

**Jahez International Company for Information
Systems Technology
(A Saudi Closed Joint Stock Company)
Condensed Consolidated Interim Financial Statements
(Unaudited)
For the three month period ended
At 31 March 2021
Together with independent Auditor's report
ON REVIEW OF THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Condensed Consolidated Interim Financial Statements
For the three month period ended
31 March 2021

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

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

To the Shareholders of Jahez International Company for Information Systems Technology

Introduction

We have reviewed the accompanying 31 March 2021 condensed consolidated interim financial statements of **Jahez International Company for Information Systems Technology**, (a Saudi Closed Joint Stock Company) ("the Company") and its subsidiaries ("the Group"), which comprises:

- the condensed consolidated statement of financial position as at 31 March 2021;
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month periods ended 31 March 2021;
- the condensed consolidated statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed consolidated statement of cash flows for the three-month period ended 31 March 2021; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than 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.



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

To the Shareholders of Jahez International Company for Information Systems Technology

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 31 March 2021 condensed consolidated interim 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.

Other Matter

This report supersedes our previously issued review report dated 27 June 2021 on condensed consolidated interim financial statements for the period ended 31 March 2021, which included an other matter paragraph stating that comparative information for the period ended 31 March 2020 was neither audited nor reviewed. Pursuant to issuance of our report dated 27 June 2021, we carried out review of interim financial statements for the period ended 31 March 2020 and issued a review report thereon dated 12 September 2021. Consequently, in this review report, reference to comparative information has been removed.

KPMG Professional Services

Fahad Mubark Aldossari
License No 469

Riyadh, 12 September 2021
Corresponding to: 5 Safar 1443



Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Condensed consolidated statement of financial position
As at 31 March 2021
(Saudi Riyals)

	<i>Note</i>	31 March 2021	31 December 2020
		<u>(Unaudited)</u>	<u>(Audited)</u>
Assets			
Non-current assets			
Property and equipment	4	7,222,142	6,133,853
Intangible assets	5	3,989,415	4,136,555
Right-of-use assets		9,294,085	6,904,777
Total non-current assets		<u>20,505,642</u>	<u>17,175,185</u>
Current assets			
Inventories		22,896	94,171
Trade receivables	6	4,154,896	4,473,526
Prepayments advances	7	4,942,824	4,010,217
Due from related parties	10 (b)	489,836	489,836
Cash and cash equivalents	8	266,968,884	205,723,956
Total current assets		<u>276,579,336</u>	<u>214,791,706</u>
Total assets		<u>297,084,978</u>	<u>231,966,891</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	5,000,000	5,000,000
Statutory reserve		1,500,000	1,500,000
Retained earnings		63,887,573	37,549,639
Equity attributable to shareholders of the Parent Company		<u>70,387,573</u>	44,049,639
Non-controlling interests		1,295,558	1,406,870
Total equity		<u>71,683,131</u>	<u>45,456,509</u>
Liabilities			
Non-current liabilities			
Non-current portion of lease liabilities on right-of-use assets		7,307,239	5,335,940
Employees' benefits obligations	11	3,566,863	3,136,956
Total non-current liabilities		<u>10,874,102</u>	<u>8,472,896</u>
Current liabilities			
Proceeds due to customers		129,925,610	105,893,874
Current portion of lease liabilities on right-of-use assets		1,681,586	1,349,224
Trade payables		9,680,550	7,382,901
Accrued expenses and other current liabilities	12	44,253,202	34,693,604
Due to related parties	10 (c)	27,135,153	27,577,511
Provision for zakat		1,851,644	1,140,372
Total current liabilities		<u>214,527,745</u>	<u>178,037,486</u>
Total liabilities		<u>225,401,847</u>	<u>186,510,382</u>
Total equity and liabilities		<u>297,084,978</u>	<u>231,966,891</u>

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

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Condensed Consolidated Statement of Profit or Loss, and Other Comprehensive Income
For the three month period ended 31 March 2021
(Saudi Riyals)

