422,766,513)</u>	<u>(257,839,653)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liabilities		(1,362,342)	(11,572,317)
Purchase of treasury shares	15	(307,200,000)	-
Finance cost paid		(7,657)	(351,115)
<b>Net cash used in financing activities</b>		<u>(308,569,999)</u>	<u>(11,923,432)</u>
<b>Net Change in cash and cash equivalents</b>		<u>(578,717,557)</u>	<u>(292,487,449)</u>
Cash and cash equivalents at the beginning of the period		1,362,219,462	1,013,318,368
<b>Cash and cash equivalents at the end of the period</b>	12	<u>783,501,905</u>	<u>720,830,919</u>

  
Chief Financial Officer

  
Chief Executive Officer

  
Chairman

The accompanying notes from (1) to (24) form an integral part of these interim condensed consolidated financial statements

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**

All amounts in Saudi Riyals

**1. INFORMATION ABOUT THE COMPANY**

Elm Company formerly known as (Al Elm Information Security Company) (the "Company") was incorporated in the city of Riyadh, Kingdom of Saudi Arabia as a Saudi limited liability company on Shawwal 24, 1408 AH (corresponding to June 8, 1988 AD). It has been transformed into a closed Saudi joint stock company by Royal Decree No. (M/90) dated Dhul Qi'dah 3, 1428 AH (corresponding to November 13, 2007 AD), and it is registered under Commercial Register No. 1010069210.

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

**2. BASIS OF PREPARATION**

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Initial Financial Reporting", endorsed in the Kingdom of Saudi Arabia, and other standards and issuances approved by the Saudi Organization for chartered professional accountant. These interim condensed and consolidated financial statements do not include all the clarifications required in the complete annual consolidated financial statements in accordance with International Financial Reporting Standards. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the group at December 31, 2021.

**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, 2021.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used in preparing these interim condensed consolidated financial statements are consistent with those applied in preparing the consolidated financial statements for the year ended December 31, 2021. Except for:

**3.1 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.

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

**A, New and amended standards and interpretations**

There are no new and amended standards and interpretations applicable as of March 31, 2022.

**B, New and amended IFRSs not yet effective**

Standards issued but not yet effective are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2021. Noting that the Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.



**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**

All amounts in Saudi Riyals

**5. REVENUE**

The following is the group revenue analysis, as per business unit for the three months period ended March 31:

	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Digital Business	<b>657,145,268</b>	460,166,643
Business Process Outsourcing	<b>387,141,001</b>	290,166,096
Professional Services	<b>47,720,687</b>	23,299,210
	<b><u>1,092,006,956</u></b>	<u>773,631,949</u>

Revenue sources for the three months period ended March 31:

	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Revenue from government agencies	<b>549,194,263</b>	413,678,479
Revenue from private parties	<b>542,812,693</b>	359,953,470
	<b><u>1,092,006,956</u></b>	<u>773,631,949</u>

Revenue recognition time for the three months period ended March 31:

	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
At a point in time	<b>843,231,627</b>	574,842,003
Over a period of time	<b>248,775,329</b>	198,789,946
	<b><u>1,092,006,956</u></b>	<u>773,631,949</u>

**6. PROPERTY AND EQUIPMENT**

During the three months period ended March 31, 2022, the Group acquired property and equipment amounted to SR 11.37 million, including non-cash additions transfer from capital working progress amounted to SR 6.84 million (for the three months period ended March 31, 2021: SR1.35 million of which Non-cash additions transfer from capital working progress amounted to 142 thousands Saudi riyals). During the three months period ended March 31, 2022, the Group disposed of property and equipment with a net book value of SR 482 thousands (for the three months period ended March 31, 2021: SR 71 thousands), which resulted in gains on the disposal of property and equipment for the three months period ending on March 31, 2022 amounted to SR 70 thousands ( Loss from assets disposal for the three months period ending March 31, 2021 : SR 71 thousands). The depreciation expense for the three months period ended March 31, 2022 amounted to SR 9.24 million (for the three months period ended March 31, 2021: SR 12.28 million).

