

**Jahez International Company for Information Systems Technology**  
(A Saudi Joint Stock Company)  
**Interim condensed consolidated financial statements**  
(Unaudited)  
**For the six month period ended**  
**At 30 June 2023**  
**Together with the Independent Auditor's Report**  
**On review of interim condensed consolidated financial statements**

**Jahez International Company for Information Systems Technology**  
(A Saudi Joint Stock Company)  
**Interim condensed consolidated financial statements**  
**For the six-month period ended 30 June 2023**

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## KPMG Professional Services

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P. O. Box 92876  
Riyadh 11663  
Kingdom of Saudi Arabia  
Commercial Registration No 1010425494

Headquarters in Riyadh

## كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار  
صندوق بريد ٩٢٨٧٦  
الرياض ١١٦٦٣  
المملكة العربية السعودية  
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤  
المركز الرئيسي في الرياض

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

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

## Introduction

We have audited the accompanying condensed consolidated statement of financial position of **Jahez International Company for Information Systems Technology (the "Company") and its subsidiaries (the "Group")** as at 30 June 2023, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and notes to the interim condensed consolidated financial statements ("interim condensed consolidated financial statements"). Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2023 interim condensed consolidated financial statements of **Jahez International Company for Information Systems Technology (the "Company") and its subsidiaries (the "Group")** are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services


Fahad Mubarak Al Dossari  
License No. 469




Riyadh, 3 September 2023  
Corresponding to: 18 Safar 1445H

**Jahez International Company for Information Systems Technology**  
**(A Saudi Joint Stock Company)**  
**Condensed Consolidated Statement of Financial Position**  
**As at 30 June 2023**  
**(Saudi Riyal)**

	Note	<b>30 June 2023</b>	31 December
		<b>(Unaudited)</b>	2022
			(Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		47,755,957	40,355,671
Intangible assets and goodwill	4	71,534,042	5,724,786
Right-of-use assets		114,982,954	133,504,502
Investments at fair value through profit or loss		32,237,535	22,728,737
<b>Total non-current assets</b>		<b>266,510,488</b>	<b>202,313,696</b>
<b>Current assets</b>			
Inventory		2,576,985	924,771
Trade receivables	5	26,945,789	22,759,260
Prepaid expenses and other receivables		95,479,617	82,184,561
Due from related parties	11.b	184,877	17,130
Deposits with financial institutions	6	150,000,000	200,000,000
Cash and cash equivalents	7	925,528,411	902,685,742
<b>Total current assets</b>		<b>1,200,715,679</b>	<b>1,208,571,464</b>
<b>Total assets</b>		<b>1,467,226,167</b>	<b>1,410,885,160</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	8	104,918,030	104,918,030
Share premium		740,175,504	740,175,504
Treasury shares	9	(1,920,000)	(1,920,000)
Statutory reserve		18,420,724	18,420,724
Employees' shares reserve	10	19,924,359	11,896,912
Retained earnings		194,330,273	131,634,562
<b>Equity attributable to shareholders of the Parent Company</b>		<b>1,075,848,890</b>	<b>1,005,125,732</b>
Non-controlling interests		(5,746,898)	(1,160,057)
<b>Total equity</b>		<b>1,070,101,992</b>	<b>1,003,965,675</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Non-current portion of lease liabilities		85,128,365	96,833,791
Employees' benefits obligations		14,507,985	10,889,389
<b>Total Non-current liabilities</b>		<b>99,636,350</b>	<b>107,723,180</b>
<b>Current liabilities</b>			
Proceeds due to customers		129,322,589	118,800,899
Current portion of lease liabilities		29,131,498	32,168,120
Trade payables		51,293,749	51,111,077
Accrued expenses and other current liabilities		73,834,046	68,257,264
Due to related parties	11.c	618,643	1,050,208
Zakat provision		13,287,300	27,808,737
<b>Total current liabilities</b>		<b>297,487,825</b>	<b>299,196,305</b>
<b>Total liabilities</b>		<b>397,124,175</b>	<b>406,919,485</b>
<b>Total equity and liabilities</b>		<b>1,467,226,167</b>	<b>1,410,885,160</b>

  
HRH Mishaal Bin Sultan Bin  
Abdulaziz Al Saud  
Chairman

  
Ghassab Bin Salman Bin Mandeel  
CEO

  
Heni A. Jallouli  
CFO

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Jahez International Company for Information Systems Technology  
(A Saudi Joint Stock Company)


**Condensed consolidated statement of profit or loss and other comprehensive income**

(Unaudited)

**For the six-month period ended 30 June 2023**

(Saudi Riyal)

