**SEEDRA INVESTMENT COMPANY**
**(A Saudi Closed Joint Stock Company)**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Crowe

Al Azem, Al Sudairy, Al Shaikh & Partners
CPA's & Consultants - Member Crowe Global

**SEEDRA INVESTMENT COMPANY**
**(A Saudi Closed Joint Stock Company)**

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FOR THE YEAR ENDED DECEMBER 31, 2021
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# INDEPENDENT AUDITOR'S REPORT

**TO: THE SHAREHOLDER'S OF**
**Seedra Investment Company**
**(A Saudi Closed Joint Stock Company)**

## Report on the Audit of the financial statements

### Opinion

We have audited the financial statements of **SEEDRA INVESTMENT COMPANY (A SAUDI CLOSED JOINT STOCK) (the "Company"),** which comprise the statement of financial position as at December 31, 2021 and the statements of profit or loss and other comprehensive income, changes in shareholder's equity and cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### Basis of 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 financial statements section of our report. We are independent of the Company in accordance with the ethical requirements in the Kingdom of Saudi Arabia that are relevant to our audit of the 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.

### Material Uncertainty on Going Concern

We draw attention to Note (2-4) of the accompanying financial statements, which describes that the Company's incurred a net loss of 1.9 during the year ended December 31, 2021 and its the accumulated losses reached around SR 4 million which exceeded 50% of the registered capital of the Company. This factor described in Note (2-4) indicate a material uncertainty in the Company's ability to continue as a going concern; however, in view of the future plan decided by the management, they believe that the Company will be able to continue as a going concern for the foreseeable future and the accompanying financial statements are prepared on a going concern basis. Our opinion is not modified in respect of this matter.

**Responsibilities of Management and Those Charged with Governance for the financial statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants, the Companies Regulations, the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the 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 ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Company to cease to continue as a going concern.

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**INDEPENDENT AUDITOR'S REPORT (Continued)**
**Seedra Investment Company**
**(A Saudi Closed Joint Stock Company)**

**Auditor's Responsibilities for the Audit of the financial statements (Continued)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

العظم والسديري وآل الشيخ وشركاؤهم
محاسبون ومراجعون قانونيون
License No 323/11/148
ترخيص رقم ١٤٨ ١١ ٣٢٣
Al Azem, Al Sudairy, Al Shaikh & Partners
Certified Public Accountant R

**Al Azem, Al Sudairy, Al Shaikh & Partners**
**Certified Public Accountants**

**Salman B. Al Sudairy**
**License No. 283**

27 Shab'an 1443H (30 March 2022)
Riyadh, Kingdom of Saudi Arabia

**SEEDRA INVESTMENT COMPANY**
**(A Saudi Closed Joint Stock Company)**
Statement of financial position
As at 31 December 2021
(SAUDI RIYALS)

| | Note | 31 December 2021 | 31 December 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 4 | 1,651,176 | 2,784,135 |
| Accounts receivable | 5 | 379,500 | - |
| Prepayment and other assets | 6 | 404,284 | 129,788 |
| Due from related party | 7 | 130,495 | - |
| **Total current assets** | | **2,565,455** | **2,913,923** |
| **Non-current assets** | | | |
| Property and equipment, net | 8 | 765,305 | 248,318 |
| Right of use asset, net | 9 | 620,732 | 827,643 |
| Intangible assets, net | | 68,250 | 68,250 |
| **Total non-current assets** | | **1,454,287** | **1,144,211** |
| **Total assets** | | **4,019,742** | **4,058,134** |
| **Liabilities & Shareholder's Equity** | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Accrued expenses and other liabilities | 10 | 272,785 | 327,737 |
| Due to related parties | 7 | 35,337 | 22,766 |
| Zakat provision | 11 | 58,523 | 27,206 |
| Unearned revenue | | 41,667 | - |
| Lease liability – current portion | 9 | 203,334 | 755,928 |
| **Total current liabilities** | | **611,646** | **1,133,637** |
| **Non-current liabilities** | | | |
| Lease liability non-current portion | 9 | 357,220 | - |
| Employees' defined benefits obligations | 12 | 91,581 | 50,611 |
| **Total non-current liabilities** | | **448,801** | **50,611** |
| **Total liabilities** | | **1,060,447** | **1,184,248** |
| **Shareholder's equity** | | | |
| Share capital | 13 | 7,000,000 | 5,000,000 |
| Accumulated losses | | (4,040,705) | (2,126,114) |
| **Total Shareholder's equity** | | **2,959,295** | **2,873,886** |
| **Total Liabilities & Shareholder's equity** | | **4,019,742** | **4,058,134** |

The accompanying notes from (1) to (17) forms an integral part of these financial statements

