

**ARAB SEA INFORMATION SYSTEMS COMPANY  
(A SAUDI JOINT STOCK COMPANY)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022  
AND INDEPENDENT AUDITOR'S REPORT ON REVIEW**

**ARAB SEA INFORMATION SYSTEMS COMPANY**  
**(A SAUDI JOINT STOCK COMPANY)**

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

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

To the Shareholders of  
Arab Sea Information Systems Company  
(A Saudi Joint Stock Company)

## Introduction:

We have reviewed the accompanying condensed interim consolidated statement of financial position of Arab Sea Information Systems Company ("the Company") and its subsidiary (collectively referred to as the "Group") as of March 31, 2022, and the related condensed interim consolidated statements of profit or loss and other comprehensive income and statement of changes in equity and cash flows for the three months period then ended, and other explanatory notes. Management is responsible for preparation and presentation of this condensed interim consolidated financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim 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" endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia and consequently doesn't 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 condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia.

## Allied Accountants Professional Services Company



Mohammed Bin Farhan Bin Nader

License No. 435

Riyadh, Kingdom of Saudi Arabia


16 Shawwal 1443 H (Corresponding to May 17, 2022)



**ARAB SEA INFORMATION SYSTEMS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF MARCH 31, 2022**  
(SAUDI RIYAL)

	Notes	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	923,418	681,615
Intangible assets	6	130,872,972	133,861,441
<b>Total non-current assets</b>		<b>131,796,390</b>	<b>134,543,056</b>
<b>Current assets</b>			
Inventory		1,795,363	1,958,915
Prepaid expenses and other current assets		2,079,155	980,560
Trade receivables	7	8,482,198	8,535,754
Cash and cash equivalents		11,739,757	19,515,770
<b>Total current assets</b>		<b>24,096,473</b>	<b>30,990,999</b>
<b>Total assets</b>		<b>155,892,863</b>	<b>165,534,055</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	100,000,000	100,000,000
Statutory reserve	10	16,501,562	16,501,562
Retained earnings		27,137,351	30,714,277
<b>Total equity</b>		<b>143,638,913</b>	<b>147,215,839</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' defined benefits obligations		4,667,076	4,591,534
<b>Total non-current liabilities</b>		<b>4,667,076</b>	<b>4,591,534</b>
<b>Current liabilities</b>			
Unearned revenues		1,704,634	2,703,500
Trade payables		1,634,494	2,734,275
Accrued expenses and other current liabilities		3,031,627	7,264,930
Zakat provision	11	1,216,119	1,023,977
<b>Total current liabilities</b>		<b>7,586,874</b>	<b>13,726,682</b>
<b>Total liabilities</b>		<b>12,253,950</b>	<b>18,318,216</b>
<b>Total equity &amp; liabilities</b>		<b>155,892,863</b>	<b>165,534,055</b>



Finance Manager



Chief Executive Officer



Board of Directors Member

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**ARAB SEA INFORMATION SYSTEMS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**  
(SAUDI RIYAL)

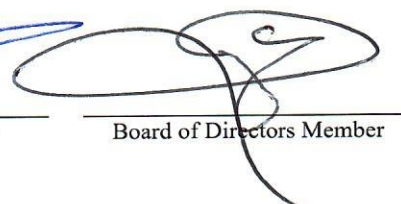
	Notes	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited) (Restated note 14)
Revenues	12	8,912,965	8,865,988
Cost of revenues		(6,301,586)	(4,903,819)
<b>Gross profit</b>		<b>2,611,379</b>	<b>3,962,169</b>
Selling and marketing expenses		(2,983,422)	(1,944,501)
General and administrative expenses		(2,850,172)	(1,768,790)
<b>Operating (loss) / profit</b>		<b>(3,222,215)</b>	<b>248,878</b>
Other revenues		195,919	10,074
Finance cost		(35,500)	(29,250)
<b>(Loss) / profit before zakat</b>		<b>(3,061,796)</b>	<b>229,702</b>
Zakat	11	(515,130)	(154,631)
<b>(Loss) / profit for the period</b>		<b>(3,576,926)</b>	<b>75,071</b>
<b><u>Other comprehensive income:</u></b>			
Other comprehensive income items		-	-
<b>Total (comprehensive loss) / comprehensive income for the period</b>		<b>(3,576,926)</b>	<b>75,071</b>
Basic and diluted EPS from (loss) / profit for the period	13	(0.36)	0.01