	Note	<b>30 June 2023</b>	30 June 2022
		<b>(Unaudited)</b>	(Unaudited) (Adjusted -note 21)
Revenue	12	<b>835,615,593</b>	739,824,037
Cost of revenue	13	<b>(650,902,377)</b>	(571,017,798)
<b>Gross profit</b>		<b>184,713,216</b>	168,806,239
Impairment (loss) / reversal on trade receivables		<b>(332,088)</b>	3,757,461
Marketing & advertising expenses	14	<b>(75,516,840)</b>	(60,759,789)
General and administrative expenses	15	<b>(42,351,837)</b>	(39,074,909)
Research and development expenses		<b>(24,266,081)</b>	(12,590,046)
Other income		<b>219,270</b>	1,612,074
<b>Operating profit</b>		<b>42,465,640</b>	61,751,030
Unrealized profits/ (losses) on investments at fair value through profit or loss		<b>8,183,578</b>	(98,532)
Finance costs		<b>(2,991,373)</b>	(687,360)
Finance income		<b>21,541,757</b>	4,825,515
<b>Net profit for the period before Zakat</b>		<b>69,199,602</b>	65,790,653
Zakat		<b>(11,090,732)</b>	(13,140,634)
<b>Net income for the period</b>		<b>58,108,870</b>	52,650,019
<b>Net profit for the period attributable to:</b>			
Shareholders of the parent company		<b>62,695,711</b>	53,218,432
Non-controlling interests		<b>(4,586,841)</b>	(568,413)
		<b>58,108,870</b>	52,650,019
<b>Other comprehensive income</b>			
<b><u>Items that will not be reclassified subsequently to profit or loss</u></b>			
Re-measurement of employees' benefits obligations		--	--
<b>Total other comprehensive income for the period</b>		--	--
<b>Total comprehensive income for the period</b>		<b>58,108,870</b>	52,650,019
<b>Total comprehensive income for the period attributable to:</b>			
Shareholders of the parent company		<b>62,695,711</b>	53,218,432
Non-controlling interests		<b>(4,586,841)</b>	(568,413)
		<b>58,108,870</b>	52,650,019
<b>Earnings per share attributable to shareholders of the Company:</b>			
Basic earnings per share	16	<b>6.1</b>	5.2
Diluted earnings per share	16	<b>6.1</b>	5.2

  
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The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

**Jahez International Company for Information Systems Technology**  
(A Saudi Joint Stock Company)  
**Condensed consolidated statement of changes in equity**  
**For the six-month period ended 30 June 2023**  
(Saudi Riyal)

	Equity attributable to the Parent Company's shareholders								Non-controlling interests	Total
	Share capital	Statutory reserve	Share premium	Treasury shares	Employees' shares reserve	Retained earnings	Total			
<b>Balance as at 1 January 2022 (audited)</b>	96,000,000	12,523,023	--	--	--	78,744,619	187,267,642	1,048,659	188,316,301	
Net income for the period	--	--	--	--	--	53,218,432	53,218,432	--	53,218,432	
Other comprehensive income for the period	--	--	--	--	--	--	--	--	--	
<b>Total comprehensive income for the period</b>	--	--	--	--	--	53,218,432	53,218,432	--	53,218,432	
Capital increase	8,918,030	--	--	--	--	--	8,918,030	--	8,918,030	
Share premium	--	--	740,175,504	--	--	--	740,175,504	--	740,175,504	
Treasury shares (note 9)	--	--	--	(1,920,000)	--	--	(1,920,000)	--	(1,920,000)	
Share-based payments transactions (note 10)	--	--	--	--	3,299,783	--	3,299,783	--	3,299,783	
Changes in non-controlling interests	--	--	--	--	--	--	--	(568,413)	(568,413)	
<b>Balance as at 30 June 2022 (unaudited)</b>	<u>104,918,030</u>	<u>12,523,023</u>	<u>740,175,504</u>	<u>(1,920,000)</u>	<u>3,299,783</u>	<u>131,963,051</u>	<u>990,959,391</u>	<u>480,246</u>	<u>991,439,637</u>	
<b>Balance as at 1 January 2023 (audited)</b>	<b>104,918,030</b>	<b>18,420,724</b>	<b>740,175,504</b>	<b>(1,920,000)</b>	<b>11,896,912</b>	<b>131,634,562</b>	<b>1,005,125,732</b>	<b>(1,160,057)</b>	<b>1,003,965,675</b>	
Net income for the period	--	--	--	--	--	62,695,711	62,695,711	(4,586,841)	58,108,870	
Other comprehensive income for the period	--	--	--	--	--	--	--	--	--	
<b>Total comprehensive income for the period</b>	--	--	--	--	--	62,695,711	62,695,711	(4,586,841)	58,108,870	
Share-based payments transactions (note 10)	--	--	--	--	8,027,447	--	8,027,447	--	8,027,447	
<b>Balance as at 30 June 2023 (unaudited)</b>	<u>104,918,030</u>	<u>18,420,724</u>	<u>740,175,504</u>	<u>(1,920,000)</u>	<u>19,924,359</u>	<u>194,330,273</u>	<u>1,075,848,890</u>	<u>(5,746,898)</u>	<u>1,070,101,992</u>	

  
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The accompanying notes (1) to (22) form an integral part of these interim condensed consolidated financial statements.

**Jahez International Company for Information Systems Technology**  
(A Saudi Joint Stock Company)  
**Condensed consolidated statement of cash flow**  
(Unaudited)  
**For the six-month period ended 30 June 2023**  
(Saudi Riyal)

