

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 AND SIX MONTHS PERIODS ENDED 30 JUNE 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE AND SIX MONTHS PERIODS ENDED IN 30 JUNE 2021

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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 June 30, 2021, and interim condensed consolidated statement of profit or loss and other comprehensive income for the three and six months period ended June 30, 2021 and interim condensed consolidated statements of changes in equity and cash flow for the six 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 as 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)
7 Safar, 1442 AH
14 September, 2021



ELM COMPANY

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

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021

(Saudi Riyals)

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2021	2020	2021	2020
		(Not audited)	(Not audited/ Restated)	(Not audited)	(Not audited / Restated)
			"Note 26-2"		"Note 26-2"
Revenue	19	1,017,791,272	422,321,389	1,791,423,221	931,726,897
Cost of revenue	19	(711,864,648)	(335,206,633)	(1,210,032,793)	(716,688,627)
Gross profit		305,926,624	87,114,756	581,390,428	215,038,270
Expenses					
Selling and marketing	15	(25,483,305)	(15,576,423)	(42,724,957)	(31,986,299)
Expected credit loss provision	23 C	(48,474,965)	-	(57,277,033)	-
General and administrative	16	(70,665,296)	(50,735,959)	(125,237,138)	(109,847,585)
Depreciation and amortization		(26,909,799)	(26,723,273)	(53,233,509)	(53,563,976)
Operating profit		134,393,259	(5,920,899)	302,917,791	19,640,410
Finance costs		(1,584,766)	(1,587,346)	(2,918,982)	(3,242,362)
Return on short-term deposits	9	1,989,185	5,149,900	4,671,296	7,983,943
Net share of Profit from associate		231,190	-	18,634	-
Fair value gains of investments through profit or loss	4	-	-	20,532,559	-
(Expenses) / Other income	17	(4,098,862)	219,910	(3,149,917)	2,271,372
Profit before Zakat		130,930,006	(2,138,435)	322,071,381	26,653,363
Zakat	20	(20,780,483)	-	(43,052,091)	-
Net profit		110,149,523	(2,138,435)	279,019,290	26,653,363
TOTAL COMPREHENSIVE INCOME		110,149,523	(2,138,435)	279,019,290	26,653,363
Earnings per share (in Saudi Riyal):					
Basic and diluted earnings per share from operating profit	22	2.69	(1.18)	6.21	3.93
Basic and diluted earnings per share from net profit	22	2.20	(0.43)	5.72	5.33

The accompanying notes from (1) to (29) form an integral part of these interim condensed consolidated financial statements

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2021****(Saudi Riyals)**

	Note	30 June 2021 (Not audited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, Plant and equipment		364,877,336	373,732,417
Capital work in progress		93,126,882	108,538,021
Right-of-use assets		123,235,904	131,457,589
Intangible assets		106,302,709	82,978,472
Investments in associates	25	381,190	212,556
Other financial assets	4	70,122,569	45,444,261
Total non-current assets		758,046,590	742,363,316
Current assets			
Accounts receivable	5	1,796,538,372	1,370,495,889
Contract assets	6	539,105,595	269,127,254
Prepaid expenses and other debit balances	7	118,204,062	91,588,234
Bank deposits	9	573,536,152	537,968,184
Cash and cash equivalents	8	801,130,293	1,013,318,368
Total current assets		3,828,514,474	3,282,497,929
TOTAL ASSETS		4,586,561,064	4,024,861,245
EQUITY AND LIABILITIES			
Equity			
Paid and issued capital	10	500,000,000	50,000,000
Proposed increase in capital	11	300,000,000	450,000,000
Statutory reserve	12	25,000,000	25,000,000
Other reserves	12	(35,371,085)	(35,371,085)
Retained earnings		1,723,326,084	1,744,306,794
Total equity		2,512,954,999	2,233,935,709
Liabilities			
Non-current liabilities			
Liabilities for purchasing of a property – non-current		50,142,450	74,255,782
Lease liabilities – non-current		107,690,142	101,534,296
End of service benefits provision	13	241,889,129	228,121,038
Total non-current liabilities		399,721,721	403,911,116
Current liabilities			
Accounts payable		367,146,953	226,711,828
Due to related parties	18	8,246,691	24,104,741
Contract liabilities		199,513,229	227,282,520
Accrued expenses and other liabilities	14	998,253,113	791,359,463
Zakat	20	64,788,001	65,690,341
Liabilities for purchasing of a property – current		24,113,331	23,496,470
Lease liabilities- current		11,823,026	28,369,057
Total current liabilities		1,673,884,344	1,387,014,420
Total liabilities		2,073,606,065	1,790,925,536
TOTAL EQUITY AND LIABILITIES		4,586,561,064	4,024,861,245

