JAHEZ INTERNATIONAL COMPANY
FOR INFORMATION SYSTEMS TECHNOLOGY
(A Saudi Closed Joint Stock Company)
Consolidated Financial Statements
For the year ended 31 December 2020
together with the
Independent Auditor's Report

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
For the year ended 31 December 2020

Index

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Commercial Registration No 1010425494

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

To the Shareholders of Jahez International Company for Information Systems Technology

Opinion

We have audited the consolidated financial statements of Jahez International Company for Information Systems Technology, (a Saudi Closed Joint Stock Company) ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

Basis for Opinion

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

Emphasis of Matter - Comparative figures

We draw attention to Note (4) to the accompanying financial statements, which indicates that the comparative figures presented as at 31 December 2019 have been restated. Our opinion is not modified in respect of this matter.

Other matter - Related to the comparative figures

The financial statements for the year ended 31 December 2019, excluding restatements referred to in Note (4), have been audited by another auditor who expressed an unmodified opinion on those financial statements on 5 Ramadan 1441H (corresponding to 28 April 2020).

As part of our audit of the financial statements as at and for the year ended 31 December 2020, we have also audited the restatements set out in Note (4) that have been applied to restate the comparative figures presented as at 31 December 2019. We have not engaged to audit, review or apply any procedures related to the financial statements as at 31 December 2019, except those related to the restatements referred to in Note (4). Accordingly, we do not express an opinion, conclusion or any form of assurance on the financial statements of the Company as at 31 December 2019 as a whole. However, in our opinion the restatements mentioned in Note (4) are appropriate and were properly applied.

Independent Auditor's Report

To the Shareholders of Jahez International Company for Information Systems Technology (Continued)

Responsibilities of Management and Those Charge with Governance for the Consolidated Financial Statements

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

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

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

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

KPMG Professional Services

Fahad Mubark Aldossari
License No 469

Riyadh on: 27 Ramadan 1442H
Corresponding to: 9 May 2021

كي . بي . إم . جي للاستشارات المهنية
Lic No. 46
C.R. 1010425494
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ترخيص رقم ٤٦
س.ت: ١٠١٠٤٢٥٤٩٤
KPMG Professional Services

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Financial Position
As at 31 December 2020
(Saudi Riyals)

	Note	31 December 2020	31 December 2019 (Restated – Note 4)	1 January 2019 (Restated – Note 4)
Assets				
Non-current assets				
Property and equipment	6	**6,133,853**	3,037,694	1,432,833
Intangible assets	7	**4,136,555**	3,850,503	3,739,033
Right-of-use assets	8	**6,904,777**	6,047,972	4,577,965
Total non-current assets		**17,175,185**	12,936,169	9,749,831
Current assets				
Inventory		**94,171**	43,313	101,232
Trade receivables	9	**4,473,526**	6,807,033	6,053,947
Prepayments and advances	10	**4,010,217**	718,031	216,714
Due from related parties	18-a	**489,836**	297,954	898,735
Cash and cash equivalents	11	**205,723,956**	38,992,377	20,832,064
Total current assets		**214,791,706**	46,858,708	28,102,692
Total assets		**231,966,891**	59,794,877	37,852,523
EQUITY AND LIABILITIES				
Equity				
Share capital	12	**5,000,000**	1,000,000	1,000,000
Statutory reserve	13	**1,500,000**	300,000	300,000
Retained earnings		**37,549,639**	(1,229,531)	5,294,677
Equity attributable to shareholders of the Parent Company		**44,049,639**	70,469	6,594,677
Non-controlling interests		**1,406,870**	--	--
Total equity		**45,456,509**	70,469	6,594,677
Liabilities				
Non-current liabilities				
Non-current portion of lease liabilities on right-of-use assets	8	**5,335,940**	4,623,812	3,680,181
Employees' benefits obligations	14	**3,136,956**	1,482,598	541,543
Total non-current liabilities		**8,472,896**	6,106,410	4,221,724
Current labilities				
Collections due to customers	15	**105,893,874**	30,497,130	17,943,136
Current portion of lease liabilities on right-of-use assets	8	**1,349,224**	1,009,835	507,556
Short-term loans	16	**--**	3,000,000	--
Trade payables		**7,382,901**	3,503,040	101,230
Accrued expenses and other current liabilities	17	**34,693,604**	13,160,613	8,219,828
Due to related parties	18-b	**27,577,511**	2,313,549	--
Provision for zakat	19	**1,140,372**	133,831	264,372
Total current liabilities		**178,037,486**	53,617,998	27,036,122
Total liabilities		**186,510,382**	59,724,408	31,257,846
TOTAL EQUITY AND LIABILITIES		**231,966,891**	59,794,877	37,852,523

The accompanying notes 1 through 32 form an integral part of these consolidated financial statements.

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Profit Or Loss and Other Comprehensive income
For the year ended 31 December 2020
(Saudi Riyals)

	Note	31 December 2020	31 December 2019 (Restated – Note 4)
Revenue	20	**459,306,082**	158,528,753
Cost of revenue	21	**(350,779,232)**	(133,034,834)
Gross profit		**108,526,850**	25,493,919
Impairment loss on trade receivables	9	**(464,069)**	(65,810)
Impairment loss on due from related parties	18-a	**(1,855,127)**	(1,968,734)
Marketing & advertising expenses	22	**(49,425,167)**	(20,647,124)
General and administrative expenses	23	**(11,407,602)**	(6,316,796)
Research and development expenses		**(4,923,993)**	(2,565,636)
Other income		**486,122**	19,586
Operation profit / (loss)		**40,937,014**	(6,050,595)
Finance costs		**(305,389)**	(245,428)
Net income / (loss) for the year before Zakat		**40,631,625**	(6,296,023)
Zakat	19	**(1,135,176)**	(128,155)
Net income / (loss) for the year		**39,496,449**	(6,424,178)
Net income / (loss) for the year attributable to:			
Shareholders of the parent company		**39,689,579**	(6,424,178)
Non-controlling interests		**(193,130)**	--
		39,496,449	(6,424,178)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains / (losses) on re-measurement of employees' end-of-service benefits	14	**289,591**	(100,030)
Total other comprehensive income		**289,591**	(100,030)
Total comprehensive income		**39,786,040**	(6,524,208)
Total other comprehensive income attributable to:			
Shareholders of the parent company		**39,979,170**	(6,524,208)
Non-controlling interests		**(193,130)**	--
		39,786,040	(6,524,208)
Earnings per share attributable to shareholders of the Company:			
Basic and diluted earnings per share	25	**231.8**	(64.2)

The accompanying notes 1 through 32 form an integral part of these consolidated financial statements.

