



Offering Period: Three (3) days

Starting from:

Tuesday 10/11/1444H

corresponding to 30/05/2023G

Ending on:

Thursday 12/11/1444H

corresponding to 01/06/2023G



A Saudi joint-stock company established under commercial registration no. 4030154596 dated 18/02/1426H [corresponding to 28/03/2005G] pursuant to ministerial resolution no. 202/S, dated 19/08/1435H [corresponding to 17/06/2014G] approving the Company's conversion into a joint-stock company.

## Prospectus of Jamjoom Pharmaceuticals Factory Company

Offering of twenty one million (21,000,000) ordinary shares representing 30% of the Jamjoom Pharmaceuticals Factory Company's share capital through a public offering at an Offer Price of SAR (60) per Share.

Financial Advisors,  
Bookrunners and Underwriters

J.P.Morgan



Bookrunner and Underwriter



Lead Manager



Jamjoom Pharmaceuticals Factory Company (hereinafter referred to as the "Company" or the "Issuer") is a Saudi joint-stock company established under commercial registration no. 4030154596 dated 18/02/1426H (corresponding to 28/03/2005G) pursuant to ministerial resolution no. 202/S, dated 19/08/1435H (corresponding to 17/06/2014G) issued in Jeddah, KSA. The current share capital of the Company is seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million (70,000,000) ordinary shares with a fully paid-up nominal value of SAR 10 per share, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash (the "Shares", and each a "Share").

Jamjoom Pharmaceuticals Factory Company was established as a branch of Abdullahif Mohammed Salah Jamjoom and Brothers Company under commercial registration no. 4030106218 dated 16/04/1415H (corresponding to 22/09/1994G) issued in Jeddah, KSA.

On 12/09/1425H (corresponding to 26/10/2004G), the branch of Abdullahif Mohammed Salah Jamjoom and Brothers Company was converted into a limited liability company under the name of Jamjoom Pharmaceuticals Factory Company Limited under commercial registration no. 4030154596 dated 18/02/1426H (corresponding to 28/03/2005G) with a capital of twenty million Saudi Riyals (SAR 20,000,000), divided into twenty thousand (20,000) fully paid in-kind shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share.

On 17/11/1428H (corresponding to 27/11/2007G), the General Assembly approved an increase of the Company's capital from twenty million Saudi Riyals (SAR 20,000,000) to sixty million Saudi Riyals (SAR 60,000,000), divided into sixty thousand (60,000) cash shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share, through the capitalization of forty million Saudi Riyals (SAR 40,000,000) from the retained earnings account.

On 09/06/1433H (corresponding to 30/04/2012G), the General Assembly approved an increase of the Company's capital from sixty million Saudi Riyals (SAR 60,000,000) to one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) cash shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share, through the capitalization of forty million Saudi Riyals (SAR 40,000,000) from the retained earnings account.

On 09/11/1434H (corresponding to 21/01/2013G), the Company was converted from a limited liability company to a (closed) joint-stock company pursuant to ministerial resolution no. 202/S, dated 19/08/1435H (corresponding to 17/06/2014G) approving the publication of the Company's conversion. Upon conversion, the Company's share capital was one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) Shares with a fully paid-up nominal value of SAR 10 per Share.

On 18/12/1443H (corresponding to 17/07/2022G), the General Assembly approved an increase of the Company's capital from one hundred million Saudi Riyals (SAR 100,000,000) to seven hundred million Saudi Riyals (SAR 700,000,000), divided into seventy million (70,000,000) Shares with a fully paid-up nominal value of SAR 10, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash, per Share through the capitalization of six hundred million Saudi Riyals (600,000,000) from the retained earnings account. (For more information, see Section 4.6 ("Overview of the Company and Growth of its Capital").

The initial public offering (hereinafter referred to as the "Offering") consists of the sale of twenty one million (21,000,000) Shares (hereinafter referred to as the "Offer Shares", and each an "Offer Share"), with a paid-up nominal value of SAR 10 per Share, at an offer price of Saudi Riyals (SAR 60) (hereinafter referred to as the "Offer Price"), which represents thirty percent (30%) of the share capital of the Company.

The Offering shall be restricted to the following groups of investors (hereinafter referred to as the "Investors"):

**Tranche (A): Participating Parties:** this tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions and Allocation of Shares in IPOs as issued by the Capital Market Authority (hereinafter referred to as the "CMA") (the Instructions shall hereinafter be referred to as the "Book-Building Instructions"), (said investors shall be collectively referred to as the "Participating Parties" and each a "Participating Party") (for further details, please refer to Section 1 ("Definitions and Abbreviations")). The number of Offer Shares to be effectively allocated to Participating Parties is twenty one million (21,000,000) Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors (as defined under Tranche (B) below), the Lead Manager shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of eighteen million nine hundred thousand (18,900,000) Shares, representing 90% of the total Offer Shares. The Financial Advisors, in coordination with the Issuer, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties.

**Tranche (B): Individual Investors:** this tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any national of countries of the Cooperation Council for the Arab States of the Gulf (the "GCC"), in each case who has a bank account with a Receiving Agents and having the right to open an investment account with a Capital Market Institution (as defined in this Prospectus) (collectively, the "Individual Investors", and each an "Individual Investor"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

A maximum of two million one hundred thousand (2,100,000) Shares representing ten percent (10%) of the Offer Shares shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for thereby.

The current shareholders of the Company (hereinafter referred to as the "Current Shareholders") own all of the Company's Shares prior to the Offering. All Offer Shares will be sold by the selling shareholders (hereinafter referred to as the "Selling Shareholders") in accordance with Table 4.9 ("Ownership Structure of

the Company as at the date of this Prospectus"). The Current Shareholders, whose names appear on page 66 of this Prospectus and who collectively own the entirety of the Shares prior to the Offering, shall own seventy percent (70%) of the Company's share capital following the Offering and will continue to hold the controlling interest in the Company. (For further information, please refer to Table 4.9 ("Ownership Structure of the Company as at the date of this Prospectus").

The Substantial Shareholders (being Yousuf Mohammed Salah Jamjoom, Mahmoud Yousuf Mohammed Salah Jamjoom, Walid Yousuf Mohammed Salah Jamjoom, Mohammed Yousuf Mohammed Salah Jamjoom, Ahmed Yousuf Mohammed Salah Jamjoom, Alaa Yousuf Mohammed Salah Jamjoom, and Sanaa Yousuf Mohammed Salah Jamjoom) will be prohibited from disposing of or pledging their Shares, in each case during the six-month period (hereinafter referred to as the "Lock-up Period") starting from the commencement of trading of the Shares on the Saudi Exchange ("Tadawul", the "Exchange" or the "Capital Market"). Following the Lock-up Period, the Substantial Shareholders will be free to dispose of their Shares. For further details on the shareholding of each Substantial Shareholder, please see Table 2 "Overview of Substantial Shareholders of the Company Pre- and Post-Offering" on the offering summary on page xi. The Offering proceeds shall be distributed to the Selling Shareholders after deduction of the Offering expenses (hereinafter referred to as the "Net Offering Proceeds", for further details, please refer to Section 8 ("Use Of Proceeds")). The Company shall not receive any part of the Offering Proceeds (for further details, please refer to Section 8 ("Use Of Proceeds")). The Underwriters shall fully underwrite the Offering (for further information, please refer to Section 13 ("Underwriting")).

The Offer Shares will be offered to certain non-US based Qualified Foreign Financial Institutions (inter alia through swap agreements). The Subscription by said class of investors will be undertaken outside the United States as per Regulation S issued under the US Securities Act of 1933, as amended (hereinafter referred to as the "Securities Act"). The Company's shares are not, and will not, be registered under the Securities Act, or under any other securities act in force in the United States. Shares offered under this Prospectus may not be offered or sold in the United States, and may only be offered or sold as part of transactions exempt from, or not subject to, any registration requirements under the US Securities Act or other laws and acts of any country other than Saudi Arabia applicable to securities. Such an Offering shall not be deemed an invitation to sell, nor a solicitation to purchase, Shares in any country where the Offering is deemed illegal or restricted.

The Offering will commence on Tuesday 10/11/1444H (corresponding to 30/05/2023G) and will remain open for a period of three (3) days up to and including the last Offering day on Thursday 12/11/1444H (corresponding to 01/06/2023G) (hereinafter referred to as the "Offering Period"). Subscription Applications may be submitted to the receiving agents (hereinafter referred to as the "Receiving Agents") listed on page ix during the Offering Period (for further details, please refer to page xv ("Key Dates and Subscription Procedures")). Individual Investors can subscribe to the Offer Shares through the Receiving Agents during the Offering Period, and Participating Parties can subscribe to the Offer Shares through the Bookrunners (defined in Section 1 ("Definitions and Abbreviations")) during the book running process taking place prior to the Offering to Individual Investors.

Each Individual Investor who subscribes to the Offer Shares must apply for a minimum of ten (10) Shares. The maximum number of Shares that can be subscribed for is two hundred and fifty thousand (250,000) Shares per Individual Investor. The balance of the Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Investor. In the event that the number of Individual Investors exceeds (210,000), the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and Financial Advisors. Excess subscription monies, if any, will be refunded to the Individual Investors without any charge or withholding by the Receiving Agents. Notification of the final allocation will be made on Wednesday 18/11/1444H (corresponding to 07/06/2023G) and the refund of subscription monies, if any, will be made at the latest by Sunday 22/11/1444H (corresponding to 11/06/2023G) (for further details, please refer to "Key Dates and Subscription Procedures" on page xv and Section 18 ("Subscription Terms And Conditions")).

The Company has one class of ordinary shares. Each Share entitles its holder to one vote, and each shareholder (hereinafter referred to as a "Shareholder") has the right to attend and vote at general assembly meetings of the Company (hereinafter referred to as the "General Assembly"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive dividends declared and paid by the Company as at the date of this prospectus (hereinafter referred to as "Prospectus") and for subsequent financial years (for more information, please refer to Section 7 ("Dividend Distribution Policy")).

Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi Arabia (hereinafter referred to as "KSA" or "Kingdom") or elsewhere. Applications have been submitted by the Company to (i) the Capital Market Authority for the registration and offering of the Shares, and (ii) the Exchange for the listing of the Shares. All supporting documents have been submitted to the CMA and all requirements have been satisfied, including those pertaining to listing the Company on the Exchange, with all approvals required to conduct the Offering granted, including approvals pertaining to this Prospectus. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares and satisfaction of necessary conditions and procedures (for further details, please refer to "Key Dates and Subscription Procedures" on page xv). Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, and companies, banks, and investment funds established in the Kingdom or in countries of the GCC countries as well as GCC nationals will be permitted to trade in the Shares after trading therein starts on the Exchange. Qualified Foreign Investors will be permitted to trade in the Shares pursuant to the CMA Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Non-Saudi individuals living outside the Kingdom and institutions registered outside the Kingdom (hereinafter referred to as "Foreign Investors") will have the right to acquire an economic benefit in the Shares by entering into Swap Agreements with Capital Market Institutions to purchase Shares listed on the Exchange and to trade these Shares for the benefit of Foreign Investors. The Capital Market Institutions will remain as legal owners of the Shares subject to the Swap Agreements.

Those wishing to subscribe to the Company's Shares should carefully read and review the ("Important Notice") on page i and Section 2 ("Risk Factors"), before making any decision to invest in the Offer Shares.

This Prospectus includes information for the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the Capital Market Authority (the "Authority" or the "CMA") and the application for listing securities in compliance with the Listing Rules of the Saudi Stock Exchange. The Directors, whose names appear on page i collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Exchange do not take any responsibility for the contents of this prospectus, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 04/06/1444H (corresponding to 28/12/2022G).



## Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, investors, whether Participating Parties or Individual Investors, will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available by visiting the websites of the CMA ([www.cma.org.sa](http://www.cma.org.sa)), the Saudi Exchange ([www.saudiexchange.sa](http://www.saudiexchange.sa)), the Company ([www.jamjoompharma.com](http://www.jamjoompharma.com)), or the Financial Advisors ([www.sfc.sa](http://www.sfc.sa)) and ([www.jporgansaudiarabia.com](http://www.jporgansaudiarabia.com)).

In respect to the Offering, the Company has appointed Saudi Fransi Capital and J.P. Morgan Saudi Arabia Company as financial advisors (hereinafter referred to as the “**Financial Advisors**”). The Company has appointed Saudi Fransi Capital, J.P. Morgan Saudi Arabia Company and Al Rajhi Capital as underwriters (hereinafter referred to as the “**Underwriters**”). The Company has appointed Saudi Fransi Capital, J.P. Morgan Saudi Arabia Company and Al Rajhi Capital as bookrunners (hereinafter referred to as the “**Bookrunners**”). The Company has also appointed Saudi Fransi Capital as lead manager (the “**Lead Manager**”) regarding the offering of the Shares described hereunder.

This Prospectus includes information provided in compliance with the Rules on the Offer of Securities and Continuing Obligations (OSCOs) issued by the CMA, in addition to the Listing Rules issued by the Saudi Exchange. The directors, whose names appear on page iv, collectively and individually, accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date of its publication, a substantial portion of the information in this Prospectus relevant to the markets and industry in which the Company operates is derived from external sources. While none of the Company, the Financial Advisors, nor any of the Company’s other advisors whose names appear on pages v, vi, vii, and viii of this Prospectus (hereinafter referred to as the “**Advisors**”), have any reason to believe that any of the market and industry information is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the financial condition of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and any other factors, over which the Company has no control (for further details, please refer to Section 2 (“**Risk Factors**”). Neither the delivery of this Prospectus nor any oral or written information in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Selling Shareholders, the Receiving Agents or the Advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs of prospective investors. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA licensed financial advisor in relation to the Offering and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein with regard to the recipient’s individual investment objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others, and prospective investors should not rely on another party’s decision to invest or not to invest as a basis for their own examination of the investment opportunity and such investor’s individual circumstances.

The Offering is restricted to two groups of investors which are: (A) Participating Parties: this comprises the parties entitled to participate in the book-building process in accordance with the Book-Building Instructions (for further details, please see Section 1 (“**Definitions and Abbreviations**”) of this Prospectus); and (B) Individual Investors: this includes Saudi natural persons, including Saudi women who are divorced or widowed and have minor children by a non-Saudi husband, who may subscribe for Offer Shares for her own benefit or in their name(s) for the mothers’ own benefit, provided she submits proof of their marital status and motherhood, in addition to GCC nationals who are natural persons and non-Saudi natural persons who reside in the Kingdom under legal residency permits. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus or to sell the Offer Shares to any person outside the Kingdom of Saudi Arabia, other than to Qualified Foreign Investors, certain other foreign investors pursuant to Swap Agreements entered into with a Capital Market Institution, in each case subject to applicable rules and regulations. All recipients of this Prospectus must inform themselves of any legal or regulatory restrictions relevant to this Offering and the sale of the Offer Shares and to observe all such restrictions. Each eligible Individual Investor and Participating Party should read the entire Prospectus and seek and rely on their own counsel, financial advisors and other professional advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other advisors as to all matters concerning an investment in the Offer Shares. No assurance can be made that profits will be achieved.

## Market and Industry Data

The information in Section 3 (“**Definitions and Abbreviations**”) is derived from the market study report dated August 2022G prepared by the market study consultant, Euromonitor International Ltd. (the “Market Consultant”) for the benefit of the Company, in relation to the pharmaceutical sector in the Kingdom of Saudi Arabia (the “Market Study”).

The Market Consultant prepared the study report independently and objectively, ensuring the accuracy and completeness of the report. The research was conducted with a broad sector perspective, which may not necessarily reflect the performance of individual companies in the sector.

The Directors believe that the Market Study information and data from other sources contained in this Prospectus, including that provided by the Market Consultant, is reliable. However, this information and data has not been independently verified by the Company, the Directors, the Advisors, nor the Selling Shareholders, and therefore none of the aforementioned bears any liability for the accuracy or completeness of this information.

It should be noted that the Market Consultant does not, nor do any of its subsidiaries, affiliates, partners, shareholders, directors, managers or their relatives own any Shares or any interest of any kind in the Company. As at the date of this Prospectus, the Market Consultant has given and not withdrawn its written consent for the use of its name, logo, market information and data supplied thereby to the Company in the manner and format set out in this Prospectus.

## Financial Information

The following financial statements are attached to this Prospectus:

- The audited consolidated financial statements for the financial years 2019G, 2020G, and 2021G together with the notes thereto, in each case prepared in accordance with the International Financial Reporting Standards applicable in the KSA (IFRS-KSA) and other accounting standards accepted in the Kingdom issued by the Saudi Organization for Certified Public Accountants (“**SOCPA**”), with regard to which KPMG issued an independent auditor’s report.
- The audited condensed consolidated interim financial statements for the Six Month Period Ended 30 June 2022G together with the notes thereto, which were prepared in accordance with IAS 34 - “Interim Financial Reporting”, as endorsed in the Kingdom of Saudi Arabia and reviewed by KPMG.

The financial information contained in this Prospectus is subject to rounding. Accordingly, the figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. In cases where the amounts included in this Prospectus were converted from a foreign currency into Saudi Riyal, the Saudi Riyal exchange rate against the relevant currency is the one in effect as at the date hereof. Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates, where relevant. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month, as a result of which conversions from the Hijri to Gregorian calendars are often subject to discrepancies of one day. In addition, unless otherwise expressly stated in this Prospectus, any reference to “year” or “years” means Gregorian years.

## Forecasts and Forward-Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of assumptions relating to the Company’s business information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company confirms that, to the best of its knowledge, statements have been made hereunder following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, “**forward-looking statements**”. Such statements can generally be identified by their use of forward-looking words such as “plans”, “estimates”, “believes”, “expects”, “anticipates”, “may”, “will”, “should”, “expected”, “would be” or the negative thereof or other variations of such terms or comparable terminology.

These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of future performance, whereby many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 (“**Risk Factors**”). Should any of these risks or uncertainties materialize or any underlying assumptions prove to be incorrect or inaccurate, the Company’s actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Under the OSCOs requirements, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus, and before the end of the Offering, the Company becomes aware that:

- a. there has been a significant change in any material information contained in this Prospectus or any document required under the OSCOs; or
- b. Significant additional issues have arisen whose inclusion in this Prospectus would have been necessary.

With the exception of these two cases, the Company does not intend to update or change any sector or market information or the forward-looking-statements included in this Prospectus, whether as a result of new information, future events or otherwise. As a result, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Therefore, investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

## Definitions and Abbreviations

For further details on the terms used in this Prospectus, please see Section 1 (“**Definitions and Abbreviations**”).

