

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the period from 17 November 2020
(date of commercial registration) to 31 December 2021
together with the
Independent auditor's report

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021

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KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

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

المركز الرئيسي في الرياض

Independent auditor's report

To the shareholders of JOA Capital Company

Opinion

We have audited the financial statements of JOA Capital Company ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in shareholders' equity and cash flows for the period from 17 November 2020 to 31 December 2021, and notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the period from 17 November 2020 to 31 December 2021 in accordance with the International Financial Reporting Standards ("IFRS") 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 the International Standards on Auditing ("ISA") 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 professional code of conduct and ethics that are endorsed 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.

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

In preparing the financial statements, the 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, the Board of Directors, are responsible for overseeing the Company's financial reporting process.

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كي بي إم جي للاستشارات المهنية شركة مهنية مناهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي للفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة الإنجليزية محدودة بضمان. جميع الحقوق محفوظة.

Independent auditor's report

To the shareholders of JOA Capital Company (continued)

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 ISA 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 financial statements.

As part of an audit in accordance with ISA 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 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, then 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.
- 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 of the Company.

KPMG Professional Services



Hani Hamzah A. Bedairi
License no: 460



Riyadh: 27 Sha'ban 1443H
Corresponding to: 30 March 2022

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021
(Amounts in SAR)

	<i>Note</i>	<u>31 December</u> <u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	4	6,692,640
Advances, prepayments, and other current assets	5	<u>2,603,195</u>
Total assets		<u><u>9,295,835</u></u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Liabilities		
Borrowing	6	7,500,000
Due to related parties	7	1,118,613
Accrued expenses and other current liabilities	8	<u>86,662</u>
Total liabilities		<u>8,705,275</u>
Shareholders' equity		
Share capital	9	1,000,000
Accumulated losses		<u>(409,440)</u>
Total shareholders' equity		<u>590,560</u>
Total liabilities and shareholders' equity		<u><u>9,295,835</u></u>

The accompanying notes from 1 to 15 form an integral part of these financial statements.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF COMPREHENSIVE INCOME
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

	<i>Note</i>	<u>For the period from 17 November 2020 to 31 December 2021</u>
Revenue		-
General and administrative expenses	<i>10</i>	<u>(384,961)</u>
Loss for the period before zakat		(384,961)
Zakat for the period	<i>11</i>	<u>(24,479)</u>
Net loss for the period after zakat		(409,440)
Other comprehensive income		-
Total comprehensive loss		<u><u>(409,440)</u></u>

The accompanying notes from 1 to 15 form an integral part of these financial statements.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total</u>
Balance upon incorporation as at 17 November 2020	500,000	--	500,000
Additional share capital issuance during the period	500,000	--	500,000
Total comprehensive loss for the period	--	(409,440)	(409,440)
Balance as at 31 December 2021	<u>1,000,000</u>	<u>(409,440)</u>	<u>590,560</u>

The accompanying notes from 1 to 15 form an integral part of these financial statements.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
STATEMENT OF CASH FLOWS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

	<i>Note</i>	For the period from 17 November 2020 to 31 December <u>2021</u>
Cash flows from operating activities		
Loss for the period before zakat		(384,961)
<i>Changes in operating assets and liabilities:</i>		
Increase in advances, prepayments, and other current assets		(2,603,195)
Increase in due to related parties		1,118,613
Increase in accrued expenses and other liabilities		<u>62,183</u>
Net cash used in operating activities		<u>(1,807,360)</u>
Cash flows from financing activities		
Proceeds from increase in share capital during the period		1,000,000
Proceeds from borrowing		<u>7,500,000</u>
Net cash generated from financing activities		<u>8,500,000</u>
Increase in cash and cash equivalents		6,692,640
Cash and cash equivalents at the beginning of the period		<u>-</u>
Cash and cash equivalents at the end of the period	<i>4</i>	<u>6,692,640</u>

The accompanying notes from 1 to 15 form an integral part of these financial statements.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

1 GENERAL INFORMATION

JOA Capital Company (“the Company”) is a Closed Joint Stock Company registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010668660 dated 02/04/1442H (corresponding to 17/11/2020G). The registered address of the Company’s head office is as follows:

6643 Al Ihsa Street
Eastern Ring Road
Riyadh 12815
Kingdom of Saudi Arabia

The Company was formed in accordance with Capital Market Authority (“CMA”) letter No. 2-21219 dated 09/08/1442H (corresponding to 22 March 2021). The principal activities of the Company are dealing as a principal and agent, managing, arranging, and advising on financial securities.

2 BASIS OF PREPARATION

a) Statement of compliance

The accompanying financial statements for the period from 17 November 2020 (date of commercial registration) to 31 December 2021 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 issued by the Saudi Organisation for Chartered and Professional Accountants (“SOCPA”).

