Jahez International Company for Information Systems Technology
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
(Unaudited)
For the six-month period ended 30 June 2022
Together with Independent Auditor's Report
on review of interim condensed consolidated financial statements

Jahez International Company for Information Systems Technology
(A Saudi Joint Stock Company)
Interim Condensed Consolidated Financial Statements
For the six-month period ended 30 June 2022

KPMG Professional Services
Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية
واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of interim condensed consolidated financial statements

To the Shareholders of Jahez International Company for Information Systems Technology (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of **Jahez International Company for Information Systems Technology (the "Company") and its subsidiaries (the "Group")** as at 30 June 2022, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and notes to the interim condensed consolidated financial statements ("interim condensed consolidated financial statements") Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" that is 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is 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 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 30 June 2022 interim condensed consolidated financial statements of **Jahez International Company for Information Systems Technology ("the Company") and its subsidiaries ("the Group")** are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Fahad Muhabark AlDossari
License No. 469

Riyadh, 13 September 2022
Corresponding to: 17 Safar 1444H

Jahez International Company for Information Systems Technology
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Financial Position
As at 30 June 2022
(Saudi Riyal)

	Note	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets			
Non-current assets			
Property and equipment	4	24,748,339	7,783,014
Intangible assets	5	4,953,485	3,860,065
Right-of-use assets		38,553,436	27,101,347
Investments at FVTPL	6	20,863,500	19,837,032
Long term deposits	7	150,000,000	--
Total non-current assets		239,118,760	58,581,458
Current assets			
Inventory		441,517	197,881
Trade receivables	8	15,863,453	6,674,849
Prepayments and other receivables	9	81,289,489	36,636,636
Due from related parties	13	773,524	237,484
Cash and cash equivalents	10	984,376,760	391,688,002
Total current assets		1,082,744,743	435,434,852
Total assets		1,321,863,503	494,016,310
Equity and liabilities			
Equity			
Share capital	11	104,918,030	96,000,000
Statutory reserve		12,523,023	12,523,023
Share premium	11	740,175,504	--
Treasury shares	12	(1,920,000)	--
Share-based payment reserve	22	3,299,783	--
Retained earnings		131,963,051	78,744,619
Equity attributable to shareholders of the Parent Company		990,959,391	187,267,642
Non-controlling interests		480,246	1,048,659
Total equity		991,439,637	188,316,301
Liabilities			
Non-current liabilities			
Non-current portion of lease liabilities		27,761,233	21,199,200
Employees' benefits obligations	14	7,459,778	5,838,118
Total non-current liabilities		35,221,011	27,037,318
Current Liabilities			
Proceeds due to customers		175,309,074	164,717,111
Current portion of lease liabilities		6,608,981	4,965,955
Trade payables		34,560,332	28,534,849
Accrued expenses and other current liabilities	15	64,843,252	75,265,700
Due to related parties	13	1,236,287	687,458
Provision for Zakat		12,644,929	4,491,618
Total current liabilities		295,202,855	278,662,691
Total liabilities		330,423,866	305,700,009
Total equity and liabilities		1,321,863,503	494,016,310

The accompanying notes 1 to 25 from an integral part of these interim condensed consolidated financial statements.

HRH Mishaal Bin Sultan Bin Abdulaziz Al Saud **Chairman**	**Ghassab Bin Salman Bin Mandeel** **CEO**	**Heni A. Jallouli** **CFO**

Jahez International Company for Information Systems Technology
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income
(Unaudited)
For the six-month period ended 30 June 2022
(Saudi Riyal)

	Note	**30 June 2022 (Unaudited)**	30 June 2021 (Unaudited)
Revenue	16	**777,609,277**	486,458,795
Cost of revenue	17	**(598,529,571)**	(392,196,404)
Gross profit		**179,079,706**	94,262,391
impairment reversal/ (loss) on trade receivables	8	**3,757,461**	(163,816)
Marketing & advertising expenses	18	**(71,033,256)**	(47,010,683)
General and administrative expenses	19	**(39,074,909)**	(11,972,858)
Research and development expenses		**(12,590,046)**	(3,663,220)
Operating profit		**60,138,956**	31,451,814
Other income		**1,612,074**	4,171
Unrealized (losses) / gains on investments at FVTPL	6	**(98,532)**	1,252,031
Finance income / (costs)		**4,138,155**	(202,461)
IPO Cost		--	(2,746,170)
Net profit for the period before Zakat		**65,790,653**	29,759,385
Zakat		**(13,140,634)**	(1,212,422)
Net income for the period		**52,650,019**	28,546,963
Net profit for the period attributable to:			
Shareholders of the parent company		**53,218,432**	28,719,591
Non-controlling interests		**(568,413)**	(172,628)
		52,650,019	28,546,963
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of employees' benefits obligation	14	--	--
Total other comprehensive income for the period		--	--
Total comprehensive income for the period		**52,650,019**	28,546,963
Total comprehensive income for the period attributable to:			
Shareholders of the parent company		**53,218,432**	28,719,591
Non-controlling interests		**(568,413)**	(172,628)
		52,650,019	28,546,963
Earnings per share attributable to shareholders of the Company:			
Basic earnings per share	20	**5.2**	4.0
Diluted earnings per share	20	**5.2**	--

The accompanying notes 1 to 25 from an integral part of these interim condensed consolidated financial statements.

HRH Mishaal Bin Sultan Bin Abdulaziz Al Saud	**Ghassab Bin Salman Bin Mandeel**	**Heni A. Jallouli**
Chairman	**CEO**	**CFO**

Jahez International Company for Information Systems Technology
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Changes In Equity
For the six-month period ended 30 June 2022
(Saudi Riyal)

	Equity attributable to the Parent Company's shareholders								
	Share capital	Statutory reserve	Share premium	Treasury shares	Share-based payment reserve	Retained earnings	Total	Non-controlling interests	Total
Balance as at 1 January 2021 (audited)	5,000,000	1,500,000	--	--	--	37,549,639	44,049,639	1,406,870	45,456,509
Net income for the period	--	--	--	--	--	28,719,591	28,719,591	--	28,719,591
Other comprehensive income for the period	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	--	--	28,719,591	28,719,591	--	28,719,591
Additional capital paid by the shareholders (note 11)	26,000,000	--	--	--	--	--	26,000,000	--	26,000,000
Transfer from statutory reserve and retained earnings (note 11)	65,000,000	(1,500,000)	--	--	--	(63,500,000)	--	--	--
Changes in non-controlling interests	--	--	--	--	--		--	(172,628)	(172,628)
Balance as at 30 June 2021 (unaudited)	96,000,000	--	--	--	--	2,769,230	98,769,230	1,234,242	100,003,472
Balance as at 1 January 2022 (audited)	96,000,000	12,523,023	--	--	--	78,744,619	187,267,642	1,048,659	188,316,301
Net income for the period	--	--	--	--	--	53,218,432	53,218,432	--	53,218,432
Other comprehensive income for the Period	--	--	--	--	--	--	--	--	--
Total comprehensive income for the period	--	--	--	--	--	53,218,432	53,218,432	--	53,218,432
Capital increase (note 11)	8,918,030	--	--	--	--	--	8,918,030	--	8,918,030
Share premium (note 11)	--	--	740,175,504	--	--	--	740,175,504	--	740,175,504
Treasury shares (note 12)	--	--	--	(1,920,000)	--	--	(1,920,000)	--	(1,920,000)
Share-based payment transactions (note 22)	--	--	--	--	3,299,783	--	3,299,783	--	3,299,783
Changes in non-controlling interests	--	--	--	--	--	--	--	(568,413)	(568,413)
Balance as at 30 June 2022 (unaudited)	104,918,030	12,523,023	740,175,504	(1,920,000)	3,299,783	131,963,051	990,959,391	480,246	991,439,637

The accompanying notes 1 to 25 form an integral part of these interim condensed consolidated financial statements.