	<i>Note</i>	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Revenue	13	243,287,662	64,747,656
Cost of revenue	14	(183,859,117)	(51,269,981)
Gross profit		59,428,545	13,477,675
Impairment loss on trade receivables	6	(86,233)	(555,023)
Impairment loss on due from related parties		--	(730,875)
Marketing & advertising expenses	15	(25,210,309)	(6,807,067)
General and administrative expenses	16	(5,238,358)	(2,100,959)
Research and development expenses		(1,855,254)	(891,298)
Other income		--	144,056
Operating profit		27,038,391	2,536,509
Finance costs		(100,497)	(66,201)
Net income for the period before Zakat		26,937,894	2,470,308
Zakat		(711,272)	(64,059)
Net income for the period		26,226,622	2,406,249
Net income for the period attributable to:			
Shareholders of the parent company		26,337,934	2,406,249
Non-controlling interests		(111,312)	--
		26,226,622	2,406,249
Other comprehensive income			
<u>Items that will not be reclassified subsequently to profit or loss</u>			
Actuarial gains/ (losses) on re-measurement of employees' end of service benefits		--	--
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD		--	--
Total comprehensive income for the period		26,226,622	2,406,249
Total comprehensive income for the period attributable to:			
Shareholders of the parent company		26,337,934	2,406,249
Non-controlling interests		(111,312)	--
		26,226,622	2,406,249
Earnings per share attributable to shareholders of the Company:			
Basic and diluted earnings per share	17	52.7	24.1

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

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

Condensed consolidated statement of changes in equity
For the three month period ended 31 March 2021
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Non-controlling interests	Total
For the three month period ended 31 March 2020 (Unaudited)					
Balance as at 1 January 2020 (Audited)	1,000,000	300,000	(1,229,531)	--	70,469
Net profit for the period	--	--	2,406,249	--	2,406,249
Other comprehensive income for the period	--	--	--	--	--
Total comprehensive income for the period	--	--	2,406,249	--	2,406,249
Balance as at 31 March 2020 (Unaudited)	1,000,000	300,000	1,176,718	--	2,476,718
For the three month period ended 31 March 2021 (Unaudited)					
Balance as at 1 January 2021 (audited)	5,000,000	1,500,000	37,549,639	1,406,870	45,456,509
Net profit for the period	--	--	26,337,934	--	26,337,934
Other comprehensive income for the period	--	--	--	--	--
Total comprehensive income for the period	--	--	26,337,934	--	26,337,934
Changes in non-controlling interests	--	--	--	(111,312)	(111,312)
Balance as at 31 March 2021 (Unaudited)	5,000,000	1,500,000	63,887,573	1,295,558	71,683,131

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

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Condensed consolidated statement of cash flows
For the three month period ended 31 March 2021
(Saudi Riyals)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Cash flows from operating activities:		
Net profit for the period before Zakat	26,937,894	2,470,308
Adjustments to reconcile net income for the period before Zakat to cash flows generated from operating activities:		
Impairment loss on trade receivables	86,233	555,023
Impairment loss on due from related parties	--	730,875
Depreciation and amortization	1,164,808	682,797
Employees' benefits	437,455	169,189
Finance costs	100,497	66,201
Changes in operating assets and liabilities:		
Inventories	71,275	(17,619)
Trade receivables	232,397	1,280,658
Prepayments and advances	(932,607)	296,828
Due from related parties	--	(569,832)
Proceeds due to customers	24,031,736	(7,854,249)
Trade payables	2,297,649	(2,847,955)
Accrued expenses and other current liabilities	9,559,598	6,303,963
Due to related parties	(442,358)	321,723
Employees' benefits paid	(7,548)	(14,595)
Net cash flow generated from operating activities	63,537,029	1,573,315
Cash flows from investing activities		
Payments made to purchases of property and equipment	(1,494,539)	(235,107)
Payments to purchase and develop intangible assets	(176,520)	(617,444)
Net cash flows used in investing activities	(1,671,059)	(852,551)
Cash flows from financing activities		
Repayments of loans	--	(3,000,000)
Repayment of lease liabilities on right-of-use assets	(621,042)	(116,875)
Net cash flows used in financing activities	(621,042)	(3,116,875)
Net change in cash and cash equivalents	61,244,928	(2,396,111)
Cash and cash equivalents as at the beginning of the period	205,723,956	38,992,377
Cash and cash equivalents as at the end of the period	266,968,884	36,596,266
Non-cash transactions		
Right-of-use assets on lease liabilities	2,824,206	--
Transferred from project under construction to computer software - intangible assets	2,813,039	--

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

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(Unaudited)
For the three month period ended 31 March 2021
(Saudi Riyals)

1. ORGANIZATION AND ACTIVITIES

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

The principal activities of the Company, according to the commercial registration, are network extensions, e-commerce, online commerce, operating systems, sales of wired and wireless equipment and devices, systems analysis, design and programming of special software, software maintenance, and web page design.