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2020
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Non-controlling interests	Total
Balance as at 1 January 2019 (before restatement)	**1,000,000**	**300,000**	**9,695,210**	--	**10,995,210**
Prior year adjustments (Note 4)	--	--	(2,646,818)	--	(2,646,818)
First time adoption of IFRS adjustments (Note 4)	--	--	(1,753,715)	--	(1,753,715)
Balance at 1 January 2019 (restated - Note 4)	**1,000,000**	**300,000**	**5,294,677**	--	**6,594,677**
Net loss for the year (restated - Note 4)	--	--	(6,424,178)	--	(6,424,178)
Other comprehensive income for the year (restated - Note 4)	--	--	(100,030)	--	(100,030)
Total comprehensive income for the year (restated - Note 4)	--	--	(6,524,208)	--	(6,524,208)
Balance as at 31 December 2019 (restated - Note 4)	**1,000,000**	**300,000**	**(1,229,531)**	--	**70,469**
Balance as at 1 January 2020 (restated - Note 4)	**1,000,000**	**300,000**	**(1,229,531)**	--	**70,469**
Net income for the year	--	--	39,689,579	(193,130)	39,496,449
Other comprehensive income for the year	--	--	289,591	--	289,591
Total comprehensive income for the year	--	--	39,979,170	(193,130)	39,786,040
Share capital increase (Note 12)	4,000,000	--	--	--	4,000,000
Transferred to statutory reserve	--	1,200,000	(1,200,000)	--	--
Changes in non-controlling interests	--	--	--	1,600,000	1,600,000
Balance as at 31 December 2020	**5,000,000**	**1,500,000**	**37,549,639**	**1,406,870**	**45,456,509**

The accompanying notes 1 through 32 form an integral part of these consolidated financial statements.

Jahez International Company for Information Systems Technology
(A Saudi Closed Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 31 December 2020
(Saudi Riyals)

	31 December 2020	31 December 2019 (Restated – Note 4)
Cash flows from operating activities:		
Net income / (loss) for the year before zakat	**40,631,625**	(6,296,023)
Adjustments to reconcile net income / (loss) for the year to cash flows generated from operating activities:		
Impairment loss on trade receivables	**464,069**	65,810
Impairment loss on due from related parties	**1,855,127**	1,968,734
Depreciation and amortization	**3,175,702**	2,269,188
Employees' benefits	**1,975,127**	841,025
Finance costs	**305,389**	245,428
Changes in operating assets and liabilities:		
Inventory	**(50,858)**	57,919
Trade receivables	**1,869,438**	(818,896)
Prepayments and advances	**(3,292,186)**	(501,317)
Due from related parties	**(2,047,009)**	(1,367,953)
Collections due to customers	**75,396,744**	12,553,994
Trade payables	**3,879,861**	3,401,810
Accrued expenses and other current liabilities	**21,532,991**	4,940,785
Due to related parties	**29,263,962**	2,313,549
Employees' benefits paid	**(31,178)**	--
Zakat paid	**(128,635)**	(258,696)
Net cash flows generated from operating activities	**174,800,169**	19,415,357
Cash flows from investing activities		
Payments for purchases of property and equipment	**(4,147,582)**	(2,100,890)
Payments for purchase and development of intangible assets	**(1,284,883)**	(1,055,529)
Net cash flows used in investing activities	**(5,432,465)**	(3,156,419)
Cash flows from financing activities		
Changes in non-controlling interests	**1,600,000**	--
Proceeds from loans	**--**	3,000,000
Repayments of loans	**(3,000,000)**	--
Repayment of lease liabilities on right-of-use assets	**(1,236,125)**	(1,098,625)
Net cash flows (used in)/ generated from financing activities	**(2,636,125)**	1,901,375
Net change in cash and cash equivalents	**166,731,579**	18,160,313
Cash and cash equivalents as at the beginning of the year	**38,992,377**	20,832,064
Cash and cash equivalents as at the end of the year	**205,723,956**	38,992,377

Non-cash transactions

Transferred from retained earnings to statutory reserve	**1,200,000**	--
Transferred from due to related parties to share capital	**4,000,000**	--
Right-of-use assets on lease liabilities	**1,982,253**	--
Right-of-use assets on lease liabilities and prepaid rent	**--**	6,877,072

The accompanying notes 1 through 32 form an integral part of these consolidated financial statements.

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 Company operates through its branches and subsidiaries 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 share capital to SR 5 million by transferring SR 4 million from shareholders' payable accounts from the Company to the share 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 share capital amounting to 500,000 shares with a nominal value of SR 10 each (Note 12).

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

			Ownership percentage		
	Legal entity	**Country of incorporation**	**31 December 2020**	**31 December 2019**	**1 January 2019**
Cokitchens	A Limited Liability Company	KSA	60%	--	--
PIK	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.

PIK :

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.

2- BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

These consolidated financial statements first set of the financial statements that are prepared in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia. Accordingly, IFRS 1 "First-time adoption of International Financial Reporting Standards" has been applied in Note (4).

The Group has prepared the financial statements for all previous periods up to and including the year ended 31 December 2019 in accordance with IFRS for Small and Medium-sized Entities as endorsed in the Kingdom of Saudi Arabia issued by SOCPA, other standards and pronouncements, the requirements of the Saudi Arabian Regulations for Companies and the Company's By-Laws, which relate to the preparation and presentation of the financial statements.

The Group has prepared and presented the consolidated financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA ("IFRS").

As part of these requirements, Group has prepared these consolidated financial statements. In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2019; the Company's date of transition, in accordance with IFRS and other standards and pronouncements issued in the Kingdom of Saudi Arabia by SOCPA.

In preparing these consolidated financial statements, IFRS 1 'First-time adoption of International Financial Reporting Standards' has been applied. The Group has consistently applied the accounting policies on all periods presented, as if these policies had always been in effect.

An explanation of how the transition to IFRS has affected the financial position, financial performance and cash flows of the Company's is provided in (Note 4).

2.2 Basis of measurement

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

2.4 New standards and amendments issued but not effective yet

The standards and amendments issued up to the date of issuance of the Group's consolidated financial statements are listed below.

Standards / amendments
Amendments to IFRS 3
Amendments to IAS 1 and IAS 8
Amendments to IFRS 9
Amendments to IAS 39
Amendments to IFRS 7
Amendments to References to Conceptual Framework in IFRS

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

2- BASIS OF PREPARATION (CONTINUED)

2.5 Significant accounting judgments, estimates and assumptions

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

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

Provision for expected credit loss (ECLs) on accounts receivable

The Group uses a model in estimating lifetime ECLs that have not been credit-impaired or credit-impaired based on a change in the credit risk associated with the financial instrument.

Trade receivables are combined based on the 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 preparing these consolidated financial statements are listed below, which are the first consolidated financial statements to be prepared in accordance with the IFRS as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA.

a. Basis of consolidation

a.1 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 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.

a.2 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.

a.3 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.

a.4 Loss of control
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity and any gain or loss is recognized in the statement of profit or loss.

Any interest retained in the former subsidiary is measured at fair value when control is lost.

b. Property and equipment

Property and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss, if any. Cost 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 consolidated statement of profit or loss when incurred.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Years
Tools and equipment's	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 statement of profit or loss prospectively.

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

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

c. Intangible assets

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

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other 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 statement of profit or loss using a straight-line basis over the estimated useful life, which 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 amortized until the asset is available for use.

d. Inventory

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

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

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Cash and cash equivalents

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

f. Fair value measurement

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

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most 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 consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group has determined the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyzes the changes in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies.