HRH Mishaal Bin Sultan Bin Abdulaziz Al Saud
Chairman

Ghassab Bin Salman Bin Mandeel
CEO

Heni A. Jallouli
CFO

Jahez International Company for Information Systems Technology
(A Saudi Joint Stock Company)
Condensed Consolidated Statement of Cash Flow
For the six-month period ended 30 June 2022
(Saudi Riyal)

	30 June 2022 (Unaudited)	30 June 2021 (Unaudited)
Cash flows generated from operating activities:		
Net profit for the period before Zakat	**65,790,653**	29,759,385
Adjustments to reconcile net profit for the period before Zakat to cash flows generated from operating activities:		
Impairment loss on trade receivables	**(1,027,545)**	163,816
Depreciation and amortization	**5,931,695**	2,630,603
Employees benefits	**1,690,777**	931,009
Finance costs	**687,361**	202,461
Unrealized gains on investments at FVTPL	**98,532**	(1,252,031)
Share-based payment expenses	**3,299,783**	--
Income on short-term deposits	**(4,825,515)**	--
Changes in operating assets and liabilities:		
Inventory	**(243,636)**	619
Trade receivables	**(8,161,059)**	(1,952,210)
Prepayments and other receivables	**(44,652,853)**	(1,056,385)
Due from related parties	**(536,040)**	234,356
Proceeds due to customers	**10,591,963**	32,456,812
Trade payables	**6,025,483**	8,341,183
Accrued expenses and other current liabilities	**(10,422,448)**	13,404,832
Due to related parties	**548,829**	(953,847)
Employees' benefits paid	**(69,117)**	(16,409)
Zakat paid	**(4,987,323)**	(1,136,480)
Net cash flows generated by operating activities	**19,739,540**	81,757,714
Cash flows generated from investing activities		
Payments for purchase of property and equipment	**(18,506,941)**	(2,350,752)
Payments to purchase and develop intangible assets	**(1,592,964)**	(383,919)
Purchase of investments at fair value through profit or loss	**(1,125,000)**	(3,750,000)
Addition of long term deposits	**(150,000,000)**	--
Proceeds from interests on short-term deposits	**4,825,515**	--
Net cash flows used in investing activities	**(166,399,390)**	(6,484,671)
Cash flow from Financing Activities		
Repayment of lease liabilities	**(7,824,926)**	(744,792)
Proceeds from initial public offering	**749,093,534**	--
Treasury shares	**(1,920,000)**	--
Net cash flows from / (used in) from financing activities	**739,348,608**	(744,792)
Net change in cash and cash equivalents	**592,688,758**	74,528,251
Cash and cash equivalents as at the beginning of the period	**391,688,002**	205,723,956
Cash and cash equivalents as at the end of the period	**984,376,760**	280,252,207

Non-cash transaction		
Right-of-use assets	**15,342,624**	2,824,206
Lease lability	**15,342,624**	2,824,206
Transferred from retained earnings to share capital	--	63,500,000
Transferred from due to related parties to share capital	--	24,000,000
Transferred from projects under construction to intangibles assets	--	2,813,039
Transferred from statutory reserve to share capital	--	1,500,000
Transferred from Project under construction to property and equipment	--	801,992

The accompanying notes 1 to 25 from an integral part of these interim condensed consolidated financial statements.

HRH Mishaal Bin Sultan Bin Abdulaziz Al Saud **Chairman**	**Ghassab Bin Salman Bin Mandeel** **CEO**	**Heni A. Jallouli** **CFO**

1- ORGANIZATION AND ACTIVITIES

Jahez International Company for Information Systems Technology ('the Company") was formed as a limited liability company and registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010895874 dated 6 Muharram 1439H (26 September 2017).

On 27 October 2020, the shareholders decided to transfer the legal entity of the Company and its branches from a limited liability company to a Saudi closed joint stock company including its rights and obligations, as well as increasing its capital to SR 5 million, and the Company shall keep the same name, number and date of the commercial registration of the head office and all its branches.

As at 2 Jumadah II 1443H (corresponding to 5 January 2022), the Company completed its initial public offering and its ordinary shares were listed on Parallel Market - Nomu in Kingdom of Saudi Arabia.

The company's principal activities as per the commercial registration, include providing wireless data services, systems analysis, designing and programming software, and providing delivery services via e-platforms. The Group's head office is located at Riyadh,

The Group's head office is located at Riyadh,
P. O. Box 2065, Riyadh 12444- 18594
Kingdom of Saudi Arabia

The Company engages in activities through its branches and subsidiaries set out below:

Branch's name and location	C.R. No	Date
Jahez International Company for Information Systems Technology - Al-Kharj Branch	1011146000	21 Ramadan 1442H
Jahez International Company for Information Systems Technology - Al-Dawadmi Branch	1116625257	21 Ramadan 1442H
Jahez International Company for Information Systems Technology - Majmaah Branch	1122103468	21 Ramadan 1442H
Jahez International Company for Information Systems Technology - Buraidah Branch	1131297057	19 Jumada II 1440H
Jahez International Company for Information Systems Technology - Wadi Al-Dawasir Branch	1185103225	21 Ramadan 1442H
Jahez International Company for Information Systems Technology - Dammam Branch	2050122490	14 Jumada II 1440H
Jahez International Company for Information Systems Technology - Al-Hofuf Branch	2251497695	10 Rabi' Al Awal 1442H
Jahez International Company for Information Systems Technology - Hafr Al Batin Branch	2511120829	30 Shaaban 1442H
Jahez International Company for Information Systems Technology - Hail Branch	3350142538	6 Jumada II 1440H
Jahez International Company for Information Systems Technology - Skaka Branch	3400120435	9 RabI' Al Thane 1442H
Jahez International Company for Information Systems Technology - Tabouk Branch	3550135159	29 Rabi' Al Awal 1442
Jahez International Company for Information Systems Technology - Jeddah Branch	4030323208	6 Jumada II 1440H
Jahez International Company for Information Systems Technology - Makkah Al Mukaramah Branch	4031249230	30 Shaaban 1442H

1- ORGANIZATION AND ACTIVITIES (CONTINUED)