## Corporate Directory

**Table No. (1): Members of the Company's Board of Directors**

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership		Indirect Ownership	
						Pre-Of-fering	Post-Of-fering	Pre-Offering	Post-Offering
1	Mahmoud Yousuf Mohammed Salah Jamjoom	Chairman	Saudi	Non-Executive	19/06/2022G	8%	5.60%	-	-
2	Ahmed Yousuf Mohammed Salah Jamjoom	Vice Chairman	Saudi	Executive	19/06/2022G	6.5%	4.55%	-	-
3	Yousuf Mohammed Salah Abdulaziz Jamjoom	Board Member	Saudi	Non-Executive	19/06/2022G	59.5%	41.65%	-	-
4	Alaa Yousuf Mohammed Salah Jamjoom	Board Member	Saudi	Non-Executive	19/06/2022G	6.5%	4.55%	-	-
5	Mohammed Yousuf Mohammed Salah Jamjoom	Board Member	Saudi	Non-Executive	19/06/2022G	6.5%	4.55%	-	-
6	Faris Ibrahim Abdullah Al Ghannam	Board Member	Saudi	Non- Executive, Independent	19/06/2022G	0%	0%	-	-
7	Noor Ahmed Kather Pasha Sheriff	Board Member	Indian	Non- Executive,	19/06/2022G	0%	0%	-	-
8	Simon Wolfgang Hartmut Goeller	Board Member	German	Non- Executive, Independent	19/06/2022G	0%	0%	-	-
9	Michel Marcel Jean- Marie Le Bars	Board Member	French	Non- Executive, Independent	19/06/2022G	0%	0%	-	-

Source: The Company

## The Company's Address, Representatives and Board of Directors' Secretary

### Address

**Jamjoom Pharmaceuticals Factory Company**  
Jeddah Industrial City, Phase Five, Plot Three M A  
Jeddah 21442  
P.O. Box 006267  
Kingdom Saudi Arabia  
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Fax: +966 126140088  
Website: www.jamjoompharma.com  
Email: ir@jamjoompharma.com



### Company Representatives

**Ahmed Yousef Mohammed Salah Jamjoom**  
Vice Chairman of the Board  
Jeddah 21442, Plot Three M A, Phase Five, First Industrial City  
P.O. Box 6267  
Kingdom Saudi Arabia  
Tel: +966 553323233  
Fax: N/A  
Email: ahmed@jamjoompharma.com

**Tarek Yousef Hussein Hosni**  
CEO  
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Tel: +966 543888862  
Fax: N/A  
Email: tarek.hosni@jamjoompharma.com

### Board Secretary

**Faisal Ahmed Ibrahim Linjawy**  
Kingdom of Saudi Arabia  
Tel: 0505640504  
Fax: +966 12 669 2996  
Email: f.linjawy@jamjoompharma.com

### Stock Exchange

**The Saudi Exchange**  
King Fahad Road - Olaya 6897  
Unit No. 15  
P.O. Box 3388  
Riyadh 12211  
Kingdom of Saudi Arabia  
Tel: + 966 92 000 1919  
Fax: + 966 11 218 9133  
Website: www.saudiexchange.sa  
Email: csc@saudiexchange.sa



**Securities Depository Center Co., Edaa**  
King Fahad Road - Olaya 6897  
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Fax: + 966 11 218 9133  
Website: www.edaa.sa  
Email: cc@edaa.com.sa



من مجموعة تداول السعودية  
From Saudi Tadawul Group

#### Financial Advisors, Bookrunners, and Underwriters

##### J.P. Morgan Saudi Arabia Company

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King Fahd Road  
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# J.P.Morgan

##### Saudi Fransi Capital

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السعودي الفرنسي كابيتال  
Saudi Fransi Capital 

#### Lead Manager

##### Saudi Fransi Capital

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السعودي الفرنسي كابيتال  
Saudi Fransi Capital 

#### Bookrunner and Underwriter

##### Al Rajhi Capital

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P.O. Box 5561  
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Kingdom of Saudi Arabia  
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Fax: +966 114600625  
Website: [www.alrajhi-capital.com](http://www.alrajhi-capital.com)  
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الراجحي المالية  
alrajhi capital 

#### Legal Advisor of the Issuer

##### Abdulaziz Al Ajlan and Partners, Lawyers and Legal Advisors

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Professional company registration no.: 333/12/498  
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# Legal Advisors.

Abdulaziz Alajlan & Partners  
in association with Baker & McKenzie Limited



Legal Advisor for the Offering outside Saudi Arabia

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100 New Bridge Street  
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**Baker  
McKenzie.**

Legal Advisor for the Financial Advisors, Bookrunners, and Underwriters

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Legal Advisor for the Financial Advisors, Bookrunners, and Underwriters outside Saudi Arabia

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**WHITE & CASE**

Financial Due Diligence Advisor

**PricewaterhouseCoopers - Public Accountants**  
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**pwc**

Market Study Consultant

**Euromonitor International Ltd.**  
60-61 Brighton Street, London EC1M 5UX  
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Fax: +44 20 7608 3149  
Website: www.euromonitor.com  
Email: www.euromonitor.com

 **EUROMONITOR  
INTERNATIONAL**

## Independent Auditor

### KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078, Jeddah 21534  
Kingdom of Saudi Arabia  
Tel: +966 12 2303000  
Fax: +966 12 2303111  
Website: [www.kpmg.com.sa](http://www.kpmg.com.sa)  
Email: [Marketingsa@kpmg.com](mailto:Marketingsa@kpmg.com)



*Note:*

*To date, all the above-mentioned Advisors and Auditor have given and not withdrawn their written consent, to the publication of their names, logos and statements attributed thereto in the context in which they appear in this Prospectus, and do not themselves, their employees who are part of the team providing services to the Company, or any of their relatives have any shareholding or interest of any kind in the Company as at the date of this Prospectus, which may affect their independence.*

## Receiving Agents

### AlRajhi Bank

King Fahd Road - Al Muruj District - Al Rajhi Bank Tower  
Riyadh 11411  
Kingdom of Saudi Arabia  
Tel: +966 (11) 828 2515  
Fax: +966 (11) 279 8190  
Website: www.alrajhibank.com.sa  
Email: contactcenter1@alrajhibank.com.sa



### Saudi Fransi Bank

King Saud Road  
P.O. Box: 56006  
Riyadh 11554  
Kingdom of Saudi Arabia  
Tel: +966 920000579  
Fax: +966 114027261  
Website: www.alfransi.com.sa  
Email: Fransiplusadmin@alfransi.com.sa



### Saudi National Bank

King Fahad Road - Al Aqeeq District - King Abdullah Financial District  
P.O. Box: 3208 unit number 778  
Kingdom of Saudi Arabia  
Tel: +966 920001000  
Fax: +966 114060052  
Website: www.alahli.com  
Email: contactus@alahli.com



## Summary of the Offering

This Summary is intended to provide a brief overview of the information contained in this Prospectus. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, it is important to carefully consider the “Important Notice” on page i, Section 2 (“Risk Factors”), as well as all information set forth herein prior to making any investment decision in the Offer Shares, and said decision should not be solely based on this Summary.

<b>Company Name, Description and Incorporation</b>	<p>Jamjoom Pharmaceuticals Factory Company (hereinafter referred to as the “Company” or the “Issuer”) is a Saudi joint-stock company established under commercial registration no. 4030154596 dated 18/02/1426H (corresponding to 28/03/2005G) pursuant to ministerial resolution no. 202/s, dated 19/08/1435H (corresponding to 17/06/2014G) issued in Jeddah, KSA. As provided under its commercial registration, the head office of the Company is located in Jeddah, Industrial Area, Phase 5, Block 3ME - Kingdom of Saudi Arabia. The current share capital of the Company is seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million (70,000,000) ordinary shares with a fully paid-up nominal value of SAR 10 per share, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash.</p> <p>Jamjoom Pharmaceuticals Factory Company was established as a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company, under commercial registration no. 4030106218 dated 16/04/1415H (corresponding to 22/09/1994G) issued in Jeddah, KSA.</p> <p>On 12/09/1425H (corresponding to 26/10/2004G), the branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company was converted into a limited liability company under the name of Jamjoom Pharmaceuticals Factory Company Limited under commercial registration no. 4030154596 dated 18/02/1426H (corresponding to 28/03/2005G) with a capital of twenty million Saudi Riyals (SAR 20,000,000), divided into twenty thousand (20,000) fully paid in-kind shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share.</p> <p>On 17/11/1428H (corresponding to 27/11/2007G), the General Assembly approved an increase of the Company’s capital from twenty million Saudi Riyals (SAR 20,000,000) to sixty million Saudi Riyals (SAR 60,000,000), divided into sixty thousand (60,000) cash shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share, through the capitalization of forty million Saudi Riyals (SAR 40,000,000) from the retained earnings account.</p> <p>On 09/06/1433H (corresponding to 30/04/2012G), the General Assembly approved an increase of the Company’s capital from sixty million Saudi Riyals (SAR 60,000,000) to one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) cash shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share, through the capitalization of forty million Saudi Riyals (SAR 40,000,000) from the retained earnings account.</p> <p>On 09/11/1434H (corresponding to 21/01/2013G), the Company was converted from a limited liability company to a (closed) joint-stock company pursuant to ministerial resolution no. 202/S, dated 19/08/1435H (corresponding to 17/06/2014G) approving the publication of the Company’s conversion, Upon conversion, the Company’s share capital was one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) Shares with a fully paid-up nominal value of SAR 10 per Share.</p> <p>On 18/12/1443H (corresponding to 17/07/2022G), the General Assembly approved an increase of the Company’s capital from one hundred million Saudi Riyals (SAR 100,000,000) to seven hundred million Saudi Riyals (SAR 700,000,000), divided into seventy million (70,000,000) Shares with a fully paid-up nominal value of SAR 10 per Share, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash, through the capitalization of six hundred million Saudi Riyals (600,000,000) from the retained earnings account. (For more information, please see Section 4.6 (“Overview of the Company and Growth of its Capital”).</p>
<b>Company’s Activities</b>	<p>In accordance with its Bylaws, the Company’s activities are as follows:</p> <ul style="list-style-type: none"> <li>- Manufacture of cosmetics;</li> <li>- Manufacture of hand and foot care products;</li> <li>- Manufacture of mouth and teeth cleaning products;</li> <li>- Manufacture of medical laboratory reagents;</li> <li>- Manufacture of pharmaceutical products for human use;</li> <li>- Manufacture of pharmaceutical products for veterinary use;</li> <li>- Manufacture of pharmaceutical products used in making medicines;</li> <li>- Manufacture of pharmaceutical materials used in making vitamins;</li> <li>- Manufacture of chemical products used in manufacturing pharmaceutical products, including (medicine, vitamins, hormonal products, pure chemical sugar...etc);</li> <li>- Manufacture of respirators and anesthesia machine;</li> <li>- Permanent exhibitions of factory products;</li> <li>- Export and import activities;</li> <li>- Export activities;</li> <li>- Import activities;</li> <li>- Import of radioactive pharmaceutical products;</li> <li>- Wholesale of pharmaceutical products;</li> <li>- Non-academic rehabilitation and development training institutes and centers;</li> <li>- Private health training centers activities;</li> </ul>

<b>Company's Activities</b>	<ul style="list-style-type: none"> <li>- Public hospitals;</li> <li>- Specialized medical complex;</li> <li>- Primary healthcare centers;</li> <li>- Private clinics;</li> <li>- General medical complex;</li> <li>- Medical analysis centers</li> <li>- Radiation medical treatment;</li> <li>- Legal representation of medical products and devices' manufacturers;</li> <li>- Activities of head offices;</li> <li>- Provision of marketing services on behalf of others;</li> <li>- pharmaceutical consulting centers; and</li> <li>- Activities of scientific offices of pharmaceuticals.</li> </ul>																																																																					
<b>Number of Shares held by the Substantial Shareholders Pre- and Post-Offering</b>	<p>The following table sets out the names as well as pre-Offering and post-Offering ownership percentages of Substantial Shareholders.</p> <p><b>Table No. (2): Overview of Substantial Shareholders of the Company Pre- and Post-Offering</b></p> <table border="1"> <thead> <tr> <th rowspan="2">Shareholder Name</th> <th colspan="3">Shareholding (Pre-Offering)</th> <th colspan="3">Shareholding (Post-Offering)</th> </tr> <tr> <th>No. of Shares</th> <th>Direct Ownership</th> <th>Par Value (SAR)</th> <th>No. of Shares</th> <th>Direct Ownership</th> <th>Par Value (SAR)</th> </tr> </thead> <tbody> <tr> <td>Yousuf Mohammed Salah Abdulaziz Jamjoom</td> <td>41,650,000</td> <td>59.5%</td> <td>416,500,000</td> <td>29,155,000</td> <td>41.65%</td> <td>291,550,000</td> </tr> <tr> <td>Mahmoud Yousuf Mohammed Salah Jamjoom</td> <td>5,600,000</td> <td>8%</td> <td>56,000,000</td> <td>3,920,000</td> <td>5.60%</td> <td>39,200,000</td> </tr> <tr> <td>Walid Yousuf Mohammed Salah Jamjoom</td> <td>4,550,000</td> <td>6.5%</td> <td>45,500,000</td> <td>3,185,000</td> <td>4.55%</td> <td>31,850,000</td> </tr> <tr> <td>Sanaa Yousuf Mohammed Salah Jamjoom</td> <td>4,550,000</td> <td>6.5%</td> <td>45,500,000</td> <td>3,185,000</td> <td>4.55%</td> <td>31,850,000</td> </tr> <tr> <td>Mohammed Yousuf Mohammed Salah Jamjoom</td> <td>4,550,000</td> <td>6.5%</td> <td>45,500,000</td> <td>3,185,000</td> <td>4.55%</td> <td>31,850,000</td> </tr> <tr> <td>Ahmed Yousuf Mohammed Salah Jamjoom</td> <td>4,550,000</td> <td>6.5%</td> <td>45,500,000</td> <td>3,185,000</td> <td>4.55%</td> <td>31,850,000</td> </tr> <tr> <td>Alaa Yousuf Mohammed Salah Jamjoom</td> <td>4,550,000</td> <td>6.5%</td> <td>45,500,000</td> <td>3,185,000</td> <td>4.55%</td> <td>31,850,000</td> </tr> <tr> <td><b>Total</b></td> <td><b>70,000,000</b></td> <td><b>100%</b></td> <td><b>700,000,000</b></td> <td><b>49,000,000</b></td> <td><b>70%</b></td> <td><b>490,000,000</b></td> </tr> </tbody> </table>	Shareholder Name	Shareholding (Pre-Offering)			Shareholding (Post-Offering)			No. of Shares	Direct Ownership	Par Value (SAR)	No. of Shares	Direct Ownership	Par Value (SAR)	Yousuf Mohammed Salah Abdulaziz Jamjoom	41,650,000	59.5%	416,500,000	29,155,000	41.65%	291,550,000	Mahmoud Yousuf Mohammed Salah Jamjoom	5,600,000	8%	56,000,000	3,920,000	5.60%	39,200,000	Walid Yousuf Mohammed Salah Jamjoom	4,550,000	6.5%	45,500,000	3,185,000	4.55%	31,850,000	Sanaa Yousuf Mohammed Salah Jamjoom	4,550,000	6.5%	45,500,000	3,185,000	4.55%	31,850,000	Mohammed Yousuf Mohammed Salah Jamjoom	4,550,000	6.5%	45,500,000	3,185,000	4.55%	31,850,000	Ahmed Yousuf Mohammed Salah Jamjoom	4,550,000	6.5%	45,500,000	3,185,000	4.55%	31,850,000	Alaa Yousuf Mohammed Salah Jamjoom	4,550,000	6.5%	45,500,000	3,185,000	4.55%	31,850,000	<b>Total</b>	<b>70,000,000</b>	<b>100%</b>	<b>700,000,000</b>	<b>49,000,000</b>	<b>70%</b>	<b>490,000,000</b>
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<b>Company's Capital</b>	Seven hundred million Saudi Riyals (SAR 700,000,000).																																																																					
<b>Total Number of Issued Shares</b>	Seventy million (70,000,000) Shares.																																																																					
<b>Offering</b>	Initial public offering of twenty one million (21,000,000) Shares, representing 30% of the Company's share capital, at an Offer Price of SAR (60) per Offer Share.																																																																					
<b>Total Number of Offer Shares</b>	Twenty one million (21,000,000) Shares.																																																																					
<b>Nominal value per Share</b>	Ten Saudi Riyals (SAR 10) per Share.																																																																					
<b>Percentage of Offer Shares to the total number of issued Shares</b>	The Offer Shares represent 30% of the Company's total Shares.																																																																					
<b>Offer Price</b>	SAR (60) per Share.																																																																					
<b>Total value of Offer Shares</b>	One billion two hundred sixty million Saudi Riyals ( SAR 1,260,000,000).																																																																					
<b>Use of Proceeds</b>	The Net Proceeds from the Offering amounting to approximately SAR (1,260,000,000) (after deducting the Offering expenses estimated at SAR 51.5 million) will be distributed to the Selling Shareholders based on each Selling Shareholder's percentage ownership in the Offer Shares. The Company will not receive any part of the Net Proceeds from the Offering (for further details, please refer to Section 8 ("Use Of Proceeds")).																																																																					

<b>Number of Shares Underwritten</b>	Twenty one million (21,000,000) Shares.
<b>Total Underwritten Offering Amount</b>	One billion two hundred sixty million Saudi Riyals ( SAR 1,260,000,000).
<b>Categories of Targeted Investors</b>	<p>Subscription for the Offer Shares is restricted to the following groups of investors:</p> <p><b>Tranche (A): Participating Parties:</b> This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions and Allocation of Shares in IPOs as issued by the Capital Market Authority (hereinafter referred to as the "CMA") (the Instructions shall hereinafter be referred to as the "Book-Building Instructions"), (said investors shall be collectively referred to as the "Participating Parties" and each a "Participating Party") (for further details, please refer to Section 1 ("Definitions and Abbreviations")). The number of Offer Shares to be effectively allocated to Participating Parties is twenty one million (21,000,000) Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors (as defined under Tranche (B) below), the Lead Manager shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of eighteen million nine hundred thousand (18,900,000) Shares, representing 90% of the total Offer Shares. The Financial Advisors, in coordination with the Issuer, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties.</p> <p><b>Tranche (B): Individual Investors:</b> This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any national of countries of the Cooperation Council for the Arab States of the Gulf (the "GCC"), in each case who has a bank account with a Receiving Agent and having the right to open an investment account with a Capital Market Institution (as defined in the Prospectus) (collectively, the "Individual Investors", and each an "Individual Investor"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of two million one hundred thousand (2,100,000) Shares representing 10% of the Offer Shares shall be allocated to Individual Investors. In the event that the Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for thereby.</p>
<b>Total Offer Shares available for each Targeted Investor Category</b>	
<b>Number of Shares offered to Participating Parties</b>	Twenty one million (21,000,000) Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors, the Lead Manager may decide to reduce the number of Shares allocated to Participating Parties to a minimum of eighteen million nine hundred thousand (18,900,000) Shares, representing 90% of the total Offer Shares. The Financial Advisors, in coordination with the Issuer, shall determine the number and percentage of Offer Shares to be allocated to Participating Parties.
<b>Number of Shares offered to Individual Investors</b>	A maximum of two million one hundred thousand (2,100,000) Offer Shares, representing 10% of the total Offer Shares. In the event that Individual Investors do not subscribe in full for the Offer Shares allocated to them, the Lead Manager may reduce the number of Offer Shares allocated thereto in proportion to the number of Offer Shares subscribed for thereby.
<b>Subscription Method for each Targeted Investor Category</b>	
<b>Subscription Method for Participating Parties</b>	Participating Parties are entitled to apply for subscription, and the Bookrunners will provide Bidding Participation Forms to the Participating Party investors during the Book-Building Period. After the initial allocation, the Lead Manager will provide Participating Parties with Subscription Application Forms, which they must fill out in accordance with the instructions described in Section 18 ("Subscription Terms And Conditions").
<b>Subscription method for Individual Investors</b>	Subscription Application Forms will be provided to Individual Investors during the Offering Period by the Receiving Agents. Subscription Application Forms must be completed in accordance with the instructions described in Section 18 ("Subscription Terms And Conditions"). Individual Investors who have participated in recent initial public offerings in the Kingdom can also subscribe through the internet, telephone banking or automated teller machines ("ATMs") of any of the Receiving Agents' branches that offer any or all such services to their customers, provided that the following requirements are satisfied: (i) the Individual Investor must have a bank account at a Receiving Agent which offers such services, and (ii) there have been no changes in the personal information or data of the Individual Investor since such person's subscription to the last initial public offering.
<b>Minimum Number of Offer Shares to be Applied for by each Category of Targeted Investors</b>	
<b>Minimum Number of Offer Shares to be Applied for by Participating Parties</b>	One hundred thousand (100,000) Shares.
<b>Minimum Number of Offer Shares to be Applied for by Individual Investors</b>	Ten (10) Shares.
<b>Minimum Subscription Amount by each Category of Targeted Investors</b>	
<b>Minimum Subscription Amount for Participating Parties</b>	Six million Saudi Riyals ( SAR 6,000,000).