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021****(Saudi Riyals)**

	Note	Paid and issued capital	Proposed increase in capital	Statutory reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2020 (Audited)		50,000,000	-	25,000,000	(36,497,493)	1,471,059,713	1,509,562,220
Net profit for the period		-	-	-	-	26,653,363	26,653,363
Comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	26,653,363	26,653,363
Book value resulting from the acquisition		-	416,667,946	-	-	-	416,667,946
Balance as at 30 June 2020 (Not audited / restated)	26-2	50,000,000	416,667,946	25,000,000	(36,497,493)	1,497,713,076	1,952,883,529
Balance as at 1 January 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		-	-	-	-	279,019,290	279,019,290
Comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	279,019,290	279,019,290
Transferred to capital	10	450,000,000	(450,000,000)	-	-	-	-
Transferred to proposed increase in capital	11	-	300,000,000	-	-	(300,000,000)	-
Balance as at 30 June 2021 (Not audited)		500,000,000	300,000,000	25,000,000	(35,371,085)	1,723,326,084	2,512,954,999

The accompanying notes from (1) to (29) form an integral part of these interim condensed consolidated financial statements

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021****(Saudi Riyals)**

	30 June 2021 (Not audited)	30 June 2020 (Not audited / Restated) "note 26-2"
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before Zakat	322,071,381	26,653,363
Adjustments for non-cash items:		
Depreciation and amortization	53,233,509	53,563,976
Provision for expected credit losses	57,277,033	-
(Gain) / loss from disposal of property and equipment	(663,363)	831
End of service benefits provision	23,858,191	24,300,412
Gain of financial assets at FVPL	(20,532,559)	-
Share in profit of associate	(18,634)	-
Bank deposits income	(4,671,296)	(7,983,943)
Finance costs	2,918,982	3,242,362
	433,473,244	99,777,001
Working capital adjustments:		
Account receivable	(479,331,122)	37,215,019
Prepaid expenses and other debit balance	(16,597,754)	12,450,721
Contract assets	(273,980,209)	(61,167,980)
Accounts payable	140,435,125	(28,116,423)
Contract liabilities	(27,769,291)	32,257,738
Due to related parties	(1,962,272)	-
Accrued expense and other liabilities	207,776,362	(69,436,072)
Cash (used in) / from operations	(17,955,917)	22,980,004
Paid Zakat	(43,954,431)	-
Proceeds from bank deposits income	2,392,929	8,837,401
End of service benefits paid	(10,090,100)	(4,342,703)
Net cash (used in) / generated from operating activities	(69,607,519)	27,474,702
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank deposits	(35,567,968)	613,403,575
Purchase of property, plant and equipment and tangible assets	(11,305,491)	(7,541,402)
Cash acquired upon acquisition of a subsidiary	-	245,672,583
Proceeds from disposal of property, plant and equipment	71,139	4,562
Investments in other financial assets	(4,145,749)	(4,995,494)
Payments for capital works in progress	(32,051,263)	(39,682,219)
Net cash (used in) / generated from investing activities	(82,999,332)	806,861,605

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021****(Saudi Riyals)****CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of lease liabilities	(18,237,281)	(7,550,972)
Repayment of liabilities for purchasing property	(23,496,471)	-
Finance cost paid	(3,248,126)	(802,769)
Payments to related parties	(14,599,346)	(14,521,087)
Net cash used in financing activities	(59,581,224)	(22,874,828)

Net decrease in cash and cash equivalents	(212,188,075)	811,461,479
Cash and cash equivalents at the beginning of the period	1,013,318,368	104,827,765
Cash and cash equivalents at the end of the period	801,130,293	916,289,244

Significant non-cash transactions:

Transfer from capital work in progress to Property, plant and equipment and intangible assets	47,462,402	-
Additions to right of use	(7,847,096)	-

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 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 1408 AH (corresponding to 8 June 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 1428 AH (corresponding to 13 November 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 registered address of the Company is Ath Thaghr street – An Nakheel 6614, Raidah Digital City, Riyadh, Saudi Arabia.