**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**

All amounts in Saudi Riyals

**7. OTHER FINANCIAL ASSETS**

The group's other financial assets balances consist of:

	<b>March 31, 2022</b> <b>(Unaudited)</b>	December 31, 2021 <b>(Audited)</b>
<i>Financial assets at FVTPL</i>		
Money Market Funds (A)	<b>527,114,160</b>	491,545,452
Advance payment for future equity (B)	<b>16,385,703</b>	16,385,703
	<b>543,499,863</b>	507,931,155
<i>Financial assets at FVTOCI</i>		
Unquoted equity investments (C)	<b>103,994,838</b>	103,994,838
	<b>647,494,701</b>	611,925,993
<b>Other financial assets are presented in the interim condensed consolidated statement of financial position as follows:</b>		
Current	<b>527,114,160</b>	491,545,452
Non-current	<b>120,380,541</b>	120,380,541
	<b>647,494,701</b>	611,925,993

- 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, and there were fair value gains through profit or loss included within the second fair value level in the amount of SR 1,6 million .
- 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 their fair value has been determined using different methods as cash flow models and multiples methods (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 their fair value has been determined using various methods such as multipliers and investment rounds (Fair Value Level 3).

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

	<b>March 31, 2022</b> <b>(Unaudited)</b>	December 31, 2021 <b>(Audited)</b>
Balance at the beginning of the period/ year	<b>611,925,993</b>	45,444,261
Additions	<b>34,000,000</b>	525,941,166
Gains financial assets at FVTPL	<b>1,568,708</b>	24,694,883
Gains financial assets at FVTOCI	-	15,845,683
Balance at the end of the period /year	<b>647,494,701</b>	611,925,993

**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**

All amounts in Saudi Riyals

**8. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	<b>March 31, 2022</b> <b>(Unaudited)</b>	<b>December 31, 2021</b> <b>(Audited)</b>
Government receivables	<b>1,213,021,878</b>	1,224,653,696
Trade receivables	<b>801,677,017</b>	693,369,225
	<b>2,014,698,895</b>	1,918,022,921
Expected credit losses provision	<b>(276,833,304)</b>	(263,216,898)
	<b>1,737,865,591</b>	1,654,806,023

**9. 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 interim condensed consolidated financial statements, and that revenue will be invoiced subsequent to the period end/ year end.

Contract assets consists of the following:

	<b>March 31, 2022</b> <b>(Unaudited)</b>	<b>December 31, 2021</b> <b>(Audited)</b>
Government contract assets	<b>910,418,182</b>	695,977,283
Trade contract assets	<b>79,894,339</b>	35,268,742
	<b>990,312,521</b>	731,246,025
Expected credit losses provision	<b>(71,087,198)</b>	(70,947,564)
	<b>919,225,323</b>	660,298,461

**10. PREPAYMENTS AND OTHER CURRENT ASSETS**

Prepayments and other current assets consists of the following:

	<b>March 31, 2022</b> <b>(Unaudited)</b>	<b>December 31, 2021</b> <b>(Audited)</b>
Prepaid expenses	<b>60,802,482</b>	48,868,887
Deferred costs	<b>44,018,208</b>	44,291,639
Employees receivable	<b>19,137,094</b>	18,275,169
Accrued Murabha deposit income	<b>1,075,323</b>	1,933,161
Other	<b>13,150,843</b>	9,951,705
	<b>138,183,950</b>	123,320,561

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022

All amounts in Saudi Riyals

**11. MURABHA DEPOSITS**

The balance of long-term murabha deposits consists of long-term deposits with a term of more than three months. The average commission is 1.9% annually (2021: 1.2% annually), and the interim condensed consolidated statement of profit or loss has been charged with a total deposit income of SR 2.9 million during the three months period ended March 31, 2022(2021:SR 2.6 million). All murabaha deposits mature within one year.

**12. CASH AND CASH EQUIVALENTS**

Cash and Cash equivalents consists of the following:

	<b>March 31, 2022</b> <b>(Unaudited)</b>	December 31,2021 (Audited)
Cash at banks	<b>283,501,905</b>	86,676,813
Short term murabaha deposits *	<b>500,000,000</b>	1,275,542,649
	<b>783,501,905</b>	1,362,219,462

\* The balance of short-term murabaha deposits consists of short-term deposits of three months and less. The average commission is 1,6 % annually.(2021:1,4 %)

\*\* The company has a balance of SR 260 million (December 31,2021: SR 135 million) recorded in its bank accounts, which has not been presented within the group's assets, as this amount relates to services in which the company links presented to technical systems for the purpose of transferring them between the parties benefiting from these services.