SEEDRA INVESTMENT COMPANY
**(A Saudi Closed Joint Stock Company)**
Statement of profit or loss and other comprehensive income
FOR THE YEAR ENDED 31 DECEMBER 2021
(SAUDI RIYALS)

| | Note | For the year ended December 31,2021 | For the period from inception on May 7,2020 till December 31,2020 |
|---|---|---|---|
| Revenues | | - | - |
| **Total revenues** | | | |
| **Operation expenses** | | | |
| Employee's Benefits and allowances | | (1,418,882) | (1,324,567) |
| Professionals fees | | (219,666) | (180,927) |
| Marketing and Branding | | (64,507) | (228,802) |
| License and Subscriptions | | (10,515) | (58,500) |
| Administrative and general expenses | | (446,989) | (299,813) |
| **Operation loss for the year/ period** | | **(2,160,559)** | **(2,092,609)** |
| Finance charges | 9 | (27,185) | (5,927) |
| Forex Income | | 1,676 | (372) |
| Other income | | 330,000 | - |
| **Net loss for the year/ period before zakat provision** | | **(1,856,068)** | **(2,098,908)** |
| Zakat provision | 11 | (58,523) | (27,206) |
| **Net loss for the year/ period** | | **(1,914,591)** | **(2,126,114)** |
| Other Comprehensive income for the year/ period | | - | - |
| **Total Comprehensive loss for the year/ period** | | **(1,914,591)** | **(2,126,114)** |

The accompanying notes from (1) to (17) forms an integral part of these financial statements

**SEEDRA INVESTMENT COMPANY**
**(A Saudi Closed Joint Stock Company)**
Statement of Changes in Shareholder's Equity
FOR THE YEAR ENDED 31 DECEMBER 2021
(SAUDI RIYALS)

| | Share Capital | Accumulated losses | Total Shareholder's Equity |
|---|---|---|---|
| **As at May 7, 2020** | 5,000,000 | - | **5,000,000** |
| Total comprehensive loss | - | (2,126,114) | **(2,126,114)** |
| **As at December 31, 2020** | **5,000,000** | **(2,126,114)** | **2,873,886** |
| | | | |
| **As at January 1, 2021** | 5,000,000 | (2,126,114) | **2,873,886** |
| Additional to share capital | 2,000,000 | - | **2,000,000** |
| Total comprehensive loss | - | (1,914,591) | **(1,914,591)** |
| **As at December 31, 2021** | **7,000,000** | **(4,040,705)** | **2,959,295** |

The accompanying notes from (1) to (17) forms an integral part of these financial statements

**SEEDRA INVESTMENT COMPANY**
**(A Saudi Closed Joint Stock Company)**
Statement of Cash Flows
FOR THE YEAR ENDED 31 DECEMBER 2021
(SAUDI RIYALS)

| | For the year ended December 31,2021 | For the period from inception on May 7,2020 till December 31,2020 |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Profit for the year/ period before zakat | (1,856,068) | (2,098,908) |
| **Adjustments to reconcile profit before zakat to net cash flows:** | | |
| Depreciation of property, equipment | 58,129 | - |
| Finance cost | 27,796 | 5,385 |
| Depreciation of right of use assets | 206,911 | 34,485 |
| Provision for employees' defined benefits liabilities | 40,970 | 50,611 |
| **Operating profit before changes in working capital** | **(1,522,262)** | **(2,008,427)** |
| **Changes in working capital** | | |
| Accounts receivable | (379,500) | - |
| Due from related parties | (130,495) | - |
| Prepayment and other assets | (274,496) | (129,788) |
| Accrued expenses and other liabilities | (54,952) | 327,737 |
| Unearned revenue | 41,667 | - |
| Due to related party | 12,571 | 22,766 |
| Zakat paid | (27,206) | - |
| **Net cash flow (used) in operating activities** | **(2,334,673)** | **(1,787,712)** |
| **Cash flow from Investing Activities:** | | |
| Purchases property and equipment | (493,595) | - |
| Work in progress | (81,521) | (248,318) |
| Purchases of intangible assets | - | (68,250) |
| **Net cash flow (used in) investing activities** | **(575,116)** | **(316,568)** |
| **Cash flows from Financing Activities:** | | |
| Proceeds from issuance of capital | - | 5,000,000 |
| Additional capital | 2,000,000 | - |
| Lease liability paid | (223,170) | (111,585) |
| **Net cash flow generated from financing activities** | **1,776,830** | **4,888,415** |
| **Net (decrease) increase in cash and cash equivalents** | **(1,132,959)** | **2,784,135** |
| Cash and cash equivalents at beginning of the year/ period | 2,784,135 | - |
| **Cash and Cash Equivalents at End of the year/ period** | **1,651,176** | **2,784,135** |

The accompanying notes from (1) to (17) forms an integral part of these financial statements

## 1- Corporate information:

Seedra Investment Company – Saudi Closed Joint Stock Company (referred to hereinafter as the "The Company") was established under the commercial registration No 1010635229. issued in Riyadh on 14/09/1441H.