Finance Manager



Chief Executive Officer



Board of Directors Member

The accompanying notes are an integral part of these condensed interim consolidated financial statements



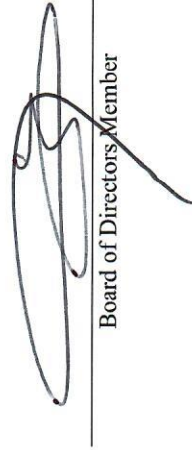
**ARAB SEA INFORMATION SYSTEMS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**  
(SAUDI RIYAL)

	Notes	Share capital	Statutory reserve	Retained earnings	Total
<b>For the period ended March 31, 2022</b>					
Balance as of January 1, 2022 (Audited)		100,000,000	16,501,562	30,714,277	147,215,839
Loss for the period		-	-	(3,576,926)	(3,576,926)
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive loss for the period</b>		-	-	(3,576,926)	(3,576,926)
<b>Balance as of March 31, 2022 (Unaudited)</b>		<b>100,000,000</b>	<b>16,501,562</b>	<b>27,137,351</b>	<b>143,638,913</b>
<b>For the period ended March 31, 2021</b>					
Balance as of January 1, 2021 (Audited)		100,000,000	15,385,505	20,941,453	136,326,958
Prior years adjustments	14	-	(1,038,895)	(9,304,404)	(10,343,299)
Balance as of January 1, 2021 (Restated Audited)		100,000,000	14,346,610	11,637,049	125,983,659
Profit for the period (Restated)		-	-	75,071	75,071
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period (Restated)</b>		-	-	75,071	75,071
<b>Balance as of March 31, 2021 (Restated Unaudited)</b>		<b>100,000,000</b>	<b>14,346,610</b>	<b>11,712,120</b>	<b>126,058,730</b>

  
Finance Manager

  
Chief Executive Officer

  
Board of Directors Member

**ARAB SEA INFORMATION SYSTEMS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2022**  
(SAUDI RIYAL)

	March 31, 2022 (Unaudited)	March 31, 2021 (Unaudited) (Restated note 14)
<b><u>OPERATING ACTIVITIES:</u></b>		
(loss) / profit before zakat	(3,061,796)	229,702
<b>Adjustments for non-cash items:</b>		
Depreciation of property and equipment	23,324	19,811
Amortization of intangible assets	2,988,469	2,941,905
Current service cost for employees' defined benefits obligations	157,750	127,250
Finance costs related to employees' defined benefits obligations	35,500	29,250
<b>Changes in working capital:</b>		
Inventory	163,552	40,326
Prepaid expenses and other current assets	(1,098,595)	208,961
Trade receivables	53,556	(7,194,268)
Unearned revenues	(998,866)	5,319,909
Trade payables	(1,099,781)	(284,578)
Accrued expenses and other current liabilities	(4,233,303)	(930,104)
Due to related party	-	(14,655)
<b>Cash flows (used in) from operating activities</b>	<b>(7,070,190)</b>	<b>493,509</b>
Employees' defined benefits obligation paid	(117,708)	(2,815)
Zakat paid	(322,988)	(1,195,387)
<b>Net cash flows used in operating activities</b>	<b>(7,510,886)</b>	<b>(704,693)</b>
<b><u>INVESTING ACTIVITIES:</u></b>		
Purchase of property and equipment	(265,127)	(40,677)
<b>Net cash flows used in investing activities</b>	<b>(265,127)</b>	<b>(40,677)</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>(7,776,013)</b>	<b>(745,370)</b>
Cash and cash equivalents at the beginning of the year	19,515,770	3,085,104
<b>Cash and cash equivalents at the end of the period</b>	<b>11,739,757</b>	<b>2,339,734</b>

 Finance Manager	 Chief Executive Officer	 Board of Directors Member
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The accompanying notes are an integral part of these condensed interim consolidated financial statements