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

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 |

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021

(Saudi Riyals)

1. INFORMATION ABOUT THE COMPANY (CONTINUED)

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 numbers. 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 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.
- 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021

(Saudi Riyals)

1. INFORMATION ABOUT THE COMPANY (CONTINUED)

Subsidiaries

The Company have incorporated Emdad Al Khebrat Company Limited, a Limited Liability Company registered under commercial registration number 1010414975 on 22 Rajab1435 AH (corresponding to 21 May 2014). The Company is wholly owned by Elm 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 have incorporated Elm Technical Investment Company, a Limited Liability Company registered under commercial registration number 1010599252 on 16 Safar1441 AH (corresponding to 15 October 2019). Which is wholly owned by Elm 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 have incorporated Future Resources Company Limited, a Limited Liability Company registered under commercial registration number 1010606896 on 8 Rabi Al Awal 1441 AH (corresponding to 5 November 2019). The Company is headquartered in Riyadh and is 0.02% owned by Emdad Al Khebrat Limited and is 99.98% owned by Elm Technical Investment Company. The principal activity of the Company is in financial services, experienced consultancy activities in the field of management and computer programming.

The Company have incorporated Umrah Company for Specialized Services, a Single Person Limited Liability Company registered under commercial registration number 1010656805 on 12 Safar 1442 AH (corresponding to 30 September 2020). The Company is headquartered in Riyadh and is wholly owned by Elm Company. 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021

(Saudi Riyals)

1. INFORMATION ABOUT THE COMPANY (CONTINUED)

Subsidiaries (continued)

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 1 January 2020 with a book value of SR 450,154,946 minus earnings payable for 2019 with an amount of SR 33,487,000. The Saudi Electronic Information Exchange Company "Tabadul", a closed Saudi joint stock Company, was established under Royal Decree No. M / 39 of 7 Rajab 1430 AH corresponding to 31 December 2009, 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.

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

Elm Digital Payment Company Limited

On 7 June 2021 the company canceled the commercial registration of Elm Digital Payments Company Limited, which is a one-person limited liability company registered with Commercial Registration No. 1010619996, while the Company has not commenced its business operations.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 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 the 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 31 December 2020. In addition, the results for the interim period of three months and six months ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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 disposed 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.

d. Functional and presentation currency

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

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021

(Saudi Riyals)

2. BASIS OF PREPARATION (CONTINUED)

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

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 31 December 2020.

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

The following amended IFRSs have been adopted by the Group beginning from 1 January 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.

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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:

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

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.

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	30 June 2021 (Not audited)	31 December 2020 (Audited)
Financial assets at FVPL		
<i>Prepayment for future ownership rights</i>		
Foodics Company (a)	-	6,248,385
Zid Company (b)	-	4,923,322
National Solution Company	5,758,610	5,758,610
Sahal Almadar Company	6,210,221	6,210,221
	11,968,831	23,140,538
Financial assets at FVOCI		
<i>Unquoted equity investments</i>		
Unifonic Company	10,108,716	10,108,716
Sayarah Company	10,566,851	10,566,851
Foodics Company (a)	6,248,385	-
Zid Company (b)	29,206,781	-
Bayzat Company	1,057,577	662,728
Healthfyme Company	965,428	965,428
	58,153,738	22,303,723
	70,122,569	45,444,261

(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.

(b) On 14 April 2021, the Group signed an agreement to convert the future ownership right into shares in Zid Company amounting SR 3.7 million. In addition, the same agreement provides for the transfer of the amount of the future right to own shares in Zed Company into shares, and The Group has re-evaluated the future ownership right shares, and this resulted in gains through the profit or loss statement as illustrated below:

	Fair value hierarchy	
As of 1 January 2021		4,923,322
Gains of reevaluating investments through profit or loss	Level 3 input	20,532,559
Additional investment		3,750,900
		29,206,781

Accordingly, the valuation of the investment in Zed and Foodics in the future will be at fair value through other comprehensive income, rather than through the statement of profit or loss.