	<u>30 June 2023</u>	<u>30 June 2022</u>
	(Unaudited)	(Unaudited)
<b>Cash flows from operating activities:</b>		
Net profit for the period before Zakat	<b>69,199,602</b>	65,790,653
Adjustments to reconcile net profit for the period before Zakat to cash flows generated from operating activities:		
Impairment loss / (reversal) on trade receivables	<b>332,088</b>	(1,027,545)
Depreciation and amortization	<b>27,504,648</b>	5,931,695
Employees' benefits	<b>2,982,625</b>	1,690,777
Finance costs	<b>3,013,194</b>	687,361
Unrealized gains on investments at FVTPL	<b>(8,183,578)</b>	98,532
Employees' shares expenses	<b>8,027,447</b>	3,299,783
Return on short-term deposits	<b>(21,541,757)</b>	(4,825,515)
<b>Changes in operating assets and liabilities:</b>		
Inventory	<b>(1,597,505)</b>	(243,636)
Trade receivables	<b>(4,518,617)</b>	(8,161,059)
Prepaid expenses and other receivables	<b>(13,210,024)</b>	(44,652,853)
Due from related parties	<b>(59,299)</b>	(536,040)
Proceeds due to customers	<b>10,521,690</b>	10,591,963
Trade payables	<b>182,672</b>	6,025,483
Accrued expenses and other current liabilities	<b>2,958,519</b>	(10,422,448)
Due to related parties	<b>(431,565)</b>	548,829
Employees' benefits paid	<b>(100,344)</b>	(69,117)
Zakat paid	<b>(25,612,169)</b>	(4,987,323)
<b>Net cash flows generated by operating activities</b>	<b>49,467,627</b>	19,739,540
<b>Cash flows from investing activities</b>		
Payments for purchase of property and equipment	<b>(12,065,737)</b>	(18,506,941)
Payments to purchase and develop intangible assets	<b>(6,022,523)</b>	(1,592,964)
Purchase of investments at fair value through profit or loss	<b>(1,325,220)</b>	(1,125,000)
Addition of long-term deposits	--	(150,000,000)
Proceeds from short-term deposits' returns	<b>21,541,757</b>	4,825,515
Net payments for acquisition of subsidiaries	<b>(59,693,085)</b>	--
Reversal in short-term deposits	<b>50,000,000</b>	--
<b>Net cash flows used in investing activities</b>	<b>(7,564,808)</b>	(166,399,390)
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	<b>(17,936,430)</b>	(7,824,926)
Proceeds from initial public offering	--	749,093,534
Treasury shares	--	(1,920,000)
Repayments of short-term loans	<b>(1,123,720)</b>	--
<b>Net cash flows (used in)/ generated from financing activities</b>	<b>(19,060,150)</b>	739,348,608
<b>Net change in cash and cash equivalents</b>	<b>22,842,669</b>	592,688,758
Cash and cash equivalents as at the beginning of the period	<b>902,685,742</b>	391,688,002
<b>Cash and cash equivalents as at the end of the period</b>	<b>925,528,411</b>	984,376,760
<b>Non-cash transactions</b>		
Disposals of right-of-use assets	<b>5,630,469</b>	15,342,624
Disposals of lease liabilities	<b>5,630,469</b>	15,342,624
Addition of right-of-use assets	<b>5,519,281</b>	--
Addition of lease liabilities	<b>5,519,281</b>	--

  
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The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements.

**Jahez International Company for Information Systems Technology**

(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements**

(Unaudited)

**For the six-month period ended 30 June 2023****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 6 Muharram 1439H (corresponding to 26 September 2017).

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

On 2 Jumada II 1443H (corresponding to 5 January 2022), the Company completed its initial public offering and its ordinary shares were listed in the Parallel Market in the Kingdom of Saudi Arabia (“Nomu”).

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

The Group’s head office is located at Riyadh.

P. O. Box 2065, Riyadh 12444- 18594

Kingdom of Saudi Arabia

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

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



**Jahez International Company for Information Systems Technology**

(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements**

(Unaudited)

**For the six-month period ended 30 June 2023****1- ORGANIZATION AND ACTIVITIES (CONTINUED)**

<u>Branch's name and location</u>	<u>C.R. No</u>	<u>Date</u>
Jahez International Company for Information Systems Technology - Al Taif Branch	4032245135	10 Rabi' al-Awal 1442H
Jahez International Company for Information Systems Technology - Al Madinah Al Monawarah Branch	4650207633	19 Jumada II 1440H
Jahez International Company for Information Systems Technology - Yanbou Branch	4700112396	11 Rabi' A- Awal 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 Shaaban 1442H
Jahez International Company for Information Systems Technology - Jazan Branch	5900127812	30 Shaaban 1442H
Jahez International Company for Information Systems Technology - Najran Branch	5950123043	21 Ramadan 1442H
Jahez International Company for Information Systems Technology - Al-Qunfudhah Branch	5900127812	22 Safar 1444H

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

	<u>Legal entity</u>	<u>Country of Incorporation</u>	<u>% of share holding</u>	
			<u>31 June 2023</u>	<u>31 December 2022</u>
Joint Preparation Company for Meals	Limited Liability Company	Kingdom of Saudi Arabia	60%	60%
PIK Options Trading Company	Single Shareholder Limited Liability Company	Kingdom of Saudi Arabia	100%	100%
The Red Color Company	Single Shareholder Limited Liability Company	Kingdom of Saudi Arabia	100%	100%
Supportive Solutions Company for Logistic Services	Single Shareholder Limited Liability Company	Kingdom of Saudi Arabia	100%	100%
Jahez International Company W.L.L	Limited Liability Company	Kingdom of Bahrain	100%	100%
Jahez International Company for Wholesales and Retail Trading	Single Shareholder Limited Liability Company	Kuwait	100%	100%
BLU Store Company	Single Shareholder Limited Liability Company	Kingdom of Saudi Arabia	51%	51%
Marn Business Information Technology Company	Limited Liability Company	Kingdom of Saudi Arabia	100%	--

**Jahez International Company for Information Systems Technology**

(A Saudi Joint Stock Company)

**Notes to the interim condensed consolidated financial statements**

(Unaudited)

**For the six-month period ended 30 June 2023**

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**1- ORGANIZATION AND ACTIVITIES (CONTINUED)**

**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 SR 25,000 million, where the cost of the acquisition amounted to SR 2,4 million. On 7 September 2020 (corresponding to 19 Muharram 1442H), The Articles of Association of Joint Preparation Company for Meals and its shareholding structure have been amended to reflect the impact of the acquisition. Joint Preparation Meal Company is engaged in accommodation and food services 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). PIK Options Trading Company's capital is SR 1,000,000. The company is engaged in online retail sales.

