

**JAHEZ INTERNATIONAL COMPANY FOR
INFORMATION SYSTEMS TECHNOLOGY**
(A Saudi Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021
together with the
INDEPENDENT AUDITOR'S REPORT

**JAHEZ INTERNATIONAL COMPANY FOR
INFORMATION SYSTEMS TECHNOLOGY**
(A Saudi Joint Stock Company)
**CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT**
For the year ended 31 December 2021

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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

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

Opinion

We have audited the consolidated financial statements of Jahez International Company for Information Systems Technology ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significance accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics as endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matter is this matter that, in our professional judgment, was of the most significance in our audit of the consolidated financial statements of the current year. This matter was addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Independent Auditor's Report

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

key audit matter (continued)

Revenue recognition

With reference to Note (3\m) of the accounting policy related to revenue from contracts from customers, as well as Note (18) related to disclosure of revenues.

Key audit matter	How the matter was address in our audit
<p>Revenue recognized during the year ended 31 December 2021, amounted to SR 1.220 billion (2020: SR 459 million).</p> <p>Revenue is a key indicator for measuring performance, and this implies the presence of inherent risks by overstatement of revenue recognition to increase profitability. Therefore, revenue recognition was considered a key audit matter.</p>	<p>Our audit procedures performed with relation to revenue included, among other, the following:</p> <ul style="list-style-type: none">• Assessing the appropriateness of the revenue recognition policy that is applied to different products and combination of products to assess whether it is in accordance with the applicable accounting framework;• Assessing the design and implementation and tested the operating effectiveness of controls relating to processes over revenue recognition, including anti-fraud control procedures.• Test the settlements of the amounts collected against the services provided to costumers and the related commissions.• Performing various analytical reviews of significant revenue streams.• Perform test on samples basis over the revenue transactions with the supporting documents, to verify that the revenues are recorded in their correct periods.• Inquired the management representatives about fraud risk awareness and the existence of any actual fraud cases.• Assessing the appropriateness of the disclosures made in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report once it is made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent Auditor's Report

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable requirements of the Regulations for Companies, Company's By-Laws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Group's Board of Directors, are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



Independent Auditor's Report

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit of Jahez International Company for Information Systems Technology ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Fahad Mubark Aldossari
License No. 469

Riyadh on 20 Sha'ban 1443H
Corresponding to: 23 March 2022

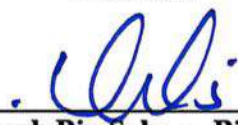


**JAHEZ INTERNATIONAL COMPANY FOR
INFORMATION SYSTEMS TECHNOLOGY**
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Saudi Riyals)

	<i>Note</i>	31 December 2021	31 December 2020
ASSETS			
Non-current assets			
Property and equipment	4	7,783,014	6,133,853
Intangible assets	5	3,860,065	4,136,555
Right-of-use assets	6	27,101,347	6,904,777
Investments at FVTPL	7	19,837,032	--
Total non-current assets		58,581,458	17,175,185
Current assets			
Inventory		197,881	94,171
Trade receivables	8	6,674,849	4,473,526
Prepayments and other receivables	9	36,636,636	4,010,217
Due from related parties	16-a	237,484	489,836
Cash and cash equivalents	10	391,688,002	205,723,956
Total current assets		435,434,852	214,791,706
Total assets		494,016,310	231,966,891
EQUITY AND LIABILITIES			
EQUITY			
Share capital	11	96,000,000	5,000,000
Statutory reserve	12	12,523,023	1,500,000
Retained earnings		78,744,619	37,549,639
Equity attributable to equity holders of the Parent Company		187,267,642	44,049,639
Non-controlling interests		1,048,659	1,406,870
Total equity		188,316,301	45,456,509
Liabilities			
Non-current liabilities			
Non-current portion of lease liabilities on right-of-use assets	6	21,199,200	5,335,940
Employees' benefits obligations	13	5,838,118	3,136,956
Total Non-current liabilities		27,037,318	8,472,896
Current Liabilities			
Collections due to customers	14	164,717,111	105,893,874
Current portion of lease liabilities on right-of-use assets	6	4,965,955	1,349,224
Trade payables		28,534,849	7,382,901
Accrued expenses and other current liabilities	15	75,265,700	34,693,604
Due to related parties	16-b	687,458	27,577,511
Zakat provision	17	4,491,618	1,140,372
Total current liabilities		278,662,691	178,037,486
Total liabilities		305,700,009	186,510,382
Total equity and liabilities		494,016,310	231,966,891

The accompanying notes 1 through 30 form an integral part of these 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)
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the year ended 31 December 2021
(Saudi Riyals)

	<i>Note</i>	31 December 2021	31 December 2020
Revenues	18	1,220,876,785	459,306,082
Cost of revenue	19	(948,862,522)	(350,779,232)
Gross profit		272,014,263	108,526,850
Impairment loss on trade receivables	8	(2,501,412)	(464,069)
Impairment loss on due from related parties	16-a	--	(1,855,127)
Marketing & advertising expenses	20	(113,057,906)	(49,425,167)
General and administrative expenses	21	(26,176,559)	(11,407,602)
Research and development expenses		(10,985,616)	(4,923,993)
Operating income		119,292,770	40,450,892
Other income		483,740	486,122
Unrealized gains on investments at FVTPL	7	8,212,032	--
Finance costs		(547,275)	(305,389)
Offering expenses		(6,243,469)	--
Net profit for the year before zakat		121,197,798	40,631,625
Zakat	17	(4,487,725)	(1,135,176)
Net profit for the year		116,710,073	39,496,449
Net profit for the year attributable to:			
Shareholders of the Parent Company		117,068,284	39,689,579
Non-controlling interests		(358,211)	(193,130)
		116,710,073	39,496,449
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gains from re-measurement of employees' end of service benefits	13	149,719	289,591
Total other comprehensive income		149,719	289,591
Total comprehensive income		116,859,792	39,786,040
Total other comprehensive income attributable to			
Shareholders of the parent company		117,218,003	39,979,170
Non-controlling interests		(358,211)	(193,130)
		116,859,792	39,786,040
Earnings per share attributable to shareholders of the Company:			
Basic and diluted earnings per share	23	19.6	231.8