The company is in proceeds of obtaining license to operate as an assets managements company regulated by the Capital Market Authority (the "CMA"). Upon issuance of the license the Company will be in the business of management of non- real estate private investment fund and management of experienced investor portfolios in accordance with the CMA resolution No 18196-32.

During the year and based on the shareholder's decision on August 9,2021 the company was transferred from limited liability company to Saudi Closed Joint stock with keeping the main terms and conditions and the paid up capital at SAR 5,000,000.

Based on the General Assembly minutes of meeting dated on October 18,2021, the shareholder's approved the capital increased in amount of SAR 2,000,000 through the cash direct injection by each shareholder's.

The registered address of the company in 2907 Amir Mohamad Bin Abdel Aziz road, P.O Box 6055, Riyadh 12711, Saudi Arabia.

## 2- Basis of preparation:

### 2-1) Statement of Compliance

These financial statements of the company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Certified Public Accountants ("SOCPA").

### 2-2) Preparation Financial Statements

These financial statements have been prepared on the historical cost basis except for specific employee benefit obligations that are recognized at the present value of future liabilities using the planned credit unit method and investments in the profit or loss statement and other comprehensive income statement which are recognized at fair value.

### 2-3) Functional and presentation currency

The financial statements are presented in Saudi Riyals, which is the functional and presentation currency of the company.

### 2-4) Going concern

The Company has total accumulated losses as at 31 December 2021 amounting to SAR 4.01 million (2020: 2.12 million). Where the losses of a Closed Joint Stock Company become equal to one half of its capital, the managers of the Company must call the Shareholders' to a meeting from the date on which the managers become aware that the losses have reached that percentage in order to determine whether the Company shall continue to exist or be dissolved

The board of directors decided, based on what was presented to it by the executive management, to expedite the process of offering the Seedra Ventures Fund 1, as the recognition and recording of the revenue from the structure fees will compensate for the accumulated losses during the coming period, and to submit it to the general assembly of shareholders to consider the accumulated losses and take the necessary decisions in this regard during the statutory period According to Article 150 of the Companies Law to support the Company and preventing them from default. However, the management believe that there is no going concern issue and accordingly the financial statement prepared on going concern basis.

## 2- Basis of preparation (Continued):

### 2-5) Use of judgments, estimates, and assumptions

The preparation of financial statements in accordance with the International Financial Reporting Standards requires the management to make judgments, estimates and assumptions that affect the application of the policies and amounts listed for assets, liabilities, income and expenses. Actual results may differ from these estimates.

In particular, information about significant matters regarding the estimation of uncertainties in the application of accounting policies that have a significant impact on the amounts recognized in the financial statements are summarized as follows:

- Management periodically reassesses the useful lives of the tangible and intangible assets based on the general condition of these assets and the management's expectations for their future useful lives.

- The estimated useful life of the intangible assets of the concession to provide services is from the period when the company becomes able to impose fees on the public in exchange for the use of infrastructure to the end of the concession period.

- The management reviews cases against the company on an ongoing basis, based on a legal study prepared by the company's legal advisors, which shows the potential risks that the company may assume in the future as a result of these issues.

- The management estimates the recoverable amount of the financial assets to determine whether there has been any impairment in their value.

- The management determines the cost of the end of service benefits plans and the present value of the end of service benefits obligations using actuarial valuations. Actuarial valuations include making various assumptions that may differ from actual future developments and include determining a discount rate, future salary increases, death rates and future increases in pension. Given the difficulty and evaluation of the underlying assumptions and its long-term nature, the defined benefit obligation is vulnerable to changes in these assumptions. These assumptions are reviewed at each reporting date.

- Allocations depend, depending on their nature, on estimates and assessments to ensure whether evidence controls are met, including an estimate of the amounts likely to be paid. Provisions relating to unconfirmed liabilities include management's best estimates of whether outgoing cash flows are likely to occur.

- The management estimates the Zakat expense according to the laws and regulations in force in the Kingdom of Saudi Arabia.

The applied estimates and assumptions are reviewed constantly, and changes in accounting estimates are recognized in the period in which the estimates are changed and in the coming years that are affected by that change.

## 2- Basis of preparation (Continued):

### 2-6) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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 the liability.

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or the liability, assuming that market participants act in their economic best interest.

A 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.

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 described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company 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.

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

## 3- Summary for Significant Accounting Polices:

### Revenue

Revenue is measured based on the consideration specified in a contract with customer and excludes amount collected on behalf of third parties.

The Company recognizes revenue when it transfers control over a product or service to a customer. The principles in IFRS 15 are applied using the following five steps:

**Step 1:** The Company accounts for a contract with a customer when:
- The contract has been approved and the parties are committed;
- Each party's rights are identified;
- Payment terms are defined;
- The contract has commercial substance; and Collection is probable.

