

ELM COMPANY
(A SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)
PREVIOUSLY KNOWN AS
(AL ELM INFORMATION SECURITY COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021**

**ELM COMPANY (PREVIOUSLY KNOWN AS AL ELM INFORMATION SECURITY COMPANY)
(A SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)**

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

To the shareholder
Elm Company
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Elm Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at March 31, 2021, and interim condensed consolidated statement of profit or loss and other comprehensive income and statement of changes in equity and statement of cash flow for the three months then ended, and other explanatory information. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard (34) "*Interim Financial Reporting*" ("IAS 34") 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 International Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" as 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 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 are not prepared, in all material respects, in accordance with International Accounting Standard (34) "*Interim Financial Reporting*" endorsed in Kingdom of Saudi Arabia.

Deloitte and Touche & Co, Chartered Accountants

P.O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia



Waleed Bin Mohamed Sobahi
(License No. 378)

Thul-Hijjah 29, 1442
August 8, 2021

**ELM COMPANY (PREVIOUSLY KNOWN AS AL ELM INFORMATION SECURITY COMPANY)
(A SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)**

		For the three month period ended 31 March	
		2021	2020
	Note	(Not audited)	(Not audited) Restated "Note 25-2"
Revenue	18	773,631,949	509,405,508
Cost of revenue	18	(498,168,145)	(381,481,994)
Gross profit		275,463,804	127,923,514
Expenses			
Selling and marketing	14	(17,241,652)	(16,409,876)
Provision for expected credit losses		(8,802,068)	-
General and administrative	15	(54,571,842)	(59,111,626)
Depreciation and amortization		(26,323,710)	(26,840,703)
Operating profit		168,524,532	25,561,309
Finance costs		(1,334,216)	(1,655,016)
Return on short-term deposits	9	2,682,111	2,834,043
Net share in the results of investments in associate		(212,556)	-
Gain of financial assets at FVTPL	4	20,532,559	-
Other income	16	948,945	2,051,462
Profit before Zakat		191,141,375	28,791,798
Zakat	19	(22,271,608)	-
Net profit for the period		168,869,767	28,791,798
TOTAL COMPREHENSIVE INCOME		168,869,767	28,791,798
Earnings per share (in Saudi Riyal):			
Basic and diluted earnings per share from operating profit	21	3.55	5.11
Basic and diluted earnings per share from net profit	21	3.56	5.76

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

**ELM COMPANY (PREVIOUSLY KNOWN AS AL ELM INFORMATION SECURITY COMPANY)
(A SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021
(Saudi Riyals)**

	Note	March 31, 2021 (Not audited)	December 31, 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		362,725,800	373,732,417
Capital work in progress		115,715,672	108,538,021
Right-of-use assets		129,266,723	131,457,589
Intangible assets		80,230,454	82,978,472
Investments in associates	24	150,000	212,556
Other financial assets	4	66,371,670	45,444,261
Total non-current assets		754,460,319	742,363,316
Current assets			
Accounts receivable	5	1,490,186,828	1,370,495,889
Contract assets	6	453,152,782	269,127,254
Prepaid expenses and other debit balances	7	112,782,391	91,588,234
Bank deposits	9	784,145,734	537,968,184
Cash and cash equivalents	8	720,830,919	1,013,318,368
Total current assets		3,561,098,654	3,282,497,929
TOTAL ASSETS		4,315,558,973	4,024,861,245
EQUITY AND LIABILITIES			
Equity			
Issued and paid up capital	10	500,000,000	50,000,000
Additional capital proposed	10	-	450,000,000
Statutory reserve	11	25,000,000	25,000,000
Other reserves	11	(35,371,085)	(35,371,085)
Retained earnings		1,913,176,561	1,744,306,794
Total equity		2,402,805,476	2,233,935,709
Liabilities			
Non-current liabilities			
Liabilities for purchasing property – non-current		74,255,782	74,255,782
Lease liabilities – non-current		106,450,680	101,534,296
End of service benefits provision	12	234,060,629	228,121,038
Total non-current liabilities		414,767,091	403,911,116
Current liabilities			
Accounts payable		212,132,885	226,711,828
Due to related parties	17	30,903,867	24,104,741
Contract liabilities		210,181,361	227,282,520
Accrued expenses and other liabilities	13	915,069,776	791,359,463
Zakat	19	87,961,949	65,690,341
Liabilities of purchasing property – current		23,496,470	23,496,470
Lease liabilities- current		18,240,098	28,369,057
Total current liabilities		1,497,986,406	1,387,014,420
Total liabilities		1,912,753,497	1,790,925,536
TOTAL EQUITY AND LIABILITIES		4,315,558,973	4,024,861,245

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

ELM COMPANY (PREVIOUSLY KNOWN AS AL ELM INFORMATION SECURITY COMPANY)
(A SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)

	<u>Note</u>	Issued and paid up capital	Additional capital proposed	Statutory reserve	Other reserves	Retained earnings	Total equity
Balance as at January 1, 2020 (Audited)		50,000,000	-	25,000,000	(36,497,493)	1,471,059,713	1,509,562,220
Net profit for the period		-	-	-	-	28,791,798	28,791,798
Comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	28,791,798	28,791,798
Book value resulting from the acquisition		-	416,667,946	-	-	-	416,667,946
Balance as at March 31, 2020 (Not audited)	25-2	50,000,000	416,667,946	25,000,000	(36,497,493)	1,499,851,511	1,955,021,964
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
Comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	168,869,767	168,869,767
Transferred to capital	10	450,000,000	(450,000,000)	-	-	-	-
Balance as at March 31, 2021 (Not audited)		500,000,000	-	25,000,000	(35,371,085)	1,913,176,561	2,402,805,476