The accompanying notes 1 through 30 form an integral part of these 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)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021
(Saudi Riyals)

	Equity attributable to the Parent Company's shareholders				Non-controlling interests	Total
	Share capital	Statutory reserve	Retained earnings	Total		
Balance at 1 January 2020	1,000,000	300,000	(1,229,531)	70,469	--	70,469
Net profit for the year	--	--	39,689,579	39,689,579	(193,130)	39,496,449
Other comprehensive income for the year	--	--	289,591	289,591	--	289,591
Total comprehensive income for the year	--	--	39,979,170	39,979,170	(193,130)	39,786,040
Capital increase (Note 11)	4,000,000	--	--	4,000,000	--	4,000,000
Transferred to statutory reserve	--	1,200,000	(1,200,000)	--	--	--
Non-controlling interests	--	--	--	--	1,600,000	1,600,000
Balance as at 31 December 2020	5,000,000	1,500,000	37,549,639	44,049,639	1,406,870	45,456,509
Balance as at 1 January 2021	5,000,000	1,500,000	37,549,639	44,049,639	1,406,870	45,456,509
Transactions with shareholders of the Company						
Transferred from shareholders' credit balances for share capital increase (Note 11)	26,000,000	--	--	26,000,000	--	26,000,000
Transferred from statutory reserve and retained earnings for share capital increase (Note 11)	65,000,000	(1,500,000)	(63,500,000)	--	--	--
Total transactions with shareholders of the Company	91,000,000	(1,500,000)	(63,500,000)	26,000,000	--	26,000,000
Net profit for the year	--	--	117,068,284	117,068,284	(358,211)	116,710,073
Other comprehensive income for the year	--	--	149,719	149,719	--	149,719
Total comprehensive income for the year	--	--	117,218,003	117,218,003	(358,211)	116,859,792
Transferred to statutory reserve	--	12,523,023	(12,523,023)	--	--	--
Balance as at 31 December 2021	96,000,000	12,523,023	78,744,619	187,267,642	1,048,659	188,316,301

The accompanying notes 1 through 30 form an integral part of these consolidated financial statements.


HRH Mishaal Bin Sultan
Bin Abdulaziz Al Saud
Chairman



Ghassab Bin Salman Bin Mandeel
CEO

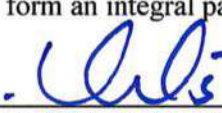

Heni A. Jallouli
CFO

**JAHEZ INTERNATIONAL COMPANY FOR
INFORMATION SYSTEMS TECHNOLOGY**
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
(Saudi Riyals)

	31 December 2021	31 December 2020
Cash flows from operating activities:		
Net profit for the year before zakat	121,197,798	40,631,625
Adjustments to reconcile net profit for the year to cash flows generated from operating activities:		
Impairment loss on trade receivables	2,501,412	464,069
Impairment loss on due from related parties	--	1,855,127
Depreciation and amortization	6,043,719	3,175,702
Employees' benefits	2,885,590	1,975,127
Finance costs	456,352	305,389
Unrealized gains on investments at FVTPL	(8,212,032)	--
Changes in operating assets and liabilities:		
Inventory	(103,710)	(50,858)
Trade receivables	(4,702,735)	1,869,438
Prepayments and other receivables	(32,626,419)	(3,292,186)
Due from related parties	252,352	(2,047,009)
Collection due to customers	58,823,237	75,396,744
Trade payables	21,151,948	3,879,861
Accrued expenses and other current liabilities	40,572,096	21,532,991
Due to related parties	(890,053)	29,263,962
Employees' benefits paid	(34,709)	(31,178)
Zakat paid	(1,136,479)	(128,635)
Net cash flows generated from operating activities	206,178,367	174,800,169
Cash flows from investing activities		
Payments for purchase property and equipment	(3,878,688)	(4,147,582)
Payments for purchase and develop intangible assets	(1,416,462)	(1,284,883)
Payments for purchase investments at FVTPL	(11,625,000)	--
Net cash flows used in investing activities	(16,920,150)	(5,432,465)
Cash flows from financing activities		
Changes in non-controlling interests	--	1,600,000
Proceeds from loans	--	--
Repayments of loans	--	(3,000,000)
Repayments of lease liabilities on right-of-use assets	(3,294,171)	(1,236,125)
Net cash flows used in financing activities	(3,294,171)	(2,636,125)
Net change in cash and cash equivalents	185,964,046	166,731,579
Cash and cash equivalents as at the beginning of the year	205,723,956	38,992,377
Cash and cash equivalents as at the end of the year	391,688,002	205,723,956
Non-cash transactions		
Transferred from retained earnings to share capital	63,500,000	--
Transferred from projects in progress to intangible assets	2,813,039	--
Transferred from projects in progress to property and equipment	801,992	--
Transferred from retained earnings to statutory reserve	12,523,023	1,200,000
Transferred from due to related parties to share capital	26,000,000	4,000,000
Right-of-use assets against lease liabilities	22,317,810	1,982,253

The accompanying notes 1 through 30 form an integral part of these 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)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. ORGANIZATION AND ACTIVITIES

Jahez International Company for Information Systems Technology (“the Company”) was established as a limited liability company and registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010895874 dated 1 Muharram 1439H corresponding to 21 September 2017.

The company’s principal activities as per the commercial registration, include providing wireless data services, systems analysis, designing and programming special software, and providing delivery services via e-platforms.