For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value for each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments

Classification and measurement of financial assets and financial liabilities
h
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 at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. 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.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (continued)

Impairment of financial assets

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents and 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 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 trade receivables, the Group applies the simplified approach to estimate ECLs.

Impaired financial assets

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

Presentation of impairment

Loss provisions for financial assets are deducted from the gross carrying amount of the assets. Impairment losses related to trade receivables, if any, are presented in the consolidated statement of profit or loss under a separate item.

Financial liabilities

Financial liabilities are classified as measured at 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.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (continued)

Derecognition

Financial assets

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

- 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 consolidated statement of profit or loss.

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

h. Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. 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 Law as defined by the conditions set out in the laws of the Kingdom of Saudi Arabia. The cost of providing the benefits under the defined benefit plan is determined using the projected 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 credit unit method and the liability is recorded based on an actuarial valuation.

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

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

j. Provisions

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

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

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

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

The discount is recognized as finance cost.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k. Contingencies

These are probable obligations arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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 financial statements.

l. Foreign currencies transactions

Transactions denominated in foreign currencies are translated to Saudi Riyals at the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies 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 statement of profit or loss.

m. Revenue recognition

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

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.

<u>Commissions and revenue from delivery services</u>

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.

<u>Advertising and marketing revenues</u>

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.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Revenue recognition (continued)

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

n. Leases

Determining whether an arrangement contains a lease or not depends on the core of the arrangement at its inception date.

The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Group as 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.

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.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Leases (continued)

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

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

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

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

Extension options

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

o. Expenses

Marketing and advertising expenses are those arising from the Group's efforts underlying the marketing functions.

All other expenses, excluding cost of revenue and financial charges, are classified as general and administrative expenses and research and development expenses. Allocations of common expenses between cost of revenue and general and administrative expenses and research and development expenses, when required, are made on a consistent basis.

p. Zakat

Provision for Zakat is calculated at the date of the consolidated statement of financial position in accordance with regulations of the General Authority for Zakat and Tax in the Kingdom of Saudi Arabia ("GAZT").

The resulting provision is recorded in the consolidated statement of profit or loss. Additional Zakat liability, if any, related to prior years' assessments arising from GAZT are recognized in the period in which the final assessments are finalized.

q. 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.

3- SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the ordinary shareholders of the Group by the weighted average number of the ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible debt instruments and share options granted to employees, if any.

s. Statutory reserve

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

(Saudi Riyals)

4- PRIOR YEARS' ADJUSTMENTS AND FIRST-TIME ADOPTION OF IFRS

The accounting policies have been applied in preparing the consolidated financial statements for the year ended 31 December 2020, the comparative information presented in these financial statements and in the preparation of an opening IFRS statement of financial position at 1 January 2019 (the Group's date of transition to IFRS).

In preparing its opening IFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with IFRS for SMEs as endorsed in Kingdom of Saudi Arabia (previous GAAP).

The prior years' errors have also been corrected as shown below.

4.1 Adjustments of the consolidated statement of financial position as at 1 January 2019 (date of transition)

	Note	Balances according to previous GAAP	Reclassification	Correction of prior years' errors	Impact on transition	Balances under IFRS
Assets						
Non-current assets						
Property and equipment	a	1,418,433	--	14,400	--	1,432,833
Projects in progress	b	952,074	(952,074)	--	--	--
Intangible assets	b	3,241,746	952,074	(454,787)	--	3,739,033
Right-of-use assets	c	--	--	--	4,577,965	4,577,965
Total non-current assets		5,612,253	--	(440,387)	4,577,965	9,749,831
Current assets						
Trade receivables	d	8,321,690	(126,148)	(387,880)	(1,753,715)	6,053,947
Prepayments and advances	c, d	606,686	--	256	(390,228)	216,714
Due from related parties	f	772,587	126,148	--	--	898,735
Inventory		101,232	--	--	--	101,232
Cash and cash equivalents		20,832,064	--	--	--	20,832,064
Total current assets		30,634,259	--	(387,624)	(2,143,943)	28,102,692
Total assets		36,246,512	--	(828,011)	2,434,022	37,852,523
EQUITY AND LIABILITIES						
Equity						
Share capital		1,000,000	--	--	--	1,000,000
Statutory reserve		300,000	--	--	--	300,000
Actuarial gains	e	117,467	(117,467)	--	--	--
Retained earnings		9,577,743	117,467	(2,646,818)	(1,753,715)	5,294,677
Total equity		10,995,210	--	(2,646,818)	(1,753,715)	6,594,677
Liabilities						
Non-current liabilities						
Non-current portion of lease liabilities on right-of-use assets	c	--	--	--	3,680,181	3,680,181
Employees' benefits obligations		541,543	--	--	--	541,543
Total non-current liabilities		541,543	--	--	3,680,181	4,221,724
Current labilities						
Current portion of lease liabilities on right-of-use assets	c	--	--	--	507,556	507,556
Trade payables	g, m	18,044,366	(17,943,136)	--	--	101,230
Collections due to customers	g	--	17,943,136	--	--	17,943,136
Accrued expenses and other current liabilities	h, p	6,327,059	73,962	1,818,807	--	8,219,828
Employee accruals	o	73,962	(73,962)	--	--	--
Provision for zakat		264,372	--	--	--	264,372
Total current liabilities		24,709,759	--	1,818,807	507,556	27,036,122
Total liabilities		25,251,302	--	1,818,807	4,187,737	31,257,846
Total equity and liabilities		36,246,512	--	(828,011)	2,434,022	37,852,523

(Saudi Riyals)

4- PRIOR YEARS' ADJUSTMENTS AND FIRST-TIME ADOPTION OF IFRS (CONTINUED)

4.2 Adjustments of the consolidated statement of financial position as at 31 December 2019

	Note	Balances according to previous GAAP	Reclassification	Correction of prior years' errors	Impact on transition	Balances under IFRS
Assets						
Non-current assets						
Property and equipment	a	2,998,252	--	39,442	--	3,037,694
Projects in progress	b	1,609,340	(1,609,340)	--	--	--
Intangible assets	b	2,802,350	1,609,340	(561,187)	--	3,850,503
Right-of-use assets	c	--	--	--	6,047,972	6,047,972
Total non-current assets		7,409,942	--	(521,745)	6,047,972	12,936,169
Current assets						
Inventory		43,313	--	--	--	43,313
Trade receivables	d	9,734,550	(287,954)	(820,038)	(1,819,525)	6,807,033
Prepayments and advances	c, d	1,031,231	--	177,675	(490,875)	718,031
Due from related parties	f	10,000	287,954	--	--	297,954
Cash and cash equivalents		38,992,377	--	--	--	38,992,377
Total current assets		49,811,471	--	(642,363)	(2,310,400)	46,858,708
Total assets		57,221,413	--	(1,164,108)	3,737,572	59,794,877
EQUITY AND LIABILITIES						
Equity						
Share capital		1,000,000	--	--	--	1,000,000
Statutory reserve		300,000	--	--	--	300,000
Actuarial gains	e	17,437	(17,437)	--	--	--
Retained earnings		5,527,445	17,437	(4,878,338)	(1,896,075)	(1,229,531)
Total equity		6,844,882	--	(4,878,338)	(1,896,075)	70,469
Liabilities						
Non-current liabilities						
Non-current portion of lease liabilities on right-of-use assets	c	--	--	--	4,623,812	4,623,812
Employees' benefits obligations		1,482,598	--	--	--	1,482,598
Total non-current liabilities		1,482,598	--	--	4,623,812	6,106,410
Current labilities						
Collections due to customers	g	--	30,497,130	--	--	30,497,130
Current portion of lease liabilities on right-of-use assets	c	--	--	--	1,009,835	1,009,835
Short-term loans		3,015,282	(15,282)	--	--	3,000,000
Trade payables	g, m	30,552,159	(27,049,119)	--	--	3,503,040
Accrued expenses and other current liabilities	h, p	13,228,078	(3,781,695)	3,714,230		13,160,613
Due to related parties	n	1,652,781	660,768	--	--	2,313,549
Employee accruals	o	66,353	(66,353)	--	--	--
Provision for contingent liabilities	p	245,449	(245,449)	--	--	--
Provision for zakat		133,831	--	--	--	133,831
Total current liabilities		48,893,933	--	3,714,230	1,009,835	53,617,998
Total liabilities		50,376,531	--	3,714,230	5,633,647	59,724,408
Total equity and liabilities		57,221,413	--	(1,164,108)	3,737,572	59,794,877