**ARAB SEA INFORMATION SYSTEMS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

**1- CORPORATE INFORMATION OF THE GROUP**

Arab Sea Information Systems Company - is a Saudi Joint Stock Company ("the Company"), registered in accordance with companies' law and regulations in the Kingdom of Saudi Arabia under Ministerial Resolution number. (128/M) dated 14/4/1429 H (corresponding to April 21, 2009) by announcing the transformation of Arab Sea Information Systems Company from a Limited Liability Company to a Saudi Closed Joint Stock Company, moreover the Company was registered under commercial registration number 1010169116 issued in Riyadh City on 27 Jumada Al-Akhira 1422 H (corresponding to September 15, 2001).

On March 17, 2020, the Company has submitted a request to move to the main market through the automated system set by the Capital Market Authority then moved to the main market on April 12, 2020 after the authority approved the transfer request. the company's moved to the main market and shares were listed on April 12, 2020.

The head office of the company is located in Riyadh - Kingdom of Saudi Arabia, PO Box: 40268, Postal Code: 11499.

The company's activity is as follows:

- Installation and extension of computer and communication networks.
- Operating systems.
- Retail sale of computers and its accessories, including (printers and their inks).

The accompanying condensed interim consolidated financial statements includes the net results, assets, liabilities and activities of the company and its branches, and the details of these branches are as follows:

<b>Branch name</b>	<b>City</b>	<b>Commercial Registration number</b>
Network Solutions Branch of Arab Sea Information Systems Company	Riyadh	1010251079
Arab Sea Training Center	Riyadh	1010664109
Arab Sea Information Systems Company	Buraydah	1131291891
Arab Sea Information Systems Company	Khobar	2051221240
Arab Sea Information Systems Company	Tabuk	3550123009
Arab Sea Information Systems Company	Jeddah	4030287742
Arab Sea Information Systems Company	Khamis Mushait	5855339644

The accompanying condensed interim consolidated financial statements as of March 31, 2022 include the accounts of the Company and its subsidiary (Collectively referred as the "Group"). The details of the subsidiary Company are as follows:

<b>Subsidiary name</b>	<b>Country of incorporation</b>	<b>Ownership percentage</b>	
		<b>March 31,2022</b>	<b>March 31,2021</b>
Arab Sea Financial Company (*)	Kingdom of Saudi Arabia	100%	-

(\*) Arab Sea Financial Company – Sole proprietorship closed joint stock company was established in accordance with the Companies Law in the Kingdom of Saudi Arabia under Commercial Registration number 1010725510 issued in Riyadh city dated on 20 Dhu al-Qa'dah 1442 H (corresponding to June 30, 2021) with a capital of 5 million Saudi riyals, where The company's main activity is in technology in financial services, the subsidiary company did not practice any commercial activity mentioned in its commercial register.

**2- BASIS OF PREPARATION FOR CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**2-1 Statement of Compliance**

The Group's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard number (34) "Interim Financial Reporting" that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncement approved by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

These condensed interim consolidated financial statements do not include all the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards, and therefore they should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2021. The results for the period are not indicative of the annual results for the Group.



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

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**2- BASIS OF PREPARATION FOR CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

**2-2 Basis of measurement**

These condensed interim consolidated financial statements have been prepared under historical cost convention using going concern basis except for the defined benefits obligations that are measured at present value of future obligation using projected unit credit method. Moreover, these condensed interim consolidated financial statements are prepared using Accrual basis.

**2-3 Significant accounting estimates and assumptions**

The preparation of condensed interim consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued and approved by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") that requires to use of some significant estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of potential assets and liabilities as of the date of the condensed interim consolidated financial statements.

As well as the reported amounts of revenues and expenses during the condensed interim consolidated financial statements period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions regarding the future. The results of accounting estimates, by definition, rarely equal the related actual results. There are no significant estimates that have a significant risk of causing a material adjustment to the carrying amounts of the assets within the next twelve months.

**2-4 Functional and presentation currency**

These condensed interim consolidated financial statements are presented in Saudi Riyal, unless otherwise stated. The Saudi Riyal is the functional and presentation currency of the Group.