The Red Color Company

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

Supportive Solutions Company for Logistic Services

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

Jahez International Company W.L.L

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

Jahez International Company for Wholesales and Retail Trading

On 1 August 2022, the Company incorporated Jahez International Company for Wholesales and Retail Trading (a single shareholder limited liability company) a wholly owned subsidiary in Kuwait. The Company's capital is KWD 100,000 equivalent to SR 1,223,440. The Company is engaged in retail and wholesale trading.

BLU Store Company

On 11 August 2022, the Company incorporated BLU Store Company (a limited liability company). The Company holds 51% of BLU Store Company's shares, and the Company's capital is SR 500,000. The Company is engaged in retail sale of apparel, shoes and leather items in specialized stores.

Marn Business Information Technology Company

On 2 Rabi' Al-Awal 1444H (corresponding to 28 September 2022), the Company signed an agreement to acquire shares that represent 100% of share capital of Marn Business Information Technology Company (A Single Shareholder Limited Liability Company) amounting to SR 1,000,000 and the cost of the acquisition was SR 60 millions. On 9 Jumada II 1444H (corresponding to 2 January 2023), the Articles of Association of Marn Business Information Technology Company and its shareholding structure have been amended to reflect the impact of the acquisition. The Marn Business Information Technology Company is primarily engaged in designing and developing special software, whole selling of software, including importing as well as retail selling of computers and its accessories (including printers and their inks) and retail selling of software.

## **2- BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

The interim condensed consolidated financial statements do not include all the information required for the full financial statements in accordance with the IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, hence, they should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2022. However, the interim condensed consolidated financial statements include some disclosures to explain some material events and transactions in order to understand the changes in the Group's financial position and performance since the last annual financial statements.

Further, the results of the six-month period ended 30 June 2023 are not necessarily indicative of the results that may be expected for the year ended 31 December 2023.

### **2.2 Basis of measurement**

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

### **2.3 Functional and presentation currency**

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

### **2.4 Basic of consolidation**

#### Business combinations

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

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

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

#### Subsidiaries

Subsidiaries are entities 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 these interim condensed consolidated financial statements from the date that control commences until the date control ceases.

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**For the six-month period ended 30 June 2023****2- BASIS OF PREPARATION (CONTINUED)****2.4 Basic of consolidation (continued)**Non-controlling interests (“NCI”)

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

Loss of control

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

**2.5 New standards and amendments issued**

The accounting policies applied in the preparation of the interim condensed financial statements are consistent with those applied in the preparation of the Company’s annual financial statements for the year ended 31 December 2022.

Below amendments to accounting standards and interpretations became applicable for annual reporting periods beginning on or after 1 January 2023. The management has assessed that the amendments do not have significant impact on the Group’s condensed consolidated financial statements.

<b>Effective for annual periods beginning on or after</b>	<b>New Standards and Amendments</b>
1 January 2023	IFRS 17 “Insurance Contracts*”, including amendments initial application of IFRS 17
	Classification of Liabilities as current/ non-current – Amendments to IAS 1 “Presentation of Financial Statements”
	Definition of Accounting Estimates - Amendments to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.
	Disclosure Initiative: Accounting Policies – Amendments to IAS 1 “Presentation of Financial Statements” and IFRS Practice Statement 2 “Making Materiality Judgements”.
	Deferred Tax related to Assets and Liabilities arising from a Single Transaction- Amendments to IAS 12 “Income Taxes”.

Standards issued but not yet effective are as follows:

The Company has not early adopted the following new and amended IFRSs and that were issued but not yet effective:

<b>Effective for annual periods beginning on or after</b>	<b>New Standards and Amendments</b>
1 January 2024	Classification of Liabilities as current/ non-current – Amendments to IAS 1 “Presentation of Financial Statements” <i>Classification of liabilities as current/ non-current (Amendments to IAS 1)</i>
	Lease liabilities in sales and lease back amendments to IFRS 16
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10- “Consolidated Financial Statements” and IAS 28- “Investments in Associates and Joint Ventures”.

**2- BASIS OF PREPARATION (CONTINUED)**

**2.6 Significant accounting judgments, estimates and assumptions**

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

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

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

Employees' benefits

The cost of the employees' benefits and the present value of the related obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These assumptions include the determination of the discount rate, future salary increases, withdrawal before normal retirement age and mortality rates.

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

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

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

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

Provision for expected credit loss 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.

### 3- SIGNIFICANT ACCOUNTING POLICES

The significant accounting polices applied in preparing these interim condensed consolidated financial statements that comply with the accounting policies applied in preparing the Group's annual consolidated financial statements for the year ended 31 December 2022 which are described in Note (3) of the Group's annual consolidated financial statements are set out below.

#### a) Financial instruments

##### **Classification and measurement of financial assets and financial liabilities**

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not classified at fair value through profit or loss.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest rate 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.
<b>Debt investments at FVOCI</b>	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.
<b>Equity investments at FVOCI</b>	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)**

**a) Financial instruments (continued)**

**Impairment of financial assets**

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

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

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

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

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

**Measurement of ECLs**

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

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

**Impaired financial assets**

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

**Presentation of impairment**

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

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

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. Financial liabilities are classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are 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 profits and losses are recognized in profit or loss. Any profits or losses on derecognition are also recognized in profit or loss.