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Accounts receivables consists of:

	30 June 2021 (Not audited)	31 December 2020 (Audited)
Government receivables	1,454,899,176	1,079,622,741
Trade receivables	579,473,730	475,419,043
	2,034,372,906	1,555,041,784
Provision for expected credit losses	(237,834,534)	(184,545,895)
	1,796,538,372	1,370,495,889

The movement in provision for expected credit losses as follows:

	30 June 2021 (Not audited)	31 December 2020 (Audited)
Opening balance for the period / year	184,545,895	174,521,121
Resulting from acquisition	-	1,979,093
Provision for the period / year	53,288,639	8,045,681
Ending balance for the period / year	237,834,534	184,545,895

6. CONTRACT ASSESTS

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:

	30 June 2021 (Not audited)	31 December 2020 (Audited)
Government receivables	553,088,291	303,722,143
Trade receivables	50,072,762	25,458,701
	603,161,053	329,180,844
Provision for expected credit losses	(64,055,458)	(60,053,590)
	539,105,595	269,127,254

The movement for provision for expected credit losses as follows:

	30 June 2021 (Not audited)	31 December 2020 (Audited)
Opening balance for the period/ year	60,053,590	33,306,711
Provision for the period/ year	4,001,868	26,746,879
Ending balance for the period / year	64,055,458	60,053,590

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Prepayments and other debit balances consists of:

	30 June 2021 (Not audited)	31 December 2020 (Audited)
Deferred costs	52,300,785	24,330,173
VAT	17,804,519	11,670,302
Employees receivables	16,901,461	19,184,194
Prepaid rent and insurance	13,693,166	30,179,661
Suppliers prepayments	4,624,442	3,731,988
Accrued interest revenue	2,775,932	909,159
Others	10,103,757	1,582,757
	<u>118,204,062</u>	<u>91,588,234</u>

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	30 June 2021 (Not audited)	31 December 2020 (Audited)
Cash at banks	509,093,849	247,918,068
Short-term Murabaha deposits (a)	292,036,444	765,400,300
	<u>801,130,293</u>	<u>1,013,318,368</u>

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

9. BANK DEPOSITS

Bank deposits balance consists of deposits with maturity date of more than three months.

During the period, Group had an average commission rate of 1.13%, and have recognized a deposit income of SR 4.7 million in the interim condensed consolidated statement of profit or loss for the period ended in 30 June 2021 (30 June 2020: SR 8.0 million).

10. PAID AND ISSUED CAPITAL

Issued and fully paid capital consists of 50,000,000 ordinary shares with a nominal value of 10 Saudi riyals per share. (2020: 5,000,000 ordinary shares with a nominal value of 10 riyals per share)

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11. PROPOSED CAPITAL INCREASE

On 20 June 2021, the assembly approved an increase in the Company's capital by SR 300,000,000 through transferring it from the retained earnings by issuing 30,000,000 shares with a nominal value of SR 10.

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.

12. RESERVES

a- 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. The transfer to the statutory reserve is made once per year based on the 31 December annual audited results.

b- Other reserves

Other reserves consist of employees' end-of-service benefits provision remeasurement in addition to re-evaluation reserve of investments through other comprehensive income. There was no movement on these balances during the reporting period.

13. END OF SERVICE BENEFITS PROVISION

End of service benefits provision movement as follows:

	30 June 2021 (Not audited)	31 December 2020 (Audited)
Opening balance	228,121,038	184,382,388
Cost resulted from acquisition	-	8,080,303
Current service costs	21,667,963	42,669,687
Current service financing cost	2,409,354	6,859,155
Cost transferred to capital work in progress	(219,126)	(928,020)
Benefits paid	(10,090,100)	(12,682,800)
Actuarial gains / (losses) arising from liability	-	(259,675)
Ending balance	241,889,129	228,121,038

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Accrued expenses and other liabilities consists of the following:

	30 June 2021 (Not audited)	31 December 2020 (Audited)
Contractual costs	408,517,796	337,262,446
Income-sharing projects	276,109,164	121,158,477
Employee benefits	160,639,217	187,541,074
Advances from customers	92,760,241	88,794,120
Sales and marketing commissions	26,814,547	23,614,159
Legal provision	15,851,258	15,851,258
Suppliers retention	9,445,713	10,346,427
Others	8,115,177	6,791,502
	998,253,113	791,359,463

15. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the period ended 30 June is as follows:

	2021 (Not audited)	2020 (Not audited /Restated) "note 26-2"
Salaries and employee benefits	36,707,851	21,317,549
Sadad service expenses	3,156,297	2,119,805
Public relations	1,796,565	2,709,937
Advertising and exhibitions	617,597	5,404,013
Other expenses	446,647	434,995
	42,724,957	31,986,299

16. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the period ended 30 June is as follows:

	2021 (Not audited)	2020 (Not audited /Restated) "note 26-2"
Salaries and employee benefits	98,088,984	81,444,031
Consulting and professional services	10,165,555	10,041,045
Memberships and subscriptions	3,277,723	1,464,278
Contractor expenses	3,167,850	2,334,442
Hospitality and activities	2,660,685	5,843,424
Utilities and communications	1,731,797	2,005,569
Repair and maintenance expenses	523,869	918,486
Other expenses	5,620,675	5,796,310
	125,237,138	109,847,585

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17. (EXPENSES) / OTHER INCOME

(Expenses) / Other income for the period ended June 30 consists of the following:

	2021 (Not audited)	2020 (Not audited /Restated) "note 26-2"
Donations	(5,000,000)	-
Funds received from Human Resources Development Fund to support Saudization	1,692,461	1,841,672
Others	157,622	429,700
	<u>(3,149,917)</u>	<u>2,271,372</u>

18. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties consist of the Group shareholder, 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	Owner
Senior executive managers	Employees
Board of directors	Members
Unifonic Company	Affiliates
National Solutions Company	Affiliates

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Below are the details of the significant transactions with related parties during the period ended June 30:

	2021	2020
	(Not audited)	(Not audited/ Restated) "note 26-2"
Transactions with the shareholder		
Service revenue	18,153,426	12,796,511
Transaction with board of directors and senior executive management		
Salaries and benefit	13,501,024	9,302,872
Remunerations and allowances	9,917,102	7,887,625
End of service benefits	1,780,993	616,824
	30 June 2021	31 December 2020
	(Not audited)	(Audited)
Balances:		
Due from related parties included in trade receivable for service revenue	40,399,145	24,289,551
Due to related parties		
Loan from Public Investment Fund	-	13,895,778
Unifonic Company	5,488,019	8,092,751
Smart National Solution Company	772,172	129,712
Dividends payable	1,986,500	1,986,500
	8,246,691	24,104,741

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

For the period ended 30 June 2021 (Not audited)	Product suits	Business process outsourcing	Digital delivery suite	Professional services	Nationalization and upskilling	Total
Revenues	949,192,753	558,952,400	106,988,583	48,713,252	127,576,233	1,791,423,221
Employee Costs	(213,459,669)	(226,201,470)	(37,447,420)	(35,964,265)	(33,085,215)	(546,158,039)
Direct costs	(320,560,845)	(198,376,949)	(68,313,481)	(16,660,795)	(59,962,684)	(663,874,754)
Gross profit / (loss)	415,172,239	134,373,981	1,227,682	(3,911,808)	34,528,334	581,390,428
Profit (loss) margin	44%	24%	1%	(8%)	27%	32%
Total assets	2,430,207,710	1,431,079,649	273,921,686	124,720,000	326,632,019	4,586,561,064
Total liabilities	1,098,708,461	646,997,914	123,841,297	56,386,505	147,671,888	2,073,606,065
For the period ended 30 June 2020 (Not audited / Restated) "note 26-2"	Product suits	Business process outsourcing	Digital delivery suite	Professional services	Nationalization and upskilling	Total
Revenues	623,033,760	144,891,336	79,094,240	52,607,342	32,100,219	931,726,897
Employee costs	(179,515,734)	(159,806,715)	(49,864,872)	(38,809,658)	(6,389,669)	(434,386,648)
Direct costs	(172,237,222)	(43,198,998)	(42,202,656)	(10,468,192)	(14,194,911)	(282,301,979)
Gross profit / (loss)	271,280,804	(58,114,377)	(12,973,288)	3,329,492	11,515,639	215,038,270
Profit (loss) margin	44%	(40%)	(16%)	6%	36%	23%
Total assets	2,288,324,340	532,167,584	290,503,157	193,220,125	117,900,052	3,422,115,258
Total liabilities	982,456,309	228,477,839	124,722,993	82,956,042	50,618,546	1,469,231,729