**Step 2:** The Company identify all promised goods or services in a contract and determines whether to account for each promised good or service as a separate performance obligation. A good or service is distinct and is separated from other obligations in the contract if both:
- The customer can benefit from the good or service separately or together with other resources that are readily available to the customer; and
- The good or service is separately identifiable from the other goods or services in the contract.

**Step 3:** The Company determine the transaction price, which is the amount of consideration it expects to be entitled to in exchange for transferring promised goods or services to a customer.

**Step 4:** The transaction price in an arrangement is allocated to each separate performance obligation based on the relative standalone selling price of the good or service being provided to the customer.

**Step 5:** Revenue is recognized when control of the goods or services is transferred to the customer. The Company transfers a good or service when the customer obtains control of that good or service. A customer obtains control of a good or service if it has the ability to direct the use of and receive the benefit from the good or service.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

### Revenue Recognition

- The revenue from stock brokerage service is recorded in the period where they are realized.
- The revenue of services rendered to clients, such as the internet services and consulting services, is recognized when these services are provided.
- The revenue from bank commissions on deposits at banks is recorded by calculating the term of such deposits on accrual basis.
- As for Murabaha revenue, they are realized according to the terms and conditions of the contracts concluded with clients on the basis of Murabaha amounts and term.
- The revenue from portfolio and funds management fees is recorded at the date of realization according to the agreements concluded with the owners of those portfolios. The revenue resulting from consulting and financial information fees are recorded upon completion.
- The fees related to portfolio positive performance are calculated at the end of each calendar quarter, and the company sends an invoice to the client according to the contract concluded with each client where the value of portfolio positive performance is determined

## 3- Summary for Significant Accounting Polices: (continued)

### Financial Instruments

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company recognizes a financial instrument at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

### Financial assets

IFRS 9 requires all financial assets to be classified and subsequently measured at either amortized cost or fair value. The classification depends on the business model for managing the financial asset and the contractual cash flow characteristics of financial asset, determined at the time of initial recognition.

Financial assets are classified into the following specified categories under IFRS 9:

* Debt instruments at amortized cost;
* Debt instruments at fair value through other comprehensive income (FVOCI), with gains or losses recycled to profit or loss on derecognition;
* Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition; and
* Financial assets at fair value through profit and loss (FVPL).

### Financial assets classified as amortized cost

Debt instruments that meet the following conditions are subsequently measured at amortized cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

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

If a financial asset does not meet both of these conditions, it is measured at fair value.
The Company makes an assessment of a business model at portfolio level as this best reflects the way the business is managed and information is provided to management. In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the Company considers:

- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How management evaluates the performance of the portfolio;
- Whether the management's strategy focus on earning contractual commission income;
- The degree of frequency of any expected asset sales;
- The reason for any asset sales; and

## 3- Summary for Significant Accounting Polices: (continued)

### Financial Instruments (continued)

### Financial assets classified as amortized cost (continued)

- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Income is recognized on an effective interest basis for debt instruments measured subsequently at amortized cost. Interest is recognized in profit or loss statement.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

### Financial assets designated as FVOCI with recycling

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

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

For debt financial instruments measured at FVOCI, commission income and impairment losses or reversals are recognized in profit or loss statement and computed in the same manner as for financial assets measured at amortized cost. All other changes in the carrying amount of these instruments are recognized in the statement of comprehensive income and accumulated under the investment revaluation reserve. When these instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to the statement of profit or loss.

### Financial assets classified as FVPL

Investments in equity instruments are classified as at FVPL, unless the Company designates an investment that is not held for trading as at FVOCI on initial recognition.

Debt instruments that do not meet the amortized cost of FVOCI criteria are measured at FVPL. In addition, debt instruments that meet the amortized cost criteria but are designated as at FVPL to avoid accounting mismatch are measured at fair value through profit or loss. A debt instrument may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instrument as FVPL.

Debt instruments are reclassified from amortized cost to FVPL when the business model is changed such that the amortized cost criteria are no longer met. Reclassification of debt instruments that are designated as at FVPL on initial recognition is not allowed.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the statement of profit or loss.

Commission income on debt instruments as at FVPL is included in the statement of profit or loss.

Dividend income on investments in equity instruments at FVPL is recognized in statement of profit or loss when the Company's right to receive the dividends is established in accordance with IFRS 15 Revenue from Contracts with Customers.

## 3- Summary for Significant Accounting Polices: (continued)

### Financial Instruments (continued)

### Investment in equity instruments designated as FVOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVOCI. Designation as at FVOCI is not permitted if the equity investment is held for trading.