The Group’s head office is located in 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 name and location	Commercial registration number	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 1442H
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’ I 1442H
Jahez International Company for Information Systems Technology - Hafr Al Batin Branch	2511120829	30 Sha’ban 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’ II 1442H
Jahez International Company for Information Systems Technology - Tabouk Branch	3550135159	29 Rabi’ I 1442H
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 Sha’ban 1442H
Jahez International Company for Information Systems Technology - Al Taif Branch	4032245135	10 Rabi’ I 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’ I 1442H
Jahez International Company for Information Systems Technology - Al Baha Branch	5800106200	9 Jumada’ I 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 Sha’ban 1442H
Jahez International Company for Information Systems Technology - Jazan Branch	5900127812	30 Sha’ban 1442H
Jahez International Company for Information Systems Technology - Najran Branch	5950123043	21 Ramadan 1442H

**JAHEZ INTERNATIONAL COMPANY FOR
INFORMATION SYSTEMS TECHNOLOGY**
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. ORGANIZATION AND ACTIVITIES (CONTINUED)

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 by transferring SR 4 million from company shareholders' accounts payable 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 share capital amounting to 500,000 shares with a nominal value of SR 10 each. (Note 11).

On 27 May 2021 (corresponding to 15 Shawwal 1442H), the extraordinary general assembly of shareholders approved the decision of the board of directors to increase the share capital to SR 96,000,000 by issuing new shares against transferring an amount of SR 63,500,000 from the retained earnings, an amount of SR 26,000,000 from due to related parties accounts (shareholders), and an amount of SR 1,500,000 from the statutory reserve account. (Note 11)

The accompanying 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:

	<u>Legal entity</u>	<u>Country of incorporation</u>	<u>Shareholding percentage</u>	
			<u>31 December 2021</u>	<u>31 December 2020</u>
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%
Supportive Solutions Company for Logistic Services	A Single Shareholder Limited Liability Company	Kingdom of Saudi Arabia	100%	--
The Red Color Company	A Single Shareholder Limited Liability Company	Kingdom of Saudi Arabia	100%	--
Jahez International Company W.L.L	(A Limited Liability Company)	Kingdom of Bahrain	100%	--

Information about subsidiaries:

Joint Preparation Company for Meals:

on 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 where the cost of the acquisition amounted to SAR 2,4 million. On 7 September 2020 (corresponding to 19 Muharram 1442H), The Company's Articles of Association and shareholding pattern ownership structure have been amended to reflect the effect of the acquisition. The Company is engaged in the food service activities.

PIK Options Trading Company

On 5 November 2020, the Company incorporated a wholly owned subsidiary which is PIK Options Trading Company (a single shareholder limited liability company). The Company's capital is SR 1,000,000. The company is engaged in online retail sales

**JAHEZ INTERNATIONAL COMPANY FOR
INFORMATION SYSTEMS TECHNOLOGY**
(A Saudi Joint Stock Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2021

1. ORGANIZATION AND ACTIVITIES (CONTINUED)

The Red Color Company

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

Supportive Solutions Company for Logistic Services

On 8 February 2021, the Company incorporated a wholly owned subsidiary, which is Support Solutions for Logistics Services (a single shareholder limited liability company). The Company's capital is SR 1,000,000. The company 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 as a wholly owned subsidiary in the Kingdom of Bahrain. The Company's capital is BHD 50,000, equivalent to SR 497,345. The company is engaged in food delivery, online selling, call centers.

2. BASIS OF PERPERATION

2.1 Statement of compliance

These consolidated financial statements include the financial information of the Company and its subsidiaries (collectively referred to as "the Group"). These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

The principal accounting policies applied in preparing these consolidated financial statements have been consistently applied to all the periods presented.

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for employees' benefits obligations which are recognized using the projected credit unit method, and investments at FVTPL, which are measured at fair value, using the accrual basis of accounting and the going concern concept.

2.3 Functional and presentation currency

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

2.4 New standards and amendments issued

The amendments to accounting standards and interpretations that became effective for annual reporting periods commencing on or after 1 January 2021 are as follows:

- Amendments to IFRS 16 – "Covid - 19 Related Rent Concessions"
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – "Interest rate benchmark reform"
- Amendments to IAS 37 – "Onerous contract"
- Amendments to IAS 16 – "Proceeds before intended use"
- Amendments to IFRS 3 – "Reference to the Conceptual Framework"
- Amendments to IAS 1 – "Classification of Liabilities as Current or Non-current"
- Amendments to IFRS 17 – "Insurance contracts"
- Amendments to IAS 1 and IFRS 2 Practice Statement – "Disclosure of Accounting Policy"
- Amendments to IAS 8 – "Definition of Accounting Estimates"
- Amendments to IAS 12 – "Deferred tax related to assets and liabilities arising from a single transaction"

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2. BASIS OF PERPERATION (CONTINUED)

2.4 New standards and amendments issued (continued)

These amendments have had no significant impact on the consolidated financial statements.

Following are the standards and amendments that were issued but not effective until the date of issuance of the group's consolidated financial statements. The group does not expect to have a material impact on the consolidated financial statements if the below standards and amendments are adopted.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning on or after the following date</u>
IAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
IFRS Standards	Annual improvements to IFRS standards 2018 – 2020	1 January 2022
IAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
IFRS 3	Reference to the conceptual framework	1 January 2022
IFRS 17	Insurance contracts	1 January 2023
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023
IAS 8	Definition to accounting estimates	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

2.5 Significant accounting judgments, estimates and assumptions

The preparation of the consolidated 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.

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2. BASIS OF PERPERATION (CONTINUED)

2.5 Significant accounting judgments, estimates and assumptions (continued)

The Group bases its assumptions and estimates on information available when preparing the consolidated financial statements. The assumptions and current conditions of future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in assumptions when they occur.

Employees' benefits

Employees' benefits cost and present value of the liability is determined using an actuarial valuations involves making various assumptions which may differ from actual developments in the future. Such assumptions include 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 at each reporting date.

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.

Provision for expected credit loss (ECLs) on accounts receivable

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.

Lease's discount rate

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.

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3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparing these consolidated financial statements are listed below, which are prepared in accordance with the IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA are as follows.

a. Basis of consolidation

i. 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 instruments.