Since these are the first statutory financial statements of the Company, no comparative balances have been presented in the current period financial statements.

b) Basis of measurement

These financial statements have been prepared on a going concern basis under the historical cost convention. These financial statements are presented in Saudi Arabian Riyals (“SAR”), which is both the presentation and functional currency of the Company. The Company does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in the order of their liquidity.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

2 BASIS OF PREPARATION (CONTINUED)

c) Critical accounting estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It also requires the Management to exercise its judgement in the process of applying the accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively. There were no significant judgments or estimates applied during the preparation of these financial statements.

d) Changes in accounting policies

New standards, amendments and interpretations adopted in preparation of these financial statements

Below amendments to accounting standards and interpretations became applicable for annual reporting periods commencing on or after 1 January 2021. The management has assessed that the amendments have no significant impact on the Company's financial statements.

- Interest rate benchmark reform - phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- COVID 19 - related rent concessions (amendments to IFRS 16).

New standards and amendments issued but not yet effective and not early adopted

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Company's accounting year beginning on or after 1 January 2022 are listed below. The Company has opted not to early adopt these pronouncements.

- IFRS 17 - Insurance contracts, applicable for the period beginning on or after January 1, 2023;
- Amendments to IAS 1, Presentation of financial statements', on classification of liabilities;
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors, definition of accounting estimates;
- Amendments to IAS 1, Presentation of financial statements and IFRS practice statement 2 making materiality judgements, disclosure initiative: accounting policies;
- Amendment to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction; and
- Amendments to IFRS 10, Consolidated financial statements and IAS 28 investments in associates and joint ventures, sale or contribution of assets between an investor and its associate or joint venture.

The management of the Company anticipates that the application of the above new standards and amendments in the future will not have a significant impact on the amounts reported.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Financial instruments

Financial assets

Initial recognition and measurement

Financial assets at initial recognition, are measured at their fair values. Subsequent measurement of a financial asset is dependent on its classification and is either at amortized cost or fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to expected credit losses. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

De-recognition

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payables, accrued expenses, and other current liabilities.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- 1 Financial liabilities at fair value through profit or loss; and
- 2 Financial liabilities at amortised cost (loans and borrowings).

Out of the above, only the second category is applicable to the Company which is described hereunder:

Financial liabilities at amortised cost

All financial liabilities are initially recognized at fair value less transaction costs except for financial liabilities measured at FVIS where transactions cost, if any, are not deducted from the fair value measurement at initial recognition and are included in the statement of income.

Subsequently, all special commission bearing financial liabilities other than those held at FVIS are measured at amortized cost.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Financial instruments (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

3.2 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and reported net in the statement of financial position when there is a legally enforceable right to set off the recognised amounts, and when the Company intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.3 Expenses

Expenses are measured and recognised as a period cost at the time at which they are incurred. Expenses related to more than one financial period are allocated over such periods proportionately.

3.4 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash balances at banks.

3.5 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.6 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 of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability assuming that the market participant acts in their best economic interest.

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

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Fair value measurement (continued)

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

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categories at the end of each reporting period.

3.7 Taxes

Zakat

The Company is subject to zakat in accordance with the Regulations for Zakat, Tax and Customs Authority (“ZATCA”) as applicable in the Kingdom of Saudi Arabia. The Zakat charge is computed on the Zakat base and is charged to the statement of comprehensive income.

Additional amounts, if any, that may become due on finalization of an assessment are accounted for in the year in which assessment is finalized.

Zakat is computed on the Saudi shareholders’ share of equity or net income using the basis defined under the zakat regulations.

Value added tax (“VAT”)

Assets and expenses are recognised net of amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to ZATCA is included as part of other assets or other liabilities.

3.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

4 CASH AND CASH EQUIVALENTS

**31 December
2021**

Cash at Bank – current accounts	6,692,640
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Cash at Bank is held in current accounts with a local bank having sound credit rating.

5 ADVANCES, PREPAYMENTS AND OTHER CURRENT ASSETS

**31 December
2021**

Advance on behalf of S3 Ventures Fund (“the Fund”) – refer note 5.1	2,493,978
Prepayments	79,608
Others	29,609
	2,603,195

5.1 As per the terms and conditions of the Fund, the Company (acting in the capacity of the “Fund Manager”) will be fully reimbursed of expenses incurred in connection with the set-up and organisation of the Fund. Accordingly, the Company has recorded these expenses as advances on behalf of the Fund.