(Saudi Riyals)

4- Prior years' adjustments and first-time adoption of IFRS (continued)

4.3 Adjustments of consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019

	Note	Amounts according to previous GAAP	Reclassifi - cation	Correction of prior years' errors	Impact on transition	Balances as per IFRS
Revenue	q	499,986,248	8,420	(341,465,915)	--	158,528,753
Cost of revenue	q, p	(460,345,274)	(12,662,483)	339,972,923	--	(133,034,834)
Gross profit		39,640,974	(12,654,063)	(1,492,992)	--	25,493,919
Impairment loss on trade receivables	d	--	--	--	(65,810)	(65,810)
Impairment loss on due from related parties		(1,968,734)	--	--	--	(1,968,734)
Marketing & advertising expenses	s	(16,282,278)	(4,203,811)	(161,035)		(20,647,124)
General and administrative expenses	s	(21,687,905)	15,779,724	(577,492)	168,877	(6,316,796)
Research and development expenses	t	--	(2,565,636)	--	--	(2,565,636)
Provision for contingent liabilities	u	(245,449)	245,449	--	--	--
Bank charges	v	(3,406,757)	3,406,757	--	--	--
Other income		28,006	(8,420)	--	--	19,586
Operating loss		(3,922,143)	--	(2,231,519)	103,067	(6,050,595)
Finance costs		--	--	--	(245,428)	(245,428)
Net loss for the year before zakat		(3,922,143)	--	(2,231,519)	(142,361)	(6,296,023)
Zakat		(128,155)	--	--	--	(128,155)
Net loss for the year		(4,050,298)	--	(2,231,519)	(142,361)	(6,424,178)
Other comprehensive income						
Items that will not be reclassified subsequently to profit or loss						
Actuarial loss on re-measurement of employees' end of service benefits		(100,030)	--	--	--	(100,030)
Total other comprehensive income		(100,030)	--	--	--	(100,030)
Total comprehensive income		(4,150,328)	--	(2,231,519)	(142,361)	(6,524,208)

4.4 Consolidated statement of cash flows for the year ended 31 December 2019

The consolidated statement of cash flows for the year ended 31 December 2019 has been restated to reflect the effect of adjustments made during the year as follows:

	Amounts according to previous GAAP	Adjustments	Amounts as per IFRS
For the year ended 31 December 2019			
Net cash flow generated from / (used in)			
Operating activities	18,546,438	868,919	19,415,357
Investing activities	(3,401,407)	244,988	(3,156,419)
Financing activities	3,015,282	(1,113,907)	1,901,375

4- PRIOR YEARS' ADJUSTMENTS AND FIRST-TIME ADOPTION OF IFRS (CONTINUED)

4.5 Notes to the adjustments

a) Correction of previous years' errors relates to calculating the depreciation charge of property and equipment, which resulted in a reversal of depreciation charge of SR 14,400 for the year ended 31 December 2018, and an increase in depreciation charge of SR 13,688 for the year ended 31 December 2019, in addition to the capitalization of previously recognized assets as an expense of SR 53,130 for the year ended 31 December 2019 against retained earnings.

b) Reclassification of projects in progress under intangible assets instead of presenting them separately in the statement of financial position. In addition, the Company has corrected the prior years errors related to derecognition of development expenses that were capitalized under intangible assets such as computer software whose book value amounting to SR 463,861 and SR 871,698 as at 1 January 2019 and 31 December 2019, respectively. In addition to capitalization of expenses of SR 9,074 and SR 310,511 made during the years ended 31 December 2018 and 31 December 2019, respectively, against retained earnings.

c) The application of IFRS 16 'Leases' resulted in the recognition of right-of-use assets in the amounting SR 4,577,965 against a prepaid lease settlement of SR 390,228 and lease liabilities of SR 4,187,737 as at 1 January 2019, and recognition of right-of-use assets in the amount of SR 6,047,972 against a prepaid rent settlement of SR 490,875 and lease liabilities of SR 5,633,647 as at 31 December 2019.

d) Correction of errors related to the write-off of trade receivables of SR 387,880 as at 1 January 2019 and SR 820,038 as at 31 December 2019 against retained earnings. In addition, the Group has applied IFRS 9 'Financial Instruments' to measure the expected credit losses on trade receivables, which resulted in an increase in the allowance for expected credit losses as at 1 January 2019 in the amounting of SR 1,753,715 and SR 1,819,525 as at 31 December 2019 against retained earnings.

e) Reclassification of actuarial gains and losses arising from the remeasurement of employees' benefits to retained earnings rather than presenting them separately in the statement of financial position as at 1 January 2019 and 31 December 2019.

f) Reclassifying an amount of SR 126,148 as at 1 January 2019 and SR 287,954 as at 31 December 2019 under due from related parties instead of classifying it under trade receivable.

g) Reclassification of proceeds due to customers separately in the statement of financial position instead of classifying them under trade payables as at 1 January 2019 and 31 December 2019.

h) Correction of errors for not recognizing an obligation of employees' vacations and bonuses amounting to SR 1,106,752 as at 1 January 2019 and SR 2,120,978 as at 31 December 2019 against retained earnings.

i) Correction of errors for not record accrued service charges of SR 547,870 as at 1 January 2019 and SR 582,894 as at 31 December 2019 against retained earnings.

j) Correction of errors for not recognizing an obligation of discounts granted to customers amounting SR 110,603 as at 1 January 2019 and SR 703,864 as at 31 December 2019 against retained earnings.

k) Correction of errors for calculating the value-added tax liability for SR 53,326 as at 1 January 2019 and SR 293,810 as at 31 December 2019 against retained earnings.

l) Correction of errors for not calculating the withholding tax provision of SR 285,931 as at 31 December 2019 against retained earnings.

m) Reclassifying an amount of SR 3,448,011 under trade payables instead of classifying it under accrued expenses and other current liabilities as at 31 December 2019.