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.

ii. Subsidiaries

Subsidiaries are entities which are 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 the consolidated financial statements from the date that control commences until the date that control ceases.

iii. 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.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI 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.

b. 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Property and equipment (Continued)

Depreciation is charged to the consolidated statement of profit or loss and is calculated on the 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:

	<u>Years</u>
Tools and instruments	4
Computers	4
Furniture & 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.

c. 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 related to the 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 the straight-line basis over the estimated useful life of four years.

d. Inventory

Inventories are 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 in acquiring the inventory, shipping, transportation, and insurance costs, custom duties, and any 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 of making the sale.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. 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.

f. 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 appropriate 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 consolidated 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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. 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 designated as at FVTPL:

- 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 Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at 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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (Continued)

Impairment of financial assets

The financial assets at amortized cost consist of trade 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 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 trade 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.

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 consolidated statement of profit or loss under a separate item.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. The financial liabilities are classified at FVTPL if they are classified as held-for-trading, they are derivative, or they are 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 recognized 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 recognized 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 statement of financial position) in the following cases:

- When the contractual rights to the cash flows from the financial asset expire;
- 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (Continued)

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 consolidated statement of profit or loss.

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

h. Current versus non-current classification

The Group presents assets and liabilities in the consolidated 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.

i. Employees' Benefits

Short-term benefits

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.

Post-employment benefits

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.

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Employees' Benefits (Continued)

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 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 employee benefit expense in the 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

j. 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 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.

k. Contingencies

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 consolidated financial statements.

l. Foreign currencies 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 consolidated statement of profit or loss currently.

m. 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Revenue recognition (Continued)

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 at net of discounts and compensation offered to the customer, if any.

Other revenues

Revenues are recognized upon fulfilment of the obligation to the customer and are stated net of discounts and rebates, if any.

Customers cash back

Any cash back was treated as an reduction of revenue. If the transaction price includes a variable consideration, 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.

n. 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Leases (continued)

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 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o. 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.

p. Zakat

Zakat provision 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.

q. Segment reporting

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.

r. 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.

s. Statutory reserve

In accordance with the provisions of the Saudi Arabian Regulations for Companies, the Group 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.

t. Project under construction

Capital work-in-progress is stated at cost. When commissioned, capital work in progress is transferred to the appropriate asset class within property and equipment and intangible assets, and is depreciated and amortized in accordance with the Group's policies.

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4. PROPERTY AND EQUIPMENT

	Tools and instruments	Computers	Furnitures & fixtures	Electrical machines	Central kitchens	Decorations and leasehold improvements	Motor vehicles	Project under construction	Total
Cost									
Balance as at 1 January 2020	100,881	788,736	1,367,478	558,367	--	946,856	--	--	3,762,318
Additions	5,507	689,326	234,821	39,660	1,144,343	1,231,933	--	801,992	4,147,582
Balance as at 31 December 2020	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
Accumulated depreciation:									
Balance as at 1 January 2020	35,978	212,708	166,110	137,567	--	172,261	--	--	724,624
Depreciation for the year	25,734	274,738	350,957	142,637	9,536	247,821	--	--	1,051,423
Balance as at 31 December 2020	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
Net book value:									
As at 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
As at 31 December 2020	44,676	990,616	1,085,232	317,823	1,134,807	1,758,707	--	801,992	6,133,853

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5. INTANGIBLE ASSETS

	<u>Software</u>	<u>Project under construction</u>	<u>Total</u>
<u>Cost</u>			
Balance as at 1 January 2020	3,875,147	1,842,537	5,717,684
Additions	314,381	970,502	1,284,883
Balance as at 31 December 2020	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 as at 31 December 2021	7,369,767	1,049,262	8,419,029
<u>Accumulated amortization</u>			
Balance as at 1 January 2020	1,867,181	--	1,867,181
Amortization for the year	998,831	--	998,831
Balance as at 31 December 2020	2,866,012	--	2,866,012
Amortization for the year	1,692,952	--	1,692,952
Balance as at 31 December 2021	4,558,964	--	4,558,964
<u>Net book Value</u>			
As at 31 December 2021	2,810,803	1,049,262	3,860,065
As at 31 December 2020	1,323,516	2,813,039	4,136,555

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	<u>Buildings</u>	<u>Motor vehicles</u>	<u>Total</u>
<u>Cost</u>			
Balance as at 1 January 2021	8,030,225	--	8,030,225
Additions	4,638,486	17,679,324	22,317,810
Balance as at 31 December 2021	12,668,711	17,679,324	30,348,035
<u>Depreciation</u>			
Balance as at 1 January 2021	1,125,448	--	1,125,448
Amortization for the year	1,771,498	349,742	2,121,240
Balance as at 31 December 2021	2,896,946	349,742	3,246,688
<u>Net book Value</u>			
As at 31 December 2021	9,771,765	17,329,582	27,101,347
As at 31 December 2020	6,904,777	--	6,904,777

	<u>For the year ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Amounts recognized in the consolidated statement of profit or loss and comprehensive income		
Depreciation of right-of-use assets	2,121,240	1,125,448
Interest expense on lease liabilities	456,352	305,389
Lease liabilities recognized in the consolidated statement of financial position	31 December 2021	31 December 2020
Current	4,965,955	1,349,224
Non-current	21,199,200	5,335,940
Total lease liabilities under right-of-use assets	26,165,155	6,685,164

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7. INVESTMENTS AT FVTPL

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

Movement in investments is as follows:

	<u>31 December 2021</u>	<u>31 December 2020</u>
Balance at beginning of the year	--	--
Additions during the year	11,625,000	--
Fair value valuation differences	8,212,032	--
Balance at the end of the year	<u>19,837,032</u>	<u>--</u>

8. TRADE RECEIVABLES

	<u>31 December 2021</u>	<u>31 December 2020</u>
Trade receivables	11,459,855	6,757,120
Less: provision for impairment loss on trade receivables	<u>(4,785,006)</u>	<u>(2,283,594)</u>
	<u>6,674,849</u>	<u>4,473,526</u>