<b>Minimum Subscription Amount for Individual Investors</b>	Six hundred Saudi Riyals (SAR 600).
<b>Maximum Number of Offer Shares to be Applied for by each Category of Targeted Investors</b>	
<b>Maximum Number of Offer Shares to be Applied for by Participating Parties</b>	Three million, four hundred and ninety-nine thousand, nine hundred and ninety-nine (3,499,999) Shares, subject to the restrictions stipulated in the book-building instructions
<b>Maximum Number of Offer Shares to be Applied for by Individual Investors</b>	Two hundred and fifty thousand (250,000) Shares.
<b>Maximum Subscription Amount by each Category of Targeted Investors</b>	
<b>Maximum Subscription Amount for Participating Parties</b>	Two hundred nine million nine hundred ninety-nine thousand nine hundred forty Saudi Riyals (SAR 209,999,940).
<b>Maximum Subscription Amount for Individual Investors</b>	Fifteen million Saudi Riyals (SAR 15,000,000).
<b>Allocation and Refund Method for each Category of Targeted Investors</b>	
<b>Allocation of Offer Shares to Participating Parties</b>	The initial allocation of the Offer Shares will be made as determined by the Company and the Financial Advisors, using the voluntary share allocation method. Final allocation of the Offer Shares to the Participating Parties will be made through the Lead Manager following subscription by Individual Investors. The number of Offer Shares to be initially allocated to Participating Parties is twenty one million (21,000,000) Shares representing 100% of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, the Lead Manager may decide to reduce the number of Shares allocated to Participating Parties to eighteen million nine hundred thousand (18,900,000) Shares, representing 90% of the total Offer Shares, following subscription by Individual Investors.
<b>Allocation of Offer Shares to Individual Investors</b>	The allocation of the Offer Shares for Individual Investors is projected to be completed no later than Wednesday 18/11/1444H (corresponding to 06/07/2023G), with the minimum allocation per Individual Investor amounting to ten (10) Offer Shares, and the maximum allocation per Individual Investor amounting to two-hundred fifty thousand (250,000) Offer Shares. The remaining Offer Shares, if any, shall be allocated on a pro-rata basis based on the number of Offer Shares applied for by each Individual Investor to the total number of subscribed for shares. In the event that the number of Individual Investors exceeds two hundred and ten thousand (210,000), the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and Financial Advisors. (For further details, see Section 18 ("Subscription Terms And Conditions"))
<b>Refund of Excess Subscription Monies</b>	Surplus subscription amounts (if any) will be refunded without any charge or withholding by the Lead Manager or relevant Receiving Agent. Notification of the final allotment will be made, if any, at the latest by Sunday 22/11/1444H (corresponding to 11/06/2023G) (for further details, see ("Key Dates and Subscription Procedures") on page xv and Section 18 ("Subscription Terms And Conditions")).
<b>Offering Period</b>	The Offering will commence on Tuesday 10/11/1444H (corresponding to 30/05/2023G) and will remain open for a period of three (3) days up to and including Thursday 12/11/1444H (corresponding to 01/06/2023G).
<b>Distribution of Dividends</b>	The Offer Shares will entitle their holders to receive any dividends declared and paid by the Company from the date of this Prospectus and for subsequent financial years (for further details, please refer to Section 7 ("Dividend Distribution Policy")).
<b>Voting Rights</b>	The Company has only one class of Ordinary Shares, which do not carry any preferential voting rights. Each Share entitles the holder to attend General Assemblies and cast one vote thereat. A Shareholder may authorize another Shareholder that is not a member of the Board of Directors nor an employee of the Company, to attend General Assembly meetings and vote on its behalf (for further details, please refer to Section 12.15 ("Description of Shares")).
<b>Share Restrictions (Lock-up Period)</b>	The Substantial Shareholders, shown on page xii will be subject to a Lock-up Period of six months starting from the commencement of trading of the Shares on the Saudi Stock Exchange, during which the Substantial Shareholder shall be prohibited from disposing of their Shares. In addition, the Company is prohibited from listing shares of the same class as the Offer Shares for a period of six (6) months starting from the commencement of trading of the Offer Shares on the Exchange.
<b>Listing and Trading of Shares</b>	Prior to the Offering, the Company's Shares have never been listed or traded in any stock market either in the Kingdom of Saudi or elsewhere. Applications have been submitted by the Company to the Capital Market Authority for the registration and offering of the Shares in accordance with the OSCOs, and the Exchange for the listing of the Shares in accordance with the Listing Rules. All relevant approvals to conduct the Offering have been granted and all CMA-required documents submitted. It is expected that trading in the Shares will commence on the Exchange shortly after the final allocation of the Offer Shares.
<b>Risk Factors</b>	There are certain risks related to investing in the Offering. Such risks can be classified as follows: (i) risks related to the Company and its operations; (ii) risks related to the market; and (iii) risks related to the Offer Shares. These risks are described in Section 2 ("Risk Factors") and the ("Important Notice") in the preamble hereof, and should be carefully considered prior to making a decision to invest in the Offer Shares.

<b>Offering Expenses</b>	The Selling Shareholders shall be responsible for all expenses and costs associated with the Offering, excluding certain costs which shall be paid directly by the Company. The costs to be paid by the Selling Shareholders are estimated at around SAR 51.5 million, which shall be deducted from the Offering proceeds, and include the fees of the Financial Advisors, Underwriters, Issuer's Legal Advisors, the Financial Due Diligence and Working Capital Advisors, Auditors, Market Consultant, and other Advisors, in addition to the fees of the Receiving Agents, marketing, printing and distribution expenses, as well as other related expenses. The costs to be paid by the Company are estimated at around SAR 3.5 million and include fees payable to the Saudi Exchange and the Securities Depository Centre Company (Edaa) and other expenses relating to the listing of the Shares on the Saudi Exchange
<b>Financial Advisor, Lead Manager, Bookrunner and Underwriter</b>	<b>Saudi Fransi Capital</b> King Fahd Road 8092 P.O. Box 23454 Riyadh 3735 - 12313 Kingdom of Saudi Arabia Tel: +966 11 282 6666 Fax: +966 11 282 6823 Website: www.sfc.sa Email: Jamjoom.IPO@Fransicapital.com.sa
<b>Financial Advisor, Bookrunner and Underwriter</b>	<b>J.P. Morgan Saudi Arabia Company</b> Faisaliah Tower King Fahd Road P.O. Box 51907, Riyadh 11553 Kingdom Saudi Arabia Tel: +966 11 2993854 Fax: +966 11 2993840 Website: www.jporgansaudi Arabia.com Email: JP_IPO@jpmorgan.com
<b>Bookrunner and Underwriter</b>	<b>Al Rajhi Capital</b> Kind Fahad Road P.O. Box 5561 Riyadh 11432 Kingdom of Saudi Arabia Tel: +966 11 92000 5856 Fax: +966 114600625 Website: www.alrajhi-capital.com Email: IPO_jamjoom@alrajhi-capital.sa

*Note: Page i ("Important Notice") and Section 2 ("Risk Factors") of this Prospectus must be carefully studied before making any decision regarding investing in Offer Shares under this Prospectus.*



## Key Dates and Subscription Procedures

**Table No. (3): Expected Offering Timetable**

Expected Offering Timetable	Date
Offering Period for Participating Parties and Book-Building Period	Starting from Monday 25/10/1444H (corresponding to 15/05/2023G) and closing at 3:00 pm KSA time at the end of Monday 02/11/1444H (corresponding to 22/05/2023G).
Individual Investor Subscription Period	Starting from Tuesday 10/11/1444H (corresponding to 30/05/2023G) and closing at the end of Thursday 12/11/1444H (corresponding to 01/06/2023G).
Deadline for submission of Subscription Forms by Participating Parties based on the initial allocation of Offer Shares	Monday 09/11/1444H (corresponding to 29/05/2023G).
Deadline for submission of Subscription Application Forms and payment of the subscription monies by Individual Investors	Thursday 12/11/1444H (corresponding to 01/06/2023G).
Deadline for payment of subscription money by Participating Parties based on their initially allocated Offer Shares	Thursday 12/11/1444H (corresponding to 01/06/2023G).
Announcement of final Offer Shares allotment	Wednesday 18/11/1444H (corresponding to 07/06/2023G).
Refund of excess subscription monies (if any)	Sunday 22/11/1444H (corresponding to 11/06/2023G).
Expected trading commencement date for the Shares	Trading of the Offer Shares on the Exchange is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the Saudi Exchange website ( <a href="http://www.saudiexchange.sa">www.saudiexchange.sa</a> ).

*Note: The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing in national daily newspapers, on the Tadawul website ([www.tadawul.com.sa](http://www.tadawul.com.sa)), the Company's website ([www.jamjoompharma.com](http://www.jamjoompharma.com)) and the website of the Financial Advisors ([www.jporgansaudi Arabia.com](http://www.jporgansaudi Arabia.com)) and ([www.sfc.sa](http://www.sfc.sa)).*

## How to Apply for Offer Shares

The Offering shall be restricted to the following three groups of investors:

**Tranche (A): Participating Parties:** parties eligible to participate in the book-building process as specified under the Book-Building Instructions (for further details, see Section 1 (“Definitions and Abbreviations”) and Section 18 (“Subscription Terms And Conditions”).

**Tranche (B): Individual Investors:** individual investors comprising Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account with a Receiving Agents and having the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature is proved to have occurred, then the relevant regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

### Participating Parties

Participating Parties can obtain the Bidding Participation Forms from the Bookrunners during the Book-Building Period, and obtain the Subscription Application Forms from the Lead Manager following the initial allocation. The Bookrunners shall, after the approval of the CMA, offer the Offer Shares to Participating Parties only during the Book-Building Period. Subscriptions by the Participating Parties shall commence during the Offering Period, which shall also include the Individual Investors and Eligible Employees, according to the terms and conditions detailed in the Subscription Forms. A signed Subscription Form shall be submitted to the Lead Manager, with such Subscription Form representing a binding agreement between the Selling Shareholders and the applicant Participating Party.

### Individual Investors

Subscription Application Forms for Individual Investors will be available from the Receiving Agents during the Offering Period. Individual Investors who have participated in previous initial public offerings in the Kingdom can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents offering any or all such services to its customers, provided that the following requirements are satisfied:

1. the Individual Investor must have a bank account at the Receiving Agent which offers such services; and
2. there have been no changes in the personal information or data of the Individual Investor (by way of exclusion or addition of any member of his family) since such person last participated in an initial public offering.

Each Individual Investor is required to fill out the Retail Subscription Form according to the instructions described in Section 18 (“Subscription Terms And Conditions”). Each applicant must complete all the relevant sections in the Retail Subscription Form. The Company reserves the right to reject any Retail Subscription Form, in part or in whole, if any of the subscription terms and conditions are not met. The Retail Subscription Form cannot be amended or withdrawn once submitted. Furthermore, the Retail Subscription Form shall, upon submission, be considered to be a legally binding agreement by the relevant investor to the Selling Shareholders (for further details, see Section 18 (“Subscription Terms And Conditions”).

Excess subscription monies, if any, will be refunded to the primary Individual Investor’s account held with the Receiving Agent from which the subscription value has been debited in the first place, without withholding any charge or commission by the Lead Manager or Receiving Agents. Excess subscription monies shall not be refunded in cash or to third party accounts.

## Summary of Key Information

This summary of key information aims to give an overview of the information contained in this Prospectus. As it is a summary, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary should be treated as an introduction to this Prospectus. Recipients of this Prospectus should read the Prospectus in its entirety, as any decision by prospective investors to invest in the Offer Shares should be based on a study of this Prospectus as a whole. In particular, it is important to carefully consider the (“**Important Notice**”) on page i and Section 2 (“**Risk Factors**”), respectively, prior to making any investment decision in relation to the Offer Shares. Accordingly, the recipient of this Prospectus should not make any investment decision solely on the basis of this Summary.

## Overview of the Company

### Overview of the Company and its Business Activities

Jamjoom Pharmaceuticals Factory Company (hereinafter referred to as the “Company” or the “Issuer”) is a Saudi joint-stock company established under commercial registration no. 4030154596 dated 18/02/1426H (corresponding to 28/03/2005G) pursuant to ministerial resolution no. 202/s, dated 19/08/1435H (corresponding to 17/06/2014G) issued in Jeddah, KSA. The current share capital of the Company is seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million (70,000,000) ordinary shares with a fully paid-up nominal value of SAR 10 per share, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash.

The Company is engaged in the development, manufacturing and marketing of a wide range of high-quality branded generic pharmaceutical products. The Company markets its products in 36 countries across the Middle East, Africa and the Commonwealth of Independent States, with its headquarters in Saudi Arabia and its most significant operations and sales in Saudi Arabia, Egypt, Iraq, GCC countries and North Africa.

The Company currently holds direct and indirect shareholdings in three subsidiaries in Egypt. During the FY 2021G, the Company's subsidiaries in Egypt accounted for approximately 9.1% of the Company's total revenues for FY21G. In addition, the Company has a subsidiary in Turkey, Jamjoom Pharmaceutical Industry and Commerce Company Limited, which is currently being liquidated. (for further details, please refer to Section 4.8 (“**Subsidiaries**”) of this Prospectus).

Jamjoom Pharmaceuticals Factory Company was established as a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company under commercial registration no. 4030106218 dated 16/04/1415H (corresponding to 22/09/1994G) issued in Jeddah, KSA.

On 12/09/1425H (corresponding to 26/10/2004G), the branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company was converted to a limited liability company under the name of Jamjoom Pharmaceuticals Factory Company Limited under commercial registration no. 4030154596 dated 18/02/1426H (corresponding to 28/03/2005G) with a capital of twenty million Saudi Riyals (SAR 20,000,000), divided into twenty thousand (20,000) fully paid in-kind shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share.

On 17/11/1428H (corresponding to 27/11/2007G), the General Assembly approved an increase of the Company's capital from twenty million Saudi Riyals (SAR 20,000,000) to sixty million Saudi Riyals (SAR 60,000,000), divided into sixty thousand (60,000) cash shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share, through the capitalization of forty million Saudi Riyals (SAR 40,000,000) from the retained earnings account.

On 09/06/1433H (corresponding to 30/04/2012G), the General Assembly approved an increase of the Company's capital from sixty million Saudi Riyals (SAR 60,000,000) to one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) cash shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share, through the capitalization of forty million Saudi Riyals (SAR 40,000,000) from the retained earnings account.

On 09/11/1434H (corresponding to 21/01/2013G), the Company was converted from a limited liability company to a (closed) joint-stock company pursuant to ministerial resolution no. 202/S, dated 19/08/1435H (corresponding to 17/06/2014G) approving the publication of the Company's conversion. Upon conversion, the Company's share capital was one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) Shares with a fully paid-up nominal value of SAR 10 per Share.

On 18/12/1443H (corresponding to 17/07/2022G), the General Assembly approved an increase of the Company's capital from one hundred million Saudi Riyals (SAR 100,000,000) to seven hundred million Saudi Riyals (SAR 700,000,000), divided into seventy million (70,000,000) Shares with a fully paid-up nominal value of SAR 10, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash, per Share through the capitalization of six hundred million Saudi Riyals (600,000,000) from the retained earnings account. (For more information, see Section 4.6 (“**Overview of the Company and Growth of its Capital**”).

## Vision

To become a leading MEA organization by 2026G through consistently providing affordable, high-quality healthcare solutions.

## Mission

To contribute to achieving national and regional pharmaceutical self-sufficiency whilst prioritizing customers and supporting the wellbeing of communities.

## Strengths and Competitive Advantages

The Company's principal competitive advantages and strengths are as follows:

- The Company is a leading MEA branded generics player operating in a large and growing addressable market, protected by significant barriers to entry.
- The Company holds a proven R&D track-record with outstanding product development and substantial white space opportunities to tap into new therapeutic areas.
- The Company has a diversified portfolio offering with proven leading positions in key categories, benefitting from high brand awareness and sold through a targeted commercial footprint.
- The Company has a state of the art manufacturing and highly efficient operations.
- The Company has a compelling financial profile with robust and sustainable growth prospects.
- The Company has a seasoned strategic leadership team.

## Key developments of the Company since establishment

The key milestones achieved in relation to the Company and its business since its establishment are summarized as follows:

**Table No. (4): Key Developments of the Company since Establishment:**

Year	Event/Development
1994G	Establishment of Jamjoom Pharmaceuticals Factory Company, a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company
1997G	Construction begins on the Jeddah Main Facility
2000G	Commenced production and commercial operations with the opening of the Jeddah Main Facility
2002G	Commenced international operations with the first export of products outside Saudi Arabia, to Bahrain
2003G	<ul style="list-style-type: none"> <li>- Launched unique products in the Dermatology therapeutic segment (Elica and Elica M)</li> <li>- Achieved first breakeven</li> </ul>
2005G	Jamjoom Pharmaceuticals Factory Company was converted as a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company to a Limited Liability Company
2007G	Net sales amounted to 200 million Saudi riyals
2009G	The Company registered and launched more than 50 pharmaceutical products (medicines) in the Saudi Arabia
2010G	"Jamjoom" products available in more than 15 countries
2012G	<ul style="list-style-type: none"> <li>- Launched Unifresh, the first standardized dose product to be produced using airtight manufacturing technology and packaging</li> <li>- Net sales amounted to 400 million Saudi riyals</li> </ul>
2013G	The Company established the first pharmaceutical plant to use soft gel manufacturing technology in GCC
2014G	<ul style="list-style-type: none"> <li>- Launched Consumer Health division with unique product portfolio</li> <li>- Converted to close Joint Stock Company</li> </ul>
2015G	Annual manufacturing capacity reached 90 million units
2016G	Established largest R&D capacity in Saudi Arabia
2018G	Became member of "Reyadah" Program for leading companies in strategic sectors of the National Transformation Program under KSA's Vision 2030
2019G	The Company successfully launched four (4) trademarks for its pharmaceutical products in the Kingdom of Saudi Arabia

Year	Event/Development
2020G	<ul style="list-style-type: none"> <li>- The Company is ranked as the number three (3) manufacturer (by value) in Saudi Arabia (calendar year 2020G only).<sup>1</sup></li> <li>- The Company successfully launched twelve (12) trademarks for its pharmaceutical products in the Kingdom of Saudi Arabia</li> </ul>
2021G	<ul style="list-style-type: none"> <li>- The Company registered more than 100 trademarks for its pharmaceutical products (medicines) in the Kingdom in Saudi Arabia</li> <li>- Net sales amounted to 700 million Saudi riyals</li> <li>- The Company successfully launched seventeen (17) trademarks for its pharmaceutical products in the Kingdom of Saudi Arabia</li> </ul>
2022G	<ul style="list-style-type: none"> <li>- The Company's operations are successful in more than 35 countries.</li> <li>- The Company holds the first position as the biggest exporter of pharmaceutical products in Saudi Arabia on the basis of the total exports for the years 2019G to 2021G.<sup>2</sup></li> <li>- The Company is ranked as the number one (1) manufacturer of consumer health (non-prescription products/OTC for the therapeutic classes in which the Company operates) in Saudi Arabia for the period from January 2022G to May 2022G (YTD May 2022G).<sup>3</sup></li> </ul>

Source: The Company

## Company Strategy

The Company's strategy is formed of the following 5 key pillars providing a framework for working towards realization of the Company's Vision and Mission:

- **Clearly defined 5-year strategy to become a leading MEA organization by 2026 via selective expansion to deliver growth in key markets and strengthen the Company's local presence**

The Company has developed a tailored and graduated strategy to accelerate and prioritize growth in targeted key markets, which have been identified as having the highest potential opportunity for the Company to expand its revenue base. Through this segmentation, the management team has been able to deploy resources in key markets to redirect focus and enhance the quality of growth whilst optimizing its production and distribution processes which are expected to maximize operational efficiency.