A financial asset or financial liability is held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other reserves. Gain and losses on such equity instruments are never reclassified to statement of profit or loss and no impairment is recognized in statement of profit or loss. Investment in unquoted equity instruments which were previously accounted for at cost in accordance with IAS 39, are now measured at fair value. The cumulative gain or loss will not be reclassified to statement of profit or loss on disposal of the investments.

Dividends on these investments are recognized in statement of profit or loss when the Company's right to receive the dividends is established in accordance with IFRS 15 Revenue from Contracts with Customers, unless the dividends clearly represent a recovery of part of the cost of the investment.

Investment revaluation reserve includes the cumulative net change in fair value of equity investment measured at FVOCI. When such equity instruments are derecognized, the related cumulative amount in the fair value reserve is transferred to retained earnings.

### Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECL) on debt instruments that are measured at amortized cost or at FVOCI such as trade receivables, loan commitments and financial guarantee contracts, if any.

No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses reflects changes in credit risk since initial recognition of the respective financial instrument.

The Company applies the simplified approach to calculate impairment on trade receivables and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company applies the general approach to calculate impairment. Lifetime ECL is recognized when there has been a significant increase in credit risk since initial recognition and 12 month ECL is recognized the credit risk on the financial instrument has not increased significantly since initial recognition. The assessment of whether credit risk of the financial instrument has increased significantly since initial recognition is made through considering the change in risk of default occurring over the remaining life of the financial instrument.

**3- Summary for Significant Accounting Polices: (continued)**

**Financial Instruments (continued)**

**Measuring and estimating expected credit losses**

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Exposure at default for off balance sheet items is arrived at by applying a credit conversion factor to the undrawn portion of the exposure.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are companyed on the following basis:

- Nature of financial instruments (i.e. the Company's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate company. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

**Derecognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset or substantially all the risk and rewards of ownership to another entity. If the Company neither transfer nor retains substantially all the risks and reward of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

**Financial liabilities**

Financial liabilities carried at amortized cost have been classified and measured at amortized cost using the effective yield method.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to the statement of profit or loss.

The liability credit reserve includes the cumulative changes in the fair value of the financial liabilities designated as at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities and which would not create or enlarge accounting mismatch in statement of profit or loss. Amount presented in liability credit reserve are not subsequently transferred to statement of profit or loss. When such investments are derecognized, the related cumulative amount in the liability credit reserve is transferred to retained earnings. Since the date of initial application of IFRS 9 (i.e. 1 January 2018), the Company has also not designated any financial liability as at FVPL.

**Derecognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

## 3- Summary for Significant Accounting Polices: (continued)

### Cash and Cash Equivalents:

Cash and Cash equivalents comprise cash in hand, cash at banks and short term deposits with original maturities of three months or less that is Available for the company without any restricted after deducted the bank overdraft (if any).

### Zakat

Zakat is provided and recognized in the income statement for each financial period separately in accordance with the Saudi Arabian Department of Zakat and Income Tax (DZIT) regulations. Variances between the Zakat provision and final assessment of DZIT are charged to the profit or loss statement in the period when the final Zakat assessment is received.

### Property and equipment

#### Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other expense" in the statement of profit or loss.

Construction work in progress is stated at cost, less impairment losses, if any.. This cost includes the cost of replacing part of the property, plant and equipment and borrowing costs related to long-term construction projects if the proof of criteria is met. And if it is required to replace important parts of property, plant and equipment in stages, the company consumes these parts independently over their productive lives. Conversely, when a major examination is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement, if the recognition criteria are met. All other repair and maintenance costs are recognized in the statement of profit or loss when incurred. The present value of the expected cost of removing a post-use asset is included in the cost of the underlying asset in the event that the recognition criteria relating to the recognition of the allowance are met.

#### Subsequent costs

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in statement of profit or loss as incurred.

#### Depreciation

Items of property and equipment are depreciated on a straight-line basis in statement of income over the estimated useful lives of each component. Land is not depreciated. Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.
Leasehold improvements are amortized over the shorter of the estimated useful life or term of the lease whichever is shorter.
The depreciations rate of property and equipment for the current and previous year are as follows:

| | |
|---|---|
| Building & leasehold improvement | 10% |
| Furniture & Fixture | 20% |
| Computer & Related | 10% |

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

## 3- Summary for Significant Accounting Polices: (continued)

### Provisions

Provisions are recognized when; the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. If the effect of the time value of money are material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### Intangible assets

Intangible assets acquired separately are measured at cost at initial recognition. After the initial recognition, the intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets are not capitalized, except for capitalized development costs, and the related expenses are reflected in the statement of profit or loss in the period in which those expenses are incurred.

The useful lives of intangible assets are subject to evaluation and are classified as either determinable or indefinite.