6 BORROWING

On 12 April 2021, the Company obtained a profit-free borrowing of SR 7.5 million from M/S Mohammed Abdulaziz Al Habib & Sons Holding Company (“the Investor”). The borrowing was arranged to provide the investor with an early opportunity to invest in S3 Ventures Fund (“the Fund”), a private fund to be managed by the Company. As per the term sheet, the borrowing is to be repaid through a transfer of units in the Fund that the Company will purchase and hold on behalf of the Investor till the Fund’s subscriptions are completed.

At inception, the maturity period of the borrowing was 6 months, however, at 31 December 2021, the Fund is still undergoing formalities relating to its setup, and accordingly, the Company has obtained an extension from the Investor for repayment of borrowing till 30 June 2022. Furthermore, there are no covenants attached to the facility.

7 DUE TO RELATED PARTIES

In the ordinary course of business, the Company transacts with its related parties. The principal related parties of the Company are its Shareholders, the Board of Directors and the companies owned by members of the Board of Directors and key management personnel. The details of transactions during the year ended 31 December 2021 and balances as at 31 December 2021 resulting from such transactions are as follows:

<u>Related party</u>	<u>Nature of transaction / balance</u>	<u>31 December 2021</u>
Yousef AlYousefi (Shareholder)	Payment on behalf of Company	1,000,000
Jeal AlMustaqbal Investment Co. (Affiliate)	Payment on behalf of Company	118,613
		1,118,613

JOA CAPITAL COMPANY
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NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

8 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 December 2021
Account payables	62,183
Zakat provision	24,479
	86,662

9 SHARE CAPITAL

On 17 November 2020, the authorised and issued share capital of the Company comprised of 50,000 shares of SAR 10 each. Subsequently, during the period, the authorised and issued share capital was increased to 100,000 shares of SAR 10 each. All issued shares are fully paid.

<u>Shareholder</u>	<u>Percentage</u>	<u>Number of shares</u>	<u>Shareholding</u>
Yousef Hamad Al Yousefi	85%	85,000	850,000
Ahmad Saad Damyati	15%	15,000	150,000
	100%	100,000	1,000,000

10 GENERAL AND ADMINISTRATIVE EXPENSES

	For the period from 17 November 2020 to 31 December 2021
Legal and professional fees	365,121
Miscellaneous	19,890
	384,961

11 ZAKAT

The provision for zakat is calculated at the rate of 2.5% applied zakat base. Significant components of the Zakat base as at 31 December 2021 are as follows:

	31 December 2021
Net loss for the period	(384,961)
Adjustments to net loss	949
Net loss for the period (a)	(384,012)
Shareholders' equity	795,844
Due to related parties	384,012
Sub-total	1,179,856
Sub-total adjusted to number of days outstanding in the period (b)	595,148
Zakat base (b-a)	979,160
Zakat expense at 2.5%	24,479
Provision for zakat	24,479

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

12 FINANCIAL INSTRUMENTS - FAIR VALUES

Financial instruments comprise financial assets and financial liabilities. As at 31 December 2021, the Company does not have financial instruments measured at fair value. Financial assets consist of cash at bank and financial liabilities consists of accrued expenses and due to related parties. As at 31 December 2021, the fair values of these financial instruments approximate their carrying values due to relatively short-term nature and are not significantly exposed to any financial risk.

There have been no transfers between Level 1, Level 2 and Level 3 during the reporting periods.

13 FINANCIAL RISK MANAGEMENT

The Company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. These risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Market risk
- Liquidity risk

13.1 Credit risk

Credit risk is the risk that one party to a financial instrument may fail to discharge its contractual obligation and cause the other party to incur a financial loss.

The maximum limit for exposure to credit risk of the statement of financial position is limited to cash and cash equivalents of SR 6,692,605 held with a local bank with sound credit rating.

13.2 Market risk

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company is not subject to fluctuations in foreign exchange rates in the normal course of its business. The Company did not undertake significant transactions in currencies other than Saudi Arabian Riyals and US Dollars during the year. As Saudi Arabian Riyal is pegged to US Dollar, therefore the Company is not exposed to currency risk.

JOA CAPITAL COMPANY
(A Saudi Closed Joint Stock Company)
NOTES TO THE FINANCIAL STATEMENTS
For the period from 17 November 2020 to 31 December 2021
(Amounts in SAR)

13 FINANCIAL RISK MANAGEMENT (CONTINUED)

13.3 Liquidity risk

Liquidity risk is the risk that the Company 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. To guard against this risk, management performs regular reviews of available funds and present and future commitments. All financial assets and liabilities of the Company at the statement of financial position are having contractual maturity of within 1 year.

14 SUBSEQUENT EVENTS

There were no subsequent events after the statement of financial position date which require adjustments to/or disclosure in the financial statements.

15 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 30 March 2022 by the Board of Directors' of the Company.