**13. 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 2021: 80,000,000 shares with a par value of 10 Saudi riyals per share).

**14. END OF SERVICES BENEFITS PROVISION**

Employee end of service benefits provision movement as follows:

	<b>March 31, 2022</b> <b>(Unaudited)</b>	December 31,2021 (Audited)
Balance at the beginning of the period / year	<b>263,057,441</b>	228,121,038
Current service cost	<b>12,897,594</b>	45,767,793
Current service financing cost	<b>1,552,282</b>	4,836,748
Cost transfer	-	(596,174)
Benefits paid	<b>(5,635,967)</b>	(22,086,013)
Actuarial losses	-	7,014,049
<b>Balance at the end of the period / year</b>	<b>271,871,350</b>	263,057,441

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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**15. EARNINGS PER SHARE**

Earnings per share for the period has been calculated by dividing the net income for the period by the 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-month period ended March 31:

	2022 (Unaudited)	2021 (Unaudited)
Net income for the period	249,640,758	168,869,767
<b>Number of share</b>		
Weighted average number of shares for calculation for basic earnings per share*	78,840,449	80,000,000
Weighted average number of shares for repurchased shares	1,159,551	-
Weighted average number of shares for calculation for diluted earnings per share	80,000,000	80,000,000
<b>EARNINGS PER SHARE:</b>		
Basic	3.17	2.11
Diluted	3.12	2.11

\* The weighted average number of shares for the prior period has been adjusted retrospectively due to the capital increases transferred from the proposed capital increase.

- On 16 February 2022, the group purchased 2.4Mn of its own shares from the Parent Company at cost of SR 128, for cash consideration of SR 307,2 million . The group holds these shares as treasury shares in order to support its future employee long-term incentive plan.

**16. ACCRUED EXPENSES AND OTHER CURRENT LIABILITES**

Accrued expenses and other current liabilities are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Income sharing accruals	531,831,041	418,179,490
Contractual cost	499,275,971	411,965,675
Employee accruals	293,775,429	253,325,121
Advance from customers	205,273,437	179,049,660
Incentives & marketing	32,164,371	28,892,316
Litigation provision	15,851,258	15,851,258
Retention payable	9,669,850	9,510,414
VAT	25,655,164	9,084,019
Others	10,175,392	9,357,399
	1,623,671,913	1,335,215,352

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17. ZAKAT

The group submitted all its zakat returns until the end of the year 2020, 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 interim condensed consolidated financial statements.

The Group pays VAT on a monthly basis and VAT returns have been submitted for all fiscal years 2018, 2019, 2020 and 2021. The Group underwent a tax examination for the years 2018, 2019 and 2020, and the process of examining tax returns submitted for these years was closed and did not result in any tax differences.

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

	<b>March 31, 2022</b> <b>(Unaudited)</b>	December 31, 2021 (Audited)
Balance at the beginning of the period / year	<b>103,465,145</b>	65,690,341
Charge during the period/ year	<b>25,860,831</b>	81,729,235
Paid during the period/ year	-	(43,954,431)
<b>Balance at the ending of the period / year</b>	<b>129,325,976</b>	<b>103,465,145</b>

18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties consist of the shareholder of the Group, associates and affiliate companies, directors and senior management employees of The Group. The terms and conditions of these transactions are approved by The Group's management. In accordance with the normal circumstances of transactions, The Group conducts transactions with related parties including dealing with the Public Investment Fund (the main shareholder), members of the board of directors, executives and other companies owned by the Public Investment Fund or members of the board of directors of those companies. All of these transactions are carried out according to the terms agreed by the management of the Group. Balances of related parties are shown net of net offset.

As at the date of preparing the interim condensed consolidated financial statements, balances with related parties were unguaranteed.