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

	<u>31 December 2021</u>	<u>31 December 2020</u>
Balance at beginning of the year	2,283,594	1,819,525
Provided During the Year	2,501,412	464,069
Balance at the end of the year	<u>4,785,006</u>	<u>2,283,594</u>

9. PREPAYMENTS AND OTHER RECEIVABLES

	<u>31 December 2021</u>	<u>31 December 2020</u>
Prepayments	33,671,956	3,612,260
Staff advances and custodies	606,853	397,957
Letter of guarantee margin	2,250,000	--
Other	<u>107,827</u>	<u>--</u>
	<u>36,636,636</u>	<u>4,010,217</u>

10. CASH AND CASH EQUIVALENTS

	<u>31 December 2021</u>	<u>31 December 2020</u>
Current accounts with banks	391,328,588	205,247,832
Cash in hand	<u>359,414</u>	<u>476,124</u>
	<u>391,688,002</u>	<u>205,723,956</u>

Current accounts with banks include amounts collected on behalf of customers and are settled against the balance of proceeds due to customers on a semi-monthly basis. (Note 14).

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11. SHARE CAPITAL

Jahez International Company for Information Systems Technology (the “Company”) was established as a limited liability company on 1 Muharram 1439H, corresponding to 21 September 2017 with a capital of SR 1 million divided into 1,000 shares of SR 1,000 each. The distribution of the capital structure is as follows:

<u>Shareholder</u>	<u>No. of shares</u>	<u>Share capital (Saudi Riyals)</u>
Alamat International Company Limited	990	990,000
Mishaal Salman bin Mandeel	10	10,000
	<u>1,000</u>	<u>1,000,000</u>

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 (Osool Impact for Communication and Technology (Impact46)), and the shareholder Mishaal Salman bin Mandeel waived all his shares in the Company, including his rights and obligations in favor of (Osool Impact for Communication and Technology (Impact46)), 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:

<u>Shareholder</u>	<u>No. of Shares</u>	<u>Share capital (Saudi Riyals)</u>
Alamat International Company Limited	62,500	625,000
Osool Impact for Communication and Technology (Impact46)	37,500	375,000
	<u>100,000</u>	<u>1,000,000</u>

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 2021 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 Osool Impact for Communication and Technology (Impact46) including its rights and obligations, so that the capital structure becomes as follows:

<u>Shareholder</u>	<u>No. of Shares</u>	<u>Share capital (Saudi Riyals)</u>
Alamat International Company Limited	60,000	600,000
Osool Impact for Communication and Technology (Impact46)	40,000	400,000
	<u>100,000</u>	<u>1,000,000</u>

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11. SHARE CAPITAL

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:

<u>Shareholder</u>	<u>Number of shares</u>	<u>Share capital (Saudi Riyals)</u>
Alamat International Company Limited	300,000	3,000,000
Osool Impact for Communication and Technology (Impact46)	200,000	2,000,000
	500,000	5,000,000

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.

Cancellation 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 26 million from the shareholder's account payable "Osool Impact for Communication and Technology (Impact46)" 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 27 May 2021 (corresponding to 15 Shawwal 1442H), the extraordinary general assembly of shareholders approved the decision of the board of directors to increase the share capital to become SR 96,000,000 by issuing new shares against transferring an amount of SR 63,500,000 from the retained earnings, an amount of SR 26,000,000 from due to related parties accounts (shareholders), and an amount of SR 1,500,000 from the statutory reserve account.

On 31 December 2021, the Company's capital amounted to SR 96,000,000 divided into 9,600,000 equal shares of SR 10 each, all of which are ordinary shares.

The distribution of the share capital as at 31 December 2021 is as follows:

<u>Shareholder</u>	<u>Number of shares</u>	<u>Share capital (Saudi Riyals)</u>
Alamat International Company Limited	5,760,000	57,600,000
Osool Impact for Communication and Technology (Impact46)	3,840,000	38,400,000
	9,600,000	96,000,000

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12. STATUTORY RESERVE

In accordance with the Regulations for Companies in Kingdom of Saudi Arabia and the Company's Articles of Association, the Group establishes a statutory reserve by the appropriation of 10% of net income until such reserve equals to 30% of the share capital. The statutory reserve is not available for distribution to the shareholders.

13. EMPLOYEES' BENEFITS OBLIGATIONS

The Group has a post-employment defined benefit plan. The benefits are applicable under 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 Saudi Arabia. The following table summarizes the components of the net benefit expense recognized in the consolidated statement of profit or loss and other comprehensive income and amounts recognized in the consolidated statement of financial position.

a. Changes in the present value of defined benefit obligation

Defined benefit obligation at 1 January 2020	1,482,598
Interest cost	42,995
current service cost	1,932,132
Amount recognized in profit and loss	1,975,127
Re-measurements gains recognized in other comprehensive income	(289,591)
Benefits paid during the year	(31,178)
Defined benefit obligation at 31 December 2020	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)
Benefits paid during the year	(34,709)
Defined benefit obligation at 31 December 2021	5,838,118

b. Sensitivity analysis

The principal assumptions used in determining the post-employment defined benefit liability includes the following:

	31 December 2021	31 December 2020
Discount rate	3,35%	2,9%
Future salary increases	3%	3%

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 and 31 December 2020 is shown below:

	Discount rate	
	1 % increase	1% Decrease
Defined benefit obligation as at 31 December 2021	5,125,628	6,641,382
Defined benefit obligation as at 31 December 2020	2,759,931	3,597,236
	Salary increase rate	
	1 % increase	1% Decrease
Defined benefit obligation as at 31 December 2021	6,659,206	5,098,373
Defined benefit obligation as at 31 December 2020	3,604,530	2,746,698

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13. EMPLOYEES' BENEFITS OBLIGATIONS

The sensitivity analysis above has been based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

14. COLLECTIONS DUE TO CUSTOMERS

These amounts represent the value of collections due to customers less commission income and other income, and they are presented at net.

15. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2021	31 December 2020
Accrued expenses	39,957,588	9,029,981
Third party deposits	24,164,287	18,431,509
Accrued employees' benefits	11,143,825	7,232,114
	<u>75,265,700</u>	<u>34,693,604</u>

16. RELATED PARTY TRANSACTIONS

In the ordinary course of its business, the Group deals 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 behalf affiliates. These transactions are carried out in accordance with the terms specified with the related parties. Transaction values during the year and balances arising from such transactions are as follows:

**Related party transactions
31 December 2021**

Related party	Nature of Relationship	Nature of transaction	Amount of transaction
Al Joudah Al-Mahaliyah Limited Company	Affiliate	Collection on behalf	1,479,801
		Revenue from sale of services	139,554
		Revenue from contracting	302,719
The Eight Creations Agency for Advertising	Affiliate	Advertisement and publicity services	5,630,300
Bonat Company	Affiliate	Information technology services	207,000
The Eight Creations Agency for Advertising	Affiliate	Advertisement and publicity services	35,650
Talal bin Saud Al Arifi	An owner in a subsidiary	Expenses paid on behalf of a subsidiary	1,110
Tharwa Holding Company	Affiliate	Leases and services	
		Maintenance	2,738,198
		Accruals repayment	2,682,362
		Maintenance	5,625
Dar Al Fikrah Al-Mumaiyazah	Affiliate	Construction services	1,027,951
Halalah International Company	A company owned by Vice CEO	Logistics services	10,349,664
		Payments on behalf of the Group	7,066,225
Halalah Trading Company	Affiliate	Purchases invoices	157,717

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16. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

31 December 2020

Related party	Nature of Relationship	Nature of transaction	Amount of transaction
Al Joudah Al-Mahaliyah Limited Company	Affiliate	Collection on behalf	987,050
Wondereight Agency for Advertising	Affiliate	Revenue from commissions	148,086
		Advertisement and publicity services	5,950,806
		Financing the activities of the Company	30,000,000
Osool Impact for Communication and Technology (Impact46)	A shareholder	Expenses paid on behalf of shareholder	225,000
Abdulaziz bin Abdul Rahman Al-Omaran	Board Director	Financing the activities of the Company Subsidiary	300,000
Talal bin Saud Al Arifi	An owner in a subsidiary	Expenses paid On behalf of a subsidiary	777
Triple Preparation Company Ltd.	Affiliate	Accrued contributions in capital	434,000
Tharwa Holding Company	Affiliate	Leases and services Maintenance	974,144
Alamat International Company Limited	A shareholder	Payments on behalf of the Group	119,642,516
		Financing the Groups' activities	15,600,000
		Purchases	3,647,551
		Expenses paid on behalf of the Group	1,233,705
		Expenses paid on behalf of shareholder	137,160
Dar Al Fikrah Al-Mumaiyazah	Affiliate	Construction services	1,019,092
Halalah International Company	A company owned by Vice CEO	Logistics services	10,272,163
		Payments on behalf of the Group	10,909,864
Bonat Holding Company	Affiliate	Customer loyalty system	180,000

a. Due from related parties

	31 December 2021	31 December 2020
Tharwa Holding Company	5,625	55,836
Alamat International Company Limited (Impairment loss on due from related parties)	2,500	1,855,127 (1,855,127)
Halalah International Company	129,359	--
Talal bin Saud Al Arifi	100,000	--
Triple Preparation Company Ltd.	--	434,000
	237,484	489,836

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16. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

b. Due to related parties

	31 December 2021	31 December 2020
Alamat International Company Limited	--	15,904,046
Bonat Company	207,000	--
Dar Al Fikrah Al-Mumaiyazah	--	357,300
Halalah International Company	202,932	54,671
Halalah Trading Company	157,717	--
The Eight Creations Agency for Advertising	69,000	781,137
Osool Impact for Communication and Technology (Impact46)	--	10,400,000
Al Joudah Al-Mahaliyah Limited Company	12,922	43,580
Abdulaziz bin Abdul Rahman Al-Omaran	36,000	36,000
Talal bin Saud Al Arifi	1,887	777
	<u>687,458</u>	<u>27,577,511</u>

Key management personnel compensations, wages and salaries

	31 December 2021	31 December 2020
Short term employee benefits	5,406,223	2,603,048
Post-employment benefits	277,500	131,045
Total key management personnel compensations, wages and salaries	<u>5,683,723</u>	<u>2,734,093</u>

17. ZAKAT

a) Zakat status

Until the end of 2020, the Company and its subsidiaries submitted their returns separately based on the financial statements of each company. Therefore, Zakat base is identified, and Zakat is calculated for the Company and its subsidiaries separately. The total estimated Zakat is presented in the consolidated statement of profit or loss of the Group.

During 2021, the Group registered a tax group. Therefore, it submits its Zakat returns on a consolidated basis for the entire Group, which includes "Supportive Solutions Company for Logistic Services", "PIK Options Trading Company", except for "Joint Preparation Company for Meals" and "The Red Color Company" which submit their Zakat and tax returns separately.

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The Company submitted its Zakat returns for all the years up to and including year ended 31 December 2020 to the Zakat, Tax and Customs Authority ("ZATCA"), and obtained a valid Zakat certificate up to 29 Ramadan 1443H corresponding to 30 April 2022.

Subsidiaries

Joint Preparation Company for Meals submitted its Zakat returns for all the years up to and including year ended 31 December 2020 to the Zakat, Tax and Customs Authority ("ZATCA"), and obtained a valid Zakat certificate up to 29 Ramadan 1443H corresponding to 30 April 2022.

Since the other subsidiaries were incorporated at the end of 2020, and during the year ended 31 December 2021, the subsidiaries have not submitted any returns for previous years.