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The Group filed zakat returns and received for it a letter from Zakat, Tax and Custom Authority for the year ended 31 December 2020, which ends on 30 April 2021. The Group has not received any zakat assessments for the previous years until 31 December 2020.

Zakat provision

	30 June 2021	31 December
	(Not audited)	2020
		(Audited)
Balance at the beginning of the period / year	65,690,341	-
Charge during the period / year	43,052,091	65,690,341
Paid during the period / year	(43,954,431)	-
Balance at the end of the period / year	64,788,001	65,690,341

21. CONTINGENT LIABILITIES

The Group has outstanding bank guarantee letters amounting to SR 25.8 million as of 30 June 2021. (31 December 2020: SR 66.7 million).

22. EARNINGS PER SHARE

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

	30 June 2021	30 June 2020
	(Not audited)	(Not audited /
		Restated)
		"note 26-2"
Operating profit for the period	302,917,791	19,640,410
Net profit for the period	279,019,290	26,653,363
Number of shares		
Weighted average number of shares for basic and diluted earnings per share (a)	48,750,000	5,000,000
Earnings pers share Based on profit for the period attributable to the shareholder of the Company (SR)		
From operating profit	6.21	3.93
From Net income	5.72	5.33

(a) During the first quarter of 2021, the Company issued an additional 45,000,000 shares. The total number of Company shares as of 30 June 2021 is 50,000,000 shares (31 March 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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23. RISK MANAGEMENT

A. 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.

B. Liquidity risk

Liquidity risk represents the Group's 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.

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.

The carrying amounts of receivables and contract assets represent the maximum exposure to credit risk. The impairment losses for accounts receivable, contract assets and employee receivables recognized in profit or loss were as follows:

	30 June 2021 (Not audited)	30 June 2020 (Not audited / Restated) "note 26-2"
Account receivable (note 5)	53,288,639	-
Contract assets (note 6)	4,001,868	-
Reversal of employee receivable provision	(13,474)	-
	<u>57,277,033</u>	<u>-</u>

D. 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.

24. 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.

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Name of associate	Percentage of ownership	
	30 June 2021	31 December 2020
National Solution Company	30%	30%
Sahal Almadar Company	24%	24%
Al Dal Real Estate Services Company (a)	30%	-

- (a) The Company has established Al Dal Real Estate Services Company, a Limited Liability Company registered under commercial registration number 1010680496 on 29 Jumada Alawwal 1442 AH (corresponding to 13 January 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.

26. COMPARTIVE FIGURES*26-1 Reclassification*

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

During the period ended 30 June 2021, the Group reclassified certain equity items by reclassifying reserves the resulted from remeasurement of defined employee benefit obligations and investments through other comprehensive income, reserve has been reclassified from retained earnings to other reserves to improve financial statement presentation. Below are the details:

As at 31 December 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 Group's net assets.

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On 2 August 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 1 January 2020.

Given this acquisition is 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 31 December 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 1 January 2020). Accordingly, the comparative figures for the period ended 30 June 2020 included in these interim condensed consolidated financial statements have been restated to reflect this acquisition beginning from 1 January 2020.