The Group operates through its branches in the Kingdom of Saudi Arabia.
The Group’s head office is located in Riyadh,
P. O. Box 2065, Riyadh 12444
Kingdom of Saudi Arabia.

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 shareholders’ accounts payable of the Company to the capital account, and the Company shall keep the same name, commercial registration 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 (Note 9).

The accompanying condensed consolidated interim 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</u>	
			<u>31 March 2021</u>	<u>31 December 2020</u>
Cokitchens	A Limited Liability Company	KSA	60%	60%
PIK	A Single Shareholder Limited Liability Company	KSA	100%	100%
The Red Color Company	A Single Shareholder Limited Liability Company	KSA	100%	--
Supportive Solutions Company for Logistic Services	A Single Shareholder Limited Liability Company	KSA	100%	--

Information about subsidiaries:

Cokitchens:

On July 20, 2020, the Group signed an agreement to acquire shares representing 60% of the share capital of the Joint Preparation Company for Meals (a limited liability company) amounting to SR 25,000. Acquisition cost amounted to SR 2.4 million. On 19 Muharram 1442H (corresponding to 7 September 2020), the Company’s Articles of Association and ownership structure were amended to reflect the effect of the acquisition. The principal activities of the Company include food service activities.

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(Unaudited)
For the three month period ended 31 March 2021
(Saudi Riyals)

1. ORGANIZATION AND ACTIVITIES (CONTINUED)

Baik Options Trading Company

On 7 September 2020, the Group 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 and engaged in online retail sales.

The Red Color Company

On 8 February 2021, the Group has incorporated a wholly owned subsidiary, the Red Color Company (a single shareholder limited liability company). The company's capital is SR 10,000. And 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 Group established a wholly owned subsidiary, 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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed consolidated interim 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 comparative figures presented in these condensed consolidated interim financial statements have been prepared by the Group's management and no review report has been issued.

The condensed consolidated interim financial statements do not include all the information required for the full financial statements in accordance with the IFRSs as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, hence, should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. However, the condensed consolidated interim financial statements include some disclosures to explain some material events and transactions in order to understand the changes in the Group's financial position and performance since the last annual financial statements.

Further, the results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the year ended 31 December 2021.

2.2 Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis using going concern basis and accrual basis of accounting, except for employees' benefits obligations which are measured using the projected credit unit method.

2.3 Functional and presentation currency

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

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(Unaudited)
For the three month period ended 31 March 2021
(Saudi Riyals)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Basic of consolidation

Business Combinations

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

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

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

Subsidiaries

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

Non-controlling interests

Non-controlling interests are measured initially 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

New standards and amendments applied

The standards and amendments issued that were applied by the Group in preparing the condensed consolidated interim financial statements to the date of issuance of the Group's interim financial statements that are effective on 1 January 2021 are listed below.

Standards / amendments	effective
Amendments to IFRS 17	1 January 2021
Amendments to IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IFRS 39	1 January 2021

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

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

2. BASIS OF PREPARATION (CONTINUED)

Standards issued but not adopted

The standards and amendments issued but not effective up to the date of issuance of the Group's condensed consolidated interim financial statements.

<u>Standards / amendments</u>	<u>Description</u>	<u>effective</u>
Amendments to IFRS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendments to IAS 16	Collections before intended use	1 January 2022
Amendments to IFRS 3	Conceptual framework	1 January 2022
Amendments to IAS 1	Classification of liabilities as current or non-current	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets Between the Investor and Its Associate or Joint Venture	Available for optional adoption/ effective date deferred indefinitely
Amendments to IFRS 17	Insurance Contracts	1 January 2023

The Group does not expect such amendments to have a material impact on the Group's financial statements if the these amendments are adopted.

2.6 Significant accounting judgments, estimates and assumptions

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

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

The Group based its 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, 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.

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(Unaudited)
For the three month period ended 31 March 2021
(Saudi Riyals)

2. BASIS OF PREPARATION (CONTINUED)

2.6 Significant accounting judgments, estimates and assumptions (continued)

The parameter most subject to change is the discount rate in determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AAA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The underlying bonds are reviewed for quality. Those having excessive credit spreads are removed from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

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 POLICIES

The accounting policies applied in the preparation of these condensed consolidated interim financial statements in accordance with the accounting policies applied in preparing the Group's annual consolidated financial statements for the year ended 31 December 2020 which are disclosed in Note (3) of the Group's annual consolidated financial statements are as follows.

a) Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost included expenditure that is directly attributable to the acquisition of the 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 interim consolidated statement of profit or loss when incurred.