**3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**a) Financial instruments (continued)**

**Disposal**

Financial assets

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

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

**Financial liabilities**

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

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

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

**b) Revenue recognition**

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

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

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



**3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Revenue recognition (continued)**

Commissions and revenue 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 revenue

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

Revenue from e-payment fees

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

Other income

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

Clients' cash refund

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

Customers' compensations

Any compensations payable to customers were treated as an impairment of revenue according to the requirements of IFRS 15.

Promotions to customers

Any promotions paid in the form of balances in customers' portfolios were treated as an impairment of revenue according to the requirements of IFRS 15.

**c) Share-based payments**

Employees of the Company (including senior executives) will be awarded share-based payments incentives, whereby employees render services as consideration for equity instruments (equity-settled transactions) or cash equivalents of the shares fair value (cash-settled transactions). The Company measures the cost of cash-settled transactions by reference to the fair value of stock options under share-based payment arrangements. For share-based payment transactions, this valuation refers to the fair value at the vesting date. For cash-settled transactions, this refers to the fair value at each reporting date using an appropriate valuation model. For more details, please refer to note (10).

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

**3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Share-based payments (continued)**

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

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

The company's management decided to account for it by settling the consideration with vesting by equity instruments, and accordingly that cost was recognized under the items of expenses with a corresponding increase in equity (Employees' shares reserve).

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**4- ACQUISITION OF SUBSIDIARY**

**- Acquisition of Marn Business Information Technology Company’s shares:**

On 2 January 2023, the Group has acquired all shares and voting rights of Marn Business Information Technology Company (the “subsidiary”). As the Group obtains control over the subsidiary, its financial statements have been consolidated in these interim condensed consolidated financial statements.

Marn Business Information Technology Company is engaged in whole selling of software, including importing as well as retail selling of computers and its accessories.

For the six-month period ended 30 June 2023, the revenues of Marn Business Information Technology Company amounted to SR 1.9 million of the revenues of Group and its net losses amounted to SR 5.1 million which is a decrease in net profits of the group.

The table below summarizes the consideration transferred, the value of the assets acquired and the liabilities assumed at the date of acquisition:

<b>Assets</b>	<b>2 January 2023</b>
Property and equipment	154,199
Intangible assets	1,384,765
Prepayments and other receivables	85,032
Due to related parties	108,448
Inventory	54,709
Right-of-use assets	100,293
Cash and cash equivalents	306,915
<b>Total assets</b>	<b>2,194,361</b>
<b>Liabilities</b>	
Employees’ benefits	736,315
Short-term loans	1,123,720
Lease liabilities	70,000
Accrued expenses and other payables	2,618,263
<b>Total liabilities</b>	<b>4,548,298</b>
<b>Identifiable net assets at acquisition date*</b>	<b>(2,353,937)</b>
<b>Result of the acquisition</b>	
consideration transferred - cash	60,000,000
Identifiable net assets	(2,353,937)
Goodwill**	62,353,937

\* The fair value of identifiable net assets has been measured provisionally until the completion of the independent valuation process “provisional fair value”.

\*\* The goodwill arising from the acquisition of Marn Business Information Technology Company has been allocated as a cash-generating unit.

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**5- TRADE RECEIVABLES**

	<b>30 June 2023</b>	31 December 2022
Trade receivables	<u>28,307,057</u>	<u>23,788,440</u>
Less: provision for impairment loss on trade receivables	<u>(1,361,268)</u>	<u>(1,029,180)</u>
	<u><b>26,945,789</b></u>	<u><b>22,759,260</b></u>

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

	<b>30 June 2023</b>	31 December 2022
Balance at the beginning of the period / year	<u>1,029,180</u>	<u>4,785,006</u>
Provision/ (reversal) during the period/year	<u>332,088</u>	<u>(3,755,826)</u>
Balance at the end of the period/year	<u><b>1,361,268</b></u>	<u><b>1,029,180</b></u>

**6- DEPOSITS WITH FINANCIAL INSTITUTIONS**

This includes the investment in term deposit certificates (Murabaha) with financial institutions with maturity of more than 3 months at return rate of (3% to 6%) annually.

**7- CASH AND CASH EQUIVALENTS**

	<b>30 June 2023</b>	31 December 2022
Current accounts with banks	<u>324,341,603</u>	<u>602,173,952</u>
Cash in hand	<u>1,186,808</u>	<u>511,790</u>
Short-term deposits *	<u>600,000,000</u>	<u>300,000,000</u>
	<u><b>925,528,411</b></u>	<u><b>902,685,742</b></u>

(\* ) The short term deposits carry a constant rate of return (from 3% to 6%) and a maturity less than three months.

**8- SHARE CAPITAL**

On 2 Jumada II 1443H (corresponding to 5 January 2022), the Company's shares were listed and started trading in the Parallel Market in Kingdom of Saudi Arabia (Nomu) under code (9526). The Company's share capital has increased after the completion of the public offering from SR 96 million (divided into 9.6 million shares) to SR 104 million (divided into 10.4 million shares) through issuing 891 million shares at a par value of SR 8.9 million. The share value on the issue date was SR 850.

The Company's share capital amounted to SR 104.9 million (31 December 2022: SR 104.9 million) and was divided into 10.4 million fully paid shares (31 December 2022: 10.4 million shares), SR 10 each.