**3- NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ARE EFFECTIVE**

There are no new standards issued, however, a number of amendments to standards are effective from 1 January 2022, which are explained in the annual consolidated financial statements for the group but do not have a material impact on the condensed interim consolidated financial statements.

**4- CONSISTENT OF ACCOUNTING POLICIES**

The accounting policies followed and the methods of calculation applied in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021.

**5- PROPERTY AND EQUIPMENT**

Property and equipment additions during the period amounted to SR 265,127 (March 31, 2021: SR 40,677) and the depreciation expense during the period amounted to SR 23,324 compared to (March 31, 2021: SR 19,811).

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

**6- INTANGIBLE ASSETS**

Intangible assets represent the cost of developing and creating the SMACC program in addition to a number of accounting applications and programs, the following is a summary of the movement of intangible assets for the period / year ended in:

	(Saudi Riyal)	
	31 March 2022	31 December 2021
<b>Cost:</b>		
Balance at the beginning of the period / year	245,648,341	240,742,655
Additions during the period / year	-	4,905,686
<b>Balance as at the end of the period / year</b>	<b>245,648,341</b>	<b>245,648,341</b>
<b>(Deduct) Accumulated Amortization:</b>		
Balance at the beginning of the period / year	111,786,900	99,773,837
Amortization during the period / year	2,988,469	12,013,063
<b>Balance as at the end of the period / year</b>	<b>114,775,369</b>	<b>111,786,900</b>
<b>(Deduct) Accumulated Impairment losses:</b>		
Balance at the beginning of the period / year	-	11,670,000
Reversal of impairment for the period / year	-	(11,670,000)
<b>Balance as at the end of the period / year</b>	<b>-</b>	<b>-</b>
<b>Net book value as at the end of the period / year:</b>	<b>130,872,972</b>	<b>133,861,441</b>

The group conducted a study to assess the impairment in the value of intangible assets as on December 31, 2021, and assigned Ahmed Muhammad Abdullah Al-Farraj office for business valuation (approved evaluator with license number 4112000053 in the Saudi Authority for accredited valuers). The evaluation was based on assumptions related to future sales volume and prices, annual growth rates, final growth rates, discount rates and other related factors. The results of these assumptions depended largely on the success of future operations according to management's estimates and the realization of its future plans based on the result of the impairment assessment. This assessment resulted in an estimation of intangible assets at the date of the consolidated financial statements in the range of SR 129.3 million to SR 147.6 million (mid-point SR 138.4 million) as at the valuation date based on the present value method of future cash flows. Management has considered the mid-point of SR 138.4 million as a expected recoverable value and as the book value of intangible assets was less than their recoverable value by 18 million Saudi riyals in the value of intangible assets, and accordingly, the group's board of directors decided to reverse the accumulated decrease in the value of the intangibles assets amounting to 11.6 million Saudi riyals, which is closer to the average estimate of the evaluator.

**7- TRADE RECEIVABLES**

	(Saudi Riyal)	
	March 31, 2022	December 31, 2021
Trade receivables	23,073,310	23,126,866
(Deduct): Expected credit losses provision	(14,591,112)	(14,591,112)
<b>Net</b>	<b>8,482,198</b>	<b>8,535,754</b>

The movement in the expected credit losses provision for the period / year was as follows:

	(Saudi Riyal)	
	March 31, 2022	December 31, 2021
Balance at the beginning of the period / year	14,591,112	8,521,392
Charged during the period / year	-	6,069,720
<b>Balance as at the end of the period / year</b>	<b>14,591,112</b>	<b>14,591,112</b>

**ARAB SEA INFORMATION SYSTEMS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

**8- RELATED PARTIES BALANCES AND TRANSACTIONS**

Related parties represent the main shareholders, members of the board of directors and the senior executive management of the Group and the companies in which they are major owners. Prices and terms related to these transactions are approved by the group's management.

**Transactions of executive management compensation personnel**

Compensation of the group's executive management personnel includes salaries, non-cash benefits and contributions to long-term employment benefits.