The Company intends to continue to expand within the MEA region and expects to enter selected additional markets in the coming years, as it believes additional regions around the world would appreciate the presence of a high-quality pharmaceutical champion. The Company will continue to expand within sizable countries where its portfolio can add value to the healthcare community. In the near to the medium term the expansion markets will be focused on the Middle East and Africa regions.

Furthermore, the Company aims to adopt a carefully selective approach towards products and target markets. The identified key markets across its geographic clusters will form the basis of its commercial focus going forward, attracting increased time, effort and resources in these markets in order to ensure that the substantial commercial opportunities that are available to the Company are captured to their fullest extent possible. The Company will also treat these markets as a cornerstone for its standout products, compounding the growth opportunities by driving its best performing products in its best performing markets, whilst leveraging the strength of its local sales forces.

- **Investing in multiple opportunities for portfolio expansion via R&D in both existing and new therapeutic areas**

A critical component of the Company's strategy is to contribute to achieve national and regional self-sufficiency through optimizing new product launches and venturing into new therapeutic areas. Optimization of new product launches will be achieved through reducing the time-to-market through efficient R&D, governance and decision making. Coupled with this, identifying and capitalizing on growth opportunities in new therapeutic areas will be done through rigorous investing in research and development with diligent portfolio management and well-grounded market research to aid in decision making on promising therapeutic areas.

This strategy is reflected in a recent case study, whereby the Company recognized the prevalence of diabetes in the region as a potentially strong therapeutic area for it to enter. To capture market share within this therapeutic area, the Company is developing a range of high-quality diabetes management products, with expected launches into the market between 2022G and 2024G.

- **Expand in tender opportunities regionally**

The Company will continue to grow its presence in the KSA public tender market, capitalizing on tender system reform and government support for championing high quality providers of essential products from within the Kingdom via two national-led strategies, Vision 2030 and the National Transformation Program (NTP). Having already found success in the space by securing an important 2-year tender in 2020G, the Company will build on this success and utilize its position as a leading KSA pharmaceutical manufacturer to become a key strategic supplier to the Kingdom's public healthcare system through reducing the cost of manufacturing and procurement. In order to ensure the opportunities for government tender business are fully captured, the Company intends to establish a dedicated team to increasing participation in public tender contracts in all key markets such as KSA, the Gulf, Iraq, and Egypt across its product range.

<sup>1</sup> Source: IQVIA Saudi Arabia Pharmaceutical Index (SAPI) Sales Data, January 2021G.

Note: SAPI covers the sales data of pharmaceutical products full market coverage in Saudi Arabia to retail pharmacies, chain pharmacies, sub-agents and private hospitals.

<sup>2</sup> Source: As per the Company's internal analysis.

<sup>3</sup> Source: IQVIA Saudi Arabia Pharmaceutical Index (SAPI), Sales Data, June 2022G.

Note: This ranking is based on SAPI data of OTC products only for specific therapeutic classes.

- **Drive operational effectiveness and enhance governance**

The Company plans to continue to build on introducing operational efficiencies in manufacturing to drive cost reduction, minimization of waste, implementation of efficient inventory management solutions, registration of alternate suppliers and improvement in local content scores. The Company expects that these actions will help to enhance collaboration and cohesive working by the manufacturing and commercial teams as well as refine the production and reallocation of resources. As a result, the Company will be able to increase both, volumes and margins, for key products through improved cost efficiency and economies of scale. In addition, the Company plans to expand its manufacturing footprint via the commissioning of the Egypt facility to serve the North African markets which supports its strategy of selectively expanding market presence.

In addition, the company will continue to implement its ongoing digital transformation. Alongside the installation of technologically advanced manufacturing equipment, the Company is modernizing its facilities, systems and processes with best-in-class software and technology. This will ensure that the company is well equipped to deliver on its planned growth trajectory and is able to scale its monitoring, compliance, reporting, control and communications commensurately.

Finally, the Company will also continue to maintain its strict financial discipline and preserve the strength of its balance sheet to pursue strategic objectives, through a governance model that reflects best practices and international standards of transparency and efficiency.

- **Developing, nurturing and retaining talent**

The pharmaceutical manufacturing industry demands specialized skillsets in all areas of human resources. The Company's strategy for human capital is to enhance its exceptional talent base through:

- attracting the best talent locally & globally;
- investment in development programs offered by the Company to its employees to enrich their skillset through the Jamjoom Pharma Academy (for more information on the Jamjoom Pharma Academy please refer to Section 4.14.1 ("Jamjoom Pharma Academy") of this Prospectus); and
- instill succession planning to align with global best practices.
- Continuing in the support of female employment and Saudization, by building on the current 60% female employee base in the factory team.

Through this strategy, the Company aims to formulate a solid connection between the tasks of its employees and the achievement of the Company's Vision and Mission.

## Market Overview

- **Growing need for medical security and self-sufficiency in the healthcare and pharmaceutical sector has led to increasing investments across the region**

With the pandemic and oil price shock serving as a reset for the various Governments thriving on oil-based revenue, Saudi Arabia, Egypt, Iraq and United Arab Emirates (UAE) (core markets covered in the market study) are looking at improving non-oil revenue sources through economic diversification to promote investments in achieving food and medical security besides expanding several industries for local manufacturing, logistics and transportation. In an effort to reduce dependency on imports and to achieve self-sufficiency, countries like Saudi Arabia and Egypt are actively promoting investments in local manufacturing of pharmaceutical products and to improve contribution to the GDP. As a result, the pharmaceutical medicines market for all the four countries together is expected to register a strong CAGR growth of 5.4% from SAR78.1 billion (or US\$ 20.8 billion) in 2021G to SAR101.6 billion (or US\$27.1 billion) in 2026G.

Saudi Arabia currently imports a majority of its local consumption from USA, Europe, China and India. Saudi Arabia's Vision 2030 aims to achieve 40% of total pharmaceutical product consumption to come from local production. The Kingdom has been actively facilitating technology and research-driven partnerships with global manufacturers such as AstraZeneca, Pfizer and a MoU with GlaxoSmithKline. This, combined with portfolio expansion by existing local manufacturers, resulted in the contribution of local products to the overall pharmaceutical market, growing from 30% in 2018G to 36% in 2021G. This has encouraged companies like Jamjoom pharmaceuticals to actively capitalize the push for localization in expanding their portfolio in both existing and new product lines.

Serving over 400 public hospitals and primary healthcare centers, the National Company for the Unified Procurement of Medicines, Devices and Medical Supplies (NUPCO), is an entity dedicated for procurement and supply of medicines and medical devices for public owned hospitals in the Kingdom. This has helped formalize the institutional sales and standardize the collection process. Institutional sales has a significant contribution and reflects the growth of the overall pharmaceutical market in the forecast period, 2021G-2026G. Altogether, the total market for medicines in the Kingdom is expected to grow by a strong 5.4% to reach SAR 39.6 billion (or US\$10.6 billion).

Among other core markets, rising accessibility to pharmaceuticals across the population is likely to result in Egypt's pharmaceutical market reaching SAR31.5 billion (or US\$10.6 billion) growing strongly at a CAGR of 5.2% since 2021G. Egypt is also characterized by a strong spread of local companies in many categories. Despite the challenges faced by the country, such as increased reliance on imports of raw materials and currency depreciation, among others, the government strongly encourages investment in domestic production of pharmaceuticals in order to increase citizens' access to affordable health care. Pharmaceutical products of local companies are estimated to contribute about 56% of the overall pharmaceutical market. New investments and setting up of factories by companies like Merck, Jamjoom Pharmaceuticals, Abbott and Pfizer in Egypt is likely to make the country one of the biggest pharmaceutical hubs in MENA region. Specifically, companies like Jamjoom pharmaceuticals are expanding their manufacturing footprint with a new facility being commissioned this year in Cairo for expansion into Egypt and North African markets. Jamjoom Pharmaceuticals is also actively investing in research and development to deepen its remit across existing categories while expanding into newer therapeutic categories like diabetes treatment, cardiovascular and central nervous system treatment products.

Besides Saudi Arabia and Egypt, Iraq is expected to grow the fastest at a CAGR of 5.9% to reach SAR9.2 billion (or US\$2.5 billion) driven by the Government's push to increase investments and accessibility. UAE, on the other hand, thrives mainly on imports but is a well matured market growing at a steady 5.6% to reach SAR21.3 billion (or US\$5.7 billion). Both Iraq and UAE are far from reaching self-sufficiency in this sector.

- **Focus on improving health infrastructure, mandatory insurance policies and private sector participation are the key catalysts for the growth of healthcare and hence, the pharmaceutical industry**

COVID-19 served as a catalyst for change in the healthcare landscape across all markets. Governments across Saudi Arabia, Egypt and Iraq re-evaluated their priorities and expansionary plans to focus on the more pressing issues including policy enhancements, infrastructure improvements and digital innovation in the sector.

With over 500 hospitals and 75,000 beds, Saudi Arabia's public expenditure on healthcare grew to an estimated SAR 190.9 billion (or US\$50 billion) to expand access to high-quality infrastructure. This, combined with the mandatory health insurance for all private sector employees and their families is encouraging the growth in consumer expenditure on health products and medical services, growing at an optimistic 5.2% to reach SAR 27.1 billion (or US\$7.2 billion). The decline in birth rates and the rise in life expectancy is likely to lead to an increase in aging rates, with the average life expectancy increasing from 29.9 (2019G) to 32.9 (2026G) and less than 34.4 by 2030G. This is further evidenced by the population aged above 41 years expected to grow at a CAGR of 2.7% to reach 16.95 million people by 2026G. This demographic combination, along with the high prevalence of diabetes (16.1% in 2021G), obesity (40.4% in 2021G) and hypertension (24.6%), is likely to spur demand for this class of pharmaceuticals regardless of external shocks in the world market.

On the other hand, the Egyptian government plans to double the number of hospital beds from 15 beds per 10,000 people in 2016 to 30 beds per 10,000 people in 2030G, while current estimates indicate that the rate is 21 beds per 10,000 people, and it will expand the umbrella of the health coverage system. Comprehensive coverage to include all its citizens during the next ten years after the introduction of about 4.5 million people to the system starting from July 2022G. Despite a considerably young population, high prevalence of lifestyle diseases like diabetes (17.5% in 2021G), obesity (34.5% in 2021G) and hypertension (25.2%

in 2021G) is likely to drive consumer expenditure on health goods and medical devices by a CAGR of 12.7% to reach SAR 244.9 billion (or US\$65.3 billion) by 2026G. Leveraging a strong fiscal budget allocation for healthcare, the Government planned to work closely with the private sector to launch 122 hospitals, 35 medical centers, 17 psychiatric hospitals and 8 outpatient centers. Expansion of access to healthcare is expected to drive demand for the pharmaceutical sector in the country.

However, UAE is strengthening its healthcare infrastructure by leveraging information technology in expanding telemedicine and digital medicine. It is also encouraging private sector participation to explore investment areas to enhance quality of healthcare and expand medical tourism. In Iraq, the primary focus remains to expand healthcare access and insurance coverage (currently at 3% of the population) while decentralizing the healthcare system by increasing hospital capacity, private sector participation and training for healthcare service providers. These are likely to drive consumer expenditure on healthcare in Iraq compared to Saudi Arabia and other core markets like UAE and Egypt.

- **Growing awareness post the year of the pandemic, 2020G, combined with reopening of clinics and hospitals is fueling the growth of ophthalmic products**

Increased screen time during COVID-19 and the rise in the number of eye diseases like cataract, glaucoma, macular degeneration has led to an increase in demand for ophthalmic drugs across the key markets covered in the research namely, Saudi Arabia, Egypt, Iraq and UAE. Arid climate conditions including blowing dust have been instrumental in causing recurring dry and irritable eye symptoms in the region. However, the eye products category across the four markets combined witnessed a 3% decline in 2020G due to closures during the pandemic period. The category then rebounded strongly in 2021G as ophthalmologists and physicians started their activities again with personal consultations and surgeries, which resulted in a growth in the demand for prescription preparations. This resulted in a cumulative growth rate of 16% in the four markets combined to reach 1.8 billion Saudi riyals (or 0.48 billion US dollars) in the four markets. Increased awareness of standard eye care amid increased screen viewing times for adults and children alike is expected to drive growth in this category. Throughout the forecast period (2021G-2026G), albeit from a small base compared to other categories, all four markets are cumulatively expected to register a growth of 10.4% with Egypt, KSA and Iraq expected to lead the growth at 13.5%, 8.9% and 6.1% respectively.

Jamjoom Pharmaceuticals leads Saudi Arabia's Ophthalmology market with a market share of 20.6% in a category sized at SAR0.73 billion (or US\$0.19billion). Jamjoom Pharmaceuticals is the only local player to offer the entire selection of both prescription and non-prescription ophthalmology products for the treatment of dry eyes, conjunctivitis and other ocular infections. Led by its flagship and best-selling non-prescription brand HyFresh that contributes to over 40% of the category's revenue, other leading prescription products in the market include Olopat, Loxtra and Xolamol. The Company is expected to maintain its stronghold with 13% of the new product pipeline planned for ophthalmology and a dedicated sterile manufacturing facility scheduled to open in Jeddah in 2022G.

Among other core markets, Jamjoom pharmaceuticals is ranked third in Egypt with a share of 11.1% in a market estimated at SAR 0.45 billion (or US\$0.12 billion) backed by a strong prescription portfolio and is the market leader in Iraq with a share of 18.8% in a market estimated at SAR 0.23 billion (or US\$0.06 billion). Across both these markets and in the UAE where Jamjoom pharmaceuticals is placed in the top 10, strong sales force, marketing the products with key opinion leaders and reliable and consistent supplies differentiate Jamjoom pharmaceuticals from the other players.

- **Growing importance of skin health and hygiene coupled with rising disposable income is likely to drive demand for prescription dermatology products**

Dermatology was one of the few categories that remained largely unaffected by the pandemic. Demand for dermatology products continued to grow in line with supply levels as manufacturers and importers expanded their channels to include e-commerce and in-home delivery throughout the pandemic. The overall category across the key markets including Saudi Arabia, Egypt, Iraq and UAE, grew by 5.9% to reach SAR4.8 billion (or US\$1.3 billion) in 2021G. Dermatology treatment is increasingly becoming a supplementary treatment supporting skin related issues coming as a result of rising prevalence of other ailments such as diabetes, obesity, etc. Growing importance of skin health and hygiene, personal grooming and proactive prevention from skin infections is likely to drive a consistent growth of just over 8.7% to reach SAR7.4 billion (or US\$2.0 billion). Medical products for the treatment of acne, scars, wounds and fungal infections are gaining traction. High barriers to entry for the medicinal dermatology products have enabled only certain companies to capture a significant share of the market.

In addition to growing awareness of skin health and hygiene across markets, Saudi Arabia's plans to increase the share of female employment from 19.2% in 2020G to 35.0% in 2035G, is likely to result in higher disposable income with increased spending on skin care. This is likely to support consumer expenditure in this category since insurance acceptance for dermatology treatments continues to be limited. Jamjoom pharmaceuticals, ranked second with a market share of 6.7% in 2021G, specializes largely in production of topical corticosteroids used to treat eczema and psoriasis. With a dedicated business division for dermatology, Jamjoom Pharmaceuticals presents a wide range of 15 products including anti-acne solutions, emollients and wound healing agents to support growth in Saudi Arabia.

Jamjoom Pharmaceuticals is the only player across all competitors to have a presence across all four key markets led mainly by their anti-inflammatory product, Elica-M used for treating psoriasis and atopic dermatitis, followed by anti-bacterial cream, Fusibact and Acretin used in treating acne vulgaris. With a dedicated sales force to educate physicians and key opinion leaders, Jamjoom Pharmaceuticals aims to expand further across markets leveraging its strong portfolio of 15 products in the category.



- **Renewed interest in preventive health and government support for local manufacturers makes nutraceuticals a high potential segment across all the markets**

Young adults typically aged between 19 to 40 years, which form a majority of the population across all four markets are becoming increasingly health conscious especially after COVID-19, thereby resulting in a significant growth in demand for nutraceuticals including both vitamins and dietary supplements. Driven by this strong uptake, the four markets, Saudi Arabia, Egypt, Iraq and UAE cumulatively registered a strong CAGR of 15.1% between 2019G-21G to reach SAR5.2 billion (or US\$1.4 billion) in 2021G. Since the category thrives majorly on over-the counter non-prescription products, nutraceuticals are an intensely competitive category characterised by aggressive marketing and promotions. Younger consumers are drawing to this category in an effort to avoid or reduce the impact of lifestyle diseases. These include Vitamin C enhancement for general immunity, Vitamin D supplements to address Vitamin D deficiency, hormonal treatment for better reproductive health, multi-vitamins for improving stamina and general health, among others.

Strong market opportunity for nutraceuticals resulted in increasing local production of this category particularly in Saudi Arabia and Egypt. This has encouraged companies like Jamjoom Pharmaceuticals in Saudi Arabia and Nehrdu International in Egypt to invest in manufacturing of these products to reduce dependency on global brands sold by GlaxoSmithKline, Bayer, Vitabiotics, among others. In Saudi Arabia, Jamjoom pharmaceuticals was the first local manufacturer to enter and develop this category. The Company had a share of 5% and ranked third in the market sized at SAR1.7 billion (or US\$0.45 billion) and is soon growing to become the market leader in the category as of mid-2022G. Aligned with the global trends, Jamjoom pharmaceuticals has invested in timely research and development to launch JP Vitamin D3 and Prima D3 as soft gels in 2015G and 2019G respectively, when the market only provided liquid products. This was further expanded to now provide a full suite of Vitamin D products that helped the company emerge as the market leader in Vitamin D subcategory and achieve a growth of 19% CAGR for its nutraceuticals portfolio for the period, 2017G-21G. Leveraging their brand through Omega-3 and Vitamin D3 and the soft-gel manufacturing facility, the Company launched Ashwaq entering the stress management category in 2021G, and Melatonin 5mg to treat sleep disorders. With 16% of its product pipeline estimated for new products in Nutraceuticals, the company holds a strong position to become a leader in the cosmetics market in the Kingdom, while expanding its reach to other markets.

Jamjoom Pharmaceuticals also aims to leverage its strong portfolio of over 40 brands to strategically penetrate other core markets including Egypt, Iraq and UAE to become a leading nutraceuticals brand in the region.

- **Growing proliferation of generics results in a mature but fragmented environment for diverse generics across major markets**

The market for general medicines in all the four countries consolidated is mature and grew by a meagre 2.9% CAGR during the period, 2019G-21G to reach SAR26.0 billion (or US\$6.9 billion). With an increasing pressure for local production and introduction of generics, there are multiple products available for each sub-category across all the four markets. This resulted in a fragmented market landscape across the four markets with the top 5 players together not contributing more than 50% of the overall pharmaceutical market in any country. Driven by increasing prevalence of chronic and lifestyle diseases and a strong penetration of non-prescription products, general medicine, as a category, is expected to continue growing steadily at a CAGR of 2.4% to reach SAR29.2 billion (or US\$7.8 billion) by 2026G.