Branch's name and location	C.R. No	Date
Jahez International Company for Information Systems Technology - Al Taif Branch	4032245135	10 Rabi' Al Awal 1442H
Jahez International Company for Information Systems Technology - Al Madinah Al Monawarah Branch	4650207633	19 Jumada II 1440H
Jahez International Company for Information Systems Technology - Yanbou Branch	4700112396	11 Rabi' Al Awal 1442H
Jahez International Company for Information Systems Technology - Al Baha Branch	5800106200	9 Jumada Al Awal 1442H
Jahez International Company for Information Systems Technology - Abha Branch	5850122780	13 Jumada II 1440H
Jahez International Company for Information Systems Technology - Bisha Branch	5851876969	30 Shaaban 1442H
Jahez International Company for Information Systems Technology - Jazan Branch	5900127812	30 Shaaban 1442H
Jahez International Company for Information Systems Technology - Najran Branch	5950123043	21 Ramadan 1442H

The accompanying interim condensed consolidated financial statements include the financial statements of Jahez International Company for Information Systems Technology and its subsidiaries (collectively referred to as the "Group"), as follows:

			% of ownership	
	Legal entity	Country of incorporation	30 June 2022	31 December 2021
Joint Preparation Company for Meals	Limited Liability Company	Kingdom of Saudi Arabia	**60%**	60%
PIK Options Trading Company	A Single Shareholder Limited Liability Company	Kingdom of Saudi Arabia	**100%**	100%
The Red Color Company	A Single Shareholder Limited Liability Company	Kingdom of Saudi Arabia	**100%**	100%
Supportive Solutions Company for Logistic Services	A Single Shareholder Limited Liability Company	Kingdom of Saudi Arabia	**100%**	100%
Jahez International Company W.L.L	A Limited Liability Company	Kingdom of Bahrain	**100%**	100%

Information about subsidiaries:

Joint Preparation Company for Meals:
As at 20 July 2020, the Company signed an acquisition agreement to acquire shares that represent 60% of share capital of Joint Preparation Company for Meals (a limited liability company) amounting to SAR 25,000 million where the cost of the acquisition amounted to SAR 2,4 million. On 7 September 2020 (corresponding to 19 Muharram 1442H), Joint Preparation Company for Meals's Articles of Association and shareholding pattern have been amended to reflect the impact of the acquisition. Joint Preparation Company for Meals is engaged in the food service activities.

1- ORGANIZATION AND ACTIVITIES (CONTINUED)

PIK Options Trading Company
On 4 November 2020, the Company incorporated a wholly owned subsidiary which is PIK Options Trading Company (a single shareholder limited liability company). PIK Options Trading Company's capital is SR 1,000,000. PIK Options Trading Company's is engaged in online retail sales

The Red Color Company
On 8 February 2021, the Company incorporated a wholly owned subsidiary, which is Red Color Company, (a single shareholder limited liability company). The company's capital is SAR 10,000. Red Color Company is engaged in other financial services activities, with the exception of insurance and pension financing.

Supportive Solutions Company for Logistic Services
On 8 February 2021, the Company incorporated a wholly owned subsidiary, which is Supportive Solutions Company for Logistic Services (a single shareholder limited liability company). The Company's capital is SR 1,000,000. Supportive Solutions Company for Logistic Services is engaged in directing vehicles, transporting goods, and providing delivery services via e-platforms.

Jahez International Company W.L.L
On 25 November 2021, the Company incorporated Jahez International Company W.L.L (Limited Liability Company) as a wholly owned subsidiary in the Kingdom of Bahrain. The company's capital is BHD 50,000 equivalent to SR 497,345. Jahez International Company W.L.L is engaged in food delivery, online selling, call centers.

2- Basis of preparation

2.1 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with requirements of IAS 34 “Interim Financial Reporting” that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

The interim condensed consolidated financial statements do not include all the information required for the full financial statements in accordance with the IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, hence, should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2021. However, the interim condensed consolidated financial statements include some disclosures to explain some material events and transactions in order to understand the changes in the Group's financial position and performance since the last annual financial statements.

Further, the results for the six-month period ended 30 June 2022 are not necessarily indicative of the results that may be expected for the year ended 31 December 2022.

2.2 Basis of measurement

The interim condensed consolidated financial statements have been prepared on historical cost convention, unless otherwise stated, using the accruals basis of accounting and the going concern concept.

2.3 Functional and presentation currency

The interim financial statements of the Group are presented in Saudi Riyals (SR) which is the Group’s functional and presentation currency.

2- BASIS OF PREPARATION (CONTINUED)

2-4 Basic of consolidation

Business combinations
The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred at the acquisition is generally measured at fair value of the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it will not be remeasured and the settlement is accounted for within equity. Otherwise, the contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Subsidiaries
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in these interim condensed consolidated financial statements from the date that control commences until the date control ceases.

Non-controlling interests
NCIs are initially measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in the subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non controlling inerest and other components of equity and any gain or loss is recognized in the statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.5 New standards and amendments issued

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2022. The management has assessed that the amendments have no significant impact on the Group's condensed consolidated financial statements.

Effetive starting from	New standards and amendments issued
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
	Annual Improvements to IFRS Standards 2018 – 2020
	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
	Reference to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of liabilities as current/non-current-Amendments to IAS 1
	IFRS 17 Insurance Contracts and amendments to IFRS 17 "Insurance Contracts".
	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
	Definition of accounting estimates (amendments to IAS 8)
	Deferred tax related to assets and liabilities arising from single transaction (amendments to IAS 12)
Available for optional adoption/effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

2- BASIS OF PREPARATION (CONTINUED)

2.6 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgment, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those on which the estimates were based.

The estimates and underlying assumptions have been 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 adjustment and future periods if the adjustment affects both current and future periods.

The Group based its assumptions and estimates on parameters available when the interim financial statements were prepared. The assumptions and current conditions of future developments, may change due to market changes or circumstances arising beyond the control of the Group. These changes are reflected in assumptions when they occur.

<u>Employees' benefits</u>
Employees' benefits cost and present value of the liability is determined using an actuarial valuation involves making various assumptions which may differ from actual developments in the future. Such assumptions includes determination of discount rate, future salary increases and mortality rates.

Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

The discount rate is the factor most subject to changes and when determining the appropriate discount rate, the management considers the interest rates of corporate bonds in currencies consistent with the currencies of the end-of-service benefits obligation with at least an 'AAA' rating or above, as set by an internationally acknowledged rating agency to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for specific countries. Those mortality tables tend to change only at intervals in response to demographic changes and future salary increases are based on expected future inflation rates for respective countries.

The mortality rate is based on publicly available mortality tables for specific countries. Those mortality tables tend to change only at intervals in response to demographic changes and future salary increases are based on expected future inflation rates for respective countries.

<u>Provision for expected credit loss on accounts receivable</u>
The Group uses a model in estimating lifetime ECLs that have not been credit-impaired or credit-impaired based on a change in the credit risk associated with the financial instrument.