4- PRIOR YEARS' ADJUSTMENTS AND FIRST-TIME ADOPTION OF IFRS (CONTINUED)

n) Reclassifying an amount of SR 660,768 under due to related parties instead of classifying it under accrued expenses and other current liabilities as at 31 December 2019.

o) Reclassification of employees' accruals under accrued expenses and other current liabilities instead of classifying them separately in the statement of financial position as at 1 January 2019 and 31 December 2019.

p) Reclassification of provisions related to withholding tax of SR 245,449 under accrued expenses and other current liabilities instead of being classified separately in the statement of financial position as at 31 December 2019.

q) Correction of errors in the revenue recognition policy related to the principal and agent considerations, as the Group previously recognized the revenue related to the delivery service and the costs related to it in total as a principal instead of recognizing the amount of consideration due in the form of the commission against performance obligations, resulted is a reduction in revenue and cost by the same amount of SR 341,465,915. The Group has also reclassified an amount of SR 8,420 from other income.

r) Reclassification of the cost of customer compensation related to canceled orders under the cost of revenue in the amount of SR 1,323,916 instead of selling and marketing expenses. In addition to reclassifying expenses from general and administrative expenses in the amount of SR 7,686,361 and SR 3,652,206 from bank charges and provision for contingent liabilities. In addition to correcting errors related to the commitment of the discounts granted, which resulted in an increase in the cost of revenue by SR 593,261. Furthermore, the accrual of expenses errors were also corrected, which resulted in an increase in the cost of revenue by SR 899,731.

s) Correction of errors related to the write-off of trade receivables amounting to SR 432,159, in addition to correction accrual of expenses errors that resulted in an increase in general and administrative expenses by SR 145,331 and advertising expenses of SR 161,035 during the year ended 31 December 2019 against retained earnings.

t) Reclassification of research and development expenses separately in the statement of profit or loss instead of being presented under general and administrative expenses.

u) Reclassification of withholding tax provision expense to cost of revenue instead of being presented separately in the statement of profit or loss.

v) Reclassification of banks charges to cost of revenue instead of being presented separately in the statement of profit or loss.

(Saudi Riyals)

5- ACQUISITION OF SUBSIDIARY

Acquisition of interests of Joint Preparation Company for Meals

On 20 July 2020, the Group acquired controlling interests of 60% of the interests and voting rights of Cokitchens (the "subsidiary") against capital increase of the subsidiary, as the acquisition agreement stipulates the adjustment of the interests in the capital of the acquired company directly.

As the Group has control over the subsidiary, its financial statements have been consolidated within these consolidated financial statements.

The Co kitchens is engaged in the food service activities.

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

Assets	**20 July 2020**
Leasehold improvements	496,500
Right-of-use assets	1,955,657
Prepayments and other receivables	326,209
Cash at banks	36,164
Total assets	**2,814,530**
Liabilities	
Lease liabilities on right-of-use assets	1,870,716
Due to related parties	939,500
Trade payables	20,281
Total liabilities	2,830,497
Identifiable net assets at acquisition date	**(15,967)**
Result of the acquisition	
Consideration transferred to acquisition and capital increase	2,400,000
Share of identifiable net assets	(9,580)

The book value of the net assets acquired approximates their fair value at the acquisition date.

The consideration transferred is the consideration of acquiring a share representing 60% of the paid-in capital at the acquisition date, and then increasing the capital of the subsidiary to become SR 4 million, of which the Group's share is SR 2.4 million, representing 60% of the total paid-up and additional capital. There is no goodwill as a result of the acquisition.

(Saudi Riyals)

6- PROPERTY AND EQUIPMENT

	Tools and equipment's	Computers	Furnitures & fixtures	Electrical machines	Central kitchens	Decorations and leasehold improvements	Project under construction	Total
Cost								
Balance as at 1 January 2019	80,989	377,727	792,986	263,567	--	146,159	--	1,661,428
Additions	19,892	411,009	574,492	294,800	--	800,697	--	2,100,890
Balance as at 31 December 2019	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**
Accumulated depreciation:								
Balance as at 1 January 2019	13,818	68,748	67,010	42,481	--	36,538	--	228,595
Depreciation for the year	22,160	143,960	99,100	95,086	--	135,723	--	496,029
Balance as at 31 December 2019	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**
Net book value:								
31 December 2020	**44,676**	**990,616**	**1,085,232**	**317,823**	**1,134,807**	**1,758,707**	**801,992**	**6,133,853**
31 December 2019	64,903	576,028	1,201,368	420,800	--	774,595	--	3,037,694
1 January 2019	67,171	308,979	725,976	221,086	--	109,621	--	1,432,833

(Saudi Riyals)

7- INTANGIBLE ASSETS

	Software	Project under construction	Total
Cost			
Balance at 1 January 2019	3,701,007	961,148	4,662,155
Additions	174,140	881,389	1,055,529
Balance at 31 December 2019	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**
Accumulated amortization			
Balance at 1 January 2019	923,122	--	923,122
Amortization for the year	944,059	--	944,059
Balance at 31 December 2019	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**
Net book value			
31 December 2020	**1,323,516**	**2,813,039**	**4,136,555**
31 December 2019	2,007,966	1,842,537	3,850,503
1 January 2019	2,777,885	961,148	3,739,033

8- RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets as at 1 January 2020	6,047,972
Additions	1,982,253
Amortization for the year	(1,125,448)
Balance at the end of the year	**6,904,777**
Minimum lease payments as at 1 January 2020	5,633,647
Repayment made during the year	(1,236,125)
Additions	1,982,253
Interest on lease liabilities	305,389
Balance at the end of the year	**6,685,164**
Amounts recognized in the statement of profit or loss for the year ended 31 December 2020	
Amortization of right-of-use assets	1,125,448
Interest expense on lease liabilities	305,389
Lease liabilities recognized in the statement of financial position as at 31 December 2020	
Current	1,349,224
Non-current	5,335,940
Total lease liabilities under right-of-use assets	**6,685,164**

(Saudi Riyals)

9- TRADE RECEIVABLES

	31 December 2020	31 December 2019	1 January 2019
Trade receivables	**6,757,120**	8,626,558	7,807,662
Less: provision for impairment loss on trade receivables	**(2,283,594)**	(1,819,525)	(1,753,715)
	4,473,526	6,807,033	6,053,947

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

	31 December 2020	31 December 2019	1 January 2019
Balance at beginning of the year	**1,819,525**	1,753,715	--
Provided during the year	**464,069**	65,810	1,753,715
	2,283,594	1,819,525	1,753,715

10- PREPAYMENTS AND ADVANCES

	31 December 2020	31 December 2019	1 January 2019
Prepayments	**3,612,260**	621,063	140,554
Staff advances and custodies	**397,957**	96,968	76,160
	4,010,217	718,031	216,714

11- CASH AND CASH EQUIVALENTS

	31 December 2020	31 December 2019	1 January 2019
Current accounts with banks	**205,247,832**	38,892,782	19,934,524
Cash in hand	**476,124**	99,595	897,540
	205,723,956	38,992,377	20,832,064

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

12- 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 share capital of SR 1 million divided into 1,000 shares, with a value of SR 1,000 each. The breakdown of the capital structure as at 31 December 2019 and 1 January 2019 is as follows:

The shareholder	No. of shares	31 December 2019	1 January 2019
ALAMAT International Company Limited	990	990,000	990,000
Mishaal Salman bin Mandeel	10	10,000	10,000
	1,000	1,000,000	1,000,000

(Saudi Riyals)

12. SHARE CAPITAL (CONTINUED)

Capital structure adjustment

On 7 September 2020, the Company's shareholders made an amendment to the Articles of Association with the entry of a new shareholder (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:

The shareholder	**No. of shares**	**Share capital**
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

The shareholder	**No. of shares**	**Share capital**
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.