**9- TREASURY SHARES**

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

**10- EMPLOYEES' SHARE PLAN**

The Company granted employees' shares remunerations arrangements at the beginning of April 2022. On 8 June 2021, the Board of Directors proposed shares options program which was approved by the shareholders on 9 June 2021. This plan objective is to distribute 192,000 treasury shares purchased by the Company from the Company's shareholders under purchase of shares contract dated on 26 December 2021 concluded on 5 January 2022 (115,2 thousand shares of its shares owned by ALAMAT International Company and 76,8 thousand shares of its shares owned by Hefz Osool Ta'atheer Company for Communications and Information Technology). The shares options will be granted through the plan in five cycles commencing on 1 April 2022, 15 May 2023, 1 April 2024, 1 April 2025 and 1 April 2026.

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

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

<b>First Cycle</b>	<b>Tier 1</b>
Grant date	1 April 2022
Total number of shares vested	26,440
The average fair value per share on vesting date (*)	SR 1,116.5
Maturity date	31 March 2024
Settlement method	Equity

The Company formulated the vesting agreement for the second cycle and it was signed by the Company and the employees on 15 May 2023, which is the vesting date of the second cycle of shares options. The condition associated with realizing shares options under the second cycle is the employee's two-year service condition, which will be completed on 14 May 2025. At the end of the vesting period, the Company may elect to issue shares or cash equivalent to the fair value through the shares at the end of the vesting period.

During 2023, the Company has vested Tier 2 of the program as the following:

<b>Second Cycle</b>	<b>Tier 2</b>
Grant date	15 May 2023
Total number of shares vested	33,446
The average fair value per share on vesting date (*)	495.6
Maturity date	14 May 2025
Settlement method	Equity

(\*) The options are valued at the fair value on the vesting date of the two cycles, the first cycle on 1 April 2022 and the second cycle on 15 May 2023, using the Black Scholes method which takes into account the exercise price, option term, effect of reduction (where material), share price on the vesting date and expected fluctuation price of basic earnings per share, and expected dividend yield. Risk-free interest rate for the option term, contingencies and fluctuations for similar Group's companies. The fair value of the option as at 1 April 2022, based on the exercise price of SR 10 is SR 1,116.5. Further, the fair value as at 15 May 2023, based on the exercise price of SR 10 is SR 495.6.

Total expenses related to the program for the period ended 30 June 2023 amounts SR 8 million, which were included in the expenses items in the consolidated statement of profit or loss and other comprehensive income, with the corresponding amount recorded in the share-based payments reserve item in the equity in accordance with the requirements of IFRS 2: share-based payments.

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**11- RELATED PARTY TRANSACTIONS**

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

**a) Significant related party transactions****30 June 2023**

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u>
Halalah International Company	A company owned by Vice CEO	Collection on behalf Logistics services	<b>435,176</b> <b>701,636</b>
Creative Agency Company The Eight Creations Agency for Advertising	Company owned to a shareholder in the subsidiary	Invoices for advertising services	<b>928,108</b>
Halalah Trading Company	Affiliate	Application Operation Services	<b>136,499</b>
Dar Al Fikrah Al-Mumaiyazah	Affiliate	Construction services	<b>1,815,924</b>

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

**b) Due from related parties**

	<b>30 June 2023</b>	31 December 2022
Tharwa Holding Company	<b>5,625</b>	5,625
ALAMAT International Company Limited	<b>2,547</b>	2,547
Halalah International Company	--	8,958
Halalah Trading Company	<b>176,705</b>	--
Talal Saud Al Arifi	--	--
	<b>184,877</b>	17,130

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**11- TRANSACTIONS WITH RELATED PARTIES (CONTINUED)**

**c) Due to related parties**

	<b>30 June 2023</b>	31 December 2022
Dar Al Fikrah Al-Mumaiyazah	--	543,919
Halalah International Company	<b>71,703</b>	54,386
Halalah Trading Company	<b>400,890</b>	264,390
The Eight Creations Agency for Advertising	<b>146,050</b>	151,513
Abdulaziz Abdulrahman Al Omran	--	36,000
	<b>618,643</b>	<b>1,050,208</b>

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

	<b>30 June 2023</b>	30 June 2022
Short-term benefits	<b>4,274,039</b>	3,431,697
Post-employment benefits	<b>220,169</b>	192,500
Share-based payments	<b>4,076,731</b>	1,830,689

**12- REVENUE**

	<b>For the six-month period ended 30 June</b>	
	<b>2023</b>	2022 (Adjusted- note 21)
Revenue from delivery fees	<b>503,564,520</b>	463,022,268
Revenue from commissions	<b>298,144,408</b>	245,422,003
Revenue from e-payment fees	<b>38,638,967</b>	33,572,403
Advertising and marketing revenue	<b>36,562,117</b>	30,890,193
Other revenue	<b>9,801,448</b>	4,702,410
<b>Gross revenue</b>	<b>886,711,460</b>	<b>777,609,277</b>
Customers' compensations	<b>(37,719,661)</b>	(27,511,774)
Promotional compensations	<b>(12,278,906)</b>	(10,273,466)
Cash back	<b>(1,097,300)</b>	--
<b>Net revenue</b>	<b>835,615,593</b>	<b>739,824,037</b>

**13- COST OF REVENUE**

	<b>For the six-month period ended 30 June</b>	
	<b>2023</b>	2022 (Adjusted- note 21)
Cost of delivery	<b>457,571,331</b>	489,176,482
Salaries, wages and employee benefits	<b>97,363,742</b>	29,589,155
Cost of platforms	<b>28,992,027</b>	23,093,189
Network servers	<b>10,333,700</b>	5,988,970
Delivery platform	<b>13,520,429</b>	11,763,522
Depreciation and amortization	<b>19,435,780</b>	1,168,974
Consumables	<b>2,921,310</b>	2,329,847
Services and cars maintenance	<b>16,769,006</b>	4,242,216
Other	<b>3,995,052</b>	3,665,443
	<b>650,902,377</b>	<b>571,017,798</b>