Trade receivables are combined based on the common credit risk characteristics and the days in which they are due to measure the ECLs. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic activity indicators affecting the ability of the customers to settle the receivables.

<u>Lease's discount rate</u>
The management of the Group uses estimates in determining the incremental borrowing rate in computing the present value of minimum lease payments, as well as the expected lease term in the event of extension options.

3- SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these interim condensed consolidated financial statements are set out below.

a) Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost includes expenditure that is directly attributable to the acquisition of an asset. Finance costs on borrowings to finance the construction of the assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are recognized in the consolidated statement of profit or loss when incurred.

Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of individual item of property and equipment. The estimated useful lives of assets will be depreciated as follows:

	Years
Tools and instruments	4
Computers	4
Furniture and fixtures	4
Electrical machines	4
Central kitchens	10
Decorations and leasehold improvements	4
Motor vehicles	4

Depreciation methods, rates and residual values are reviewed annually and are adjusted if the current method and the estimated useful life or the residual value is different than the estimated in past. The effect of such changes is recognized in the consolidated statement of profit or loss prospectively.

Major renovations and improvements are capitalized if they extend the productivity or the operating useful life of the property and equipment.

Minor repairs and improvements are charged as expenses when incurred. Gains or losses resulting from disposal of property and equipment, which represent the difference between proceeds from sale and the carrying amount of assets, are recognized in the consolidated statement of profit or loss.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognized in the consolidated statement of profit or loss as incurred.

Computers software

Computer software licenses acquired from third parties are initially recognized at cost. Costs directly associated with the production of internally developed software, where it is probable that the software will generate future economic benefits, are recognized as intangible assets. Capital work under development relating to development of intangible assets is stated at cost less accumulated losses, if any, and is not depreciated until the asset is available for use. Depreciation is charged to the consolidated statement of profit or loss and calculated using a straight-line basis over the estimated useful life estimated by 4 years.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Inventory

Inventory is measured at the lower of cost or net realizable value. The cost of inventory is determined on the basis of the first-in-first-out method. Cost includes expenses incurred for acquisition of inventory and any shipping, transportation, insurance, custom duties and other direct expenses related to the acquisition of the inventory.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs to sell.

d) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks in current accounts and other short-term liquid investments with original maturities of three month or less, if any, which are available to the Company without any restrictions.

e) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to settle a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most appropriate market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset’s highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is disclosed as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities can be obtained at the measurement date.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly observable (such as prices) or indirectly.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (unobservable inputs).

For assets and liabilities that are recognized in the interim condensed financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Fair value measurement (continued)

At each reporting date, the Group analyzes the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

f) Financial instruments

Classification and measurement of financial assets and financial liabilities
On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investments; FVOCI – equity investments; or FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at fair value through profit or loss.
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of investments in equity instruments that are not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Impairment of financial assets
The financial assets at amortized cost consist of receivables and cash and cash equivalents and other receivables.

Loss provisions are measured on the bases of ECLs over lifetime of a financial instrument: these are ECLs that result from all possible default events over the expected life of a financial instrument.

'The Group measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all value shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

For receivables, the Group applies the simplified approach to estimate ECLs.

Impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are impaired. A financial asset is impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Financial instruments (continued)

Presentation of impairment
Loss provisions for financial assets are deducted from the gross carrying amount of the assets.

Impairment losses related to trade receivables, if any, are presented in the interim condensed consolidated statement of profit or loss under a separate item.

Financial Liabilities
Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition
Financial assets
A financial asset (or part of a group of similar financial assets) is disposed mainly (i.e. disposed from the interim statement of financial position) in the following cases:

- The rights to receive cash flows from the asset have been expired;
- The Group has transferred its rights to receive cash flows from the asset, or assumed an obligation to pay cash flows received in full without delay to a third party under a "pass" arrangement; (a) substantially transferred all the risks and rewards of the asset; or (b) transferred control over the asset and the Group has neither transferred nor retained substantially the risks and rewards of the financial asset.

Financial Liabilities
The Group derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expired. The Group also derecognizes financial liabilities when the terms and cash flows of the modified obligation are substantially modified, in which case a new financial liability is recognized based on the modified terms at fair value.

On disposal of a financial liability, the difference between the amortized carrying amount and the amount paid (including any non-cash assets transferred or charged liabilities) is recognized in the interim condensed consolidated statement of profit or loss.

The Group has no debt investments at FVOCI or equity investments at FVOCI.

g) Employees' benefits
<u>Short-term benefits</u>
Short-term employees benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

<u>Post-employment benefits</u>
The Group operates a defined benefit plan for its employees in accordance with Saudi Labor and Workman Law as defined by the conditions set out in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected credit unit method. Employees' benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Employee benefits (continued)

The liability recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Past-service costs are recognized immediately in the interim condensed consolidated statement of profit or loss and other comprehensive income.

The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employees' benefit expense in the interim condensed consolidated statement of income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise

h) Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate for the consideration required to settle the present obligation at the end of reporting date taking into account risk and doubts specific to liability.

When the Group expects to pay some or all of the provisions (for example, insurance contracts, compensation terms or supplier guarantees), the payment is recognized as a separate asset. When payment is almost certain, expenses relating to provision are recognized in the interim condensed consolidated statement of profit or loss, net of any compensation.

In case the effect of the time value of money is of relative importance, the provisions are determined by discounting estimated cash flows by pre-tax rate that reflects current market assessments for time value of money and risks related to the obligation. The unwinding of the discount is recognized as finance cost.

i) Contingent liabilities

These are probable obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or present obligation not recorded because the need for flow of resources to settle the obligation is not probable. In case the amount of the obligation cannot be measured with sufficient reliability, this amount is not recognized as contingent liabilities but disclosed in the interim condensed consolidated financial statements.

j) Foreign currency transactions

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the financial position date are translated to Saudi riyals at the foreign exchange rate ruling at that date. Gains or losses arising on exchanges are recognized in the interim condensed consolidated statement of profit or loss currently.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is reduced by expected returns from customers and other discounts.

The Group recognizes revenue under IFRS 15 using the following five steps model:

Step 1: Identify the contracts with a customer	A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
Step 2: Identify the performance obligations	A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
Step 3: Identify the transaction price	The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
Step 4: Allocate the transaction price	For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
Step 5: Revenue recognition	The Group recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to the customer under a contract.

Commissions and revenues from delivery services
Revenue is recognized when the delivery service is performed to the customer and at the point in time at which the customer achieves control over the benefits associated with the service and the performance of service obligations, and is stated net of discounts and compensation offered to the customer.

Advertising and marketing revenues
Revenues associated with advertising and marketing services are recognized over time by measuring the Company’s progress towards satisfaction of a performance obligation using output method.

Revenue from e-payment fees
Revenue is recognized when the collection service is performed on behalf of the customer and at the point in time at which the customer achieves control over the benefits associated with the service and the performance of service obligations, and is stated net of discounts and compensation offered to the customer.