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

**ELM COMPANY (PREVIOUSLY KNOWN AS AL ELM INFORMATION SECURITY COMPANY)
(A SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THREE MONTH PERIOD ENDED IN MARCH 31, 2021
(Saudi Riyals)**

	March 31, 2021 (Not audited)	March 31, 2020 (Not audited) (Restated note 25-2)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before Zakat	191,141,375	28,791,798
Adjustments for non-cash items:		
Depreciation and amortization	26,323,710	26,840,702
Provision for expected credit losses	8,802,068	-
Loss from disposal of property and equipment	71,134	2,968
End of service benefits provision	12,038,659	12,150,208
Gain of financial assets at FVTPL	(20,532,559)	-
Bank deposits income	(2,682,111)	(2,834,043)
Finance costs	1,334,216	1,655,016
	<u>216,496,492</u>	<u>66,606,649</u>
Working capital adjustments:		
Account receivable	(128,493,007)	88,335,539
Prepaid expenses and other debit balance	(20,438,369)	(6,243,790)
Contract assets	(184,025,528)	(88,771,369)
Accounts payable	(14,578,943)	(18,023,535)
Contract liabilities	(17,101,159)	2,153,858
Due to related parties	6,799,126	-
Accrued expense and other liabilities	123,772,869	12,755,243
Cash (used in) / from operations	<u>(17,568,519)</u>	<u>56,812,595</u>
Proceeds from bank deposits income	943,223	2,830,078
End of service benefits paid	(6,099,068)	(1,993,646)
Net cash (used in) / generated from operating activities	<u>(22,724,364)</u>	<u>57,649,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits	(246,177,550)	363,403,575
Purchase of property, plant and equipment and tangible assets	(1,244,524)	(18,550,800)
Cash acquired upon acquisition of a subsidiary	-	245,672,583
Investments in other financial assets	(394,850)	-
Payments for capital works in progress	(10,022,729)	(12,328,048)
Net cash (used in) / generated from investing activities	<u>(257,839,653)</u>	<u>578,197,310</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of liabilities for purchasing property	(11,572,317)	(7,942,925)
Finance cost paid	(351,115)	(410,765)
Net cash used in financing activities	<u>(11,923,432)</u>	<u>(8,353,690)</u>
Net decrease in cash and cash equivalents	<u>(292,487,449)</u>	<u>627,492,647</u>
Cash and cash equivalents at the beginning of the period	<u>1,013,318,368</u>	<u>104,827,765</u>
Cash and cash equivalents at the end of the period	<u>720,830,919</u>	<u>732,320,412</u>
Significant non-cash transactions:		
Transfer from capital work in progress to Property, plant and equipment and intangible assets	2,845,078	-
Additions to right of use	6,359,742	-

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

**ELM COMPANY (PREVIOUSLY KNOWN AS AL ELM INFORMATION SECURITY COMPANY)
(A SINGLE PERSON SAUDI CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)**

1. INFORMATION ABOUT THE COMPANY

Elm Company (Previously known as Al Elm Information Security Company) (the "Company") was established in Riyadh, Kingdom of Saudi Arabia, as a Saudi Limited Liability Company on 24 Shawwal 1408H (corresponding to June 8, 1988). It was converted to a Single Person Saudi Closed Joint Stock Company under the Royal Decree Number (M/90) dated 3 Dhul-Qa'dah 1428H (corresponding to November 13, 2007), and registered under commercial registration number 1010069210. The company is wholly owned by the Public Investment Fund in the Kingdom of Saudi Arabia. According to the company's article of association, the board of directors consists of seven members appointed by the Public Investment Fund, of whom four members are nominated by the Ministry of Interior.

The name of the company was changed on January 5, 2021 from Al Elm Information Security Company to Elm Company, according to the decision issued during the extraordinary assembly meeting dated November 10, 2020.

The company's activities consist of providing information security services and working in the field of electronic business, exchange of credit information, managing and operating data and information centers, import, develop, sell and maintain devices, machines, spare parts, softwares, information systems and communication networks, providing purchasing and selling sites through the internet, and working in the field of training and workforce development.

The principal activity of the company is to provide safe electronic services to the government and private sectors and individuals through providing a center for a large database that serves the community as a whole while taking into consideration the privacy in those dealings. Also providing support services which specializes in the support for public sectors to provide public interaction services and operational work for these sectors. And providing IT solutions and consultation services in the field of information technology which is provided mainly to the public sector. The company provides its services to clients through the following principal business sectors:

- 1- Product Suits: Specializes in providing electronic services to the government and private sectors.
- 2- Business process outsourcing: Specializes in support of the public sectors to provide public interaction services and operational work.
- 3- Digital delivery suite: Specializes in providing digital solutions in the field of information technology.
- 4- Professional services: Specializes in providing training and consultation solutions in various fields.
- 5- Nationalization and up skilling: Specializes in providing nationalization solutions.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
FOR THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)**

1. INFORMATION ABOUT THE COMPANY (CONTINUED)

Below is a list of some of the electronic services provided by the company:

- | | |
|-------------------|-------------------------------------|
| 1- Yakeen service | 4- Tamm service |
| 2- Muqem service | 5- Absher platform |
| 3- Umrah service | 6- Health insurance linkage service |

Below is a description of some of the services provided by the company:

- 1- "Yakeen" service: This service provides electronic verification from the identity, and it corrects and updates the relevant databases automatically, as it allows its subscribers to verify the data of their customers before entering it into their databases, it also enables them to update what was previously entered into their database according to what is available in the records of the National Information Center. This service also includes several sub services, in which the most important is the service of verifying the identity of the subscribers of the companies whose shares are offered in the public.
- 2- "Muqem" service: It is an information system that works on the internet and which allows beneficiaries to view information related to their sponsored persons as approved by the General Directorate of Passports. The system provides information on each sponsored person related to the beneficiary, and it also assists the beneficiaries to improve human resources management through providing employment data and reports in a form of various groups of services.
- 3- "Umrah" service: Umrah services integrates the Ministry of Hajj with the Ministry of Interior and the Ministry of Foreign Affairs to automatically transfer data upon the entry and exit of pilgrims to underlying Umrah companies, and to pre-issue border number. This service is performed in cooperation with the Ministry of Hajj, through licensed companies to provide data to different Umrah companies. Hajj services are based on automatic transferring and registering of data for pilgrims so that the companies can give an immediate response to the requests of the applicants to obtain Hajj permits through either acceptance or rejection, in addition to registering the data of accepted applicants automatically.
- 4- "Tamm" service: Tamm service provides some electronic traffic management services to the beneficiaries from public and private sectors to enable those relevant transportation and automobile sectors to inquire about the data of their vehicle fleets owned by the sectors and to update the databases of traffic with the data of the vehicles they trade with and transferring its ownership once sales deals are completed, and renew its license, and determine the actual driver or authorized person to drive inside and outside the Kingdom, and enables car dealerships to issue ownership licenses and vehicle registration plates immediately.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - (CONTINUED)
FOR THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)**

1. INFORMATION ABOUT THE COMPANY (CONTINUED)

- 5- "Absher" platform: It is an integrated digital platform for the services of the Saudi Ministry of Interior which allows governmental parties, citizens, residents and owners of institutions to execute services related to the General Directorate of Traffic, Agency of Civil affairs, the General Directorate of Passports, and others through interactive electronic operations that depends on technical linkage with the relevant authorities and the national information center. For purposes of easing access of services to the beneficiaries, an application for smartphone devices has been developed, and the services have been distributed on sub-platforms as needed: Absher for individuals, Absher for businesses, and Absher for government.

Subsidiaries

The Company has established Emdad Al Khebrat Company Limited, a Limited Liability Company registered under commercial registration number 1010414975 on Rajab 22, 1435H (corresponding to May 21, 2014). The Company is wholly owned by Al Elm Information Security Company and it is headquartered in Riyadh. The principal activity of Emdad Al Khebrat Company is to manage call centers, service centers and to provide consultation services in the field of electronic business, operation and maintenance, import, export and sale of devices, hardware, software, systems and workforce development.

The Company has established Elm Technical Investment Company, a Limited Liability Company registered under commercial registration number 1010069210 on Ramadan 11, 1440H (corresponding to May 16, 2019). The Company is wholly owned by Al Elm Information Security Company and it is headquartered in Riyadh. The principal activity of the company is to manage call centers, service centers, computer systems programming, computer consultancy activities, information technology services, data processing, website hosting, and retail sale of information and communication equipment in specialized stores. The Company has not yet commenced its business operations.

The Company has established Future Resources Company Limited, a Limited Liability Company registered under commercial registration number 1010606896 on Rabi Al Awal 8, 1441H (corresponding to November 5, 2019). The Company is 0.02% owned by Emdad Al Khebrat Limited and is 99.98% owned by Elm Technical Investment Company. The Company is headquartered in Riyadh. The principal activity of the company is in financial services, experienced consultancy activities in the field of management and computer programming.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)

1. INFORMATION ABOUT THE COMPANY (CONTINUED)

Subsidiaries (continued)

The Company has established Elm Digital Payment Company Limited, a Single Person Limited Liability Company registered under commercial registration number 1010619996 on Jumada Al-Awwal 5, 1441H (corresponding to January 1, 2020). The company is wholly owned by Future Resources Company Limited and it is headquartered in Riyadh. The principal activity of the company is technology in financial services. The Company has not yet commenced its business operations.

The Company has established Umrah Company for Specialized Services, a Single Person Limited Liability Company registered under commercial registration number 1010656805 on Safar 12, 1442H (corresponding to September 30, 2020). The company is wholly owned by Al Elm Information Security Company and is headquartered in Riyadh. The principal activity of the company is bus transport of passengers between the cities, catering services for Hajj and Umrah, inspection of different systems and measuring their performance, providing marketing services on behalf of others, marketing and reservation of tourist accommodation units, reception and farewell services for pilgrims. The Company has not yet commenced its business operations.

The Saudi Electronic Information Exchange Company "Tabadul", a closed Saudi joint stock company, was established under Royal Decree No. M / 39 of Rajab 7, 1430 AH corresponding to December 31, 2009 AD, and registered under Commercial Registry No. 1010274503, and its head office is located in Riyadh. It operates in the IT sectors, Communications, installation, maintenance, support and support of communications and information technology programs, systems and applications. As well as owning, establishing, developing, operating and managing communication and information technology facilities and participating in the development, establishment, operation, maintenance and management of technical areas

During 2020, the Company has signed a share sale and purchase agreement with Public Investment Fund (the sole shareholder of the company) to purchase 100% of the share capital of Saudi Company for Knowledge Exchange ("Tabadul") with all its rights and obligations and as per agreement, the economic rights and obligations is calculated beginning from January 1, 2020 with a book value of SR 450,154,946 minus earnings payable for 2019 with an amount of SR 33,487,000.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)

2. BASIS OF PREPARATION

a. Accounting standards applied

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34") as endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") in Kingdom of Saudi Arabia, and the other standards and pronouncements that are issued by SOCPA. These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as endorsed by SOCPA and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2020. In addition, the results for the interim period of three months ended March 31, 2020 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2020.

b. Basis of consolidation

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

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

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

All inter-company balances, significant transactions, and revenue and expenses between the company and its subsidiaries are eliminated upon consolidation of the financial statements.