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Notes to the condensed consolidated interim financial statements
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(Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Property and equipment (continued)

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

	<u>Years</u>
Tools and instruments	4
Computers	4
Furniture and fixtures	4
Electrical machines	4
Decorations and leasehold improvements	4
Central kitchens	10

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 intreim 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 intreim consolidated statement of profit or loss.

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the intreim 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 expenditure is 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. Amortization is charged to the consolidated intreim statement of profit or loss using a straight-line basis over the estimated useful life estimated by 4-year.

Capital work under development relating to development of intangible assets is stated at cost less impairment losses, if any, and is not depreciated until the asset is available for use.

c) Inventories

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 for acquisition of inventory and any shipping, transportation, insurance, custom duties and other direct expenses related to the acquisition of the inventory.

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

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Notes to the condensed consolidated interim financial statements
(Unaudited)
For the three month period ended 31 March 2021
(Saudi Riyals)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Cash and cash equivalents

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

e) Fair value measurement

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

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

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

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

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

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

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

For assets and liabilities that are recognized in the condensed interim 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 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)

f) Financial instruments

Classification and measurement of financial assets and financial liabilities

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

A financial asset is measured at amortized cost if it meets both of the following conditions and is not 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 an equity investments that is 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 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. The 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)

f) Financial instruments (continued)

Impairment of financial assets

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents and prepayment and advances, due from related parties.

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 Group 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 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 interim statement of profit or loss under a separate item.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is 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 method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or losses 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 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) 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 interim statement of profit or loss.

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

g) Employees' benefits

Short-term benefits

Short-term employees benefits are expensed as the related service is provided. A liability is recognized 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 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 unit credit 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 interim statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Past-service costs are recognized immediately in the consolidated interim 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 interim statement of income. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise

h) PROVISIONS

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Provisions (continued)

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 interim 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 discount is recognized as finance cost.

i) 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 Group, 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 interim financial statements.

j) 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 are translated to Saudi Riyals at the foreign exchange rate at the date of the financial position. Gains or losses arising on exchanges are recognized in the consolidated interim statement of profit or loss currently.

k) Revenue recognition

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

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

Step 1: Identify the contract with 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: Determine 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Revenue recognition (continued)

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 recognize 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 Group progress towards satisfaction of a performance obligation using output method.

Revenue from e-payment fees

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

Other revenues

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

l) Leases

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

The 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 underling 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Leases (continued)

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 interim 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.

m) Expenses

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

n) Zakat

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

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

o) Segments 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.

p) Earnings per share

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

q) Statutory reserve

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

r) Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

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4. PROPERTY AND EQUIPMENT

<u>Cost</u>	<u>Tools and instruments</u>	<u>Computers</u>	<u>Furnitures & fixtures</u>	<u>Electrical machines</u>	<u>Central kitchens</u>	<u>Decorations and leasehold improvements</u>	<u>Project under construction</u>	<u>Total</u>
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	10,616	207,620	2,600	2,140	10,036	45,300	1,216,227	1,494,539
Balance as at 31 March 2021	117,004	1,685,682	1,604,899	600,167	1,154,379	2,224,089	2,018,219	9,404,439
<u>Accumulated depreciation:</u>								
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 period	6,553	97,742	143,999	36,969	62,400	58,587	--	406,250
Balance as at 31 March 2021	68,265	585,188	661,066	317,173	71,936	478,669	--	2,182,297
<u>Net book value:</u>								
31 March 2021	48,739	1,100,494	943,833	282,994	1,082,443	1,745,420	2,018,219	7,222,142
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 at 1 January 2020	3,875,147	1,842,537	5,717,684
Additions	314,381	970,502	1,284,883
Balance at 31 December 2020	4,189,528	2,813,039	7,002,567
Additions	176,520	--	176,520
Transferred	2,813,039	(2,813,039)	--
Balance at 31 March 2021	7,179,087	--	7,179,087
<u>Accumulated amortization</u>			
Balance at 1 January 2020	1,867,181	--	1,867,181
Amortization for the year	998,831	--	998,831
Balance at 31 December 2020	2,866,012	--	2,866,012
Amortization for the period	323,660	--	323,660
Balance at 31 March 2021	3,189,672	--	3,189,672
<u>Net book value</u>			
31 March 2021	3,989,415	--	3,989,415
31 December 2020	1,323,516	2,813,039	4,136,555

6. TRADE RECEIVABLES

	<u>31 March 2021</u>	<u>31 December 2020</u>
Trade receivables	6,524,723	6,757,120
Less: provision for impairment loss on trade receivables	(2,369,827)	(2,283,594)
	4,154,896	4,473,526