Other revenues
Revenues are recognized when services are rendered to customers and are stated at net of discounts and exemptions.

Customers' cash back
Any refund was treated as an impairment of revenue. If the transaction price includes a variable amount, the transaction price is estimated and recognized to the extent that it is unlikely that a significant reversal of the cumulative revenue value will occur when the uncertainty associated with the variable consideration is subsequently resolved.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Leases

Determining whether an arrangement contains a lease or not depends on the core of the arrangement at its inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

At the commencement date, the Group shall assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group shall assess whether, throughout the period of use, the customer has both of the following:

(a) The right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) The right to direct the use of the identified asset.

The Group shall recognize a right-of-use asset at the commencement date (i.e. the date on which the underlying asset is available for use) and a lease liability at the commencement date. The right-of-use asset is initially measured at cost less accumulated depreciation.

The right-of-use asset is initially measured at cost less accumulated depreciation and impairment and is settled for any remeasurement of a lease liability. The cost of right-of-use asset includes the initial amount of a lease liability adjusted by lease payments made on or before the commencement date, and any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received. The estimated useful life for right-of-use asset based on the lease term.

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The Group shall discount lease payments using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be easily determined, the Group should use the incremental borrowing rate.

After the commencement date, a lessee shall measure the lease liability by:

(a) Increasing the carrying amount to reflect interest rate on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments that are remeasured when there is a change in future lease payments arising from a change in index or a rate, or if there was a change in the Group’s estimate of the amount expected to be payable by the lessee under residual value guarantees, or if the Group changed its assessment whether if it will choose the purchase, extension or termination.

Any remeasurement is settled in the lease liability against the carrying amount of right-of-use asset or charged to the statement of income if the carrying amount of the related asset is Zero.

Short-term leases

The Group elected not to recognize right-of-use assets and lease liabilities for the short-term leases for which their terms are 12 months or less. The Group recognizes lease payments associated with those leases as expenses on a straight line basis over the lease term.

Extension options

In case of leases that provide extension options, the Group assesses whether if it is reasonably certain, at commencement date, that the extension options will be exercised. The Group reassesses whether it is reasonably certain to exercise the options if there was a significant event or major change in the circumstances that fall under its control.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) Expenses

Advertising and publicity expenses are those arising from the Group's efforts underlying the marketing functions. All other expenses, excluding cost of revenue and financial charges, are classified as general and administrative expenses and research and development expenses. Allocations of common expenses between cost of revenue and general and administrative expenses and research and development expenses, when required, are made on a consistent basis.

n) Zakat

Provision for Zakat is calculated at the date of the consolidated statement of financial position in accordance with regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("ZATCA"). The resulting provision is recorded in the consolidated statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments arising from ZATCA are recognized in the period in which the final assessments are finalized.

o) reportable segments

An operating segment is a part of the Group's business activities from which revenue can be recognized and expenses are incurred and includes income and expenses relating to transactions with any of the other components. All operational results of the operating segments are reviewed by the operating decision makers to make decisions about the resources to be allocated to the segment and to assess its performance, which have separate financial information.

p) Earnings per share:

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of the ordinary shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible debt instruments and share options granted to employees, if any.

q) Statutory reserve

In accordance with the provisions of the Saudi Arabian Regulations for Companies, the Company is required to transfer 10% of its net income each year to a statutory reserve until such reserve equals 30% of share capital. This reserve is not available for distribution to the shareholders.

r) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- It is held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

- A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current liabilities.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Share-based payments

Employees of the Company (including senior executives) will be awarded incentives under share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions) or cash equivalents of the shares fair value (i.e., cash-settled transactions) The Company measures the cost of cash-settled transactions by reference to the fair value of share options under share-based payment arrangements. For share-based payment transactions, this valuation refers to the fair value at the vesting date. For cash-settled transactions, this refers to the fair value at each reporting date using an appropriate valuation model. For more details, see note (22).

That cost is recognized in expenses, together with a corresponding increase in equity (Share-based payment reserve), for equity-settled transactions or together with increase in cash-settled transactions liability during the period which the service was provided and fulfillment of performance conditions (if any) where appropriate (vesting period). The cumulative expense recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the consolidated statement of comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not considered when determining the vesting date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the vesting date fair value. Any other conditions attached to an award, but without a required service, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognized is the vesting date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. For cash-settled transactions, the fair value remeasurement at each reporting date is considered to be the opposite of the modified conditions and circumstances (except for market conditions). Under equity-settled transactions, where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately in the statement of profit or loss and other comprehensive income.

Pursuant to the grant letters signed by the Head of the Board of Directors and employees, and the Share-based Payment Program Policy, the Board of Directors has the right at any time to make a decision to settle the consideration with grants by equity instruments (i.e., equity-settled transactions) or cash equivalent of shares fair value (ie., cash-settled transactions).

The Company's management determined the accounting treatment by settling the consideration with grants by equity instruments, and accordingly that cost was recognized under the expenses with a corresponding increase in equity (the share-based payment program reserve).

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4- PROPERTY AND EQUIPMENT

	Tools and instruments	Computers	Furniture & fixtures	Electric equipment	Central kitchens	Decorations and leasehold improvements	Motor vehicles	Project under construction *	Total
Cost									
Balance as of 1 January 2021	106,388	1,478,062	1,602,299	598,027	1,144,343	2,178,789	--	801,992	7,909,900
Additions	39,000	1,165,947	563,212	758,461	57,932	383,761	138,352	772,023	3,878,688
Transferred from project under construction	--	--	--	--	--	801,992	--	(801,992)	--
Balance as at 31 December 2021	145,388	2,644,009	2,165,511	1,356,488	1,202,275	3,364,542	138,352	772,023	11,788,588
Additions	1,300	1,376,692	229,060	1,273,894	1,704,940	3,872,466	353,170	9,695,419	18,506,941
Balance as on 30 June 2022	**146,688**	**4,020,701**	**2,394,571**	**2,630,382**	**2,907,215**	**7,237,008**	**491,522**	**10,467,442**	**30,295,529**
Accumulated depreciation:									
Balance as of 1 January 2021	61,712	487,446	517,067	280,204	9,536	420,082	--	--	1,776,047
Depreciation for the year	28,795	526,864	687,096	287,821	117,943	578,451	2,557	--	2,229,527
Balance as at 31 December 2021	90,507	1,014,310	1,204,163	568,025	127,479	998,533	2,557	--	4,005,574
Depreciation for the period	12,209	399,932	214,054	169,687	166,231	539,019	40,484	--	1,541,616
Balance as on 30 June 2022	**102,716**	**1,414,242**	**1,418,217**	**737,712**	**293,710**	**1,537,552**	43,041	**--**	**5,547,190**
Net book value:									
30 June 2022	**43,972**	**2,606,459**	**976,354**	**1,892,670**	**2,613,505**	**5,699,456**	**448,481**	**10,467,442**	**24,748,339**
31 December 2021	54,881	1,629,699	961,348	788,463	1,074,796	2,366,009	135,795	772,023	7,783,014

* The additions to the projects in progress are mainly branches under construction of the Joint Preparation Company for Meals.