Jamjoom Pharmaceuticals has a strong portfolio of 15 products across various applications such as anti-histamines, analgesics, anti-virals and muscle relaxants. In Saudi Arabia, as one of the leading local manufacturers of general medicine, Jamjoom Pharmaceuticals reported a market share of 2.1% in the category sized at SAR10 billion (or US\$2.7 billion) with over 70% of the revenues coming from prescription products. Prima D3 a Vitamin D3 prescription supplement, Azi-Once – a broad spectrum antibiotic and Relaxon – an analgesic, are the best-selling products both in Saudi Arabia and in other core markets. Jamjoom pharmaceuticals aims to expand its penetration in this category with 7% of its planned product pipeline from general medicines.

- **Rise in penetration of lifestyle diseases such as diabetes, obesity, hypertension, etc are increasingly requiring supplementary treatment with gastrointestinal drugs**

Gastrointestinal drugs recorded a CAGR of 9.5% to reach SAR5.3 billion (or US\$1.4 billion) in 2021G driven by a combination of unhealthy eating habits that ensued during the COVID-19 pandemic lockdowns and by patients with pre-existing conditions like diabetes, obesity, ulcer and heart-related issues. The category is expected to grow at a rate of 7.3% from 2021G to reach SAR7.6 billion (or US\$2 billion) by 2026G. New product launches specifically in acid neutralizers and proton pump inhibitors alongside rising side effects of lifestyle diseases like diabetes, hypertension, etc, and rising geriatric population which is susceptible to inflammatory bowel disease (IBD) and ulcerative colitis are likely to drive growth of gastrointestinal products.

While global players like AstraZeneca Group Plc and Acino Pharma Ag have a strong presence across most of these markets, there is a growing focus by the Governments to increase the role of local and regional players like Julphar Gulf Pharmaceutical Industries and Jamjoom Pharmaceuticals who have established a stronghold in the region by working with a large network of medical representatives to create a positive perception among key opinion leaders in the industry.

Jamjoom Pharmaceuticals ranked 4th in the category sized SAR1.8 billion (US\$0.5 billion) led mainly by anti-emetic products that prevent nausea namely Zoron and Domp. Launched in 2019G, Zoron got established as a go-to-product for anti-emetics both through retail and institutional sales. This helped the company secure an order with NUPCO for Zoron in 2020G. This is also followed by acid-regulating Aciloc which helps in reducing indigestion. With price reductions implemented by SFDA, the company registered strong volume sales showing the quality of Aciloc in Saudi Arabia. The company aims to leverage the success of these products and planned new products contributing to 13% of the planned pipeline, to penetrate its other core markets including Egypt, Iraq and UAE in the forecast period.

- **Jamjoom Pharmaceuticals are adopting a holistic strategy to expand across categories and regions**

The company currently has a portfolio of over 100 brands sold in various capacities across 36 countries in the Middle East African region. Driven by a strong strategic approach, Jamjoom pharmaceuticals differentiates through constant innovation in existing and new product categories while expanding into multiple countries. Jamjoom Pharmaceuticals' dedicated on-the-ground sales workforce across markets coupled with strong manufacturing capabilities across three of its facilities, has enabled the Company to become one of the largest exporters across the identified categories as compared to other products in the market.

With planned investments in manufacturing, enhancing operational efficiency, participation in tenders, portfolio expansion in existing categories and new product launches in diabetes treatment and several consumer health sub-categories, Jamjoom pharmaceuticals is well positioned to grow as a market leader in the Middle East Africa region.

## Summary of Financial Information

The selected financial information set out below should be read in conjunction with the audited consolidated financial statements for the financial years ended 31 December 2019G, 31 December 2020G and 31 December 2021G, together with the notes thereto, in each case prepared in accordance with the International Financial Reporting Standards applicable in the KSA (IFRS-KSA) and other accounting standards accepted in the Kingdom issued by the Saudi Organization for Certified Public Accountants ("SOCPA"), with regard to which KPMG issued an independent auditor's report. The unaudited condensed consolidated interim financial statements for the Six Month Period Ended 30 June 2022G, which contain the comparative financial information for the six-month period ended 30 June 2021G, together with the notes thereto, which were prepared in accordance with International Accounting Standard No. 34 (Interim Financial Reporting) endorsed in the Kingdom of Saudi Arabia and reviewed by KPMG, in addition to the information set out under the Financial Information section above.

The selected financial information set out below should be read in conjunction with the information set out in Section 2 ("Risk Factors") and Section 6 ("Management Discussion and Analysis of Financial Position and Operating Results") of this Prospectus. The audited consolidated financial statements for the financial years 2019G, 2020G and 2021G and the unaudited condensed consolidated interim financial statements for the Six Month Period Ended 30 June 2022G each prepared in accordance with the International Financial Reporting Standards applicable in the KSA (IFRS-KSA) and other accounting standards accepted in the Kingdom issued by the Saudi Organization for Certified Public Accountants ("SOCPA") have been included in Section 20 ("Financial Statements and Independent Auditor's Report") of this Prospectus, in addition to any other financial information contained in other part of this Prospectus.

**Table No. (5): Summary of financial information from the profit or loss and other comprehensive income for the financial years ended 31 December 2019G, 2020G and 2021G and interim condensed consolidated statement of profit or loss and other comprehensive income (reviewed) for the six-month period ended 30 June 2021G and 30 June 2022G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G	Six-month period ended 30 June 2021G (Reviewed)	Six-month period ended 30 June 2022G (Reviewed)	Variance 30 June 2021G - 30 June 2022G
Revenue	731,733	805,314	735,683	10.1%	(8.6%)	0.3%	314,877	482,081	53.1%
Gross profit	422,366	513,296	474,694	21.5%	(7.5%)	6.0%	202,119	317,384	57.0%
Operating profit	174,540	239,914	185,803	37.5%	(22.6%)	3.2%	64,465	135,033	109.5%
Profit before Zakat and income tax	175,671	231,743	188,087	31.9%	(18.8%)	3.5%	60,322	102,447	69.8%
<b>Net profit for the year / period</b>	<b>156,931</b>	<b>206,860</b>	<b>170,695</b>	<b>31.8%</b>	<b>(17.5%)</b>	<b>4.3%</b>	<b>52,173</b>	<b>93,954</b>	<b>8.1%</b>
Re-measurement of Employees' benefits liability	(2,181)	(3,255)	(646)	49.3%	(80.2%)	(45.6%)	-	-	N/A
Foreign operations – foreign currency translation differences	992	(3,385)	(4,149)	(441.3%)	22.6%	N/A	4,052	(2,470)	(161.0%)
Other comprehensive (loss) / income for the year / period	(1,189)	(6,641)	(4,795)	458.6%	(27.8%)	100.8%	4,052	(2,470)	(161.0%)
<b>Total comprehensive income for the year / period</b>	<b>155,742</b>	<b>200,220</b>	<b>165,900</b>	<b>28.6%</b>	<b>(17.1%)</b>	<b>3.2%</b>	<b>56,225</b>	<b>91,484</b>	<b>62.7%</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and reviewed interim financial statements for the six-month period ended 30 June 2022G

**Table No. (6): Summary of financial information from the consolidated statement of financial position for the years ended 31 December, 2019G, 2020G, 2021G and the reviewed interim consolidated statement of financial position as on 30 June 2022G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Non-current assets	523,843	648,948	732,628	749,874
Current assets	759,791	846,712	699,665	757,652
<b>Total assets</b>	<b>1,283,635</b>	<b>1,495,660</b>	<b>1,432,293</b>	<b>1,507,526</b>
<b>Shareholders' equity</b>	<b>1,069,515</b>	<b>1,179,068</b>	<b>1,231,635</b>	<b>1,261,953</b>
Non-current liabilities	84,008	77,520	62,294	65,062
Current liabilities	130,111	239,071	138,364	180,511
<b>Total liabilities</b>	<b>214,119</b>	<b>316,591</b>	<b>200,658</b>	<b>245,573</b>
<b>Total equity and liabilities</b>	<b>1,283,635</b>	<b>1,495,660</b>	<b>1,432,293</b>	<b>1,507,526</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and reviewed interim financial statements for the six-month period ended 30 June 2022G

**Table No. (7): Summary of financial information from the audited statement of cash flows for the years ended 31 December, 2019G, 31 December, 2020G, 31 December 2021G and the reviewed consolidated interim statement of cash flows reviewed for the six-month period ended 30 June 2022G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Net cash generated from operating activities	203,576	261,934	228,696	76,547
Net cash used in investing activities	(70,024)	(178,493)	(143,262)	(28,059)
Net cash used in financing activities	(100,000)	(28,467)	(208,349)	(61,466)

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G and reviewed interim financial statements for the six-month period ended 30 June 2022G

**Table No. (8): Consolidated statement of profit or loss and other comprehensive income for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Revenue	731,733	805,314	735,683	10.1%	(8.6%)	0.3%
Cost of sales	(309,367)	(292,019)	(260,989)	(5.6%)	(10.6%)	(8.2%)
<b>Gross profit</b>	<b>422,366</b>	<b>513,296</b>	<b>474,694</b>	<b>21.5%</b>	<b>(7.5%)</b>	<b>6.0%</b>
Selling and distribution expenses	(213,872)	(199,210)	(208,954)	(6.9%)	4.9%	(1.2%)
General and administration expenses	(33,954)	(37,685)	(42,937)	11.0%	13.9%	12.5%
Research and development expenses	-	(36,488)	(37,000)	N/A	1.4%	N/A
<b>Operating profit</b>	<b>174,540</b>	<b>239,914</b>	<b>185,803</b>	<b>37.5%</b>	<b>(22.6%)</b>	<b>3.2%</b>
Other income, net	1,028	1,070	4,554	4.1%	325.6%	110.5%
Share result of equity accounted investment	-	(569)	(54)	N/A	(90.5%)	N/A
Impairment loss on investment	-	(8,315)	(1,040)	N/A	(87.5%)	N/A
Impairment loss on goodwill	-	(2,109)	-	N/A	N/A	N/A
Finance (charges) / income, net	103	1,752	(1,175)	1601.0%	(167.1%)	N/A
Profit before Zakat and income tax	175,671	231,743	188,087	31.9%	(18.8%)	3.5%
<b>Zakat and income-tax</b>	<b>(18,740)</b>	<b>(24,883)</b>	<b>(17,392)</b>	<b>32.8%</b>	<b>(30.1%)</b>	<b>(3.7%)</b>

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Net profit for the year	156,931	206,860	170,695	31.8%	(17.5%)	4.3%
Re-measurement of Employees' benefits liability	(2,181)	(3,255)	(646)	49.3%	(80.2%)	(45.6%)
Foreign operations – foreign currency translation differences	992	(3,385)	(4,149)	(441.3%)	22.6%	N/A
Other comprehensive loss for the year	(1,189)	(6,641)	(4,795)	458.6%	(27.8%)	100.8%
<b>Total comprehensive income for the year</b>	<b>155,742</b>	<b>200,220</b>	<b>165,900</b>	<b>28.6%</b>	<b>(17.1%)</b>	<b>3.2%</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

**Table No. (9): Consolidated statement of financial position as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	503,930	611,330	711,903
Right-of-use asset	2,500	2,228	1,967
Intangible assets	4,026	16,537	14,786
Investments	13,388	3,829	3,973
Employee receivable	-	15,024	-
<b>Total non-current assets</b>	<b>523,843</b>	<b>648,948</b>	<b>732,628</b>
<b>Current assets</b>			
Inventories	90,590	129,197	135,165
Trade receivables	409,967	418,217	366,903
Prepayments and other receivables	59,743	44,574	46,858
Short-term investments	18,920	19,177	38,110
Cash and cash equivalents	180,571	235,546	112,630
<b>Total current assets</b>	<b>759,791</b>	<b>846,712</b>	<b>699,665</b>
<b>Total assets</b>	<b>1,283,635</b>	<b>1,495,660</b>	<b>1,432,293</b>
<b>Equity</b>			
Share capital	100,000	100,000	100,000
Statutory reserve	50,000	50,000	50,000
Foreign currency translation reserve	(30,340)	(33,726)	(37,875)
Retained earnings	949,856	1,062,794	1,119,510
<b>Total equity</b>	<b>1,069,515</b>	<b>1,179,068</b>	<b>1,231,635</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
SIDF loan	17,746	-	-
Lease liabilities	2,228	1,967	1,718
Employees' benefits	64,035	75,553	60,576
<b>Total non-current liabilities</b>	<b>84,008</b>	<b>77,520</b>	<b>62,294</b>
<b>Current liabilities</b>			
Loan - current portion	16,000	95,016	-
Lease liabilities – current portion	272	261	249

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Trade payables and other current liabilities	96,668	121,701	118,371
Zakat and income-tax payable	17,170	22,093	19,744
<b>Total current liabilities</b>	<b>130,111</b>	<b>239,071</b>	<b>138,364</b>
<b>Total liabilities</b>	<b>214,119</b>	<b>316,591</b>	<b>200,658</b>
<b>Total equity and liabilities</b>	<b>1,283,635</b>	<b>1,495,660</b>	<b>1,432,293</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

**Table No. (10): Statement of cash flows for the years ended 31 December, 2019G, 31 December, 2020G, 31 December 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
<b>Cash flows from operating activities:</b>			
Profit before Zakat and income-tax	175,671	231,743	188,087
<b>Adjustments for:</b>			
Depreciation	41,825	41,712	22,584
Amortization	443	509	1,769
Unamortized portion of SIDF loan fee paid	1,154	2,084	2,274
Foreign currency translation adjustment	658	(739)	(5,264)
Reversal for allowance for expected credit losses	(90)	(1,053)	2,250
Provision for inventories	13,064	10,191	10,742
Impairment of investment	-	8,315	2,078
Impairment of goodwill	-	2,109	-
Provision for employees' benefits	9,354	9,467	11,106
Gain on disposal of property and equipment	(324)	(89)	(89)
<b>Changes in:</b>			
Trade and other receivables	(57,037)	7,923	46,744
Inventories	31,795	(48,799)	(16,710)
Trade payables and other current liabilities	8,103	20,996	(3,591)
Cash generated from operating activities	224,615	284,371	261,979
Employees' benefits paid	(3,704)	(1,204)	(13,543)
Zakat and income-tax paid	(17,335)	(21,233)	(19,741)
Net cash generated from operating activities	203,576	261,934	228,696
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	(70,536)	(148,522)	(126,791)
Additions to intangible assets	(460)	(15,090)	(18)
Proceeds from disposal of property, plant and equipment	972	143	139
Investments	-	-	(19,076)
Employees receivables	-	(15,024)	2,484
Net cash used in investing activities	(70,024)	(178,493)	(143,262)

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
<b>Cash flows from financing activities:</b>			
SIDF loan paid during the year	(14,000)	(16,000)	(95,016)
SIDF loan obtained during the year	-	78,200	-
Dividends paid	(86,000)	(90,667)	(113,333)
Net cash used in financing activities	(100,000)	(28,467)	(208,349)
Net change in cash and cash equivalents	33,552	54,974	(122,916)
Cash and cash equivalents at the beginning of the year	147,020	180,571	235,546
Cash and cash equivalents at the end of the year	180,571	235,546	112,630

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

**Table No. (11): Consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2021G and 30 June 2022G**

SAR in 000s	Six-month period ended 30 June 2021G (Reviewed)	Six-month period ended 30 June 2022G (Reviewed)	Variance 30 June 2021G - 30 June 2022G
Revenue	314,877	482,081	53.1%
Cost of revenue	(112,758)	(164,697)	46.1%
Gross profit	202,119	317,384	57.0%
Selling and distribution expenses	(97,200)	(139,860)	43.9%
General and administrative expenses	(20,190)	(25,910)	28.3%
Research and development expenses	(20,264)	(16,581)	(18.2)%
<b>Operating profit</b>	<b>64,465</b>	<b>135,033</b>	<b>109.5%</b>
Net finance (cost) / income	(4,562)	(33,464)	633.5%
Share of results in investment in equity-accounted investees, net of tax	(27)	(128)	374.3%
Other (loss) / income, net	446	1,007	126.1%
<b>Profit before Zakat and income tax</b>	<b>60,332</b>	<b>102,447</b>	<b>69.8%</b>
Zakat and income tax expense	(8,149)	(8,493)	4.2%
<b>Net profit for the period</b>	<b>52,173</b>	<b>93,954</b>	<b>80.1%</b>
Foreign operations – foreign currency translation differences	4,052	(2,470)	(161.0)%
<b>Total comprehensive income for the year</b>	<b>56,225</b>	<b>91,484</b>	<b>62.7%</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

**Table No. (12): Consolidated statement of financial position as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
<b>Assets</b>		
<b>Non-current assets:</b>		
Property, plant and equipment	711,903	729,754
Right-of-use asset	1,967	2,256
Intangible assets	14,786	14,032
Equity-accounted investees	3,941	3,813
Investment at fair value through profit or loss	20	20
<b>Total non-current assets</b>	<b>732,616</b>	<b>749,874</b>
<b>Current assets:</b>		
Inventories	135,165	140,922
Trade receivables	366,903	447,183
Prepayments and other receivables	46,870	63,135
Other investments	38,110	6,759
Cash and cash equivalents	112,630	99,652
<b>Total current assets</b>	<b>699,677</b>	<b>757,652</b>
<b>Total assets</b>	<b>1,432,293</b>	<b>1,507,526</b>
<b>Equity</b>		
Share capital	100,000	100,000
Proposed increase in share capital	-	600,000
Statutory reserve	50,000	50,000
Foreign currency translation reserve	(37,875)	(40,345)
Retained earnings	1,119,510	552,298
<b>Total equity</b>	<b>1,231,635</b>	<b>1,261,953</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities	1,718	2,404
Employees' benefits	60,576	62,658
<b>Total non-current liabilities</b>	<b>62,294</b>	<b>65,062</b>
<b>Current liabilities</b>		
Lease liabilities	249	221
Trade payables and other current liabilities	118,371	168,930
Zakat and income-tax payable	19,744	11,359
<b>Total current liabilities</b>	<b>138,364</b>	<b>180,511</b>
<b>Total liabilities</b>	<b>200,658</b>	<b>245,573</b>
<b>Total equity and liabilities</b>	<b>1,432,293</b>	<b>1,507,526</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G



**Table No. (13): Statement of cash flows for the six-month period ended 30 June 2021G and 2022G**

SAR in 000s	As at 30 June 2021G (Reviewed)	As at 30 June 2022G (Reviewed)
<b>Cash flows from operating activities:</b>		
Profit before Zakat and income-tax	60,322	102,447
<b>Adjustments for:</b>		
Depreciation	11,328	11,209
Amortization	884	892
Depreciation on right to use assets	130	118
Net finance cost / (income)	4,562	33,464
Unamortized portion of SIDF loan fee paid	521	
(Gain)/loss on investments at FVTPL	1,093	(133)
Share of results from equity-accounted investees	27	128
Allowance for expected credit losses	1,444	495
Provision for obsolescence / slow moving inventories	640	2,513
Provision for employees' benefits	6,643	8,651
Loss/ (gain) on disposal of property and equipment	(72)	(27)
<b>Changes in:</b>		
Trade and other receivables	7,005	(102,856)
Inventories	(12,732)	(10,003)
Trade payables and other current liabilities	(6,886)	53,333
<b>Cash generated from operating activities</b>	<b>74,909</b>	<b>100,232</b>
Employees' benefits paid	(5,533)	(6,569)
Finance cost paid	(1,140)	(387)
Zakat and income-tax paid	(18,530)	(16,729)
<b>Net cash from operating activities</b>	<b>49,706</b>	<b>76,547</b>
Additions to property, plant and equipment	(45,531)	(59,461)
Additions to intangible assets	(0)	(138)
Proceeds from disposal of property, plant and equipment	72	57
Acquisition of other Investments	(38,063)	31,483
<b>Net cash used in investing activities</b>	<b>(83,522)</b>	<b>(28,059)</b>
Payments of lease liabilities	(314)	(299)
SIDF loan payment	(18,900)	-
Dividends paid	(46,667)	(61,166)
<b>Net cash used in financing activities</b>	<b>(65,881)</b>	<b>(61,466)</b>
Net change in cash and cash equivalents	(99,696)	(12,978)
Cash and cash equivalents at the beginning of the year	235,546	112,630
<b>Cash and cash equivalents at the end of the year</b>	<b>135,850</b>	<b>99,652</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

**Table No. (14): Key performance indicators for the financial years ending 31 December 2019G, 2020G and 2021G and the period ending on 30 June 2022G**

Income statement metrics					
As a percentage of revenue	Financial year 2019G	Financial year 2020G	Financial year 2021G	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G
Gross margin	57.7%	63.7%	64.5%	64.2%	65.8%
EBITDA margin	29.8%	33.8%	29.0%	24.5%	30.7%
Net profit margin before zakat	24.0%	28.8%	25.6%	19.2%	21.3%
Net profit margin	21.4%	25.7%	23.2%	16.6%	19.5%

Balance sheet metrics				
Percentage	As at 31 December 2019G	As at 31 December 2020G	As at 31 December 2021G	As at 30 June 2022G
ROA *	12.2%	13.8%	11.9%	14.1%
ROE *	14.7%	17.5%	13.9%	16.8%
Liabilities-to-assets ratio	0.17	0.21	0.14	0.16
Debt-to-equity ratio	0.03	0.08	N/A	N/A
Current ratio	5.84	3.54	5.06	4.20

Source: Management information

\* ROA and ROE for the six-month period ended on 30 June were calculated based on LTM22 net profit

## Summary of Risk Factors

Before considering an investment in the Offer Shares, prospective investors are advised to carefully consider all the information contained in this Prospectus, particularly the risks stated below and which are described in detail in Section 2 (“Risk Factors”).