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17. ZAKAT (CONTINUED)

b) Zakat base

Zakat has been calculated based on Zakat base for which its components are as follows:

	For the year ended 31 December	
	2021	2020
Adjusted net profit	118,372,768	45,407,044
Add:		
Share capital	5,000,000	1,000,000
Statutory reserve	--	300,000
Transferred from shareholders' credit balances and statutory reserve for share capital increase	27,500,000	--
Retained earnings	37,549,639	(1,229,535)
Lease liabilities	26,165,155	4,897,232
Due to related parties	36,777	2,313,549
Provisions	5,385,841	3,276,141
Trade payables	88,249	--
Collections due to customers	81,565	--
Accrued expenses and other current liabilities	7,855,954	--
Less:		
Property and equipment	7,783,014	3,729,035
Intangible assets	3,860,065	4,136,555
Right-of-use assets	27,101,347	5,038,137
Investment in subsidiaries	--	2,400,000
Investments at FVTPL	11,625,000	--
Total	<u>59,293,754</u>	<u>(4,746,340)</u>
Zakat base	<u>179,508,983</u>	<u>40,499,811</u>
Zakat expense	<u>4,487,725</u>	<u>1,135,176</u>

c) Zakat provision

Movement in Zakat provision is as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	1,140,372	133,831
Provision	4,487,725	1,135,176
Repayments made	<u>(1,136,479)</u>	<u>(128,635)</u>
Balance at the end of the year	<u>4,491,618</u>	<u>1,140,372</u>

18. REVENUES

	For the year ended 31 December	
	2021	2020
Revenue from delivery fees	744,622,437	285,457,189
Revenue from commissions	389,096,459	150,200,857
Revenue from e-payment fees	56,542,251	11,159,250
Advertising and marketing revenues	53,815,852	8,192,794
Other income	3,599,002	4,295,992
Customers cash back	<u>(26,799,216)</u>	<u>--</u>
	<u>1,220,876,785</u>	<u>459,306,082</u>

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19. COST OF REVENUE

	For the year ended 31 December	
	2021	2020
Cost of delivery	799,181,298	293,140,879
Bank charges	49,538,945	12,291,535
Salaries, wages and employees' benefits	43,498,933	21,316,181
Customer compensation	34,819,159	13,035,542
Network servers	8,982,349	4,119,904
Consumables	5,855,143	4,970,564
Delivery platform	3,543,083	--
Depreciation and amortization	2,013,956	1,058,699
Platform services	1,225,669	611,095
Other	203,987	234,833
	<u>948,862,522</u>	<u>350,779,232</u>

20. MARKETING & ADVERTISING EXPENSES

	For the year ended 31 December	
	2021	2020
Advertising and publicity	73,940,209	38,381,894
Promotions	26,489,663	4,909,050
Salaries, wages and employees' benefits	12,628,034	6,134,223
	<u>113,057,906</u>	<u>49,425,167</u>

21. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2021	2020
Salaries, wages and employees' benefits	9,053,904	3,736,618
Depreciation and amortization	4,029,763	2,117,003
Professional fees	2,894,178	1,011,097
Missions, maintenance and operation	2,870,637	1,271,475
Other	7,328,077	3,271,409
	<u>26,176,559</u>	<u>11,407,602</u>

22. FINANCIAL INSTRUMENTS

The Group is subjected to various financial risks due to its activities including: Market risk (including currency risk, fair value and cash flows of interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The Board of Directors is responsible for risk management. Financial instruments recognized in the consolidated statement of financial position include cash and cash equivalents, trade receivables, due from/to related parties, investments at FVTPL, other current assets, trade payables, accrued expenses, other current liabilities, collections due to customers, and leases liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Financial asset and liability are offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the assets and liabilities simultaneously.

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22. FINANCIAL INSTRUMENTS (CONTINUED)

a. Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

a.1 Currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. The Saudi Riyal is pegged to the US Dollar. The management closely and continuously monitors the exchange rate fluctuations.

a.2 Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flow.

The Group has no significant interest rate risk.

b. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from trade receivables, cash and cash equivalents, prepayments and other receivables, and due from related parties.

	31 December 2021	31 December 2020
Trade receivables	6,674,849	4,473,526
Prepayments and other receivables	36,636,636	4,010,217
Due from related parties	237,484	489,836
Cash and cash equivalents	391,688,002	205,723,956
Investments at FVTPL	19,837,032	--
	<u>455,074,003</u>	<u>214,697,535</u>

The carrying amount of financial assets represents the maximum credit exposure. The ageing schedule of trade receivables is as follows:

	31 December 2021		31 December 2020	
	Balance	Impairment	Balance	Impairment
1 to 90 days	6,900,910	296,683	2,433,623	--
91 - 180 days	32,200	20,457	--	--
181 to 270 days	195,670	140,888	--	--
271 to 361 days	30,849	24,485	31,306	13,698
More than 361 days	4,300,226	4,302,493	4,292,191	2,269,896
Total	<u>11,459,855</u>	<u>4,785,006</u>	<u>6,757,120</u>	<u>2,283,594</u>

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22. FINANCIAL INSTRUMENTS (CONTINUED)

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments. The Board of Directors closely and continuously monitors the liquidity risk by performing regular review of available funds, present and future commitments, operating and capital expenditure. Moreover, the Group monitors the actual cash flows and seeks to match the maturity dates with its financial assets and liabilities.

The Group seeks continuously to comply with its legal obligations, including any, relating to its financing agreements.