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5- INTANGIBLE ASSETS

	Copyright	Software	Project under construction	Total
<u>**Cost**</u>				
Balance at 1 January 2021	--	4,189,528	2,813,039	7,002,567
Additions	--	367,200	1,049,262	1,416,462
Transferred from project under construction	--	2,813,039	(2,813,039)	--
Balance at 31 December 2021	**--**	**7,369,767**	**1,049,262**	**8,419,029**
Additions	500,000	35,847	1,057,117	1,592,964
Balance as at 30 June 2022	**500,000**	**7,405,614**	**2,106,379**	**10,011,993**
<u>**Accumulated Amortization**</u>				
Balance at 1 January 2021	--	2,866,012	--	2,866,012
Amortization for the year	--	1,692,952	--	1,692,952
Balance at 31 December 2021	**--**	**4,558,964**	**--**	**4,558,964**
Amortization for the period	**41,666**	**457,878**	**--**	**499,544**
Balance as at 30 June 2022	**41,666**	**5,016,842**	**--**	**5,058,508**
<u>**Net book value**</u>				
30 June 2022	**458,334**	**2,388,772**	**2,106,379**	**4,953,485**
31 December 2021	--	2,810,803	1,049,262	3,860,065

6- INVESTMENTS AT FVTPL

The Company's investments represent equity shares in non-listed company "Halalah Company Limited" and convertible debt instruments into equity shares in "Bonat Company" and "Nana Direct Company"

Movement in investments is as follows:

	30 June 2022	31 December 2021
Balance at beginning of the period / year	**19,837,032**	--
Additions	**1,125,000**	11,625,000
Fair value valuations differences	**(98,532)**	8,212,032
Balance at end of the period / year	**20,863,500**	19,837,032

7- LONG TERM DEPOSITS

This includes the long-term investment in term deposit certificates (Murabaha) of the Al-Khair Capital Company with maturity of more than 12 months at the rate range of (from 3% to 5%) annually (31 December 2021: SR nil).

8- TRADE RECEIVABLES

	30 June 2022	31 December 2021
Trade receivables	**16,890,998**	11,459,855
Less: provision for impairment loss on trade receivables	**(1,027,545)**	(4,785,006)
	15,863,453	6,674,849

8- TRADE RECEIVABLES (CONTINUED)

The movement in provision for impairment loss on trade receivables is as follows:

	30 June 2022	31 December 2021
Balance at beginning of the period / year	**4,785,006**	2,283,594
(Reversal)/ provided during the period / year	**(3,757,461)**	2,501,412
Balance at the end of the period/year	**1,027,545**	4,785,006

9- PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2022	31 December 2021
Prepaid expenses	**73,976,823**	23,671,956
Staff advances and custodies	**2,253,879**	606,853
Letter of guarantee deposits	**2,316,600**	2,250,000
other	**2,742,187**	107,827
	81,289,489	36,636,636

10- CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Current accounts with banks*	**282,767,682**	391,328,588
Cash on hand	**1,609,078**	359,414
Short term deposits **	**700,000,000**	--
	984,376,760	391,688,002

(*) Current accounts with banks include amounts collected on behalf of customers amounting to SR 175 million and are settled against the balance of proceeds due to customers on a semi-monthly basis.

(**) The short term deposits carry a constant rate of return (3.5%) and a maturity less than three months.

11- SHARE CAPITAL

Jahez International Company for Information Systems Technology (the “Company”) was formed as a limited liability company on 6 Muharram 1439H (corresponding to 26 September 2017) with a capital of SR 1 million divided into 1,000 shares, with a value of SR 1,000 each.

The breakdown of the capital structure is as follows:

Shareholder	**Number of shares**	**Share capital (Saudi Riyal)**
Alamat International Company Limited	990	990,000
Mishaal Salman bin Mandeel	10	10,000
	1,000	1,000,000

(Saudi Riyal)

11- SHARE CAPITAL (CONTINUED)

Capital structure adjustment

On 7 September 2020, the Company's shareholders made an amendment to the Articles of Association with the entry of a new shareholder (Hefz Osool Ta'atheer Company for Communications and Information Technology), and the shareholder Mishaal Salman bin Mandeel waived all his shares in the Company, including his rights and obligations in favor of (Hefz Osool Ta'atheer Company for Communications and Information Technology), and the share of the shareholder (ALAMAT International Company) in the capital was modified, in addition to adjusting the value of the share in the capital to become SR 10 instead of SR 1,000. The shareholders and their shareholding in accordance with the amended Articles of Association are as follows:

Shareholder	Number of shares	Share capital
Alamat International Company Limited	62,500	625,000
Hefz Osool Ta'atheer Company for Communications and Information Technology	37,500	375,000
	100,000	1,000,000

Interest-free loan agreement and promise of sale

On 18 August 2020, an interest-free loan agreement of SR 30 million with a maturity period ending on 18 February 2022 was entered into between (Jahez International Company for Information Systems Technology) "the Company" and (Taa'theer Financial Company) with a promise of sale by issuing shares in favor of (Taa'theer Financial Company) representing 40% of the capital of (Jahez International Company for Information Systems Technology) after amending its legal entity to a closed joint stock company.

Capital structure adjustment

On 27 October 2020, the shareholders amended the Company's Articles of Association by amending the shareholding through assigning the shareholder ALAMAT International Company part of its shares amounting to (2,500) shares representing 2.5% of the Company's capital to Hefz Osool Ta'atheer Company for Communications and Information Technology including its rights and obligations, so that the capital structure becomes as follows:

Shareholder	Number of shares	Share capital
Alamat International Company Limited	60,000	600,000
Hefz Osool Ta'atheer Company for Communications and Information Technology	40,000	400,000
	100,000	1,000,000

In addition, the shareholders in their meeting held on 27 October 2020 decided to transfer the legal entity of the Company and its branches from a limited liability company to a Saudi closed joint stock company including its rights and obligations, as well as increasing its capital to SR 5,000,000 by transferring SR 4,000,000 from shareholders' accounts payable of the Company to the capital account, and the Company shall keep the same name, number and date of the commercial registration of the head office and all its branches. The shareholders have subscribed to the entire capital amounting to 500,000 shares with a nominal value of SR 10 each. The distribution of the share capital at 31 December 2020 is as follows:

Shareholder	Number of shares	Share capital
Alamat International Company Limited	300,000	3,000,000
Hefz Osool Ta'atheer Company for Communications and Information Technology	200,000	2,000,000
	500,000	5,000,000

11- SHARE CAPITAL (CONTINUED)

On 17 December 2020, the shareholders in the transformational general assembly approved the Company's By-Laws and the appointment of the Company's first Board of Directors for a period of five years.