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Balance at the beginning of the period / year	2,283,594	1,819,525
Provided during the period / year	86,233	464,069
	2,369,827	2,283,594

7. PREPAYMENTS AND ADVANCES

	<u>31 March 2021</u>	<u>31 December 2020</u>
Prepayments	4,817,881	3,612,260
Employee custodies and advances	124,943	397,957
	4,942,824	4,010,217

8. CASH AND CASH EQUIVALENTS

	<u>31 March 2021</u>	<u>31 December 2020</u>
Current accounts with banks	266,391,801	205,247,832
Cash in hand	577,083	476,124
	266,968,884	205,723,956

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.

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9. SHARE CAPITAL

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

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>The shareholder</u>	<u>No. of shares</u>	<u>Share capital</u>
ALAMAT International Company Limited	62,500	625,000
Osool Impact for Communication and Technology (“Impact46”)	37,500	375,000
	100,000	1,000,000

Interest-free loan agreement and promise of sale

On 18 August 2020, an interest-free loan agreement of SR 30 million with a maturity period ending on 18 February 2021 was entered into between (Jahez International Company for Information Systems Technology) “the Company” and (Osool Impact for Communication and Technology (“Impact46”)) with a promise of sale by issuing shares in favor of (Osool Impact for Communication and Technology (“Impact46”)) 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

<u>The shareholder</u>	<u>No. of shares</u>	<u>Share capital</u>
ALAMAT International Company Limited	60,000	600,000
Osool Impact for Communication and Technology (“Impact46”)	40,000	400,000
	100,000	1,000,000

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:

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.

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9. SHARE CAPITAL (CONTINUED)

The distribution of the share capital as at 31 December 2020 and 31 March 2021 is as follows:

<u>The shareholder</u>	<u>Number of shares</u>	<u>Share capital</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.

Cancelation of the interest-free loan agreement and promise of sale

On 18 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.

10. RELATED PARTY TRANSACTIONS AND BALANCES

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 of affiliates. These transactions are carried out in accordance with the terms specified with the related parties. Transaction values during the period and balances arising from such transactions are as follows:

a) Significant related party transactions

31 March 2021

<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	An affiliate	Collection on behalf	659,577
Tharwa Holding Company	An affiliate	Revenue from contracting	226,986
Talal Al Arifi	Shareholder of subsidiary	Leases and services	714,198
Wondereight Agency for Advertising	An affiliate	Expenses paid on behalf of a subsidiary	266
		Advertisement and publicity services	611,800
		Payments on behalf of the Group	517
ALAMAT International Company Limited	A shareholder	Purchases	81,277
		Expenses paid on behalf of shareholder	2,760
Dar Al Fikrah Al-Mumaiyazah	An affiliate	Construction services	942,370
Halalah International Company	A company owned by Vice CEO	Logistics services	2,780,863
		Collection on behalf	2,335,435

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10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

31 March 2020

<u>Related party</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>Amount of transaction</u>
Wondereight Agency for Advertising	An affiliate	Advertisement and publicity services	262,500
ALAMAT International Company Limited		Payments on behalf of the Group	70,093,052
	A shareholder	Purchases	1,226,501
		Expenses paid on behalf of shareholder	5,797,803
Tharwa Holding Company	An affiliate	Leases and services	24,544
Halalah International Company	A company owned by Vice CEO	Logistics services	1,583,243
		Collection on behalf	3,378,996

b) Due from related parties

	31 March 2021	31 December 2020
Tharwa Holding Company	55,836	55,836
ALAMAT International Company Limited	--	1,855,127
(Impairment loss on due from related parties)	--	(1,855,127)
Halalah International Company	--	--
Triple Preparation Company Ltd.	434,000	434,000
	489,836	489,836

c) Due to related parties

	31 March 2021	31 December 2020
ALAMAT International Company Limited	15,901,255	15,904,046
Dar Al Fikrah Al-Mumaiyazah	357,300	357,300
Halalah International Company	134,984	54,671
The Eight Creations Agency for Advertising	266,800	781,137
Osool Impact for Communication and Technology ("Impact46")	10,400,000	10,400,000
Al Joudah Al-Mahaliyah Limited Company	37,770	43,580
Abdulaziz Alomran	36,000	36,000
Talal Al Arifi	1,044	777
	27,135,153	27,577,511

	31 March 2021	31 March 2020
Key management personnel compensations, wages and salaries	1,169,985	502,741

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11. EMPLOYEES' BENEFITS OBLIGATIONS

The Group has a post-employment defined benefit plan. The benefits are required by Saudi Labor and 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.