(Saudi Riyals)

12. SHARE CAPITAL (CONTINUED)

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

The shareholder	Number of shares	Share capital
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.

13- STATUTORY RESERVE

In accordance with the Regulations for Companies in Kingdom of Saudi Arabia and the Company's Articles of Association, the Group establishes a statutory reserve by the appropriation of 10% of net income until such reserve equals to 30% of the share capital.

The statutory reserve is not available for distribution to the shareholders.

14- 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.

a) *Changes in the present value of defined benefit obligation*

Defined benefit obligation at 1 January 2019	**541,543**
Interest cost	16,959
Current service cost	824,066
Amount recognized in profit or loss	841,025
Re-measurement loss recognized in other comprehensive income	100,030
Benefits paid during the year	--
Defined benefit obligation at 31 December 2019	**1,482,598**
Interest cost	42,995
Current service cost	1,932,132
Amount recognized in profit or loss	1,975,127
Re-measurements gains recognized in other comprehensive income	(289,591)
Benefits paid during the year	(31,178)
Defined benefit obligation at 31 December 2020	**3,136,956**

(Saudi Riyals)

14- EMPLOYEES' BENEFITS OBLIGATIONS (CONTINUED)

b) Sensitivity analysis

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

	31 December 2020	31 December 2019	1 January 2019
Discount rate	2,9%	3,47%	4,52%
Future salary increases	3%	2,50%	2,50%

A quantitative sensitivity analysis for significant assumptions as at 31 December 2020, 31 December 2019 and as at 1 January 2019 is shown below:

	Discount rate	
	Increase by 1%	Decrease by 1%
Defined benefits obligations as at 31 December 2020	**2,759,931**	**3,597,236**
Defined benefits obligations as at 31 December 2019	1,336,422	1,647,752
Defined benefits obligations as at 1 January 2019	527,779	555,844

	Salary escalation rate	
	Increase by 1%	Decrease by 1%
Defined benefits obligations as at 31 December 2020	**3,604,530**	**2,746,698**
Defined benefits obligations as at 31 December 2019	1,647,701	1,333,757
Defined benefits obligations as at 1 January 2019	555,988	527,377

The sensitivity analysis above has been based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

15- COLLECTIONS DUE TO CUSTOMERS

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

16- SHORT-TERM LOANS

During 2019, the Group obtained a short-term loan from a local bank at an interest rate of SIBOR +4% to finance its working capital requirements. The loan was repaid during 2019.

17- ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2020	31 December 2019	1 January 2019
Accrued expense	**9,029,981**	2,796,467	1,858,037
Third party deposits	**18,431,509**	8,158,365	5,171,429
Accrued employees' benefits	**7,232,114**	2,205,781	1,190,362
	34,693,604	13,160,613	8,219,828

(Saudi Riyals)

18- RELATED PARTY TRANSACTIONS

In the ordinary course of its business, the Group, transacts with the shareholders of the Group and the affiliate companies, owned by the shareholders and the key management personnel, as the Group enters into contracts to obtain services and pay the expenses on behalf affiliate companies.

These transactions are carried out in accordance with the terms specified with the related parties. The following table shows the value of the transactions during the year and the resulting balances:

Significant related party transactions

31 December 2020

Related party	Nature of Relationship	Nature of Transaction	Amount of transaction
Al Joudah Al-Mahaliyah Limited Company	An affiliate company	Collection on behalf of revenue from contracting	987,050
			148,086
Wondereight Agency for Advertising	An affiliate company	Advertisement services	5,950,806
Osool Impact for Communication and Technology (“Impact46”)	A shareholder	Financing the activities of the Group	30,000,000
		Expenses paid on behalf of Shareholder	225,000
Abdulaziz Alomran	Director	Financing the activities of the subsidiary	300,000
Talal Al Arifi	An owner in a subsidiary	Expenses paid on behalf of a subsidiary	777
Triple Preparation Company Ltd.	An affiliate company	Accrued contributions in capital	434,000
Tharwa Holding Company	An affiliate company	Leases and maintenance services	974,144
ALAMAT International Company Limited	A shareholder	Collection on behalf of the Group	119,642,516
		Financing the Groups' activities	15,600,000
		Purchases	3,647,551
		Expenses paid on behalf of the Group	1,233,705
		Expenses paid on behalf of shareholder	137,160
Dar Al Fikrah Al-Mumaiyazah	An affiliate company	Construction services	1,019,092
Halalah International Company	A company owned by Vice CEO	Logistics services	10,272,163
		Collection on behalf of the Group	10,909,864

(Saudi Riyals)

18- RELATED PARTY TRANSACTIONS (CONTINUED)

31 December 2019

Related party	Nature of Relationship	Nature of Transaction	Amount of transaction
Mishaal Salman bin Mandeel	A shareholder	Advisory services	240,000
ALAMAT International Company Limited	A shareholder	Collection on behalf of the Group	239,248,070
Tharwa Holding Company	An affiliate company	Leases contracts	888,250
Dar Al Fikrah Al-Mumaiyazah	An affiliate company	Construction services	2,252,603
Halalah International Company		Logistics services	5,129,643
	A company owned by Vice CEO	Collection on behalf of the Group	17,315,723

1 January 2019

Related party	Nature of Relationship	Nature of Transaction	Amount of transaction
Mishaal Salman bin Mandeel	A shareholder	Advisory services	120,000
ALAMAT International Company Limited	A shareholder	Collection on behalf of the Group	336,243,756
Tharwa Holding Company	An affiliate company	Leases contract	21,192
Halalah International Company	A company owned by Vice CEO	Logistics services	831,208
		Collection on behalf of the Group	3,728,642

a) Due from related parties

	31 December 2020	31 December 2019	1 January 2019
Mishaal Salman bin Mandeel	--	10,000	10,000
Tharwa Holding Company	**55,836**	--	21,192
ALAMAT International Company Limited	**1,855,127**	1,968,734	741,395
(Impairment loss on due from related parties)	**(1,855,127)**	(1,968,734)	--
Halalah International Company	--	287,954	126,148
Triple Preparation Company Ltd.	**434,000**	--	--
	489,836	297,954	898,735

(Saudi Riyals)

18- RELATED PARTY TRANSACTIONS (CONTINUED)

b) Due to related parties

	31 December 2020	31 December 2019	1 January 2019
ALAMAT International Company Limited	**15,904,046**	1,484,847	--
Tharwa Holding Company	--	167,933	--
Dar Al Fikrah Al-Mumaiyazah	**357,300**	660,769	--
Halalah International Company	**54,671**	--	--
Wondereight Agency for Advertising	**781,137**	--	--
Osool Impact for Communication and Technology ("Impact46")	**10,400,000**	--	--
Al Joudah Al-Mahaliyah Limited Company	**43,580**	--	--
Abdulaziz Alomran	**36,000**	--	--
Talal Al Arifi	**777**	--	--
	27,577,511	2,313,549	--

	31 December 2020	31 December 2019
Key management personnel compensations, wages and salaries	**2,734,093**	1,524,295

19- ZAKAT

a) Zakat status

The Company and its subsidiaries file their Zakat returns independently based on the financial statements of each company.