The non-controlling interests in the net assets of the subsidiary are determined separately from the equity of the company. Since the subsidiaries are wholly owned by the company. There are no non-controlling interests to be disclosed.

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

c. Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for employee end of service benefits provision which has been measured at the present value of future obligations in addition to other financial assets which are measured at fair value through other comprehensive income and fair value through profit or loss.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)

2. BASIS OF PREPARATION (CONTINUED)

b. Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Riyals which represents the functional currency of the Group.

e. Use of assumptions and estimates

The preparation of the interim condensed consolidated financial statements in accordance with International Financial Reporting Standards as endorsed in the Kingdom of Saudi Arabia requires the use of estimates and assumptions that affect the amounts of assets and liabilities, and disclosure of contingent liabilities as at the date of the interim condensed consolidated financial statements and the amounts of revenue and expenses during the reporting period. Although these estimates are based on management's knowledge of current events and procedures, actual results may ultimately differ from these estimates due to circumstances out of the groups' control.

The estimates and underlying assumptions are reviewed on an ongoing basis, and adjustments to accounting estimates are recognized in the period in which the estimates are revised if the adjustment affects only that period or in the period of the review and future periods if the adjustment affects current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES

Except for below mentioned, the accounting policies used in preparing these interim condensed consolidated financial statements are the same policies used in preparing the consolidated financial statements for the year ended December 31, 2020.

New and amended International Financial Reporting Standards ("IFRSs") Standards and Interpretations

The following amended IFRSs have been adopted by the Group beginning from January 1, 2021:

- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, and IFRS 16): These amendments introduce temporary exemptions that address the impacts on the financial report when reforming the current benchmark interest rate with an alternative nearly risk-free interest rate. The adjustments include the following practical means:
 - A practical method that requires considering contractual changes or changes in cash flows, which are required by direct reform, as changes in the variable interest rate, equivalent to the movement in the interest rate prevailing in the market.
 - It allows the changes required by interest rate reform between banks to cover the allocated risks and document coverage without interruption of the hedging instrument.
 - Provides a temporary exemption for enterprises from the necessity to meet requirements that can be separately identified when an instrument is allocated at a risk-free interest rate as a coverage for the risk component.

These amendments did not have any impact on the Group's interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRSs in issue but not yet effective

The Group has not early adopted the following new or amended standards when preparing these interim condensed consolidated financial statements and it is expected that these standards may have no material impact on future periods:

New and amended IFRSs	Effective for annual periods beginning on or after
Provisions, Contingent Liabilities, and Contingent Assets (Amendments to IAS 37)	January 1, 2022
Annual Improvements to IFRS Cycle 2018–2020	January 1, 2022
Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Insurance Contracts (Amendments to IFRS 17)	January 1, 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable. The adoption of these new standards, interpretations and amendments may have no significant impact on the consolidated financial statements of the Group in the period of initial application.

4. OTHER FINANCIAL ASSETS

	March 31, 2021 (Not audited)	December 31, 2020 (Audited)
Financial assets at FVTPL		
<u>Advance payment for future Equity</u>		
Foodics Company (a)	-	6,248,385
Zid Company (b)	25,455,881	4,923,322
National Solution company	5,758,610	5,758,610
Sahal Almadar Company	6,210,221	6,210,221
	37,424,712	23,140,538
Financial assets at FVTOCI		
<u>Unquoted equity investments</u>		
Unifonic Company	10,108,716	10,108,716
Sayarah Company	10,566,851	10,566,851
Foodics Company (a)	6,248,385	-
Bayzat Company	1,057,578	662,728
Healthifyme Company	965,428	965,428
	28,946,958	22,303,723
	66,371,670	45,444,261

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)

4. OTHER FINANCIAL ASSETS

- (a) During the first quarter of 2021, the Group signed an agreement to convert the future ownership right into shares in Foodics. The group acquired 134,824 shares, representing 1.68% of the total shares of the company. Accordingly, the Group will recognise the investment at fair value through other comprehensive income rather than through the statement of profit or loss.
- (b) On April 14, 2021, the Group signed an agreement to convert the future ownership right into shares in Zid Company. The Group has re-evaluated the future ownership right shares, and this resulted in gains through the profit or loss statement as illustrated below:

	<u>Fair value hierarchy</u>	
As of January 1, 2021		4,923,322
<i>Gains of reevaluating investments through profit or</i>	Level 3 input	20,532,559
		<u>25,455,881</u>

5. ACCOUNTS RECEIVABLES

Accounts receivables consists of:

	March 31, 2021	December 31, 2020
	(Not audited)	(Audited)
Government receivables	1,146,070,258	1,079,622,741
Trade receivables	537,464,533	475,419,043
	1,683,534,791	1,555,041,784
Provision for expected credit losses	(193,347,963)	(184,545,895)
	1,490,186,828	1,370,495,889

The movement for provision for expected credit losses as follows:

	March 31, 2021	December 31, 2020
	(Not audited)	(Audited)
Opening balance for the period / year	184,545,895	174,521,121
Resulting from acquisition	-	1,979,093
Provision for the period / year	8,802,068	8,045,681
Ending balance for the period / year	193,347,963	184,545,895

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Contract assets represent revenues earned from services performed by the Group that were not invoiced to customers until the date of the interim condensed consolidated financial statements, and these revenues will be invoiced during subsequent periods.