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 or loss	1,975,127
Re-measurement loss 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	--
Current service cost	437,455
Amount recognized in profit or loss	437,455
Re-measurements gains recognized in other comprehensive income	--
Benefits paid during the period	(7,548)
Defined benefit obligation at 31 March 2021	3,566,863

12. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March 2021	31 December 2020
Accrued expense	19,593,616	9,029,981
Third party deposits	18,885,021	18,431,509
Accrued employees' benefits	5,774,565	7,232,114
	44,253,202	34,693,604

13. REVENUE

	For the three-month period ended 31 March	
	2021	2020
Revenue from delivery fees	142,515,707	41,826,848
Revenue from commissions	80,165,522	19,914,322
Revenue from e-payment fees	11,882,955	2,201,900
Advertising and marketing revenues	7,274,617	225,600
Other income	1,448,861	578,986
	243,287,662	64,747,656

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14. COST OF REVENUE

	For the three-month period ended 31 March	
	2021	2020
Cost of delivery	157,377,219	40,637,415
Customer compensation	2,795,477	1,668,293
Salaries, wages and employees' benefits	9,435,745	4,147,117
Bank charges	10,380,398	3,629,443
Consumables	1,792,693	404,424
Network servers	1,408,438	450,843
Platform services	201,352	89,726
Depreciation and amortization	403,614	227,849
Others	64,181	14,871
	183,859,117	51,269,981

15. MARKETING & ADVERTISING EXPENSES

	For the three-month period ended 31 March	
	2021	2020
Advertising and publicity	16,471,071	4,892,505
Salaries, wages and employee benefits	2,898,758	1,199,579
Promotions	5,840,480	714,983
	25,210,309	6,807,067

16. GENERAL AND ADMINISTRATIVE EXPENSES

	For the three-month period ended 31 March	
	2021	2020
Salaries, wages and employee benefits	2,234,957	730,715
Depreciation and amortization	761,194	454,948
Professional fees	530,335	197,150
Missions, maintenance and operation	356,718	287,283
Others	1,355,154	430,863
	5,238,358	2,100,959

17. BASIC AND DILUTED EARNINGS PER SHARE

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

	For the three-month period ended 31 March	
	2021	2020
Profit for the period	26,337,934	2,406,249
Weighted average number of shares *	500,000	100,000
	52.7	24.1

* The weighted average number of shares for the period ended 31 March 2020 has been adjusted retrospectively to reflect the impact of the share fragmentation (Note 9).

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18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group has capital commitments wiche represent capital construction works for the Group's headquarters in the amount of SAR 203 thousand as at 31 March 2021 (31 December 2020: SAR 1 million).

The Group has contingent contractual commitments represent wiche commitments to provide advertising services with Al Hilal Saudi Club for a period of five sports seasons ending in 2024, with a value of SR 78 million as at 31 March 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.

19. REPORTING SEGMENTS

On the date of the condensed consolidated interim financial statements for the period ended 31 March 2021, the Group is mainly involved in delivery services in the Kingdom of Saudi Arabia. All the Group's assets and liabilities are allocated to this segment.

20. 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, 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.

21. SUBSEQUENT EVENTS

On 15 Shawwal 1442H (corresponding to 27 May 2021), the Extraordinary General Assembly for shareholders has approved the Board of Directors' resolution to increase the share capital to SAR 96 million by the issue of new shares against transferring SAR 63.5 million from retained earnings, SAR 26 million from due to related parties accounts (shareholders) and SAR 1.5 million from the statutory reserve account.

On July 4, 2021, Jahez International Group for Information Systems Technology signed a long-term lease contract with Theeb Rent a Car Company to supply vehicles for a period of 4 years, at an amount of SR 48.72 million.

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21. SUBSEQUENT EVENTS (CONTINUED)

On 9 July 2021, corresponding to 28 Shawwal 1442H, the extraordinary general assembly of shareholders approved the decision of the board of directors to increase the share capital to become SR 104,918,030 by issuing 891,803 new shares with a nominal value of SR 10 per share, all of which are ordinary shares in exchange for cash shares to be offered to new shareholders for public subscription. The legal formalities required to enforce the increase of the share capital are still in progress as at the date of issuing the financial statements.

22. APPROVAL OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 5 Safar 1443 H (Corresponding to: 12 September 2021)