Cancelation of the interest-free loan agreement and promise of sale
On 28 February 2021, the shareholders decided to transfer the remaining amount of the interest-free loan of SR 26 million from the shareholder's account payable "Hefz Osool Ta'atheer Company for Communications and Information Technology" to the shareholders' accounts payable in the Company in proportion to each shareholder's ownership percentage in the capital as at the date of the Company's transformational general assembly on 17 December 2020, in addition to approving to cancel the interest-free loan agreement as of the date of the transformational general assembly on 17 December 2020.

Capital structure adjustment
On 15 Shawwal 1442H (corresponding to 27 May 2021), the Extraordinary General Assembly for shareholders has approved the Board of Directors' resolution to increase the share capital to SAR 96 million by the issue of new shares against transferring SAR 63,5 million from retained earnings, SAR 26 million from due to related parties accounts (shareholders) and SAR 1,5 million from the statutory reserve account.

Listing and commencement of trading of the Company's shares in the parallel market
At 2 Jumadah II 1443H (corresponding to 5 January 2022), the Company's shares were listed and started trading on Parallel Market in Kingdom of Saudi Arabia (Nomu) under code (9526).The Company's share capital has increased after the completion of the initial public offering from SR 96 million (divided into 9,6 million shares) to SR 104 million (divided into 10,4 million shares) through issuing 891 million shares at a par value of SR 8,9 million. The share value on the issue date was SR 850 and the movement in share capital and share premium is as follows:

	Number of shares	Share capital (Saudi Riyal)	Share premium (Saudi Riyal)
Balance at 1 January 2022 (Audited)	9,600,000	96,000,000	--
Issuance of new shares at SR 850 per share (SR 10 par value)	891,803	8,918,030	749,114,520
Transaction costs on new share issue	--	--	(10,339,835)
Additional contributions from Company's shareholders	--	--	1,400,819
Balance at 30 June 2022 (Unaudited)	10,491,803	104,918,030	740,175,504

12- TREASURY SHARES

On 22 Jumada I 1443H (corresponding to 26 December 2021), the Company entered into an agreement to purchase 192 thousand share of its shares from the Company's shareholders (115,2 thousand share of its share owned by Alamat International Company Limited and 76,8 thousand share of its shares owned by Hefz Osool Ta'atheer Company for Communications and Information Technology) at a cost of SR 10 per share, with a cash consideration of SR 1,9 million. The shares were allocated at the time of completion of the initial public offering process which is mentioned above, the Company held these shares as treasury shares to support future employees long term incentive scheme (note 22).

(Saudi Riyal)

13- TRANSACTION WITH RELATED PARTIES

In the ordinary course of its business, the Group transacts with the shareholders of the Group and the affiliates owned by the shareholders and the key management personnel, as the Group enters into contracts to obtain services and pay the expenses on the affiliates' behalf. These transactions are carried out in accordance with the terms specified with the related parties. The following table shows the value of the transactions made during the period and the resulting balances:

a) Related party transactions

30 June 2022

Related party	Nature of relationship	Nature of the transaction	Amount of transaction
Al Joudah Al-Mahaliyah Limited Company	A company owned to a shareholder in the subsidiary.	Collection on behalf	**187,048**
		Services	**46,000**
		Commissions	**32,650**
Halalah International Company	A company owned by Vice CEO	Collection on behalf	**2,248,124**
		Logistic services	**4,111,317**
The Eight Creations Agency for Advertising	Company owned to a partner in the subsidiary.	Invoices against advertising services	**1,068,638**
Halalah Trading Company	Affiliate	Operating applications services	**93,461**
		Logistic services	**5,863,959**

30 June 2021

Related party	Nature of relationship	Nature of the transaction	Amount of transaction
Al Joudah Al-Mahaliyah Limited Company	A company owned to a shareholder in the subsidiary.	Collection on behalf	810,522
Tharwa Holding Company	Company owned to the Chairman	Leases and services	714,198
Talal Saud Al Arifi	Shareholder of subsidiary	On behalf of a subsidiary	854
The Eight Creations Agency for Advertising	Company owned to a partner in the subsidiary.	Advertisement and publicity services	1,095,150
Dar Al Fikrah Al-Mumaiyazah	Company owned to the Chairman	Construction services	942,370
Halalah International Company	A company owned by Vice CEO	Logistics services	5,369,091
Halalah Trading Company	Affiliate	Logistics services	2,977,650

b) Due from related parties

	30 June 2022	31 December 2021
Tharwa Holding Company	**5,625**	5,625
Alamat International Company Limited	**2,500**	2,500
Halalah Trading Company	**765,399**	129,359
Talal Saud Al Arifi	**--**	100,000
	773,524	237,484

(Saudi Riyal)

13- RELATED PARTY TRANSACTIONS (CONTINUED)

c) Due to related parties

	30 June 2022	31 December 2021
Bonat Holding Company	**--**	207,000
Halalah International Company	**105,676**	202,932
Halalah Trading Company	**251,177**	157,717
The Eight Creations Agency for Advertising	**835,186**	69,000
Al Joudah Al-Mahaliyah Limited Company	**8,248**	12,922
Abdulaziz Abdulrahman Al Omaran	**36,000**	36,000
Talal Saud Al Arifi	**--**	1,887
	1,236,287	687,458

Compensation paid to key management personnel during the period is as follows:

	30 June 2022	30 June 2021
Short-term benefits	**3,431,697**	1,906,985
Post-employment benefits	**192,500**	120,000
Share-based payments	**1,569,162**	--

14- EMPLOYEES' BENEFITS OBLIGATIONS

The Group has a post-employment defined benefit plan. The benefits are required by Saudi Labor Law. These benefits are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Kingdom of Saudi Arabia. The following table summarizes the components of the net benefit expense recognized in the interim condensed consolidated statement of profit or loss and other comprehensive income and amounts recognized in the interim condensed consolidated statement of financial position.

Changes in the present value of defined benefit obligation	
Defined benefit obligation at 1 January 2021	**3,136,956**
Interest cost	90,922
Current service cost	2,794,668
Amount recognized in profit and loss	2,885,590
Re-measurements gains recognized in other comprehensive income	(149,719)
Benefit paid during the year	(34,709)
Defined benefit obligation at 31 December 2021	**5,838,118**
Interest cost	**--**
Current service cost	**1,690,777**
Amount recognized in profit and loss	**1,690,777**
Re-measurements gains recognized in other comprehensive income	**--**
Benefits paid during the period	**(69,117)**
Defined benefit obligation at 30 June 2022	**7,459,778**

15- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	30 June 2022	31 December 2021
Accrued expenses	**23,757,131**	39,957,588
Third party deposits	**30,207,463**	24,164,287
Accrued employees' benefits	**10,878,658**	11,143,825
	64,843,252	75,265,700

(Saudi Riyal)

16- REVENUE

	For the six-month period ended 30 June	
	2022	2021
Revenue from delivery fees	**463,022,268**	303,565,205
Revenue from commissions	**245,422,003**	163,671,626
Revenue from e-payment fees	**33,572,403**	24,451,367
Advertising and marketing revenues	**30,890,193**	14,255,431
Other income	**4,702,410**	2,197,292
Customers's cash back	**--**	(21,682,126)
	777,609,277	486,458,795