Therefore, Zakat base is identified, and Zakat is calculated for the Company and its subsidiaries independently.

Total estimated Zakat is presented in the consolidated statement of profit or loss of the Group.

Jahez International Company for Information Systems Technology

The Company filed its Zakat returns for all the years up to and including year ended 31 December 2019 to the General authority of zakat and tax (GAZT).

The Company received the Zakat certificate valid up to 18 Ramadan 1441H (corresponding to 30 April 2020). On 1 March 2021, the Company received the Zakat assessment for the year ended 31 December 2019, and paid the amount due. The Company is still awaiting the assessments from GAZT for the remaining years.

Subsidiaries

Since the subsidiaries were incorporated during the year ended 31 December 2020, the subsidiaries have not submitted any returns for previous years.

(Saudi Riyals)

19- ZAKAT (CONTINUED)

b) Zakat base

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

	For the year ended 31 December	
	2020	2019
Adjusted net income	**45,407,044**	(766,906)
Add:		
Share capital	**1,000,000**	1,000,000
Statutory reserve	**300,000**	300,000
(Accumulated losses) / retained earnings	**(1,229,535)**	9,577,743
Lease liabilities	**4,897,232**	--
Due to related parties	**2,313,549**	--
Provisions	**3,276,141**	613,572
Loans	--	1,652,781
Less:		
Property and equipment	**3,729,035**	2,998,252
Intangible assets	**4,136,555**	4,411,690
Right-of-use assets	**5,038,137**	--
Investment in subsidiaries	**2,400,000**	--
Total	**(4,746,340)**	5,734,154
Zakat base	**40,660,704**	4,967,248
Zakat charge	**1,135,176**	128,155
Subsidiaries Zakat charge	--	--

c) Provision for Zakat

Movement in Zakat provision is as follows:

	31 December 2020	31 December 2019	1 January 2019
Balance at the beginning of the year	**133,831**	264,372	--
Provision	**1,135,176**	128,155	264,372
Paid	**(128,635)**	(258,696)	--
Balance at the end of the year	**1,140,372**	133,831	264,372

20- REVENUE

	For the year ended 31 December	
	2020	2019
Revenue from delivery fees	**285,457,189**	104,296,546
Revenue from commissions	**150,200,857**	47,209,660
Revenue from e-payment fees	**11,159,250**	4,809,661
Advertising and marketing revenues	**8,192,794**	825,000
Other revenue	**4,295,992**	1,387,886
	459,306,082	158,528,753

(Saudi Riyals)

21- COST OF REVENUE

	For the year ended 31 December	
	2020	2019
Cost of delivery	**293,140,879**	105,397,656
Customer compensation	**13,035,542**	4,473,414
Salaries, wages and employees' benefits	**21,316,181**	11,853,829
Bank charges	**12,291,535**	7,831,957
Consumables	**4,970,564**	1,041,788
Network servers	**4,119,904**	1,110,308
Depreciation and amortization	**1,058,699**	913,901
Platform services	**611,095**	379,652
Others	**234,833**	32,329
	350,779,232	133,034,834

22- MARKETING & ADVERTISING EXPENSES

	For the year ended 31 December	
	2020	2019
Advertising and publicity	**38,381,894**	15,994,448
Salaries, wages and employees' benefits	**6,134,223**	2,735,499
Promotions	**4,909,050**	1,917,177
	49,425,167	20,647,124

23- GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2020	2019
Salaries, wages and employees' benefits	**3,736,618**	1,823,666
Depreciation and amortization	**2,117,003**	1,355,288
Professional fees	**1,011,097**	756,943
Maintenance and operation	**1,271,475**	566,229
Others	**3,271,409**	1,814,670
	11,407,602	6,316,796

24- FINANCIAL INSTRUMENTS

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

The Board of Directors is responsible for risk management. Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, trade receivables, due from/to related parties, other current assets, trade payables, accrued expenses, other current liabilities, and proceeds due to customers.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Financial asset and liability is offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the assets and liabilities simultaneously.

a. Market risk

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

a.1 Currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars.

The Saudi Riyal is pegged to the US Dollar. The management closely and continuously monitors the exchange rate fluctuations.

a.2 Interest rate risk

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

The Group does not expose to interest rate risks which are mainly arise from its borrowings and short-term deposits, as they are made at fixed rate of interest and are not subject to re-pricing on a regular basis.

b. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

The Group is exposed to credit risk from trade receivables, cash and cash equivalents, prepayments and advances and due from related parties.

	31 December 2021	31 December 2019	1 January 2019
Trade receivables	**4,473,526**	6,807,033	6,053,947
Prepayments and advances	**4,010,217**	718,031	216,714
Due from related parties	**489,836**	297,954	898,735
Cash and cash equivalents	**205,723,956**	38,992,377	20,832,064
	214,697,535	46,815,395	28,001,460

(Saudi Riyals)

24- FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amount of financial assets represents the maximum credit exposure. Aging of trade receivables

	31 December 2020		31 December 2019		1 January 2019	
	Balance	**Impairment**	Balance	Impairment	Balance	Impairment
0 to 90 days	**2,433,623**	--	4,229,354	--	5,280,584	474,249
91 to 180 days	--	--	--	--	1,274,732	520,119
181 to 270 days	--	--	274,725	88,784	1,064,484	645,435
271 to 361 days	**31,306**	**13,698**	1,705,473	674,102	187,862	113,912
More than 361 days	**4,292,191**	**2,269,896**	2,417,006	1,056,639	--	--
Total	**6,757,120**	**2,283,594**	8,626,558	1,819,525	7,807,662	1,753,715

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

The Board of Directors closely and continuously monitors the liquidity risk by performing regular review of available funds, present and future commitments, operating and capital expenditure. Moreover, the Group monitors the actual cash flows and seeks to match the maturity dates with its financial assets and liabilities.