Compensation and benefits for senior executive management employees includes the following:

	(Saudi Riyal)	
	March 31, 2022	March 31, 2021
<b>Short-term employee benefits:</b>		
Salaries and benefits of executive BOD members	150,000	97,250
Allowance for attending Board of Directors sessions	61,500	36,500
<b>Total</b>	<b>211,500</b>	<b>133,750</b>

**9- CAPITAL**

The share capital as of March 31, 2022 is SR 100 million (December 31, 2021: SR 100 million), divided into 10 million shares as of March 31, 2022 (December 31, 2021: 10 million shares) with a nominal value of SR 10 per share.

**10- STATUTORY RESERVE**

In accordance with Company's articles of association and Company's By-laws and regulations for companies, the Company is required to transfer 10% of its net profit each year to establish a statutory reserve until this reserve reaches 30% of its share capital.

**11- ZAKAT PROVISION**

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

	(Saudi Riyal)	
	March 31, 2022	December 31, 2021
Balance as at the beginning of the period / year	1,023,977	3,944,018
Charged for the period / year	192,142	781,361
Charged for prior periods	322,988	-
Paid during the period / year	(322,988)	(3,701,402)
<b>Balance as at the end of the period / year</b>	<b>1,216,119</b>	<b>1,023,977</b>

**Zakat and assessment status:**

The Company obtained a zakat assessment from 2014 to 2018 amounting to 1,472,504 Saudi riyals, and on 17 Rajab 1442 H (corresponding to March 1, 2021) the Company obtained the approval from Zakat, Tax and Customs Authority on an installment agreement for the remaining unpaid zakat dues amounting to 2,552,326 Saudi riyals over 6 monthly installments in the amount of 425,387 Saudi riyals, the Company paid the full amount during the prior year 2021, Moreover the Company has obtained zakat assessment dated on December 25, 2021 related to years of 2019 and 2020 in the amount of 322,988 SAR which has been paid during current period.

**ARAB SEA INFORMATION SYSTEMS COMPANY**  
(A SAUDI JOINT STOCK COMPANY)

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

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**12- REVENUES**

Below is a breakdown of the group's revenues from contracts by type of goods or services (revenues for licenses in use of software and hardware) (revenues for maintenance services and technical support), the timing of revenue recognition and the type of customers:

	(Saudi Riyal)	
	<u>March 31, 2022</u>	<u>March 31, 2021</u>
<b><u>Revenue recognition timing:</u></b>		
<b><u>At point of time</u></b>		
Revenue from licenses in use of software and hardware	8,370,082	7,832,029
<b><u>Overtime</u></b>		
Revenue from maintenance services and technical support	542,883	1,033,959
<b>Total</b>	<u>8,912,965</u>	<u>8,865,988</u>

Most of the group's revenues are from private sector.

**13- (LOSS) / PROFIT PER SHARE – BASIC AND DILUTED**

Basic (loss) / profit per share is calculated by dividing the (loss) / profit attributable to the shareholders of the Company by the weighted average number of ordinary shares issued during the period and previous period (10 million SAR). Since the company does not have any diluted potential shares, the diluted (loss) / profit per share is the same as the basic (loss) / profit per share.

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

**14- PRIOR YEARS ADJUSTMENTS**

During 2021, management of the group has restated 2021 comparative financial information to correct certain errors identified in prior years financial statements, which are explained in Note 14- B. The impact of correction of such error is as follows:

The following adjustments to the condensed interim consolidated statement of financial position as of January 1, 2021:

(Saudi Riyal)				
As of January 1, 2021				
Notes	January 1, 2021	Adjustments Impact	January 1, 2021	
	(Before adjustment)		(After adjustment)	
Inventory	B-1	12,411,982	(10,343,299)	2,068,683
Statutory reserve	B-2	15,385,505	(1,038,895)	14,346,610
Retained earnings	B	20,941,453	(9,304,404)	11,637,049

The following adjustments to the condensed interim consolidated statement of profit or loss and other comprehensive income for the period ended March 31, 2021:

(Saudi Riyal)				
For the period ended March 31, 2021				
Notes	March 31, 2021	Adjustments Impact	Reclassification	March 31, 2021
	(Before adjustment)			(After adjustment)
Revenues	8,865,988	-	-	8,865,988
Cost of revenues	A , B	(5,305,252)	428,214	(4,903,819)
<b>Gross profit</b>		3,560,736	428,214	3,962,169
Selling and marketing expenses		(1,944,501)	-	(1,944,501)
General and administrative expenses	A	(1,824,821)	-	(1,768,790)
<b>Operating profit</b>		(208,586)	428,214	248,878
Other revenue		10,074	-	10,074
Finance cost	A	-	-	(29,250)
<b>Profit before Zakat</b>		(198,512)	428,214	229,702
Zakat		(154,631)	-	(154,631)
<b>Total comprehensive income for the period</b>		(353,143)	428,214	75,071
Basic and diluted EPS from profit for the period		(0.04)	0.05	-
				0.01

**A – Reclassification**

Comparative figures for the period ended March 31, 2021 have been reclassified to conform to the presentation and classification for current year.

**B - Explanatory notes to the reconciliation / impact of the condensed interim consolidated statement of financial position as at January 1, 2021, and the condensed interim consolidated statement of comprehensive income for the period ended March 31, 2021:**

B-1 During 2021, the group reassessed the recognition of inventories related to software and identified that such inventories should have not been recorded. Accordingly, management corrected comparative financial information related to software inventories with corresponding impact on the retained earnings amounted to 10,343,299 Saudi riyals as of January 1, 2021 and as of March 31, 2021 and adjusted cost of revenues by 428,214 Saudi riyals for the period ended March 31, 2021.

B-2 The Group has adjusted the allocation to the statutory reserve made in prior years after considering the impact of above adjustments.



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

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**15- OPERATIONAL INFORMATION**

**Operational sector**

The group's products originate in the Kingdom of Saudi Arabia, and it has only two sectors, namely the sector of selling licenses to use software and applications, and the hardware sector. Neither of the two segments achieved the limits mentioned in IFRS 8 "Operating Segments" to disclose their information.

The types of revenues and other information and details were disclosed in note (12).

**Geographical sector**

The Group operates entirely within the Kingdom of Saudi Arabia.

**16- FAIR VALUE**

Fair value is the amount that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Within the definition of fair value there is an assumption that the Group will continue to operate as there is no intention or requirement to materially reduce the size of its operations or to conduct a transaction on adverse terms.

A financial instrument is considered to be listed in an active market if the listed prices are readily and regularly available from an exchange dealer, industry group broker, pricing services, or regulatory commission, and these prices represent market transactions that have actually occurred and regularly on a commercial basis.

When measuring fair value, the Group uses observable market information whenever possible. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation methods as follows:

Level 1: Listed prices (unadjusted) in active markets for identical assets and liabilities that can be obtained at the measurement date.

Level 2: Inputs other than listed prices included in Level 1 that are observable for the asset or liability, directly (eg prices) or indirectly (derived from prices).

Level 3: Inputs for assets and liabilities that are not based on observable market information (unobservable inputs).

All financial assets and liabilities of the Group are not measured at fair value, as they are measured at amortized cost.

**17- SIGNIFICANT EVENTS**

In response to the spread of the new Coronavirus (Covid-19) in the Kingdom of Saudi Arabia, where the Group operates, and the consequent disruption of some aspects of economic and social activities in the Kingdom. The management has assessed the impact of the pandemic on its operations and took a series of preventive measures, to ensure the health and safety of its employees, its customers and the wider community as well as to ensure the continuity of supplying its products to the market. Despite these challenges, the Group was able to create additional sales channels, which supported the Group's operations during first quarter of 2022. The (Covid-19) pandemic did not have a material negative impact on the condensed interim consolidated financial statements. The Group continues to monitor the situation closely to take any necessary actions when needed.

**18- SUBSEQUENT EVENTS**

As per management opinion, there are no significant subsequent events after the period ended March 31, 2022 that could have a material impact on the condensed interim consolidated financial position of the Group or the results of its operations.

**19- COMPARATIVE FIGURES**

Comparative figures for the period ended March 31, 2021 have been reclassified to conform to the current period's presentation and classification.

**20- APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

These condensed interim consolidated financial statements approved by the board of directors of the group on 16 Shawwal 1443 H (Corresponding to May 17, 2022).