Contract assets consists of the following:

	March 31, 2021 (Not audited)	December 31, 2020 (Audited)
Government receivables	480,997,721	303,722,143
Trade receivables	32,208,651	25,458,701
	513,206,372	329,180,844
Provision for expected credit losses	(60,053,590)	(60,053,590)
	453,152,782	269,127,254
	March 31, 2021 (Not audited)	December 31, 2020 (Audited)
Opening balance for the period/ year	60,053,590	33,306,711
Provision for the period/ year	-	26,746,879
Ending balance for the period / year	60,053,590	60,053,590

7. PREPAYMENTS AND OTHER DEBIT BALANCES

Prepayments and other debit balances consists of:

	March 31, 2021 (Not audited)	December 31, 2020 (Audited)
Deferred costs	38,374,633	24,330,173
Prepaid rent and insurance	28,689,121	30,179,661
Employees receivables	18,606,240	19,184,194
Suppliers prepayments	8,896,604	3,731,988
Accrued interest revenue	2,648,048	909,159
VAT	13,934,549	11,670,302
Others	1,633,196	1,582,757
	112,782,391	91,588,234

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8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	March 31, 2021 (Not audited)	December 31, 2020 (Audited)
Cash at banks	115,830,919	247,918,068
Short-term Murabaha deposits (a)	605,000,000	765,400,300
	720,830,919	1,013,318,368

(a) The balance of short-term Murabaha deposits consists of short-term deposits of one to three months.

9. BANK DEPOSITS

The balance of long-term bank deposits consists of long-term deposits with a term of more than three months. The average commission is 1.13% annually. The interim condensed consolidated statement of profit or loss includes total deposit income of SR 2.68 million during the period ended March 31, 2021 (March 31, 2020: SR 2.83 million).

10. ISSUED AND PAID-UP SHARE CAPITAL

During 2020, the general assembly has agreed on increasing the share capital of the Company with an amount of SR 450,000,000 through transferring an amount of SR 33,332,054 from retained earnings and an amount of SR 416,667,946 as a result of the acquisition of Tabadul (Note 1) through issuing 45,000,000 ordinary shares. During the first quarter of 2021, the Company issued an additional 45,000,000 shares with a nominal value of 10 riyals, thus the issued and fully paid-up capital consisted of 50,000,000 shares with a nominal value of 10 Saudi riyals per share.

11. RESERVESa- Statutory reserve

In accordance with the Regulations for Companies in the Kingdom of Saudi Arabia and the company's article of association, the Group has established a statutory reserve by the appropriation of 10% of annual net income until the reserve equal 30% of the share capital. This reserve is not available for distribution.

b- Other reserves

Other reserves consist of employees' end-of-service benefits provision remeasurement in addition to a re-evaluation of investments through other comprehensive income, taking into consideration that there was no movement on these balances during the reporting period

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12. END OF SERVICE BENEFITS PROVISION

End of service benefits provision movement as follows:

	March 31, 2021 (Not audited)	December 31, 2020 (Audited)
Opening balance	228,121,038	184,382,388
Cost resulted from acquisition	-	8,080,303
Current service costs	10,833,982	42,669,687
Current service financing cost	1,204,677	6,859,155
Cost transferred to capital work in progress	-	(928,020)
Benefits paid	(6,099,068)	(12,682,800)
Actuarial gains / (losses) arising from liability	-	(259,675)
Ending balance	234,060,629	228,121,038

13. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consists of the following:

	March 31, 2021 (Not audited)	December 31, 2020 (Audited)
Contractual costs	280,401,181	239,257,606
Employee benefits	224,965,471	187,541,074
Income-sharing projects	169,076,461	120,119,986
Advances from customers	90,540,954	88,794,120
Sales and marketing commissions	24,966,220	23,614,159
Suppliers retention	9,767,768	10,346,427
Legal provision	15,851,258	15,851,258
Others	99,500,463	105,834,833
	915,069,776	791,359,463

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14. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the three months period ended March 31, is as follows:

	2021 (Not audited)	2020 (Not audited) Restated "note 25-2"
Salaries and employee benefits	15,071,111	11,828,204
Sadad service expenses	1,525,664	1,104,754
Advertising and exhibitions	342,322	2,323,117
Public relations	126,271	964,056
Other expenses	176,284	189,745
	<u>17,241,652</u>	<u>16,409,876</u>

15. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the three months period ended March 31, is as follows:

	2021 (Not audited)	2020 (Not audited) Restated "note 25-2"
Salaries and employee benefits	47,205,353	43,887,602
Hospitality and activities	1,814,459	3,133,540
Contractor expenses	914,528	1,526,669
Utilities and communications	546,565	1,475,824
Repair and maintenance expenses	207,422	774,746
Consulting and professional services	192,714	5,756,169
Other expenses	3,690,801	2,557,076
	<u>54,571,842</u>	<u>59,111,626</u>

16. OTHER INCOME

Other income for the three months period ended March 31 consists of the following:

	2021 (Not audited)	2020 (Not audited) Restated "note 25-2"
Funds received from Human Resources Development Fund to support Saudization	1,066,307	-
Others	(117,362)	2,051,462
	<u>948,945</u>	<u>2,051,462</u>

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

<u>Related Party</u>	<u>Relationship</u>
Public Investment Fund	Shareholder
Senior executive managers	Employees
Board of directors	Members
Unifonic company	Affiliates
National Solutions Company	Affiliates

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 period ended March 31:

	<u>2021</u> <u>(Not audited)</u>	<u>2020</u> <u>(Not audited)</u>
Transactions with the shareholder		
Service revenue	<u>6,245,796</u>	<u>5,592,262</u>
Transaction with board of directors and senior executive managers		
Salaries and benefit	<u>7,615,922</u>	<u>5,340,550</u>
Remunerations and allowances	<u>2,676,021</u>	<u>2,766,869</u>
End of service benefits	<u>446,843</u>	<u>292,115</u>
	<u>March 31, 2021</u> <u>(Not audited)</u>	<u>December 31, 2020</u> <u>(audited)</u>
Balances:		
Due from related parties included in trade receivable for service revenue	<u>24,151,452</u>	<u>24,289,551</u>
End of service indemnity for senior executive managers	<u>12,699,277</u>	<u>12,252,434</u>
Due to related parties		
Loan from Public Investment Fund	<u>14,052,105</u>	<u>13,895,778</u>
Unifonic Company	<u>14,865,262</u>	<u>8,092,751</u>
Smart National Solution Company	<u>-</u>	<u>129,712</u>
Dividends payable	<u>1,986,500</u>	<u>1,986,500</u>
	<u><u>30,903,867</u></u>	<u><u>24,104,741</u></u>

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18. SEGMENT INFORMATION

Below is the selected financial data for the Group's segments:

For the Period ended March 31,2021
(Not audited)

	Product suits	Business process outsourcing	Digital delivery suite	Professional services	Nationalization and upskilling	Total
Revenues	424,573,627	248,058,527	35,593,016	23,299,210	42,107,569	773,631,949
Employee Costs	(85,884,665)	(120,727,921)	(24,268,761)	(17,777,166)	(3,768,938)	(252,427,451)
Direct costs	(121,194,041)	(88,354,183)	(11,622,357)	(8,036,983)	(16,533,130)	(245,740,694)
Gross profit / (loss)	217,494,921	38,976,423	(298,102)	(2,514,939)	21,805,501	275,463,804
Gross Profit (loss) margin	51%	16%	(1%)	(11%)	52%	36%
Total assets	2,368,403,383	1,383,747,406	198,548,883	129,970,220	234,889,081	4,315,558,973
Total liabilities	1,051,435,985	614,304,905	88,144,377	57,699,363	104,277,352	1,915,861,982

For the Period ended March 31,2020
(Not audited)
Restated "note 25-2"

	Product suits	Business process outsourcing	Digital delivery suite	Professional services	Nationalization and upskilling	Total
Revenues	344,849,453	79,855,718	47,376,112	26,906,058	10,418,167	509,405,508
Employee costs	(89,413,156)	(84,278,420)	(38,108,417)	(25,828,355)	-	(237,628,348)
Direct costs	(81,820,739)	(25,878,321)	(24,714,222)	(5,163,361)	(6,277,003)	(143,853,646)
Gross profit / (loss)	173,615,558	(30,301,023)	(15,446,527)	(4,085,658)	4,141,164	127,923,514
Gross Profit (loss) margin	50%	(38%)	(33%)	(15%)	40%	25%
Total assets	2,362,914,907	547,172,874	324,622,006	184,360,813	71,385,476	3,490,456,076
Total liabilities	1,039,434,410	240,698,602	142,799,592	81,099,397	31,402,111	1,535,434,112

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19. ZAKAT

The Group filed the zakat returns and received in return for it a letter of empowerment from the General Authority for Zakat and Income until the end of the fiscal year ended on December 31, 2020, which ends on April 30, 2021. The Group has not received any zakat assessments for the previous years until December 31, 2020.

Zakat provision

	<u>March 31, 2021</u>
Balance at the beginning of the period	65,690,341
Charge during the period	22,271,608
Paid during the period	-
Balance at the end of the period	<u>87,961,949</u>

20. CONTINGENT LIABILITIES

The Group has outstanding bank guarantee letters amounting to SR 39.69 million as of March 31, 2021. (December 31, 2020: SR 66.7 million).

21. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following information:

	March 31, 2021	March 31, 2020
	(Not audited)	(Not audited)
		Restated "note 25-2"
Operating profit for the period	<u>168,524,532</u>	25,561,309
Net profit for the period	<u>168,869,767</u>	28,791,798
Number of shares		
Weighted average number of shares for basic and diluted earnings per share (a)	<u>47,500,000</u>	5,000,000
Earnings per share Based on profit for the period attributable to the shareholder of the company		
From operating profit	<u>3.55</u>	5.11
From Net income	<u>3.56</u>	5.76

(a) During the first quarter of 2021, the Company issued an additional 45,000,000 shares. The total number of Company shares as of March 31, 2021 is 50,000,000 shares (March 31, 2020: 5,000,000 shares). Accordingly, the weighted average was calculated, and the weighted average number of shares during the period is the number of shares at the beginning of the period, adjusted for the number of ordinary shares issued during the period multiplied by the number of days in which the shares are outstanding as a percentage of the total number of days of the period.

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22. RISK MANAMGMENT

A. Commission rate risk

Commission rate risk represents risk that arises from the value fluctuation of a financial instrument due to the changes in the market commission rates. In the absence of liabilities subject to commission, the Group is not subjected to commission rate risk.

B. Interest rate risk

Interest rate risk represents exposure to various risks associated with the effect of the prevailing fluctuating interest rates on the financial position and cash flows of the Group. The Group's interest rate risks arise from bank deposits, short-term bank debts and long-term debts with floating interest rates. All debts and deposits are subject to regular re-pricing and management monitors changes in interest rates. In its opinion, the fair value risks and cash flows of interest rates are not material to the Group.

C. Credit risk

Credit risk represents the risk that the group will incur a financial loss in the event that the customer or counterparty fails to financially fulfill its contractual obligations, and arises principally from the group's dues from its customers.

Loss rates are based on actual credit loss experience over the past 3 years. These rates were multiplied by numerous factors to reflect the differences between economic conditions during the period in which historical data were collected and the current conditions and the group's view of economic conditions over the expected useful lives of accounts receivable.