Intangible assets with finite useful lives are amortized over the economic useful life and evaluated for impairment, when there is any evidence that the intangible asset may be impaired. The amortization period and the amortization method for intangible assets with finite useful lives are reviewed at least at the end of each reporting period. The changes in the expected useful life or the expected pattern of consumption of future economic benefits originally included for adjusting the amortization period or method are taken into account, as the case may be, and are considered as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement within the expense category consistent with the function of the intangible assets.

Gains or losses arising from the disposal of the intangible asset are measured by the difference between the net disposal proceeds and the carrying amount of the asset and are included in the statement of profit or loss upon disposal of the asset.

Research costs are recognized as an expense as incurred.

**3- Summary for Significant Accounting Polices: (continued)**

**Accounts payable and accruals**

Liabilities are recognized for the amounts to be paid in the future for goods and services received, whether billed by the supplier or not. Trade payables are classified as current liabilities if the payment is due within one year or less (or during the normal operating cycle of the business if it is longer), and if it is not, it is presented as a non-current liability. Trade payables are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

**Impairment Non - Financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.
In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
For the purpose of impairment testing, assets that cannot be tested individually are combined together into the smallest company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or combination of assets (the "cash-generating unit, or CGU"). The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

Impairment losses are recognized in profit or loss, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**Employee end of service obligation**

Provision for employee's end of service benefits is deducted from their periods of service at the financial position date. Provision for employees' end of service benefits is made according to the expected unit method in accordance with IAS 19 Employee Benefits, taking into account Saudi Labor Law. The provision is recognized based on the present value of the defined benefit obligation.

The present value of the defined benefit obligation is calculated using assumptions for the average annual salary increase ratio, the average work period of employees and an appropriate discount rate. The probabilities used are calculated on a constant basis for each period and reflect the best management estimates. The discount rate is determined based on the best available market returns estimates available at the reporting date.

Current and past service costs related to post-employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income and transferred to retained earnings in the statement of changes in equity in the period in which they occur.

## 3- Summary for Significant Accounting Polices: (continued)

**Expenses:**

Selling and marketing expenses are those that specifically relate to the selling and marketing functions of the company. All other expenses, except cost of revenues and finance expenses are classified as general and administrative expenses. Expenses are recognized in the income statement on the accrual basis in the period in which they are incurred. Allocations between selling, marketing and general and administrative expenses and cost of revenues, when required, are made on a consistent basis.

**Foreign currency transactions**

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions, at financial position date, monetary assets and liabilities denominated in foreign currencies are translated to Saudi Riyals at the exchange rates prevailing on that date, gains and losses arising on settlement and translation of foreign currency transactions are recognized in the statement of comprehensive income.

**Right of use asset and lease liabilities**

Assets held under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's Statement of Financial Position. Rentals in respect of operating leases are charged to the Statement of Profit or Loss over the term of the leases.

The Company has recognized new assets and liabilities for its operating leases of various types of contracts including warehouse and depot facilities, accommodation / office rental premises, etc. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
Assets and liabilities arising from a lease are initially measured on a present value basis.

A. Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

B. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in Condensed Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

(SAUDI RIYALS)

## 4- Cash And Cash Equivalents

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Current accounts at local banks | 1,651,176 | 2,784,135 |
| | **1,651,176** | **2,784,135** |

## 5- Accounts Receivable

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Account receivables | 379,500 | - |
| | **379,500** | - |

-

## 6- Prepayment and other assets

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Prepayments | 310,639 | 38,957 |
| VAT receivable | 75,048 | 78,983 |
| Deferred cost | - | 11,848 |
| Rent | 18,597 | - |
| | **404,284** | **129,788** |

## 7- Transactions with Related Parties:

Below are the details of the main transactions with related party during the year:

| The name of the related party | The nature of the transactions | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|---|
| Abdel Karim Abdullah | Rent | 67,839 | 225,000 |
| Muneef Holding Company | Employee's related costs | 198,333 | - |
| Haitham Tawfik Ibrahim El Foraih | Employee's related costs | 843,750 | 843,750 |
| | Marketing & branding | 34,366 | 62,876 |
| | General and administrative expenses | 972 | 4,000 |

(SAUDI RIYALS)

## 7- Transactions with Related Parties (continued)

Following are balances from transactions with related parties:

| **Due from related party** | **31 Dec 2021** | **31 Dec 2020** |
|---|---|---|
| Abdel Karim Abdullah Muneef Holding Company | 130,495 | - |
| | **130,495** | - |

| **Due To related parties** | **31 Dec 2021** | **31 Dec 2020** |
|---|---|---|
| Abdel Karim Abdullah Muneef Holding Company | - | 22,766 |
| Haitham Tawfik Ibrahim El Foraih | 35,337 | - |
| | **35,337** | **22,766** |

| **Key Management personal:** | **31 Dec 2021** | **31 Dec 2020** |
|---|---|---|
| Salaries and benefits related to employees | 1,028,433 | 843,750 |
| | **1,028,433** | **843,750** |