### A. Risks Related to the Company’s Operations

- Risks relating to the Company’s supply chain.
- Risks related to concentration of sales among a limited number of distributors.
- Risks related to the Company’s strategy.
- Risks related to the impact of increasing costs and operating expenses on the Company’s business.
- Risks associated with permits, licenses and approvals necessary for the Company’s business.
- Risks related to the regulatory requirements imposed by the SFDA and other regulators.
- Risks related to quality, adverse publicity or product recalls affecting the Company’s products.
- Risks related to product liability claims.
- Risks related to the failure of customers and other independent third parties to accept the Company’s products.
- Risks related to the uncertainties associated with research and development for new pharmaceutical products.
- Risks related to the complexity of manufacturing the Company’s products.
- Operational risks and unexpected interruptions to the Company’s business.
- Risks related to cross border sales of products in foreign countries.
- Risks related to Government restrictions on pricing.
- Risks related to patent infringement actions.
- Risks related to protecting certain trademarks on which the Company relies.
- Risks related to maintaining the reputation of the “Jamjoom Pharma” brand.
- Risks related to the Company’s Related Party Transactions.
- Risks related to the outbreak of infectious diseases or other serious public health concerns, including the continuing global spread of COVID-19.
- Risks related to the Company’s reliance on its senior Management and key personnel.
- Risks related to the Company’s implementation of a newly adopted corporate governance manual.
- Risks related to Management’s lack of experience in managing a publicly listed company.
- Risks related to the adequacy of insurance coverage.
- Risks related to interruptions in the Company’s information systems.
- Risks related to litigation involving the Company.
- Risks related to Zakat.
- Risks related to the potential misconduct of its third-party agents outside the Kingdom.
- Risks related to the Company’s current financing arrangements.
- Risks related to Bank Guarantees provided on the Company’s behalf by the Shareholders.
- Risks related to the Company’s Land Title.
- Risks related to the Conversion of the loan extended to the Company’s Egyptian Subsidiary into a subordinated instrument.

### B. Risks Relating to the Market, Industry and Regulatory Environment

- The impact of political and economic risks on the Company’s operations.
- Risks related to the increasing competition in the industry which the Company operates.
- Financial risks related to the fluctuation of currency exchange rates.
- Risk related to the Competition Law.
- Risks related to changes in laws and government policies in the Company’s key markets.
- Risks related to Saudization, non-Saudi employees, and other Labor Law requirements.
- Risks related to changes in import and export laws and regulations.
- Risks related to the imposition of additional fees or new taxes.
- Risks related to changes in the calculation of Zakat and income tax.
- Risks related to VAT.

### C. Risks Related to the Offer Shares

- Risks related to actual control by Substantial Shareholders on the interests of the Company and other Shareholders.
- Risks related to the absence of a prior market for the Shares.
- Risks related to future sales and offers.
- Risks related to fluctuation in the market price of the Shares.
- Risks relating to the Company's ability to distribute dividends.
- Risks related to the failure of publishing research or the publishing of unfavorable research about the Company.

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## 1. Definitions and Abbreviations

Term	Definition
<b>Audit Committee</b>	The Company's audit committee.
<b>Accounting Standards Generally Accepted in the KSA</b>	Accounting standards that are generally accepted in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA
<b>Board of Directors or Board</b>	The Company's board of directors.
<b>Book-Building Instructions and Allocating Shares in Initial Public Offerings</b>	Instructions on Book-Building and Allocation of Shares in Initial Public Offerings issued by the Board of the CMA pursuant to resolution number 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) as amended by CMA resolution number 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G).
<b>Bookrunners</b>	Saudi Fransi Capital, J.P. Morgan Saudi Arabia Company and Al Rajhi Capital.
<b>Business Day</b>	Any business day (with the exception of Fridays, Saturdays and official holidays) for Receiving Agents in Saudi Arabia.
<b>Bylaws</b>	The Company's Bylaws, as approved by the General Assembly.
<b>Capital Market Institution</b>	A person authorized by the CMA to carry out securities business.
<b>Capital Market Law</b>	The Capital Market Law issued by Royal Decree Number M/30 dated 2/6/1424H (corresponding to 31/7/2003G), as amended.
<b>CEO</b>	The Company's Chief Executive Officer.
<b>Chairman</b>	The Chairman of the Board of Directors of the Company.
<b>CMA</b>	The Capital Market Authority in Saudi Arabia.
<b>Companies Law</b>	The Companies Law, issued under Royal Decree No. (M/3) dated 28/01/1437H (corresponding to 10/11/2015G), as amended.
<b>Company / Jamjoom / Issuer / Group</b>	Jamjoom Pharmaceuticals Factory Company.
<b>Competition Law</b>	The Competition Law issued under Royal Decree No. M/75 dated 29/06/1440H (corresponding to 06/03/2019G), as amended.
<b>Corporate Governance Regulations</b>	The Corporate Governance Regulations issued by the CMA's Board pursuant to Resolution No. 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) as amended by Resolution No 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
<b>Current Shareholders</b>	All Current Shareholders in the Company whose names and ownership percentages are shown in Table 4.9 (" <b>Ownership Structure of the Company as at the date of this Prospectus</b> "), namely: <ul style="list-style-type: none"> <li>- Yousuf Mohammed Salah Jamjoom;</li> <li>- Mahmoud Yousuf Mohammed Salah Jamjoom;</li> <li>- Walid Yousuf Mohammed Salah Jamjoom;</li> <li>- Mohammed Yousuf Mohammed Salah Jamjoom;</li> <li>- Ahmed Yousuf Mohammed Salah Jamjoom;</li> <li>- Alaa Yousuf Mohammed Salah Jamjoom; and</li> <li>- Sanaa Yousuf Mohammed Salah Jamjoom.</li> </ul>
<b>Directors or Board Members</b>	Members of the Company's Board of Directors appointed by the General Assembly whose names appear in Section 5.1.1 (" <b>Formation of the Board of Directors</b> ") of this Prospectus.
<b>Extraordinary General Assembly</b>	An extraordinary general assembly of the Shareholders convened in accordance with the Bylaws.
<b>Financial Advisors</b>	Saudi Fransi Capital and J.P. Morgan Saudi Arabia Company.
<b>FY</b>	The Company's financial year, from January 1 to December 31 of each Gregorian year.
<b>FY19G</b>	The period commencing 1 January 2019G and ended 31 December 2019G.
<b>FY20G</b>	The period commencing 1 January 2020G and ended 31 December 2020G.

Term	Definition
<b>FY21G</b>	The period commencing 1 January 2021G and ended 31 December 2021G.
<b>G</b>	Gregorian
<b>GAC</b>	The General Authority for Competition of Saudi Arabia, the Kingdom's regulator of the Competition Law and its regulations in the Kingdom.
<b>General Assembly</b>	The Company's Extraordinary General Assembly or Ordinary General Assembly.
<b>Government</b>	Government of Saudi Arabia, with "Governmental" being interpreted accordingly.
<b>H</b>	Hijri.
<b>Head Office</b>	The Company's head office located in Jeddah.
<b>Independent Auditor</b>	KPMG Professional Services, a professional closed joint-stock company.
<b>Individual Investors</b>	Saudi natural persons, including Saudi female divorcees or widows with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account with a Capital Market Institution and are entitled to open investment accounts therewith.
<b>International Financial Reporting Standards applicable in the KSA (IFRS-KSA)</b>	International Financial Reporting Standards, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by SOCPA, which include standards and technical releases relating to matters not covered by IFRS, such as the subject of Zakat.
<b>Key Distributors</b>	The Company's top 10 suppliers based on total revenues for the Six Month Period Ended 30 June 2022G.
<b>Key Suppliers</b>	The Company's top 10 suppliers based on total purchases for the Six Month Period Ended 30 June 2022G.
<b>KPMG</b>	KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia (previously known as: "KPMG Al Fozan & Partners Certified Public Accountants").
<b>KSA, the Kingdom, Saudi Arabia or Saudi</b>	The Kingdom of Saudi Arabia.
<b>Labor Law</b>	The Saudi Labor Law issued pursuant to Royal Decree No. M/51 dated 23/08/1426H (corresponding to 27/09/2005G), as amended by Royal Decree No. M/5 dated 07/01/1442H (corresponding to 26/08/2020G).
<b>Law of Pharmaceutical and Herbal Establishments and Preparations</b>	The Law of Pharmaceutical and Herbal Establishments and Preparations issued by Royal Decree No. M/108 dated 22/08/1441H (corresponding to 15/04/2020G), as amended.
<b>Lead Manager</b>	Saudi Fransi Capital.
<b>Listing</b>	Listing of all the Shares on the Saudi Stock Exchange in accordance with the Listing Rules.
<b>Listing Rules</b>	Tadawul Listing Rules issued by the Board of the Capital Market Authority pursuant to Resolution No. 3-123-2017 dated 09/04/1439H (corresponding to 27/12/2017G), as amended pursuant to CMA Board Resolution No. 1-104-2019 dated 01/01/1441H (corresponding to 30/09/2019G), and as amended by CMA Board Resolution No. 3-96-2022 dated 10/02/1444H (corresponding to 06/09/2022G).
<b>Lock-up Period</b>	The six-month period during which each Substantial Shareholder may not dispose of any of their Shares, starting from the commencement of trading of the Shares on the Exchange. Following the Lock-up Period, Substantial Shareholders are free to dispose of their Shares.
<b>Management</b>	The executive directors and Senior Executives of the Company.
<b>Market Consultant</b>	Euromonitor International Ltd.
<b>Market Study</b>	The market study in relation to the pharmaceutical industry in the Kingdom of Saudi Arabia dated Mu arram 1444G (corresponding to August 2022G) and prepared by the Market Consultant.
<b>MHRSD</b>	The Ministry of Human Resources and Social Development in Saudi Arabia.
<b>MoC</b>	The Ministry of Commerce in Saudi Arabia.
<b>MoH</b>	The Ministry of Health in Saudi Arabia.
<b>MOMRAH</b>	The Ministry of Municipal, Rural Affairs and Housing.
<b>Main Facility in Jeddah</b>	The main facility of the Company in the Kingdom in Jeddah city for the manufacture of pharmaceutical products (medicine).
<b>Main Facility in Egypt</b>	The main facility of the Company in the Egypt in Cairo city for the manufacture of pharmaceutical products (medicine).



Term	Definition
<b>Jeddah Sterile Facility</b>	The Company's sterile facility in the Kingdom in Jeddah city for the manufacture of eye products.
<b>Nomination and Remuneration Committee</b>	The nomination and remuneration committee of the Company.
<b>Offer Price</b>	SAR (60) per Share.
<b>Offer Shares</b>	Twenty one million (21,000,000) Ordinary Shares representing 30% of the Company's capital.
<b>Offering</b>	Offering twenty one million (21,000,000) Ordinary Shares, representing 30% of the Company's capital.
<b>Offering Period</b>	The Offering Period starts on Tuesday 10/11/1444H (corresponding to 30/05/2023G) and remains in effect for a period of three (3) days through the subscriptions end date on Thursday 12/11/1444H (corresponding to 01/06/2023G).
<b>Ordinary General Assembly</b>	An ordinary general assembly of the Shareholders convened in accordance with the Bylaws.
<b>OSCOs</b>	The Rules on the Offer of Securities and Continuing Obligations Issued by the board of the CMA pursuant to its resolution number 3-123-2017 dated 9/4/1439H (corresponding to 27/12/2017G), as amended by resolution number 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
<b>Participating Parties</b>	<p>Parties entitled to participate in bookbuilding under the Book-Building Process, namely:</p> <ul style="list-style-type: none"> <li>- public and private funds that invest in securities listed on the Saudi Exchange, as permitted by the fund's terms and conditions and in accordance with the provisions and limitations stipulated in the Investment Funds Regulations, in compliance with the provisions and restrictions set forth in the Book-Building Instructions;</li> <li>- Capital Market Institutions licensed by the CMA to deal as a principle, in accordance with the Prudential Rules when submitting the bidding participation application;</li> <li>- Clients of Capital Market Institutions authorized by the CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book-Building Instructions;</li> <li>- Any legal persons allowed to open an investment account in the Kingdom, and an account with the depository center, including foreign legal persons who are allowed to invest in the market where the shares of an issuer are to be listed, with regards to the conditions of listing companies investments in listed securities stipulated in the Authority's circular number (6/05158) dated 11/08/1435H corresponding to 09/06/2014G based on the Capital Market Authority's board resolution number (9-28-2014) dated 20/07/1435H corresponding to 19/05/2014G;</li> <li>- Government entities, any supranational authority recognized by the Authority, the Exchange, or any other stock exchange recognized by the Authority, or the Securities Depository Center;</li> <li>- Government-owned Companies whether investing directly or through a portfolio manager; and</li> <li>- GCC companies, and GCC funds if the terms and conditions of the fund permit that.</li> </ul>
<b>Six Month Period Ended 30 June 2022G</b>	Period commencing on 1 January 2022G and ending on 30 June 2022G.
<b>Person</b>	Any natural or juridical person.
<b>Prospectus</b>	This document prepared by the Company in relation to the Offering.
<b>Prudential Rules</b>	The Prudential Rules issued pursuant to the CMA Board Resolution No. 1-40-2012, dated 17/2/1434H (corresponding to 20/12/2012G), as amended.
<b>Public</b>	<p>Persons other than the following:</p> <ol style="list-style-type: none"> <li>1. affiliates of the Issuer;</li> <li>2. Substantial Shareholders of the Issuer;</li> <li>3. Directors and Senior Executives of the Issuer;</li> <li>4. Directors and Senior Executives of the affiliates of the Issuer;</li> <li>5. Directors and Senior Executives of the Substantial Shareholders of the Issuer;</li> <li>6. any relative of persons described at (1), (2), (3), (4) or (5) above;</li> <li>7. any company controlled by any persons described at (1), (2), (3), (4), (5) or (6) above; or</li> <li>8. Persons acting in concert and, collectively, holding 5% or more of the class of shares to be listed.</li> </ol>
<b>QFI or Qualified Foreign Investor</b>	A foreign investor that has been qualified in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities to invest in listed securities. Qualification Application shall be submitted to a Capital Market Institution to evaluate and approve the application in accordance with the Rules for Qualified Foreign Financial Institution Investment in Listed Securities.
<b>Receiving Agents</b>	The Receiving Agents whose names appear on page ix.

Term	Definition
<b>Related Party(ies)</b>	<p>In this Prospectus and pursuant to the Glossary of defined terms used in the regulations and rules of the CMA issued pursuant to the CMA Board Resolution No. 4-11-2004, dated 20/8/1425H (corresponding to 4/10/2004G), as amended pursuant to the CMA Board Resolution No. 1-94-2022, dated 24/01/1444H (corresponding to 22/08/2022G), a "Related Party" includes any of the following:</p> <ol style="list-style-type: none"> <li>1. affiliates of the Issuer;</li> <li>2. Substantial Shareholders of the Issuer;</li> <li>3. Directors and Senior Executives of the Issuer;</li> <li>4. Directors and senior executives of an affiliate of the Company;</li> <li>5. Directors and Senior Executives of Substantial Shareholders of the Issuer;</li> <li>6. any relatives of persons described at (1), (2), (3), (4) or 5 above;</li> <li>7. any company controlled by any person described at (1), (2), (3), (4), (5) or 6 above.</li> </ol> <p>In (7), "control" has the meaning set out in this Section.</p>
<b>Retail Subscription Form</b>	The retail subscription application form to be completed by Individual Investors in order to subscribe for the Offer Shares during the Retail Offering Period.
<b>Saudi Riyal(s) or SAR</b>	Saudi Arabian Riyal(s), the official and legal currency of Saudi Arabia.
<b>Saudization</b>	Saudization requirements applicable in the Kingdom in relation to the labor market.
<b>Saudization Rate</b>	The percentage of employees within any workforce who are deemed to count towards the level of Saudization within the workforce of any company, including Saudi nationals and persons married to Saudi nationals, with certain categories of persons, such as disabled Saudi national employees, given greater weighting when counted towards the Saudization level.
<b>Secretary</b>	The secretary of the Board of Directors.
<b>Securities Act</b>	The US Securities Act of 1933G, as amended.
<b>Selling Shareholders</b>	<ul style="list-style-type: none"> <li>- Yousuf Mohammed Salah Jamjoom;</li> <li>- Mahmoud Yousuf Mohammed Salah Jamjoom;</li> <li>- Walid Yousuf Mohammed Salah Jamjoom;</li> <li>- Mohammed Yousuf Mohammed Salah Jamjoom;</li> <li>- Ahmed Yousuf Mohammed Salah Jamjoom;</li> <li>- Alaa Yousuf Mohammed Salah Jamjoom; and</li> <li>- Sanaa Yousuf Mohammed Salah Jamjoom.</li> </ul>
<b>Senior Executives</b>	Any natural person to whom the Board of Directors of the Company, or a member of the Board of Directors of the Company, has given responsibility, either alone or jointly with others, for management and supervision and either reports to the Board of Directors directly; a member of the Board of Directors; or the CEO.
<b>SFDA</b>	The Saudi Food & Drug Authority.
<b>Shareholder(s)</b>	Any holder of shares in the Company.
<b>Shares</b>	Any ordinary share of the Company with a nominal value of SAR 10 per share in the capital of the Company.
<b>Subscriber(s)</b>	Any Participating Party and Individual Investor.
<b>Subscription Form</b>	The Participating Parties Subscription Form used thereby to apply for Offer Shares during the Book-Building Period. Said term includes the appended Subscription Form as applicable, upon a price change.
<b>Substantial Shareholder(s)</b>	<p>Any person holding 5%, namely:</p> <ul style="list-style-type: none"> <li>- Yousuf Mohammed Salah Jamjoom;</li> <li>- Mahmoud Yousuf Mohammed Salah Jamjoom;</li> <li>- Walid Yousuf Mohammed Salah Jamjoom;</li> <li>- Mohammed Yousuf Mohammed Salah Jamjoom;</li> <li>- Ahmed Yousuf Mohammed Salah Jamjoom;</li> <li>- Alaa Yousuf Mohammed Salah Jamjoom; and</li> <li>- Sanaa Yousuf Mohammed Salah Jamjoom.</li> </ul>
<b>SWAP Agreements</b>	Type of agreement through which foreign investors, individual non-Saudis residing outside the Kingdom and registered institutions outside the Kingdom, agree to invest indirectly to acquire the economic benefits of shares by entering into swap agreements with a Capital Market Institution licensed by the CMA.
<b>Tadawul, Saudi Exchange or Exchange</b>	The Saudi Exchange.
<b>Underwriters</b>	Saudi Fransi Capital, J.P. Morgan Saudi Arabia Company and Al Rajhi Capital.
<b>Underwriting Agreement</b>	The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriters in connection with the Offering.