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

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

31 December 2020	Less than one year	After one year but not more than 5 years	More than 5 years	Total contracted cashflows	Carrying amount
Collections due to customers	105,893,874	--	--	105,893,874	105,893,874
Lease liabilities	1,508,833	5,241,501	742,500	7,492,834	6,685,164
Trade payables	7,382,901	--	--	7,382,901	7,382,901
Accrued expenses and other current liabilities	34,693,604	--	--	34,693,604	34,693,604
Due to related parties	27,577,511	--	--	27,577,511	27,577,511
	177,056,723	5,241,501	742,500	183,040,724	182,233,054

(Saudi Riyals)

24- FINANCIAL INSTRUMENTS (CONTINUED)

c. Liquidity risk (continued)

31 December 2019	Less than one year	After one year but not more than 5 years	More than 5 years	Total contracted cashflows	Carrying amount
Collections due to customers	30,497,130	--	--	30,497,130	30,497,130
Lease liabilities	1,434,125	6,304,834	990,000	8,728,959	5,633,647
Short-term loans	3,000,000	--	--	3,000,000	3,000,000
Trade payables	3,503,040	--	--	3,503,040	3,503,040
Accrued expenses and other current liabilities	13,160,613	--	--	13,160,613	13,160,613
Due to related parties	2,313,549	--	--	2,313,549	2,313,549
	53,908,457	6,304,834	990,000	61,203,291	58,107,979

1 January 2019	Less than one year	After one year but not more than 5 years	More than 5 years	Total contracted cashflows	Carrying amount
Collections due to customers	17,943,136	--	--	17,943,136	17,943,136
Lease liabilities	677,875	3,513,583	748,000	4,939,458	4,187,737
Trade payables	101,230	--	--	101,230	101,230
Accrued expenses and other current liabilities	8,219,828	--	--	8,219,828	8,219,828
	26,942,069	3,513,583	748,000	31,203,652	30,451,931

25- BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income/(loss) for the year attributable to the Group's ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is the same as basic earnings per share as the Group has no diluted financial instruments.

	For the year ended 31 December	
	2020	2019
Net income / (loss)	**39,689,579**	(6,424,178)
Weighted average number of shares *	**171,233**	100,000
	231.8	(64.2)

* The weighted average number of shares has been adjusted retrospectively to reflect the impact of the share split and capital structure adjustment (Note 12).

(Saudi Riyals)

26- CAPITAL MANAGEMENT

The policy of the Board of Directors is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the Group.

The Group manages its capital structure and makes adjustments to it, in light of change in economic conditions.

The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total equity.

The Board of Directors also monitors the level of dividends.

There were no changes in the Group's approach to capital management during the year.

The Group does not subject to externally imposed capital requirements.

The Group's debt to equity ratio at the end of the reporting period was as follows:

	31 December 2020	31 December 2019	1 January 2019
Total liabilities	**186,510,382**	59,724,408	31,257,846
Less: cash and cash equivalents	**(205,723,956)**	(38,992,377)	(20,832,064)
Net debt	**(19,213,574)**	20,732,031	10,425,782
Total equity	**45,456,509**	70,469	6,594,677
Net debt to equity ratio	**(42%)**	29420%	158%

(Saudi Riyals)

27- FAIR VALUE MEASUREMENT

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

	31 December 2020						
	Carrying amount			Fair value			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost							
Trade receivables	4,473,526	--	4,473,526	--	--	--	--
Prepayments and advances	4,010,217	--	4,010,217	--	--	--	--
Cash and cash equivalents	205,723,956	--	205,723,956	--	--	--	--
	214,207,699	--	214,207,699	--	--	--	--
Financial liabilities not measured at fair value							
Collections due to customers	105,893,874	--	105,893,874	--	--	--	--
Accrued expenses and other current liabilities	34,693,604	--	34,693,604	--	--	--	--
Trade payables	7,382,901	--	7,382,901	--	--	--	--
Lease liabilities	6,685,164	--	6,685,164	--	--	--	--
	154,655,543	--	154,655,543	--	--	--	--

(Saudi Riyals)

27- FAIR VALUE MEASUREMENT (CONTINUED)

31 December 2019	Carrying amount			Fair value			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost							
Trade receivables	6,807,033	--	6,807,033	--	--	--	--
Prepayments and advances	718,031	--	718,031	--	--	--	--
Cash and cash equivalents	38,992,377	--	38,992,377	--	--	--	--
	46,517,441	--	46,517,441	--	--	--	--
Financial liabilities not measured at fair value							
Collections due to customers	30,497,130	--	30,497,130	--	--	--	--
Short-term loans	3,000,000	--	3,000,000	--	--	--	--
Accrued expenses and other liabilities	13,160,613	--	13,160,613	--	--	--	--
Trade payables	3,503,040	--	3,503,040	--	--	--	--
Lease liabilities	5,633,647	--	5,633,647	--	--	--	--
	55,794,430	--	55,794,430	--	--	--	--

1 January 2019	Carrying amount			Fair value			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost							
Trade receivables	6,053,947	--	6,053,947	--	--	--	--
Prepayments and advances	216,714	--	216,714	--	--	--	--
Cash and cash equivalents	20,832,064	--	20,832,064	--	--	--	--
	27,102,725	--	27,102,725	--	--	--	--
Financial liabilities not measured at fair value							
Collections due to customers	17,943,136	--	17,943,136	--	--	--	--
Lease liabilities	4,187,737	--	4,187,737	--	--	--	--
Accrued expenses and other liabilities	8,219,828	--	8,219,828	--	--	--	--
Trade payables	101,230	--	101,230	--	--	--	--
	30,451,931	--	30,451,931	--	--	--	--

28- CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The Group has capital commitments represent capital construction works for the Group's headquarters in the amount of SR 1 million as at 31 December 2020 (31 December 2019: Nil, 1 January 2019: Nil).

The Group has contingent contractual commitments represent 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 81 million as at 31 December 2020 (31 December 2019: SR 95 million, 1 January 2019: Nil).

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 championship, with a maximum amount of SR 3.5 million per year.

29- REPORTING SEGMENTS

On the date of the consolidated financial statements for the year ended 31 December 2020, the principal activity of the Group is delivery service in the Kingdom of Saudi Arabia. All the Group's assets and liabilities are allocated to this segment.

30- SIGNIFICANT EVENTS

The Group's operations have been affected by the recent and ongoing outbreak of the (Covid-19) pandemic, which was declared a pandemic by the World Health Organization in March 2020.

The ultimate impact which may be caused by the outbreak is uncertain. The Covid-19 pandemic has spread across various geographies globally, causing disruption to business and economic activities. Covid-19 has brought about uncertainties in the global economic environment. The fiscal and monetary authorities in Saudi Arabia have announced various support measures to counter possible adverse implications.

The Group is closely monitoring the situation, and is operationalizing its business continuity plans and other risk management practices to manage the impact of the outbreak given the Covid-19 outbreak on its operations and financial performance.

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

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

31- SUBSEQUENT EVENTS

Incorporation of subsidiaries

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

On 8 February 2021, the Group established a wholly owned subsidiary, Logi (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.

31- SUBSEQUENT EVENTS (CONTINUED)

Investment in Halalah International Company

On 21 February 2021, the Red Color Company "the subsidiary" invested in preferred shares of SR 3.75 million in the capital of Halalah International Company, a private limited liability company registered in Abu Dhabi, United Arab Emirates. The investee in engaged in digital banking. The company is still in the process of completing the legal procedures for the investment.

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.

32- APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved for issue by the Board of Directors on 24 Ramadan 1442H (corresponding to 6 May 2021).