(SAUDI RIYALS)

## 8- Property and equipment, net

| | Building & Leasehold improvement | Furniture & Fixture | Computer & Related | Work in progress | Total |
|---|---|---|---|---|---|
| <u>Cost:</u> | | | | | |
| Balance as at January 1, 2021 | - | - | - | 248,318 | 248,318 |
| Additions during the year | 434,171 | 49,105 | 10,319 | 81,521 | **575,116** |
| Transfer from work in progress | 238,000 | - | - | (238,000) | - |
| **Balance As at December 31, 2021** | **672,171** | **49,105** | **10,319** | **91,839** | **832,434** |
| <u>Depreciation:</u> | | | | | |
| Balance as at January 1, 2021 | - | - | | - | - |
| Depreciation for the year | 49,644 | 6,947 | 1,538 | - | **58,129** |
| **Balance As at December 31, 2021** | **49,644** | **6,947** | **1,538** | - | **58,129** |
| **<u>Net book value :</u>** | | | | | |
| **As at December 31, 2021** | **622,527** | **42,158** | **8,781** | **91,839** | **765,305** |
| As at December 31, 2020 | - | - | - | 248,318 | 248,318 |

(SAUDI RIYALS)

## 9- Right of use assets and lease liabilities, net

Following table shows the balance of the right of use assets in addition the charge depreciation.

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| **Cost:** | | |
| Balance as at 1 January | 862,128 | - |
| Addition during the year | - | 862,128 |
| **Balance as at 31 December** | **862,128** | 862,128 |
| **Depreciation** | | |
| Balance as at 1 January | 34,485 | - |
| Charge for the year | 206,911 | 34,485 |
| **Balance as at 31 December** | **241,396** | **34,485** |
| **Net book value as at** | **620,732** | **827,643** |

**Lease Liability: -**

The "lease liability" to account for its unexpired operating lease qualified for accounting under IFRS 16 requirements and the details of the movements are as below. The interest cost accrued is included in the financing charges.

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| **Liability** | | |
| At beginning of the year | 755,928 | - |
| Additions for the year | - | 862,128 |
| Finance cost | 27,796 | 5,385 |
| **At end of the year** | **783,724** | **867,513** |
| **Payments** | | |
| At beginning of the year | (111,585) | - |
| Paid during the year | (111,585) | (111,585) |
| **At end of the year** | **(223,170)** | (111,585) |
| **Balance at the end of the year** | **560,554** | **755,928** |

The below shows rental obligations based on the contractual maturity date:

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| lease liability – non-current portion | 357,220 | - |
| lease liability –current portion | 203,334 | 755,928 |
| Total lease liability | **560,554** | **755,928** |

## 10- Accrued expenses and other credit balances

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Accrued expenses | 168,986 | 62,986 |
| Accounts payable | 70,799 | 163,529 |
| Accrued vacations | 33,000 | 101,222 |
| | **272,785** | **327,737** |

(SAUDI RIYALS)

## 11- Zakat Provision

### A) Zakat Base

The provision for zakat charge is based on the following:

| **Saudi shareholder share in:** | **31 Dec 2021** | **31 Dec 2020** |
|---|---|---|
| Shareholders' equity - as per GAZT | 7,000,000 | 5,000,000 |
| Provision and other | 50,611 | - |
| Other adjustments | 560,554 | 755,928 |
| Book value of long-term assets | (1,454,287) | (1,144,211) |
| Adjusted income for the year | (1,815,098) | (2,025,311) |
| Losses from previous year | (2,126,114) | - |
| Zakat base | **2,215,666** | **1,088,249** |
| Zakat calculated | **58,523** | **27,206** |

For the year ended 31 December 2021, Zakat is due at 2.5% of the adjusted net profit and 2.57768% of the Zakat pool after deducting the adjusted profit
For the year ended 31 December 2021, Zakat is due at 2.5% of the adjusted net profit and 2.584745% of the Zakat pool after deducting the adjusted profit

### B) Adjusted Net Income for The Year

| | **2021** | **2020** |
|---|---|---|
| Net Income for the year | (1,856,068) | (2,075,922) |
| Add provisions | 40,970 | 50,611 |
| Adjusted net income for the year | (1,815,098) | **(2,025,311)** |

### C) Provision for zakat:

| | **31 Dec 2021** | **31 Dec 2020** |
|---|---|---|
| Balance as at 1 January | 27,206 | - |
| Addition's during the year | 58,523 | 27,206 |
| Paid during the year | (27,206) | - |
| Balance as at 31 December | **58,523** | **27,206** |

(SAUDI RIYALS)