Term	Definition
<b>United Kingdom</b>	The United Kingdom of Great Britain.
<b>United States</b>	The United States of America.
<b>VAT</b>	Value Added Tax, also known as the goods and services tax.
<b>Zakat</b>	Zakat imposed on Muslims as the third pillar of Islam under applicable Saudi laws.
<b>ZATCA</b>	Zakat, Tax and Customs Authority in Saudi Arabia.

## 2. Risk Factors

Prospective Subscribers should carefully consider the following risk factors, along with the other information contained in this Prospectus, prior to making an investment decision with respect to the Offer Shares. The risks and uncertainties described below are those that the Company currently believes may affect it and any investment in the Offer Shares. However, the risks listed below do not necessarily constitute all risks affecting the Company or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that the Directors currently are not aware of or that the Directors currently believe are immaterial. The occurrence of any such risks and uncertainties may materially or adversely affect the Company's business, results of operations, financial position, and prospects. As a result of such risks, the price of the Shares may decline, the Company's ability to pay dividends may be impaired, and investors may lose all, or part of, their investment.

The Company's business, results of operations, financial position, and prospects may be materially or adversely affected, and the Company may not be able to pay dividends, the price of Shares may decline, and investors may lose all, or part of, their investment, if any of the risks referred to below or any other risks not identified by Directors, or that are not material at the present time are realized or become material. As a result of these risks and other factors that may affect the Company's business, the expected events and circumstances in the future that have been presented in this Prospectus may not happen in the way expected by the Company or the Directors, or they may not happen at all. Consequently, investors should consider all future statements contained in this Prospectus in light of this interpretation and not rely on these statements without verifying them (for more information, please refer to the Section ("Important Notice") on page i of this Prospectus).

Moreover, the Board of Directors confirm that, to the best of their knowledge and belief, there are no other material risks as at the date of this Prospectus - other than as disclosed in this Section - that may affect investors' decisions to invest in the Offer Shares. All prospective investors willing to subscribe to the Offer Shares should conduct an assessment of the risks related to the Company's Offer Shares and the Offering in general and the economic and regulatory environment in which the Company operates.

Investment in the Offer Shares is only suitable for investors who are capable of evaluating the investment risks and merits, and who have sufficient resources to bear any loss which might result from such investment. Prospective Investors who have doubts about which actions to take should seek the advice of a financial advisor duly licensed by the CMA regarding investing in the Offer Shares.

The risks stated below are not arranged in order of importance or expected impact on the Company. Other risks unknown to the Company may also occur, or risks which the Company considers immaterial at the present time may have the same effects or consequences mentioned in this Prospectus. Accordingly, the risks described in this Section or in any other section of this Prospectus may not: (a) include all risks that might affect the Company or its operations, activities, assets, or the markets in which it operates, or (b) include all of the risks relating to investment in the Offer Shares.

### 2.1 Risks Related to the Company's Operations

#### 2.1.1 Risks relating to the Company's supply chain

The Company's ability to develop and produce approved pharmaceutical products depends on its ability to procure APIs and other raw materials required for the production process and special packaging materials from sources approved by the SFDA and other competent regulatory authorities, including those in the countries where the Company's products are sold. While the Company uses a variety of raw materials to manufacture its products, APIs remain the most important component. The global pharmaceutical business is characterized by a limited number of certain API suppliers; accordingly, it is not uncommon for APIs to be supplied by either a single supplier, or a limited number of suppliers. Whilst the Company endeavours to maintain more than one qualified supplier for most of its products, this is not always possible.

A significant portion of the Company's raw materials come from a relatively small number of suppliers. As at Six Month Period Ended 30 June 2022G, the Company's top 10 Key Suppliers (in terms of purchase value) for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G represented 28.2%, 27.8%, 42.0% and 32.4% of the Company's total purchase volume, respectively. If any suppliers were to terminate or fail to renew its supply agreement with the Company, or renew it on less favorable terms for the Company, the Company's business, results of operations, financial position, and prospects could be adversely and negatively affected.

The Company uses a variety of methods to ensure it can regulate the supply of APIs it needs for production, including careful selection of, and building long-term mutually beneficial relationships with, the API suppliers and the use of exclusive supply contracts, partnerships. Notwithstanding these efforts, there is no assurance that the Company will be able to maintain adequate levels of API supplies in the future.

The Company's API suppliers are subject to regular inspections by competent, regulatory authorities. Whenever the Company is required to switch to a different supplier (e.g. because a supplier is found to be in breach of the applicable regulations, terminates its contract with the Company or otherwise), any such new supplier must be approved by the competent regulatory authority. Whilst the Company aims to have more than one API supplier in respect of the key products, the procedure for approving a new API supplier is lengthy and, in certain cases, may take approximately twelve (12) months. In addition, in some cases, the Company may deal with suppliers only indirectly

through agents, which may make it difficult to continue to source such materials in the event that such agents cease to do business, or decline to continue a business relationship with the Company.

In addition, the Company has not entered into supply agreements with two of its Key Suppliers, as it only purchases raw materials from them based on purchase orders and invoices. Therefore, it may be difficult for the Company to ensure the continuity of the business with these suppliers as the Company's business may be adversely impacted in the event that any of these Key Suppliers terminated their business with the Company in the future or reduced the quantity of the materials supplied to the Company as a result of the lack of available supply of any product or a change in the supplier's strategy or for any other reason. Any of these factors may, lead to disruption of the Company's supply of active pharmaceutical ingredients and other raw materials, which may lead to a decrease in the Company's sales and its inability to launch new products in the market, and consequently a decrease in the Company's revenues and market share.

The COVID-19 pandemic and responses to curtail the pandemic have disrupted global supply chains, including the Company's supply chain. These disruptions included reductions in the availability of raw materials caused by reduced supplier output from COVID-19 related shutdowns, which resulted in a large increase in backlogs of orders with ensuing logistical bottlenecks, as well as cost increases in raw materials and finished products at the supplier level and increases in logistics costs. This has resulted in lengthier sourcing periods for APIs and significant increases in costs of raw materials and shipping for the Company.

In addition, the Company imports APIs or other raw materials, that are subject to customs and other government clearance and duties and regulation by their countries of origin. The Company currently enjoys certain customs exemptions, but there is no guarantee that such exemptions will not be canceled in the future. Furthermore, the government may impose additional customs and duties on the Company in the future. Accordingly, any imported shipment of APIs or other raw materials may be affected by factors beyond the Company's control and that are difficult to predict, such as the imposition of new or different duties or customs on the Company or political instability and currency fluctuations. In addition, it is possible that the prices of APIs may fluctuate sharply over time.

Should any of the risks described above materialize, it would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.1.2 Risks related to concentration of sales among a limited number of distributors

A significant portion of the Company's sales have historically been made to a relatively small number of distributors, who in turn sell the Company's products to pharmacies, customers, hospitals and governmental agencies. In the financial years 2019G, 2020G, 2021G, and the Six Month Period Ended 30 June 2022G, 68.1%, 81.1%, 80.7%, and 78.4%, respectively, of the Company's total sales were made to its top 5 distributors, and 37.3%, 43.5%, 37.2%, and 38.9%, respectively, of total sales in those periods were made to a single distributor, JMS, which is a related party (see Section 2.1.18 ("Risks related to the Company's Related Party Transactions" of this Prospectus). If Jamjoom Medicine Store, or if any of the Company's other significant distributors in its key markets (or any sub-agents of such distributors) encounters financial or other difficulties, it may decrease the amount of business that such distributors do with the Company, and the Company may be unable to collect the amounts that these distributors owe it on a timely basis or at all. Furthermore, the concentration of wholesale distributors through mergers and acquisitions may also result in such distributors gaining additional purchasing leverage, which may increase pricing pressure on the Company's products. Such credit concentration risks and pricing pressure would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.1.3 Risks related to the Company's strategy

The Company's future performance depends on its ability to implement its strategy as highlighted in page xxiii, xxiv and xxv ("The Company's Strategy") of this Prospectus. Under its current strategy and as of the date of this Prospectus, the Company's strategy includes selective expansion to achieve growth in its key markets, strengthening its presence in the local market, expanding its product portfolio through its R&D efforts in existing and new therapeutic segments, effective operational leadership, strong governance, and talent development, nurturing, and retention.

There can be no assurance the Company will be successful in implementing its expansion strategy in jurisdictions outside of Saudi Arabia. In particular, any international expansion of the Company's operations will depend on several factors, including the Company's ability to expand into and operate successfully in new jurisdictions, in respect of which the Company may not be familiar enough with the business cultures, local laws, regulations or customs.

The successful implementation of the Company's plans will also depend on several other factors including, most importantly, the following:

- the Company's ability to successfully expand its existing preparation portfolio as well as expanding into new preparation segments that successfully meet demand while enhancing revenue and profitability;
- the competition that the Company faces from incumbent and new players in its existing and new product segments;
- the Company's ability to seamlessly adapt and cater to evolving trends in the pharmaceutical industry, new marketing strategies, and new business models;
- the Company's ability to maintain its relationships with local and international key suppliers and distributors and its ability to negotiate and reach acceptable terms;
- the Company's ability to successfully identify and subsequently integrate any newly acquired businesses from future acquisitions while preserving the Company's operations and culture;

- the Company's ability to hire, train and retain skilled personnel and employees;
- the effectiveness of the Company and its marketing and sales campaigns;
- the availability of sufficient financing (including through the Company's existing cash resources) on acceptable terms;
- the Company's ability to monitor new operations, control costs and maintain effective quality and service control;
- government restrictions, including movement of goods, as a result of the COVID-19 pandemic, or any other causes, that may disrupt the Company's ability to import raw materials and export and distribute its products in its key markets;
- introduction of additional government custom duties on raw materials or supplies imported by the Company; and
- unfavorable economic, regulatory (including potential regulatory restrictions on products relevant to the Company), and market conditions, which are outside of the Company's control.

As a result of the above factors, the Company's revenues may not grow at the same rate as in the past, or the Company may incur costs without benefiting from the expected revenues of expansion plans. Accordingly, the Company's results of operations may be negatively affected if any of these factors occurs. There can be no assurance that the Company's product expansion strategy will be profitable or will achieve its projected investment returns.

Furthermore, the Company's business has become increasingly complex in terms of both type and scale. Any future expansion may increase the complexity of its operations and place a significant strain on its managerial, operational, financial and human resources. The Company's current and planned personnel, systems, procedures and controls may not be adequate to support its future operations. There can be no assurance that the Company will be able to effectively manage its growth or to implement all these systems, procedures and control measures successfully. If the Company is unable to manage its growth effectively, its business and prospects may be materially and adversely affected.

Any of these factors would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.1.4 Risks related to the impact of increasing costs and operating expenses on the Company's business

The Company's operating expenses could increase as a result of a number of factors (for more information about the Company's financial and operational performance, see Section 6 ("**Management Discussion and Analysis of Financial Position and Operating Results**") of this Prospectus), particularly increases in the wholesale cost of raw material and products ordered from suppliers and labor costs. Raw materials and consumables costs comprised 36.0%, 34.8%, 27.0% and 29.7% for the financial years 2019G, 2020G, 2021G, and the Six Month Period Ended 30 June 2022G, respectively. Whereas salaries and employee-related costs (excluding such costs charged to cost of revenue) comprised 12.9%, 15.0%, 17.9%, and 16.3%, of the Company's revenue for the financial years 2019G, 2020G, 2021G, and the Six Month Period Ended 30 June 2022G, respectively.

Prolonged periods of cost inflation may also have a negative impact on the Company's profit margins and earnings to the extent such cost increases are not translated into increase in prices. Many of the countries from which the Company sources its raw materials, including Saudi Arabia, like many other jurisdictions and economic regions, are experiencing an acceleration and increase in inflation, which has resulted in significant increases in costs of raw materials and shipping for the Company. In addition, the price of fuel and utilities and labor cost have increased in recent years. In addition, any further increase in Saudization of the Company's workforce requirements may lead to an increase in the Company's operational expenditure (for more information, see Section 2.2.6 ("**Risks related to Saudization, non-Saudi employees, and other Labor Law requirements**") of this Prospectus). The Company's operating expenses and costs amounted to 33.9%, 33.9%, 39.3%, and 37.8% of the Company's total revenues for the financial years ended 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. Any increases in the Company's operating expenses and costs will also reduce its cash flow, profit margin and funds available to operate the Company's business and for future expansion. This would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.1.5 Risks associated with permits, licenses and approvals necessary for the Company's business

The Company is required to obtain and maintain the necessary regulatory permits, licenses and approvals from relevant government authorities in each country in which it operates for its business operations and activities. In Saudi Arabia, these permits, licenses and approvals include, but are not limited to, commercial registration certificates for the Company issued by the MoC, industrial and operational licenses issued by Saudi Authority for Industrial Cities and Technology Zones (Modon), civil defense permits, membership certificates with the relevant chambers of commerce, trademark registration certificates, Saudization and General organization for Social Insurance (GOSI) certificates in each case relating to the business operations of the Company. In addition, as a pharmaceutical manufacturer in Saudi Arabia the Company is required to obtain various licenses issued by and registrations made with the SFDA including product licenses and a pharmaceutical products factory license. For further information, see Section 12.5 ("**Governmental Approvals, Licenses and Certificates**") of this Prospectus. In addition, the Company is subject to ongoing reviews and assessments by the SFDA. In Egypt, these licenses and approvals include factory and manufacturing licenses issued by the Industrial Development Authority and Egyptian Drug Authority, respectively.

In order to operate a new branch, the Company must obtain various permits, licenses, certificates and other approvals from the relevant authorities. These include, commercial registration certificates, MOMRAH licenses and civil defense permits. Each approval is dependent on the satisfaction of certain conditions. The Company could encounter problems in obtaining government approvals or fulfilling the

conditions required for obtaining these approvals, or it may not be able to comply with new laws, regulations or policies that may come into effect from time to time with respect to the pharmaceutical products (medicine) sector in general or the particular processes with respect to the granting of approvals.

The Company has obtained the required Commercial Registration certificates for four (4) of its branches. However, as at the date of this Prospectus, the Company has not obtained the commercial registration certificates for six (6) branches which are located in Khobar, Khamis Mushait, Al Ehsaa, Jizan, Al Madinah Al Munawarah and Makkah. For more details about the Commercial Registration certificates of the Company's branches, please refer to Table 12.3 ("**Details of Commercial Registration Certificates Obtained by the Company and its Subsidiaries**") of this Prospectus.

Additionally, the Company did not obtain the MoMRAH licenses for any of its branches. For further details on the MoMRAH licenses obtained by the Company and its branches, please refer to Table 12.8 ("**Details of municipality licenses obtained by the Company's branches**") of the Prospectus. Moreover, the Company has also not obtained the civil defense permits for any of its branches. For more details about the civil defense permits of the Company and its branches, please refer to Table 12.9 ("**Details of civil defence permits obtained by the Company's branches**") of this Prospectus.

Notably, the Company obtained registration certificates for its top 20 pharmaceutical products (medicine) (in terms of revenues for FY21G), except for one (1) expired product certificate. As the Company is in the process of renewing the registration certificate of one of such products with the SFDA, for more information about the top 20 products in terms of revenue for the financial year 2021G, please see table 12.12 ("**Details of the SFDA Registration Certificates for the Company's Key Products**") of Section 12.5 ("**Governmental Approvals, Licenses and Certificates**") of this Prospectus.

Most of the Company's existing licenses are subject to conditions under which they might be suspended or terminated if the Company fails to fulfil and abide by the underlying conditions. Moreover, when seeking to renew or amend the scope of a license, there is no guarantee that the concerned authority will renew or amend the license or that, if it does renew the license, no conditions will be imposed which would adversely affect the Company's performance.

If the Company does not obtain, or is otherwise unable to renew, a license necessary for its operations in Saudi Arabia, or if any of its licenses expires or is suspended, or renewed under unfavorable conditions to the Company, or if the Company is unable to obtain additional licenses required in the future, the Company will be required to cease carrying on its business totally or partially or will be subject to fines issued by the relevant Saudi governmental authorities, including fines up to SAR 100,000 from the MOH, SAR 30,000 from the civil defense or SAR 5,000 from MOMRAH for each infringing location. Additionally, the Company may be subject to sanctions issued by the SFDA and by the National Center for Environmental Compliance, if it does not obtain an environmental license or permit, including fines up to SAR 20 million, or the suspension of the license or permit for a period not exceeding six months for each infringing location, or the cancellation of such license or permit. Similarly, failures to obtain or renew required licenses in Egypt or other relevant markets, or the expiry or suspension of existing licenses in other markets, may result in fines or suspensions of operations. This would interrupt or delay the Company's operations and cause the Company to incur additional costs, and would adversely and materially affect the Company's business, results of operations, financial position, and prospects.

## 2.1.6 Risks related to the regulatory requirements imposed by the SFDA and other regulators

The Company is subject to comprehensive regulations, adhering to such provisions involves high costs, which evolve with time. These regulations, govern the approval, manufacturing, labelling, marketing and sale of pharmaceutical products (medicine) in Saudi Arabia and other countries where the Company operates or sells its products. The Company conducts its business in the Middle East, Africa and the Commonwealth of Independent States, each of which regulates differently the development, registration, manufacturing, quality control, distribution, processing, formulation, packaging, labelling, storage, marketing, record-keeping, post-launch monitoring, advertising, promotion, sale and distribution of the Company's products. The regulations across these regions are fragmented and vary by country.

In Saudi Arabia, the SFDA is the authority responsible for regulating, overseeing and controlling drugs, medical devices, food products, and cosmetics, imported or locally manufactured in Saudi Arabia. The Pharmaceutical and Herbal Establishments and Preparations Law, issued by Royal Decree no. M/108 dated 22/08/1440H and its implementing regulations govern the activities related to the manufacturing, storage and pricing of pharmaceutical products (drugs) and require that pharmaceutical manufacturers maintain a scientific office which is responsible for ensuring the compliance of the Company's products and marketing activities with SFDA regulations.