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**14- MARKETING & ADVERTISING EXPENSES**

	<b>For the six-month period ended 30 June</b>	
	<b>2023</b>	2022 (Adjusted- note 21)
Advertising and publicity	<b>59,146,285</b>	51,590,717
Salaries, wages and employee benefits	<b>16,370,555</b>	9,169,072
	<b>75,516,840</b>	60,759,789

**15- GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>For the six-month period ended 30 June</b>	
	<b>2023</b>	2022
Salaries, wages and employee benefits	<b>18,098,897</b>	25,547,374
Depreciation and amortization	<b>5,202,159</b>	4,762,722
Professional fees	<b>4,776,089</b>	1,639,079
Missions, maintenance and operation	<b>5,043,952</b>	2,443,511
Other	<b>9,230,740</b>	4,682,223
	<b>42,351,837</b>	39,074,909

**16- BASIC AND DILUTED EARNINGS PER SHARE**

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

	<b>For the six-month period ended 30 June</b>	
	<b>2023</b>	2022
Profit for the period	<b>62,695,711</b>	53,218,432
Weighted average number of shares	<b>10,299,803</b>	10,284,715
Basic earnings per share	<b>6.1</b>	5.2
Diluted earnings per share	<b>6.1</b>	5.2

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

a) Ordinary shares

	<b>30 June 2023</b>	30 June 2022
Outstanding shares at the beginning of the period	<b>10,299,803</b>	9,600,000
Weighted average of shares issued during the period	--	867,168
Weighted average of shares repurchased during the period	--	(182,453)
Weighted average of shares numbers at the end of the period	<b>10,299,803</b>	10,284,715

b) Diluted shares

	<b>30 June 2023</b>	30 June 2022
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share at the end of the period.	<b>10,299,803</b>	10,284,715
Effect of share options	<b>24,880</b>	4,350
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share.	<b>10,324,683</b>	10,289,065



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**17- CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The Group does not have any capital liabilities as at 30 June 2023 (31 December 2022: Nil).

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 2026, with a value of SR 69 million as at 30 June 2023 (31 December 2022: SR 37,8 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 liabilities represent liabilities to provide advertising services to third parties ending in 2023 amounting to SR 13,9 million as at 30 June 2023 (31 December 2022: SR 4,5 million).

The Group has contingent contractual liabilities represent liabilities to provide recruitment and other services ending in 2023 amounting to SR 1,4 million as at 30 June 2023 (31 December 2022: SR 1.3 million).

**18- SEGMENT INFORMATION**

Information related to the Group's operating segments are presented below in accordance with IFRS 8 "operating segments", which the standard requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker ("CODM") and used to allocate resources to the segments and to assess their performance.

The activities of the Company for which financial reports are prepared according to IFRS 8 are listed below:

- a) Delivery platforms activity inside the Kingdom: this activity is to provide services of delivering food and other goods via electronic platforms inside the Kingdom.
- b) Delivery platforms activity outside the Kingdom: this activity is to provide services of delivering food and other goods via electronic platforms through the two subsidiaries; Jahez Company in the Kingdom of Bahrain and Jahez Company in the State of Kuwait.
- c) Logistics services activity: it includes the logistics support operations and directing goods transporting vehicles.
- d) Other activities.

The CODM used to receive the other operating information in an accumulated basis and they are the same information that is provided to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance.

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**18. SEGMENT INFORMATION (CONTINUED)**

30 June 2023	Delivery Platforms Segment		Logistics activity		Other activities		Exclusions / amendments		Total
	Inside the Kingdom	Outside the Kingdom	Inside the Kingdom	SR	Inside the Kingdom	SR	SR	SR	
Revenue	816,062,363	10,143,313	188,209,883	5,153,716	(183,953,682)	835,615,593			835,615,593
Direct costs	(603,078,087)	(35,015,128)	(172,757,217)	(3,585,000)	182,968,836	(631,466,596)			(631,466,596)
Impairment loss on trade receivables	(332,088)	—	—	—	—	(332,088)			(332,088)
Expenses	(103,070,125)	(15,855,388)	(8,334,104)	(10,657,828)	984,846	(136,932,599)			(136,932,599)
Depreciation and amortization	(4,778,487)	(442,216)	(15,245,651)	(4,171,584)	—	(24,637,938)			(24,637,938)
Other income/(expenses)	21,972,575	67,189	(18,732)	7,923,578	—	29,944,610			29,944,610
Finance costs	(201,536)	(10,019)	(2,449,589)	(330,236)	—	(2,991,380)			(2,991,380)
Zakat	(11,090,732)	—	—	—	—	(11,090,732)			(11,090,732)
<b>Net segment profit</b>	<b>115,483,883</b>	<b>(41,112,249)</b>	<b>(10,595,410)</b>	<b>(5,667,354)</b>	<b>--</b>	<b>58,108,870</b>			<b>58,108,870</b>
<b>Total assets</b>	<b>1,372,552,050</b>	<b>42,489,762</b>	<b>131,565,407</b>	<b>85,165,762</b>	<b>(164,546,814)</b>	<b>1,467,226,167</b>			<b>1,467,226,167</b>
<b>Total liabilities</b>	<b>323,409,840</b>	<b>96,819,607</b>	<b>270,375,425</b>	<b>83,000,937</b>	<b>(376,481,633)</b>	<b>397,124,176</b>			<b>397,124,176</b>

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**18. SEGMENT INFORMATION (CONTINUED)**