17- COST OF REVENUE

	For the six-month period ended 30 June	
	2022	2021
Cost of delivery	**493,399,669**	330,771,709
Customer compensation	**27,511,773**	12,073,996
Salaries, wages and employee benefits	**29,589,155**	19,676,114
Bank charges	**22,375,719**	21,598,835
Consumables	**2,329,847**	3,074,217
Network servers	**5,988,970**	3,513,955
Platform services	**717,470**	419,099
Delivery platform	**11,763,522**	--
Depreciation and amortization	**1,168,974**	933,953
other	**3,684,472**	134,526
	598,529,571	392,196,404

18- MARKETING & ADVERTISING EXPENSES

	For the six-month period ended 30 June	
	2022	2021
Advertising and publicity	**51,590,718**	30,749,968
Salaries, wages and employees' benefits	**9,169,072**	6,051,886
Promotions	**10,273,466**	10,208,829
	71,033,256	47,010,683

19- GENERAL AND ADMINISTRATIVE EXPENSES

	For the six-month period ended 30 June	
	2022	2021
Salaries, wages and employee benefits	**25,547,374**	4,584,086
Depreciation and amortization	**4,762,722**	1,696,650
Professional fees	**1,639,079**	1,203,628
Missions, maintenance and operation	**2,443,511**	764,005
other	**4,682,223**	3,724,489
	39,074,909	11,972,858

(Saudi Riyal)

20- BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic and diluted earnings per share as follows:

	For the six-month period ended 30 June	
	2022	2021
profit for the period	**53,218,432**	28,719,591
Weighted average number of shares	**10,284,715**	7,099,448
Basic earnings per share	**5.2**	4.0
Diluted earnings per share	**5.2**	--

The breakdown of weighted-average numbers of shares are as follows:

a) Ordinary shares

	30 June 2022	30 June 2021
Shares outstanding at beginning of the period	**9,600,000**	500,000
Weighted average of shares issued during the period	**867,168**	6,599,448
Weighted average of shares repurchasing during the period	**(182,453)**	--
Weighted average number of shares at the end of the period	**10,284,715**	7,099,448

b) Diluted shares

	30 June 2022	30 June 2021
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share at the end of the period.	**10,284,715**	--
Weighted average number of reissued ordinary shares	**4,350**	--
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share.	**10,289,065**	--

21- CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Group has contingent contractual commitments represent commitments to provide advertising services, mainly with Al Hilal Saudi Club for a period of five sports seasons ending in 2024, with a value of SR 49 million as at 30 June 2022 (31 December 2021: SR 58 million). In addition, the contract included the payment of additional amounts in the event that the first team of Al Hilal Club wins in a season or certain tournaments, with a maximum amount of SR 3.5 million per year.

The Group has contingent contractual commitments represent commitments to provide advertising services to third partis ending in 2023 amounting to SR 24.2 million as at 30 June 2022 (31 December 2021: SR 12.4 million).

The Group has contingent contractual commitments represent commitments to provide employment and other services ending in 2023 amounting to SR 9 million as at 30 June 2022 (31 December 2021: SR 14.3 million).

The Group have SR 3 Million as capital commitments as at 30 June 2022 (31 December 2021: SR Nil).

(Saudi Riyal)

22- SHARE-BASED PAYMENT PROGRAM

The Company granted share-based payment arrangements to employees at the beginning of April 2022. On 8 June 2021, the Board of Directors proposed share options program which was approved by the shareholders on 9 June 2021. This plan objective is to distribute 192,000 treasury shares purchased by the Company from the it's shareholders by contract dated 26 December 2021 and validated on 5 January 2022 (115,2 thousand share of its shares owned by Alamat International Company Limited and 76,8 thousand share of its shares owned by Hefz Osool Ta'atheer Company for Communications and Information Technology on 26 December 2021). The share options will be granted through the plan in five cycles commencing on 1 April 2022, 1 April 2023, 1 April 2024, 1 April 2025 and 1 April 2026.

The Company formulated the vesting agreement for the first cycle and it was signed by the Company and the employees on 1 April 2022, which is the vesting date of the first cycle of share options. The condition associated with realizing share options under the first cycle is the employee's two-year service condition, which is completed on 31 March 2024. At the end of the vesting period the company may elect to issue shares or cash equivalents to the fair value through the shares at the end of the vesting period.

During 2022, the Company has vested Tier 1 of the program as the following:

First Cycle	**Tier 1**
Vesting date	1 April 2022
Total number of shares granted	26,440
The average fair value per share on vesting date (*)	SR 1,116.5
Maturity date	31 March 2024
Settlement method	Equity methoud

(*) The options are valued at the fair value on the vesting date of first cycle on 1 April 2022, using the Black Scholes method which takes into account the exercise price, option term, effect of reduction (where material), share price on the vesting date and expected fluctuation price of basic earnings per share, and expected dividend yield. Risk-free interest rate for the option term, contingencies and fluctuations for similar group's companies. The fair value of the option as on 1 April 2022, based on the exercise price of SR 10 is SR 1,116.5

Total expenses related to the program for the period ended 30 June 2022 amounts SR 3.2 million, it is included in the expenses items in the consolidated statement of profit or loss and other comprehensive income, with the corresponding amount recorded in the share-based payment reserve item in the equity in accordance with the requirements of IFRS 2 - share-based payment.

23- REPORTABLE SEGMENTS

On the date of the interim condensed consolidated financial statements for the period ended 30 June 2022, the Group is mainly involved in delivery services in the Kingdom of Saudi Arabia. Most the Group's assets and liabilities are allocated to this segment.

24- SUBSEQUENT EVENTS

On 3 Muharram 1444H (corresponding to 1 August 2022), Jahez International Company for Wholesales and Retail Trading (a single-shareholder company) was established in Kuwait. Jahez International Company for Information Systems Technology owns 100% of the capital of Jahez International Company for Wholesales and Retail Trading. Jahez International Company for Wholesales and Retail Trading share capital amounts to KWD 100,000 (i.e equal to SAR 1,225,100). The principal activities of Jahez International Company for Wholesales and Retail Trading involve wholesale and retail trade.

On 18 Muharram 1444H (corresponding to 16 August 2022), the BLU Store Company is incorporated (a limited liability company) in Kingdom of Saudi Arabia. Jahez International Company for Information Systems Technology owns 51% of BLU Store Company capital. The share capital of the BLU Store Company amounts to SAR 500,000. BLU Store Company is engaged in the retail sale of video games, its software and accessories, retail sale of mobile phone accessories, stationery, office supplies, newspapers and magazines, libraries, men's ready-made clothes, women's ready-made clothes, children's clothes, shoes, and providing delivery services via electronic platforms, films and video programs, producing TV commercials, developing applications, providing marketing services on behalf of others, booking and selling tickets for sport and entertainment events, exhibitions and conferences.

25- APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 16 Safar 1444H (Corresponding to 12 September 2022)