D. Liquidity risk

Liquidity risk represents the Group inability of meeting its obligations related to the financial liabilities once due. The Group reduces liquidity risk by ensuring that the necessary liquidity is continuously available.

E. Foreign currency risk management

Currency risk represents the risk arising from the fluctuation of a financial instrument as a result of the change in foreign exchange rates. The Group did not make any significant transactions in foreign currencies other than the US dollar, the Great British pound, and the Euro during the period. The Group was not exposed to any significant risk of fluctuating exchange rates at the period end. The management does not expect that the Group will undergo any significant transactions in the future related to these risks.

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23. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the value at which an asset is exchanged, or a liability settled, between willing parties with fair terms of deal.

The group's financial assets consist of bank balances, receivables and investments. While the financial liabilities consist of accounts payable, due to related parties and lease liabilities. The fair value of financial instruments is not materially different from their carrying value.

24. ASSOCIATES

The Company has established Al Dal Real Estate Services Company, a Limited Liability Company registered under commercial registration number 1010680496 on Jumada Alawwal 29, 1442H (corresponding to January 13, 2021). The company is headquartered in Riyadh. The principal activity of the company is auctioneers and auctioneers for all commodities, wholesale via the Internet, residential home auctions activities, non-store auctions, brokerage agents' activities, real estate management activities in exchange for commission, providing marketing services on behalf of others. The company owns a share of 30%. The company has not yet commenced its business operations.

25. COMPARTIVE FIGURES

25-1 Reclassification

Certain figures for the comparative year have been reclassified to conform to the current period presentation of the interim condensed consolidated financial statements.

During the period ended March 31, 2021, the Group reclassified certain items of equity through reclassifying reserves resulting from remeasuring defined employee benefit obligations and remeasuring investments through other comprehensive income from retained earnings to other reserves to improve financial statement presentation. Below are details:

As at December 31, 2020	Amounts previously reported	Reclassification	Amounts after reclassification
Other reserves	-	(35,371,085)	(35,371,085)
Retained earnings	1,708,935,709	35,371,085	1,744,306,794

The reclassification had no effect on the financial statements.

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25. COMPARTIVE FIGURES (CONTINUED)

25-2 Restatement

On August 2, 2020, the Company has signed a share sale and purchase agreement with Public Investment Fund (the sole shareholder of the company) to purchase all of the share capital of Tabadul with all its rights and obligations and as per agreement, the economic rights and obligations is calculated beginning from January 1, 2020.

Given this acquisition is under a common control transaction and is outside the scope of IFRS 3, the Group has adopted an accounting policy in its financial statements for the year ended December 31, 2020 to include the results of Tabadul's business operations for the period in which the transfer occurs, as if the transfer of equity for Tabadul has occurred from the beginning of the period (i.e. from January 1, 2020). Accordingly, the comparative figures for the period ended March 31, 2020 included in these interim condensed consolidated financial statements have been restated to reflect this acquisition beginning from January 1, 2020.

The tables below show the impact on the restated interim condensed consolidated financial statements:

25-2-A Interim condensed consolidated statement of profit or loss for the three month period ended March 31, 2020:

	<u>Amounts previously reported</u>	<u>Restatement</u>	<u>Amounts after restatement</u>
Revenue	439,829,739	69,575,769	509,405,508
Cost of revenue	(341,182,730)	(40,299,264)	(381,481,994)
Gross profit	98,647,009	29,276,505	127,923,514
Expenses			
Selling and marketing	(15,866,903)	(542,973)	(16,409,876)
General and administrative	(46,675,595)	(12,436,031)	(59,111,626)
Depreciation and amortization	(23,637,410)	(3,203,293)	(26,840,703)
Operating profit	12,467,101	13,094,208	25,561,309
Finance cost	(1,349,093)	(305,923)	(1,655,016)
Return on short-term deposits	2,834,043	-	2,834,043
Other income / (expenses)	311,413	1,740,049	2,051,462
Net profit	14,263,464	14,528,334	28,791,798
Earnings per share (Saudi Riyal)			
Basic and diluted earnings per share from operating profit	<u>2.49</u>	<u>2.62</u>	<u>5.11</u>
Basic and diluted earnings per share from net profit	<u>2.85</u>	<u>2.91</u>	<u>5.76</u>

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25. COMPARTIVE FIGURES (CONTINUED)

25-2-B Interim condensed consolidated statement of financial position as at March 31, 2020:

	Amounts previously reported	Restatement	Amounts after restatement
ASSETS			
Non-current assets			
Property, Plant and equipment	350,567,420	23,547,453	374,114,873
Capital work in progress	60,475,127	46,192,066	106,667,193
Right-of-use assets	145,091,788	7,175,399	152,267,187
Intangible assets	14,632,473	21,718,760	36,351,233
Long-term investments	-	250,000,000	250,000,000
Other financial assets	16,441,497	3,755,200	20,196,697
Total non-current assets	587,208,305	352,388,878	939,597,183
Current assets			
Accounts receivable	997,340,141	78,504,193	1,075,844,334
Contract assets	503,073,469	-	503,073,469
Prepaid expenses and other debit balances	98,894,733	22,066,224	120,960,957
Bank deposits	118,659,720	-	118,659,720
Cash and cash equivalents	508,383,217	223,937,196	732,320,413
Total current assets	2,226,351,280	324,507,613	2,550,858,893
TOTAL ASSETS	2,813,559,585	676,896,491	3,490,456,076
EQUITY AND LIABILITIES			
Equity			
Issued and paid up capital	50,000,000	-	50,000,000
Additional capital proposed	-	416,667,946	416,667,946
Statutory reserve	25,000,000	-	25,000,000
Other reserves	(36,497,493)	-	(36,497,493)
Retained earnings	1,485,323,177	14,528,334	1,499,851,511
Total equity	1,523,825,684	431,196,280	1,955,021,964
Liabilities			
Non-current liabilities			
Due to related parties – non-current	-	12,672,085	12,672,085
Liabilities for purchasing property – non-current	97,752,252	-	97,752,252
Lease liabilities- non current	119,269,254	4,778,197	124,047,451
End of service benefits provision	194,023,241	8,596,008	202,619,249
Total non-current liabilities	411,044,747	26,046,290	437,091,037
Current liabilities			
Accounts payable	152,810,455	12,751,712	165,562,167
Due to related parties	-	17,364,760	17,364,760
Contract liabilities	188,542,957	-	188,542,957
Accrued expenses and other liabilities	503,618,179	187,123,186	690,741,365
Liabilities of purchasing property – current	22,895,389	-	22,895,389
Lease liabilities- current	10,822,174	2,414,263	13,236,437
Total current liabilities	878,689,154	219,653,921	1,098,343,075
Total liabilities	1,289,733,901	245,700,211	1,535,434,112
TOTAL EQUITY AND LIABILITIES	2,813,559,585	676,896,491	3,490,456,076

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25. COMPARTIVE FIGURES (CONTINUED)

25-2-C Interim condensed consolidated cash flow statement as of March 31, 2020:

	Amounts previously reported	Restatement	Amounts after restatement
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before Zakat	14,237,917	14,553,881	28,791,798
Adjustments for non-cash items:			
Depreciation and amortization	23,637,410	3,203,292	26,840,702
Loss from disposal of property and equipment	2,968	-	2,968
End of service benefits provision	11,360,595	789,613	12,150,208
Bank deposits income	(2,834,043)	-	(2,834,043)
Finance costs	1,349,093	305,923	1,655,016
	<u>47,753,940</u>	<u>18,852,709</u>	<u>66,606,649</u>
Working capital adjustments:			
Account receivable	118,760,670	(30,425,131)	88,335,539
Prepaid expenses and other debit balance	2,944,650	(9,188,440)	(6,243,790)
Contract assets	(88,771,369)	-	(88,771,369)
Accounts payable	(17,045,146)	(978,389)	(18,023,535)
Contract liabilities	2,153,858	-	2,153,858
Accrued expense and other liabilities	413,556	12,341,687	12,755,243
Cash (used in) / from operations	<u>66,210,159</u>	<u>(9,397,564)</u>	<u>56,812,595</u>
Proceeds from bank deposits income	2,830,078	-	2,830,078
End of service benefits paid	(1,719,742)	(273,904)	(1,993,646)
Net cash generated from operating activities	<u>67,320,495</u>	<u>(9,671,468)</u>	<u>57,649,027</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank deposits	363,403,575	-	363,403,575
Purchase of property, plant and equipment and tangible assets	(6,512,427)	(12,038,373)	(18,550,800)
Cash acquired upon acquisition of a subsidiary	-	245,672,583	245,672,583
Investments in other financial assets	-	-	-
Payments for capital works in progress	(12,328,048)	-	(12,328,048)
Net cash generated from investing activities	<u>344,563,100</u>	<u>233,634,210</u>	<u>578,197,310</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of liabilities for purchasing property	(7,942,925)	-	(7,942,925)
Finance cost paid	(410,765)	-	(410,765)
Net cash used in financing activities	<u>(8,353,690)</u>	<u>-</u>	<u>(8,353,690)</u>
Net decrease in cash and cash equivalents	403,529,905	223,962,742	627,492,647
Cash and cash equivalents at the beginning of the period	104,827,765	-	104,827,765
Cash and cash equivalents at the end of the period	<u>508,357,670</u>	<u>223,962,742</u>	<u>732,320,412</u>

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021
(Saudi Riyals)**

26. IMPACT OF CORONAVIRUS (COVID-19) OUTBREAK

A novel strain of coronavirus (COVID-19) ("the virus") was first identified at the end of December 2019, and subsequently in March 2020 it was declared as a pandemic by the World Health Organization (WHO). The virus continued to spread throughout in nearly all regions around the world including the Kingdom of Saudi Arabia, which resulted in a slowdown of economic and social activities and shutdowns of many sectors at global and local levels.

In response to the rapid spread of the virus and the resulting disruption of some social and economic activities, the Group has assessed its impact on its current and future operational activities and has taken a series of preventive and precautionary measures, including activating of remote work to ensure the safety of its employees and their families, and fully activating the technical solutions to ensure the continuation of services provided at the same level.

At the end of the second quarter of 2020, the government of the Kingdom of Saudi Arabia has allowed the return of all economic and commercial activities, while observing the implementation of all preventive measures adopted, and commitment to social distancing. During the fourth quarter of 2020, several vaccines passed the testing phase effectively and began to be manufactured and distributed globally to many countries, including the Kingdom of Saudi Arabia.

As of the date of preparing these interim condensed consolidated financial statements, the Group's operations and financial results have not incurred a significant impact from the virus outbreak.

The impact of the pandemic on the Group's operations and financial results was assessed using some judgments, estimates and assumptions that contain sources of uncertainty as it depends on several future factors and developments that cannot be reliably forecasted.

27. SUBSEQUENT EVENTS

On June 20, 2021, the Extraordinary General Assembly agreed to increase the Company's capital by SR 300,000,000 by transferring it from the retained earnings by issuing 30,000,000 shares with a nominal value of SR 10.

28. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the audit committee on Shawwal 13, 1442 (corresponding to May 25, 2021).