30 June 2022	Delivery activity		Logistics activity		Other activities		Exclusions/ amendments		Total
	Inside the Kingdom	Outside the Kingdom	Inside the Kingdom	SR	Inside the Kingdom	SR	SR	SR	
Revenue	738,101,365	28,872	138,591,324		1,694,090		(138,591,324)		739,824,327
Direct costs	(564,583,541)	(1,076,923)	(141,577,270)		(1,202,708)		138,591,324		(569,849,118)
Reversal of impairment loss on trade receivables	3,757,461	—	—		—		—		3,757,461
Expenses	(88,177,366)	(922,594)	(17,578,444)		(983,618)		—		(107,662,002)
Depreciation and amortization	(2,232,886)	(132,258)	(2,734,928)		(831,624)		—		(5,931,696)
Other income/expenses	6,438,564	(2,649)	—		(96,853)		—		6,339,062
Finance costs	(556,092)	(9,809)	(1,477)		(119,982)		—		(687,360)
Zakat	(13,140,635)	—	—		—		—		(13,140,635)
<b>Net segment profit</b>	<b>79,606,870</b>	<b>(2,115,361)</b>	<b>(23,300,795)</b>		<b>(1,540,695)</b>		<b>—</b>		<b>52,650,019</b>
<b>Total assets</b>	<b>1,294,839,848</b>	<b>3,220,437</b>	<b>77,022,832</b>		<b>54,744,149</b>		<b>(107,963,764)</b>		<b>1,321,863,502</b>
<b>Total liabilities</b>	<b>316,625,304</b>	<b>4,877,375</b>	<b>105,454,553</b>		<b>38,591,321</b>		<b>(142,024,618)</b>		<b>323,523,935</b>

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#### **19- SUBSEQUENT EVENTS**

On 12 Muharram 1445H (corresponding to 30 July 2023), the company incorporated Jahez Systems Technology Company (a limited liability company) as a wholly owned company in Egypt. The Company's capital is EGP 10,000, equivalent to SR 1,215. Jahez Systems Technology Company is engaged in recruitment, analysis and design of software, databases and applications of all kinds.

On 16 Muharram 1445H (corresponding to 3 August 2023), the company incorporated Jahez International for Systems Technology LTD (a limited liability company) as a wholly owned company in Qatar. The Company's capital is QAR 500,000, equivalent to SR 514,930. Jahez International for Systems Technology LTD is engaged in Internet trading and transportation of consumables to customers.

On 24 Dhul-Qi'dah 1444H (corresponding to 13 June 2023), the company entered into a Simple Agreement for Future Equity (SAFE Note) with the current investors of Barq Holding Company for a total of USD 2 million, equivalent to SR 7.5 million. The agreement has been fulfilled and the amount due was paid on 17 July 2023.

#### **20- SIGNIFICANT EVENTS**

On 5 Jumada I 1444H (corresponding to 29 November 2022), A purchase agreement was signed to acquire all shares of the owners of The Chefz SPV LTD by purchasing shares to acquire 100% of the Company's capital by repayment of a cash consideration of SR 325 million and increase the Company's capital by issuing shares to selling shareholders in The Chefz SPV LTD, with an amount of SR 325 million. Further, the founders of Chefz SPV LTD will receive additional amount (earn-out) amounting to one hundred million Saudi Riyal (SR 100,000,000) to be repaid in cash in the event of achieving certain results concerning Chefz SPV LTD performance in a specific period (earn-out period) starting from 1 January 2022 and ending in 31 December 2022 as agreed upon between the founders of Chefz SPV LTD as well as Jahez Company. Furthermore, on 13/1/1445H (corresponding to 31/7/2023), an additional agreement was signed with the shareholders of The Chefz SPV LTD to extend the period of the purchase agreement, after the expiry of the period agreed upon between the parties to the purchase agreement and the extension appendix, where the parties agreed to extend the purchase agreement's period with the same previous terms and conditions up to 16/4/1445H (corresponding to 31/10/2023), in order to complete the procedures and meet the conditions stipulated in the purchase agreement, including obtaining the relevant regulatory approvals. The acquisition procedures has not completed up to the date of issuance of the financial statements.

on 9 Rajab 1444H (corresponding to 31 January 2023), an agreement for purchase was signed for acquiring the full shares of the owner of Joint Preparation Company for Meals have been completed. Jahez holds 60% of shareholding as at 31 December 2022 through purchasing shares for acquiring 100% of the Company share capital by paying a consideration of SR 4.8 million after fulfilling the conditions mentioned in the purchase agreement, including obtaining approvals from the relevant government authorities. The acquisition procedures has not completed up to the date of issuance of the financial statements.

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**21- CHANGES IN THE PRIOR PERIOD**

During the prior year, the management has evaluated its contracts with customers and concluded that some amounts in the nature of the variable consideration /payable consideration to the customer were presented as expenses rather than being presented as reduction from revenues. Therefore, the revenues, cost of revenues, and publicity and advertising expenses in the interim condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2022 were impacted as presented in table below. The reclassification does not have any impact on the statement of financial position, change in shareholders' equity, and cash flows for the period ended in that date.

<b>Items</b>	<b>Balances previously reported</b>	<b>Adjustments</b>	<b>Adjusted balances</b>
Revenue	777,609,277	(37,785,240)	739,824,037
Cost of revenue	(598,529,571)	27,511,773	(571,017,798)
Marketing & advertising expenses	(71,033,256)	10,273,467	(60,759,789)

**22- APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements have been approved for issuance by the Board of Directors on 15 Safar 1445H (corresponding to 31 August 2023).