The following represents the maturities of financial liabilities at the reporting date based on undiscounted contractual cash flows:

31 December 2021	Less than one year	1 year to 5 years	More than 5 years	Total contractual cash flows	Carrying value
Collections due to customers	164,717,111	--	--	164,717,111	164,717,111
Lease liabilities	6,079,700	19,861,662	742,500	26,683,862	26,165,155
Trade payables	28,534,849	--	--	28,534,849	28,534,849
Accrued expenses and other current liabilities	75,265,700	--	--	75,265,700	75,265,700
Due to related parties	687,458	--	--	687,458	687,458
	<u>275,284,818</u>	<u>19,861,662</u>	<u>742,500</u>	<u>295,888,980</u>	<u>295,370,273</u>
31 December 2020	Less than one year	1 year to 5 years	More than 5 years	Total contractual cash flows	Carrying value
Collections due to customers	105,893,874	--	--	105,893,874	105,893,874
Lease liabilities	1,508,833	4,884,001	990,000	7,382,834	6,685,164
Trade payables	7,382,901	--	--	7,382,901	7,382,901
Accrued expenses and other current liabilities	34,693,604	--	--	34,693,604	34,693,604
Due to related parties	27,577,511	--	--	27,577,511	27,577,511
	<u>177,056,723</u>	<u>4,884,001</u>	<u>990,000</u>	<u>182,930,724</u>	<u>182,233,054</u>

23. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net profit for the year attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is the same as basic earnings per share as the Group has no diluted financial instruments.

	For the year ended 31 December	
	2021	2020
Net profit	<u>117,068,284</u>	39,689,579
Weighted average number of shares	<u>5,960,000</u>	171,233
	<u>19.6</u>	231.8

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24. CAPITAL MANAGEMENT

The policy of the Board of Directors is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the Group. The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions.

The Board of Directors monitors the return on capital, which is determined by the Group as a result from operating activities divided by total equity. The Board of Directors also monitors the level of dividends. There were no changes in the Group's approach to capital management during the year. The Group does not subject to externally imposed capital requirements. The Group's debt to equity ratio at the end of the reporting period was as follows:

	31 December 2021	31 December 2020
Total liabilities	305,700,009	186,510,382
Less: cash and cash equivalents	(391,688,002)	(205,723,956)
Net debt	(85,987,993)	(19,213,574)
Total equity	188,316,301	45,456,509
Net debt to equity ratio	(46%)	(42%)

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25. FAIR VALUE MEASUREMENT

The following table shows the carrying amount and fair value of the financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

	31 December 2021						
	Carrying value			Fair value			
	Amortized cost	Other financial assets and liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Trade receivables	6,674,849	--	6,674,849	--	--	--	--
Prepayments and other receivables	36,636,636	--	36,636,636	--	--	--	--
Cash and cash equivalents	391,688,002	--	391,688,002	--	--	--	--
Investments at FVTPL	--	11,625,000	11,625,000	--	--	19,837,032	19,837,032
	<u>434,999,487</u>	<u>11,625,000</u>	<u>446,624,487</u>	<u>--</u>	<u>--</u>	<u>19,837,032</u>	<u>19,837,032</u>
Financial Liabilities							
Collections due to customers	164,717,111	--	164,717,111	--	--	--	--
Accrued expenses and other current liabilities	75,265,700	--	75,265,700	--	--	--	--
Trade payables	28,534,849	--	28,534,849	--	--	--	--
Lease liabilities	26,165,155	--	26,165,155	--	--	--	--
	<u>294,682,815</u>	<u>--</u>	<u>294,682,815</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

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25. FAIR VALUE MEASUREMENT (CONTINUED)

	31 December 2020					
	Amortized cost	Carrying value	Level 1	Level 2	Level 3	Total
Financial assets		Other financial assets and liabilities				
Trade receivables	4,473,526	--	--	--	--	--
Prepayments and other receivables	4,010,217	--	--	--	--	--
Cash and cash equivalents	205,723,956	--	--	--	--	--
	<u>214,207,699</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>214,207,699</u>
Financial Liabilities						
Collections due to customers	105,893,874	--	--	--	--	--
Accrued expenses and other liabilities	34,693,604	--	--	--	--	--
Trade payables	7,382,901	--	--	--	--	--
Lease liabilities	6,685,164	--	--	--	--	--
	<u>154,655,543</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>154,655,543</u>

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26. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group has no capital commitments related to capital construction works for the Group's headquarters as at 31 December 2021 (31 December 2020: SR 1 million).

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 58 million as at 31 December 2021 (31 December 2020: SR 81 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 parties ending in 2023 amounting to SR 12.4 million as at 31 December 2021, (31 December 2020: nil).

The Group has contingent contractual commitments represent commitments to provide employment and other services ending in 2022 amounting to SR 14.3 million as at 31 December 2021, (31 December 2020: nil).

27. SEGMENT REPORTING

On the date of the consolidated financial statements for the year ended 31 December 2021, the principal activity of the Group is the delivery service in the Kingdom of Saudi Arabia. All of assets and liabilities of the group are essentially substantially allocated to this sector.

28. SIGNIFICANT EVENTS

The Group's operations have been affected by the recent and ongoing outbreak of the (Covid-19) pandemic, which was declared a pandemic by the World Health Organization in March 2020. The ultimate impact which may be caused by the outbreak is uncertain. The Covid-19 pandemic has spread across various geographies globally, causing disruption to business and economic activities. Covid-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities in Saudi Arabia have announced various support measures to counter possible adverse implications. The Group is closely monitoring the situation, and is operationalizing its business continuity plans and other risk management practices to manage the impact of the outbreak given the Covid-19 outbreak on its operations and financial performance.

As the Covid-19 outbreak continues to evolve, it is difficult to forecast its full extent and duration of the economic impact as of now.

Despite the above circumstances, management believes, based on their assessment, that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future as and when they fall due.

29. SUBSEQUENT EVENTS

Subsequent to the financial year ended at 31 December 2021 and on 2 Jumadah II 1443H (corresponding to 5 January 2022), the Company's shares were listed and started trading on Saudi Exchange Parallel Market "Nomu" under the code (9526). The Company's share capital after the offering was SR 104,918,030 million divided into 10,491,803 shares through issuing of 891,803 shares with a nominal value of SR 10 per share.

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30. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Board of Directors for issuance on 17 Sha'aban 1443H (corresponding to 20 March 2022)