## 12- Employees' defined benefits liabilities

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Balance at beginning of the period | 50,611 | - |
| Addition during the year | 40,970 | 50,611 |
| Paid during the year | - | - |
| **Balance as at 31 December** | **91,581** | **50,611** |

## 13- Share Capital:

Share capital was determined to be 7,000,000 SAR divided into 700,000 equal cash shares. (5,000,000: 2020) The value of each share is 10 SAR and all are ordinary shares. The founders had subscribed to all the shares of capital as follows:

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | **Ownership Percentage** | **Total** | **Ownership Percentage** | **Total** |
| Abdel Karim Abdullah Muneef Holding Company | 0% | - | 31% | 1,550,000 |
| Al Jaree for investment company | 31% | 2,170,000 | 31% | 1,550,000 |
| Humam for investment company | 0% | - | 31% | 1,550,000 |
| Haitham Tawfik Ibrahim El Foraih | 7% | 490,000 | 7% | 350,000 |
| Abdullah Abdel Karim Abdullah Al Munif | 31% | 2,170,000 | 0% | - |
| Musaab Sulaiman Abdul Kadir Al Muhaidib | 31% | 2,170,000 | 0% | - |
| | **100.00%** | **7,000,000** | **100.00%** | **5,000,000** |

## 14- Financial risk management

The company is exposed to multiple risks which are represented by the following: market risks (including: currency risks, fair value risks, cash flow interest rate, and price risks), credit and liquidity risks. The company's senior management oversees the management of those risks with the support of a financial risk committee that provides advice about financial risks and the appropriate framework for its governance. This committee also provides the company's senior management with guarantees and assurances that the company's financial risk activities are subject to appropriate policies and procedures, identification, measurement, and risk management Finance in accordance with the company's policies and its vulnerability, and the Board of Directors reviews and approves the policies to manage each of these risks, which are summarized below:

### Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices include risks such as: equity price risk, interest rate risk, and currency risk.

### Currency risk

These are risks represented by the fluctuation of the value of one of the financial instruments due to changes in foreign exchange rates, and given that the company's transactions are mainly in Saudi riyals and US dollars, and the Saudi riyal is linked and pegged to the US dollar, the company will not be exposed to currency risks in an important and substantial way.

### Fair value risk and the cash flow interest rate

Exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on financial conditions and cash flows. The company monitors and monitors fluctuations in the commission rate on a continuous basis and acts accordingly, and is subject to change on a periodic basis.

### Price risk

Price risk is the fluctuation in the value of a financial instrument as a result of changes in market prices, whether these changes are caused by specific factors of the individual instrument or the issuer, or from factors that affect all instruments traded in the market.

### Credit risk

The credit risk is that one of the counterparties has not fulfilled its obligations under one of the financial instruments or contracts concluded with the clients, which leads to the emergence of a financial loss, and the company places its cash and money with banks that have good credit ratings.

And sound, accounts receivable and amounts due from related parties are recorded in the net provision for expected losses, if any.

| | 31 Dec 2021 | 31 Dec 2020 |
|---|---|---|
| Current accounts at local banks | 1,651,176 | 2,784,135 |
| Account receivables | 379,500 | - |
| | **2,030,676** | **2,784,135** |

## 14- Financial risk management (continued)

### Liquidity risk

Liquidity risk is the risk that one of the entities will encounter difficulties raising funds to fulfill the liabilities associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at a value close to its fair value. Liquidity risk is managed by systematically monitoring and monitoring those Sufficient funds available through credit facilities that are obligated to meet any future liabilities.

### Fair value

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the capital or, in the absence of it, the most advantageous market that the company can access on that date. The fair value of the liability reflects the risk of non-performance.

When measuring the fair value of an asset or a liability, the company uses observable market data as closely as possible. Fair values are categorized into different levels in the fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level (1):** Financial assets and financial liabilities whose values are based on quoted unadjusted prices for similar assets or liabilities in an active market.

**Level (2):** Financial assets and financial liabilities whose values are based on quoted prices in the inactive markets or observable model inputs, either directly or indirectly substantially for the entire period of the asset or liability.

**Level (3):** Financial assets and financial liabilities whose values are based on prices or valuation techniques that require unobservable and significant inputs to measure fair value in general. These inputs reflect management assumptions about the assumptions that a market participant may use to pricing the asset or liability.

## 15- Subsequent Events

The board of Directors held their meeting on March 15,2022 to discuss the accumulated losses that exceeded the 50% of paid up capital and decided to expedite the issuance of Seedra Venture 1 that should recover the restructuring fees and write of the accumulated loss.

## 16- Comparative figure

Certain comparative figures for the previous year have been reclassified in line with the classification for the current year for the better and fair presentation of the financial statements.

## 17- Approval on the Financial Statements

The financial statements have been approved by the board of directors on 27 Shaban 1443H (corresponding to Mar 30,2022).