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

26-2-A Interim condensed consolidated statement of profit or loss for the three months period ended 30 June 2020:

	Amounts previously reported	Restatement	Amounts after restatement
Revenue	361,899,087	60,422,302	422,321,389
Cost of revenue	(291,501,864)	(43,704,769)	(335,206,633)
Gross profit	70,397,223	16,717,533	87,114,756
Expenses			
Selling and marketing	(13,606,773)	(1,969,650)	(15,576,423)
General and administrative	(37,135,289)	(13,600,670)	(50,735,959)
Depreciation and amortization	(23,483,507)	(3,239,766)	(26,723,273)
Operating profit	(3,828,346)	(2,092,553)	(5,920,899)
Finance cost	(1,281,422)	(305,924)	(1,587,346)
Return on short-term deposits	2,233,136	2,916,764	5,149,900
Other income / (expenses)	1,889,960	(1,670,050)	219,910
Net profit	(986,672)	(1,151,763)	(2,138,435)
Earnings per share (Saudi Riyal)			
Basic and diluted earnings per share from operating profit	(0.77)	(0.42)	(1.18)
Basic and diluted earnings per share from net profit	(0.20)	(0.23)	(0.43)

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26. COMPARTIVE FIGURES (CONTINUED)**26-2-B Interim condensed consolidated statement of profit or loss for the six months period ended 30 June 2020:**

	Amounts previously reported	Restatement	Amounts after restatement
Revenue	801,728,826	129,998,071	931,726,897
Cost of revenue	(632,684,594)	(84,004,033)	(716,688,627)
Gross profit	169,044,232	45,994,038	215,038,270
Expenses			
Selling and marketing	(29,473,676)	(2,512,623)	(31,986,299)
General and administrative	(83,810,884)	(26,036,701)	(109,847,585)
Depreciation and amortization	(47,120,917)	(6,443,059)	(53,563,976)
Operating profit	8,638,755	11,001,655	19,640,410
Finance cost	(2,630,515)	(611,847)	(3,242,362)
Return on short-term deposits	5,067,179	2,916,764	7,983,943
Other income / (expenses)	2,201,372	70,000	2,271,372
Net profit	13,276,791	13,376,572	26,653,363
Earnings per share (Saudi Riyal)			
Basic and diluted earnings per share from operating profit	1.73	2.20	3.93
Basic and diluted earnings per share from net profit	2.66	2.68	5.33

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 (CONTINUED)
FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021
(Saudi Riyals)****26. COMPARTIVE FIGURES (CONTINUED)****26-2-B Interim condensed consolidated statement of financial position as at 30 June 2020:**

	Amounts previously reported	Restatement	Amounts after restatement
ASSETS			
Non-current assets			
Property, Plant and equipment	346,374,586	24,392,883	370,767,469
Capital work in progress	54,276,039	53,332,885	107,608,924
Right-of-use assets	136,273,621	6,585,317	142,858,938
Intangible assets	18,236,896	19,547,332	37,784,228
Other financial assets	21,436,991	3,755,200	25,192,191
Total non-current assets	<u>576,598,133</u>	<u>107,613,617</u>	<u>684,211,750</u>
Current assets			
Accounts receivable	1,044,389,270	82,575,588	1,126,964,858
Contract assets	475,470,079	-	475,470,079
Prepaid expenses and other debit balances	79,201,442	21,318,165	100,519,607
Other financial assets	3,755,200	(3,755,200)	-
Bank deposits	118,659,720	-	118,659,720
Cash and cash equivalent	445,339,287	470,949,957	916,289,244
Total current assets	<u>2,166,814,998</u>	<u>571,088,510</u>	<u>2,737,903,508</u>
TOTAL ASSETS	<u>2,743,413,131</u>	<u>678,702,127</u>	<u>3,422,115,258</u>
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	1,447,839,011	49,874,065	1,497,713,076
Total equity	<u>1,522,839,011</u>	<u>430,044,518</u>	<u>1,952,883,529</u>
Liabilities			
Non-current liabilities			
Due to related parties – non-current	-	12,672,084	12,672,084
Liabilities for purchasing property – non-current	74,255,782	-	74,255,782
Lease liabilities- non current	119,269,254	4,778,197	124,047,451
End of service benefits provision	203,635,195	8,785,203	212,420,398
Total non-current liabilities	<u>397,160,231</u>	<u>26,235,484</u>	<u>423,395,715</u>
Current liabilities			
Accounts payable	146,052,148	9,968,383	156,020,531
Due to related parties	-	34,098,847	34,098,847
Contract liabilities	218,646,837	-	218,646,837
Accrued expenses and other liabilities	401,108,918	175,940,632	577,049,550
Liabilities of purchasing property – current	46,391,859	-	46,391,859
Lease liabilities- current	11,214,127	2,414,263	13,628,390
Total current liabilities	<u>823,413,889</u>	<u>222,422,125</u>	<u>1,045,836,014</u>
Total liabilities	<u>1,220,574,120</u>	<u>248,657,609</u>	<u>1,469,231,729</u>
TOTAL EQUITY AND LIABILITIES	<u>2,743,413,131</u>	<u>678,702,127</u>	<u>3,422,115,258</u>