During the period, The Group conducted transactions with the following related parties:

<u>Related Party</u>	<u>Relationship</u>
Public Investment Fund	Main shareholder
Senior executive managers	Employees
Board of Directors	Members
Unifonic company	Affiliates
Smart national Solutions Company	Affiliates

**ELM COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

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**18. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)**

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 three months ended March 31:

	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Transactions</b>		
<b>Transactions with the main shareholder</b>		
Service revenue	26,102,238	6,245,796
Purchase of Treasury Share	307,200,000	-
<b>Unifonic company</b>		
Services cost	10,735,008	10,379,839
<b>Smart national Solution</b>		
Services cost	1,467,515	-
<b>Transaction with board of directors and senior executive managers</b>		
Salaries and benefit	9,506,199	7,615,922
Remunerations and allowances	4,741,488	2,676,021
End of service indemnity	1,079,408	446,843
	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Balances</b>		
Due from related parties is included in Government receivables and prepayment and other current assets	47,866,851	56,072,372
<b>Due to Related Parties</b>		
Unifonic Company	19,286,556	12,895,453
Smart National Solution Company	1,565,246	1,913,554
Dividends payable	1,986,500	1,986,500
	<b>22,838,302</b>	<b>16,795,507</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
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19. SEGMENT INFORMATION

The company offers a wide range of ready-made digital solutions specialized in many fields through diverse and flexible business models that suit the desires of customers. The ready-made solutions include products that serve a wide range of customers, which they can subscribe to through various packages that suit each customer and his needs. While the projects include specialized solutions that the company provides to its clients according to their needs. The Company's business includes the following:

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

The selected financial data for these sectors follows for the three months period March 31:

	<b>2022</b> <b>(Unaudited)</b>	<b>2021</b> <b>(Unaudited)</b>
<b>Revenue</b>		
Digital Business	<b>657,145,268</b>	460,166,643
Business Process Outsourcing	<b>387,141,001</b>	290,166,096
Professional Services	<b>47,720,687</b>	23,299,210
	<b>1,092,006,956</b>	773,631,949
<b>Cost</b>		
Direct cost	<b>(684,221,197)</b>	(498,168,145)
Operating expenses (except depreciation and amortization, ECL)	<b>(97,501,094)</b>	(71,813,494)
Expected credit loss (ECL)	<b>(13,756,040)</b>	(8,802,068)
Depreciation & Amortization	<b>(26,722,317)</b>	(26,323,710)
(Expenses)/Other income	<b>5,695,281</b>	22,616,843
Zakat	<b>(25,860,831)</b>	(22,271,608)
	<b>(842,366,198)</b>	(604,762,182)
<b>Net Profit</b>	<b>249,640,758</b>	168,869,767



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19. SEGMENT INFORMATION (CONTINUED)

Below is a breakdown of gross profit by segments for the three months period March 31:

	2022 (Unaudited)	2021 (Unaudited)
Digital Business	300,545,193	217,196,819
Business Process Outsourcing	91,584,364	60,781,924
Professional Services	15,656,202	(2,514,939)
	<u>407,785,759</u>	<u>275,463,804</u>

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<b><i>Assets</i></b>		
Digital Business	3,232,324,051	2,853,008,836
Business Process Outsourcing	1,904,244,358	2,219,017,574
Professional Services	234,725,459	122,264,318
	<u>5,371,293,868</u>	<u>5,194,290,728</u>
<b><i>Liabilities</i></b>		
Digital Business	1,576,172,352	1,309,779,607
Business Process Outsourcing	928,563,244	1,018,722,385
Professional Services	114,458,752	56,129,974
	<u>2,619,194,348</u>	<u>2,384,631,966</u>

20. 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 of SR 401 million as on March 31, 2022 (December 31, 2021 : SR 401 million). The Group has utilized some of these facilities agreements to issue bank guarantees for it's projects as disclosed in note 21.

21. CONTINGENT LIABILITIES

- The Group has outstanding bank letters of guarantee amounted to SAR 29 million as of March 31, 2022 (December 31, 2021: SR 38 million).
- In the ordinary course of business, the Group enters into legal cases as a plaintiff or defendant. As on March 31, 2022, the group recognizes provision against legal cases amounted to SR 16 million (December 31, 2021: SR 16 million) that represents the best estimate the management could perform, and it does not expect any liabilities than the recorded provisions.

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**22. DIVIDENDS**

The Company's board of directors proposed on Shawwal 20, 1443 AH (corresponding to March 23, 2022) cash dividends amounted to SR 232.8 million at the rate of SR 3 per share, for the year ending December 31, 2021.

**23. SUBSEQUENT EVENTS**

There were no significant subsequent events that required disclosure in these interim condensed consolidated financial statements.

**24. APPROVAL OF THE FINANCIAL STATEMENTS**

These Interim condensed consolidated financial statements were approved by the Board of Directors on Ramadan 22, 1443 (corresponding to April 23, 2022).