ELM COMPANY

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021

(Saudi Riyals)

26. COMPARTIVE FIGURES (CONTINUED)**26-2-C Interim condensed consolidated cash flow statement as of 30 June 2020:**

	Amounts previously reported	Restatement	Amounts after restatement
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before Zakat	13,276,791	13,376,572	26,653,363
Adjustments for non-cash items:			
Depreciation and amortization	47,120,918	6,443,058	53,563,976
Loss from disposal of property and equipment	5,393	(4,562)	831
End of service benefits provision	22,721,191	1,579,221	24,300,412
Bank deposits income	(5,067,179)	(2,916,764)	(7,983,943)
Finance costs	2,630,515	611,847	3,242,362
	<u>80,687,629</u>	<u>19,089,372</u>	<u>99,777,001</u>
Working capital adjustments:			
Account receivable	71,711,542	(34,496,523)	37,215,019
Prepaid expenses and other debit balance	17,135,901	(4,685,180)	12,450,721
Contract assets	(61,167,980)	-	(61,167,980)
Accounts payable	(23,803,453)	(4,312,970)	(28,116,423)
Contract liabilities	32,257,738	-	32,257,738
Accrued expense and other liabilities	(102,095,705)	32,659,633	(69,436,072)
Cash (used in) / from operations	<u>14,725,672</u>	<u>8,254,332</u>	<u>22,980,004</u>
Proceeds from bank deposits income	5,920,637	2,916,764	8,837,401
End of service benefits paid	(3,468,384)	(874,319)	(4,342,703)
Net cash generated from operating activities	<u>17,177,925</u>	<u>10,296,777</u>	<u>27,474,702</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Bank deposits	363,403,575	250,000,000	613,403,575
Purchase of property, plant and equipment and tangible assets	(6,217,715)	(1,323,687)	(7,541,402)
Cash acquired upon acquisition of a subsidiary	-	245,672,583	245,672,583
Proceeds from disposal of property, plant and equipment	-	4,562	4,562
Investments in other financial assets	(4,995,494)	-	(4,995,494)
Payments for capital works in progress	(20,503,028)	(19,179,191)	(39,682,219)
Net cash generated from investing activities	<u>331,687,338</u>	<u>475,174,267</u>	<u>806,861,605</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of liabilities for purchasing property	(7,550,972)	-	(7,550,972)
Finance cost paid	(802,769)	-	(802,769)
Payments to related parties	-	(14,521,087)	(14,521,087)
Net cash used in financing activities	<u>(8,353,741)</u>	<u>(14,521,087)</u>	<u>(22,874,828)</u>
Net decrease in cash and cash equivalents	340,511,522	470,949,957	811,461,479
Cash and cash equivalents at the beginning of the period	<u>104,827,765</u>	-	<u>104,827,765</u>
Cash and cash equivalents at the end of the period	<u>445,339,287</u>	<u>470,949,957</u>	<u>916,289,244</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021 (Saudi Riyals)

27. 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 various 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.

28. SUBSEQUENT EVENTS

On 1 July 2021, the Company completed the process of issuing an additional 30,000,000 shares with a nominal value of SR 10 per share, in accordance with the resolution of the assembly issued on 20 June 2021. Thus, the paid and issued capital consists of 80,000,000 shares with a nominal value of SR 10 per share.

29. APPROVAL OF THE FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the audit committee on 24 Muharram 1443 AH (corresponding to 1 September 2021)