The SFDA and regulatory bodies in the other jurisdictions where the Company operates rigorously monitor and enforce compliance by pharmaceutical companies with the relevant regulations. The Company's manufacturing operations in Saudi Arabia are subject to periodic inspections by the SFDA. Plant inspections are conducted to determine whether the methods used by the Company in, and facilities and controls used for, the manufacture, processing, packing and holding of pharmaceutical products (medicine) conform to, and are operated and administered in conformity with, the relevant current good manufacturing practices (cGMP) and other applicable regulations. Following these inspections, the relevant regulator may issue notices listing conditions that the inspectors believe may violate current good manufacturing practices (cGMP) or other applicable regulations, and warning letters that could cause the Company to modify certain activities identified during the inspection. In line with the SFDA's regulations, two of the Company's products, Zydac and Rabizol, have already been withdrawn from the markets in which they operate in (for more information about the Company's product recalls, please see Section 2.1.7 ("**Risks related to quality, adverse publicity or product recalls affecting the Company's products**") of this Prospectus. Should it fail to observe the SFDA's standards or the laws and regulations governing drugs pricing and storage, the Company could be subject to penalties, including a maximum fine of SAR 500,000, or the cancellation of the license granted thereto, both of which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

In addition, the Company is subject to a variety of anti-bribery and anti-corruption regulations in the jurisdictions where it operates. Any violations of the relevant regulations by the Company's employees could seriously damage the Company's reputation and result in the Company's licenses and permits being revoked or suspended, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.1.7 Risks related to quality, adverse publicity or product recalls affecting the Company's products

There can be no assurance that the Company's products will not become subject to previously unknown safety or efficacy concerns or unknown side effects. While the Company's products are subject to comprehensive clinical trials and rigorous statistical analysis during the development process prior to approval, there are limitations with regard to the design of such trials, including the limited number of patients enrolled in such trials, the limited time used to measure the efficacy of the product and the limited ability to perform long-term monitoring. In the event that such unanticipated side effects are discovered, the Company may be required to add descriptions of the side effects as "precautions" to the packaging of the Company's products, recall and terminate sales of products or conduct costly post-launch clinical studies. Furthermore, concerns of potential side effects could arise among consumers or medical professionals, and such concerns, whether justified or not, would have an adverse effect on sales of the Company's products and reputation.

Concerns regarding the safety or efficacy of products manufactured or stored at the Company's facilities or the safety and quality of the Company's supply chain could cause the Company's customers to avoid purchasing certain products from the Company, or to seek alternative sources, even if the basis for the concern is outside of the Company's control.

Adverse publicity about these concerns, whether or not ultimately based on factual assertions, and whether or not involving products sold by the Company, would discourage customers from buying the Company's products, which would harm the Company's reputation and have a material and adverse effect on the Company's business, results of operations, financial position, and prospects. In addition, the Company's operational controls and employee training may not be effective in product tampering and other product-related safety and shelf-life issues that may affect its operations.

In addition, the products that the Company distributes may be subject to product recalls, including voluntary recalls or withdrawals, if they are alleged to cause injury or illness or if they are alleged to have been mislabeled, misbranded, or adulterated or to be in violation of governmental regulations. For example, in 2018G/2019G, there was a global recall of Ranitidine, an API used in the Company's Zydac product, which necessitated the Company's recall of Zydac at that time. Additionally, pursuant to an SFDA-issued decision, the Company had to withdraw its Rabizol product from the market in 2021G due to the lack of bioequivalence between such product and the reference drug. The Company may also voluntarily recall or withdraw products that it considers do not meet its quality standards, whether for taste, appearance, or otherwise, in order to protect its brand and reputation. If there is any future product withdrawal that could result in substantial and unexpected expenditures, destruction of product inventory, damage to the Company's reputation, and lost sales due to the unavailability of the product for a period of time, the Company's business, financial condition, results of operations or prospects may be materially adversely affected.

Incidents related to the safety and quality of the products or ingredients displayed in the products may occur in the future, which may result in product liability claims, product recalls, negative publicity or fines, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.1.8 Risks related to product liability claims

The Company may be subject to substantial product liability damages claims, settlements and awards for injuries allegedly caused by the use of its products, particularly given the widespread impact that prescription drugs may have on the health of large patient populations. Product liability claims, regardless of their merits or their outcome, may be costly, may divert management's attention, and may adversely affect the Company's reputation and demand for the Company's products. Adverse publicity relating to the safety of a product or of other competing products may increase the risk of product liability claims. Litigation in certain jurisdictions is inherently unpredictable and can result in unexpectedly high awards of damages. The Company, in line with customary industry practices in the countries in which it does business, does not carry product liability insurance, and so would be unable to rely on insurance claims to offset losses resulting from an unfavorable outcome to a product liability claim. Substantial product liability claims that result in court decisions against the Company or in the settlement of proceedings would have a material adverse effect on the Company's business, results of operations, financial condition and prospects, particularly where such circumstances are not covered by insurance.

## 2.1.9 Risks related to the failure of customers and other independent third parties to accept the Company's products

The Company's ability to market its products successfully depends, in part, on the acceptance of products by independent third parties, including wholesalers, distributors, physicians, hospitals, medical centers, pharmacies, government institutions and other retailers, as well as end users of the Company's products. The Company relies to a significant extent on the strength of its brands and reputation and its acceptance by the third party agents and distributors, especially for the sale of its products in its markets outside Saudi Arabia. Unanticipated side effects or unfavorable publicity campaigns concerning any of the Company's products or brands, or the brands of its in-licensed products, would have an adverse effect on the Company's ability to achieve acceptance by prescribing physicians, managed care providers, pharmacies and other retailers and end users.



In addition to the strength of its brand and reputation, acceptance of any of the Company's products among the medical community depends upon a variety of factors, many of which are beyond the Company's control, including:

- acceptance by payers, physicians, pharmacists and end-customers of each product as a safe and effective treatment;
- the cost of treatment in relation to alternative treatments or alternative products for the same treatment, including numerous generic drug products that may have a lower price than the Company's products;
- the safety and efficacy of the product;
- the product's perceived advantages and disadvantages relative to competing products or treatments; and
- the prevalence and severity of side effects.

If the Company's products are approved by the regulatory authorities but do not achieve acceptance by independent third parties, the Company may be unable to generate any revenues (or an adequate level of revenues) from these products to make them profitable. If the Company's products fail to maintain significant market acceptance, it would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.10 Risks related to the uncertainties associated with research and development for new pharmaceutical products

The Company's ability to continue to grow its business depends significantly on the success of its research and development activities related to new products, both through the Company's in-house resources and through collaboration with third parties. For example, the Company is currently developing products for additional therapeutic segments such as anti-diabetics, which are very important in the markets in which the Company operates. However, research and development programs for new products by pharmaceutical companies are expensive and involve intensive preclinical testing and clinical trials in connection with a highly complex and lengthy regulatory approval process. The research and development process for a new pharmaceutical product can take three years or more from discovery to commercial launch.

During each stage of the approval process and post-approval life cycle of the Company's products, there is a substantial risk that it will encounter serious obstacles including but not limited to the following:

- unfavorable results from preclinical testing of a new compound;
- difficulty enrolling patients in clinical trials, or delays or clinical trial holds at clinical trial sites;
- delays in completing formulation and other testing and work necessary to support an application for regulatory approval;
- adverse reactions to the product candidate or indications of other safety concerns;
- difficulty or delays in obtaining all necessary regulatory approvals in each jurisdiction where the Company proposes to market such products, which could lead to loss of sales, loss of previous research and development expenditures and other sunk costs as well as the incurrence of additional costs;
- the imposition of limitations on the indicated uses for which the drug may be marketed, which could in turn restrict the Company's potential market for the drug;
- difficulty in obtaining reimbursement at satisfactory rates for the Company's approved products from governments and insurers;
- failure to enter into or implement successful alliances for the development and/or commercialization of products;
- inability to manufacture sufficient quantities of a product candidate for development or commercialization activities in a timely or cost-efficient manner;
- ongoing regulatory review of products and the Company as manufacturer following regulatory approval for and commercialization of a product, which could result in the discovery of previously unknown problems with the product or manufacturing process and lead to the imposition of restrictions or recalls, including withdrawal of the product from the market; and
- the degree of market acceptance of any approved product candidate by the medical community, including physicians, healthcare professionals and patients, will depend on a number of factors, including relative convenience and ease of administration, the prevalence and severity of any adverse side effects, availability of alternative treatments, pricing and the Company's sales and marketing strategy.

As a result of the foregoing or other factors, the Company may decide to abandon the development of potential pipeline products in which the Company has invested significant resources, even where the product is in the late stages of development. Moreover, there can also be no assurance that the Company will be successful in bringing attractive new products to market. For example, there is no assurance that the Company's pipeline compounds will receive regulatory approval, become commercially successful or achieve satisfactory rates of reimbursement. As a result, the Company may be unable to earn returns on investments that it originally anticipated or at all, or may be forced to revise the Company's research and development strategy, and the Company's business, financial condition and results of operations could be materially and adversely affected. In addition, to the extent that new regulations raise the costs of obtaining and maintaining product authorizations, or limit the economic value of a new product to its originator, the Company's profitability and growth prospects could be diminished. This would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.11 Risks related to the complexity of manufacturing the Company's products

The Company strives to deliver high quality pharmaceutical products to its customers. The manufacture of the Company's products is highly exacting and complex due in part to strict regulatory requirements governing their manufacture. The Company relies on complex machinery and information technology systems to support its manufacturing processes, as well as internal and external communications with respect to supplies, quality control and distribution. Problems may arise during manufacturing for a variety of reasons, including equipment malfunction, failure to follow specific protocols and procedures, problems with raw materials and environmental factors. If the problems are severe, the Company may be forced to temporarily suspend all or part of its production until the problems are rectified. Any such suspension is likely to result in increased costs, lost sales, damage to customer relations, failure to perform existing contracts, time spent investigating the cause, remedial costs and, depending on the cause, similar losses with respect to other batches or products. In addition, where problems are not discovered before the product is released to the market, the Company may be forced to recall the product from the market. In certain cases, the Company may face product liability claims and incur respective costs. (For more details, please refer to Section 2.1.8 (**Risks related to product liability claims**)) of this Prospectus).

The manufacture of the Company's products and product candidates is very demanding. Successful manufacturing of these types of products requires precise manufacturing process controls, raw materials that conform to very tight tolerances for specific characteristics and equipment that operates consistently within narrow performance ranges. Manufacturing complexities and testing requirements for such products increase the overall difficulty of manufacturing them and resolving manufacturing problems that the Company may encounter.

The facilities used to manufacture the Company's products are subject to periodical inspections by the SFDA and other relevant regulatory authorities to assess compliance with applicable regulatory requirements. (For more details, please refer to Section 2.1.6 (**Risks related to the regulatory requirements imposed by the SFDA and other regulators**)) of this Prospectus). If the Company cannot successfully manufacture materials that conform to the Company's specifications and the strict requirements of the relevant regulatory authorities, the Company will not be able to secure and/or maintain regulatory approval for the Company's manufacturing facilities. If a regulatory authority does not approve a facility for the manufacture of the Company's products or if it withdraws any such approval in the future, or if the SFDA determines that any manufacturing facilities are not in compliance with cGMPs or other SFDA regulations, the Company may need to find alternative manufacturing facilities. The occurrence or suspected occurrence of production not in line with the Company's specifications or regulatory requirements can lead to lost inventories, and in some cases product recalls and enforcement action, with consequential damage to the Company's reputation and the risk of product liability. The investigation and remediation of any identified problems can cause manufacturing delays, substantial expense, lost sales and the delay of new product launches.

Any of the risks described above would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.12 Operational risks and unexpected interruptions to the Company's business

The Company's success depends significantly on the continuous and smooth operation of its manufacturing facilities. The operation of the Company's manufacturing facilities is prone to a number of risks, including physical damage to buildings, power failures, disruption of medical equipment and devices, failure of information systems, mechanical failures, the possibility of work stoppages, criminal incidents, civil unrest, natural disasters, fires, operational errors, changes in governmental planning for the land underlying these facilities, or any disruption or delay in the ports or various shipping services in general. The occurrence of any of these or similar incidents would cause a significant disruption to the Company's business, which would affect adversely and materially the Company's business, results of operation, financial position, and prospects.

Furthermore, the leases for the land on which the Company's manufacturing facilities are built could be challenged by third parties or government authorities, which may cause interruptions to the Company's business operations. In the event that its use of leased properties is successfully challenged, the Company may be subject to fines and forced to relocate the affected operations to alternate locations. There can be no assurance that the Company would be able to maintain its existing leases or renew them on terms that are similar to those currently in force. The sites for the Sterile Facility in Jeddah and Jamjoom Pharma Academy are each subject to separate leases with the Saudi Industrial Property Authority, and the site of the Jeddah Main Facility in Jeddah is subject to three leases with the Saudi Industrial Property Authority. Each of these leases has a different duration, ranging from 13 to 20 years, and all of these leases are vital for the Company's ability to continue using its sites. If the Company is unable to renew such leases or otherwise such leases were terminated (for instance, if their validity were to be challenged), there can be no assurance that the Company would be able to find suitable replacement sites on terms acceptable to it on a timely basis, or at all, or that it would not be subject to material liability resulting from third parties' challenges on the Company's use of such properties.

If there were significant interruptions of operations at one or more of manufacturing facilities, the Company's revenues and profitability will be affected, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.13 Risks related to cross border sales of products in foreign countries

A significant portion of sales of the Company's pharmaceutical products (medicine) sales are outside of Saudi Arabia. As part of its business strategy and growth plan, the Company may plan to expand further its sales of products into more countries in Africa and other emerging markets, which will result in an increase in cross border sales and purchases. Cross border operations are subject to risks, including but not limited to:

- inadequate protection of intellectual property;
- currency exchange rate fluctuations or imposition of foreign exchange controls;
- difficulties and costs associated with complying with a wide variety of complex domestic and foreign laws, regulations and treaties, some of which are subject to change;
- legal uncertainties regarding, and timing delays associated with, customs procedures, tariffs, import or export licensing requirements and other trade barriers;
- differing local product preferences and product requirements;
- increased difficulty in collecting delinquent or unpaid accounts;
- risk of loss at sea or other delays in the delivery of products caused by transportation problems; and
- differing tax regimes.

Any of these factors, individually or in the aggregate, could adversely affect the Company's operating results.

Furthermore, economic sanctions and restrictions on exports and other transfers of goods have been implemented by the United States and the European Union in relation to certain countries in which the Company or its subsidiaries do business, including but not limited to Libya, Sudan and Syria. The United States and the European Union have also enacted sanctions that prohibit transactions by US or EU persons and entities involving certain specially designated individuals and entities from sanctioned countries or participating in sanctioned activities including, but not limited to, terrorism and drug trafficking. In addition, the United States, the European Union and certain other countries have recently implemented measures against Russia in connection with the continuing turmoil in Ukraine. These regulations and their enforcement could potentially affect the Company's sales in the affected countries and force it to change or abandon its growth plans. In addition, failure to comply with such regulations could result in significant fines, as well as reputational damage. Any of the foregoing would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.14 Risks related to Government restrictions on pricing

Pharmaceutical products (medicine) are subject to price controls or pressures and other restrictions in Saudi Arabia. The SFDA intervenes directly in setting prices of pharmaceutical products (medicine), and has periodically changed the list of regulated reference prices and margins in the past. For example, in 2021G, the SFDA mandated reductions in the price of certain products, including some manufactured by the Company, following a review of global API prices and a market analysis relating to products classified as lifesaving or critical drugs. The decrease in sales of the Company's products, which prices have been revised as a result of the SFDA's request, amounted to SAR 781,000 between the financial years 2019G and 2020G and SAR 19.7 million Saudi Riyals between the financial years 2020G and 2021G.

In addition, in some markets major purchasers of pharmaceutical products (whether government agencies, state-run enterprises such as the National Company for the Unified Procurement of Medicines, Devices and Medical Supplies in Saudi Arabia ("NUPCO"), or private healthcare providers) have the economic power to exert substantial pressure on prices or the terms of access to product formularies, and increases in sales to these entities may result in lower profit margins for the Company. The average time of the period starting from delivering the products to government customers (the various products related to the sales made to NUPCO up to collecting the debit balances is 8 months in the Six Month Period Ending on 30 June 2022G. It should be noted that the revenues generated from NUPCO accounted for 2.1%, 2.6%, 2.4% and 3.0% of the Company's total revenues during the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. The Company's gross profit margin generated from NUPCO for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, represented 47.1%, 51.9%, 23.6%, and 25.9%, respectively.

The profit margin generated from the National Company for NUPCO is less than the Company's total profit margin, as the profit margin related to the National Unified Purchase Company (NUPCO) reached 25.9% against 65.8% in general for the Six Month period Ended 30 June 2022G.

The growth in the number of patients covered through large managed-care institutions may also increase pricing pressure on the Company's products. Changes to government reimbursement policies could also reduce the funding that healthcare service providers have available for diagnostic and pharmaceutical product expenditures, which would have a material adverse impact on the Company's sales and profit margins.

The Company cannot predict whether existing controls will increase or new controls (or other restrictions or reforms) will be introduced that will reduce the Company's margins or adversely affect its ability to introduce new products profitably. Changes in the healthcare market would also force the Company to alter its approach to selling, marketing, distributing and servicing the Company's customer base. Any of these factors could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.15 Risks related to patent infringement actions

The Company could become involved in patent infringement actions by third parties and may have to defend against charges that the Company's products infringed patents or the proprietary rights of third parties. If the Company infringes the intellectual property rights of others, the Company could lose its right to develop, manufacture or sell products, including its generic products, or could be required to pay monetary damages or royalties to license proprietary rights from third parties. Patent infringement claims may also result in the Company having to redesign, alter or delay the launch of new products, which would have a negative effect on the Company's revenue and profitability. In addition, the outcomes of patent infringement actions are uncertain and such infringement actions are costly and divert technical and management personnel from their normal responsibilities. Any of these factors would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.16 Risks related to protecting certain trademarks on which the Company relies

The Company has registered thirty-nine (39) trademarks relating to its top 20 products by sales revenue in 2021G in Saudi Arabia and other markets in which it sells its products. The Company's business relies on these trademarks, details of which are set out in Section 12.11.1 ("Trademarks") of this Prospectus. Notably, the Company has not registered trademarks for a number of its products, including four of its top 20 products by sales revenue in 2021G. Additionally, the Company has not renewed the expired registration certificates for seven (7) of its top 20 products by sales revenue in 2021G. In the event the Company is unable to register or renew its trademark certificates, or in the event a third party objected to the registration of a trademark, this would affect the Company's operations, financial condition and results of operation. The competitive position of the Company depends on its ability to continue using such trademarks and to protect its rights related to such trademarks against any illegal use of such trademarks by third parties.

In the event the intellectual property rights related to the Company's trademarks are infringed, including as a result of unauthorized use or a failure to protect such rights by the competent authorities in accordance with the regulations of the relevant countries, it may face costly litigation and the diversion of technical and management personnel. Furthermore, the outcome of a dispute may require the Company to enter into royalty or licensing agreements, which may not be available on terms favorable to the Company, or at all. Any of the above would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.17 Risks related to maintaining the reputation of the "Jamjoom Pharma" brand

The Company's success depends in part on its ability to maintain the image and reputation of the Jamjoom Pharma brand. Quality, health and safety issues, actual or perceived, are likely to damage the reputation of the Jamjoom Pharma brand, which could cause consumers to switch to competitors, resulting in a loss of customers and a decline in the Company's market share and revenues.

The reputation of the Company's brand could be adversely affected as a result of any act by the Company in breach of quality, health, and safety standards imposed by regulatory authorities (for more details, please refer to Section 2.1.6 ("**Risks related to the regulatory requirements imposed by the SFDA and other regulators**") of this Prospectus).

The Jamjoom Pharma brand may also be materially and adversely affected by factors beyond the Company's control, including lawsuits, regulatory investigations, fines and penalties against the Company, or otherwise relating to the products or services available on the Company's platform, or improper or illegal conduct by the Company's employees, suppliers, third-party merchants and other business partners, that is not authorized by the Company. Furthermore, adverse publicity campaigns (whether accurate or not) relating to activities by the Company's Board, Shareholders, Management, Related Parties, suppliers, employees, contractors or agents (such as quality control issues or non-compliance with laws and regulations) will tarnish the reputation of the Jamjoom Pharma brand. With the increase in the use of social media, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for the Company to effectively respond. In addition, counterfeit versions of the Company's products have appeared in some of the Company's markets, such as Egypt, and although the Company takes measures to protect its trademarks and brands, there can be no guarantee that it will be successful in stopping the circulation of counterfeit products, which may also damage the reputation of the Jamjoom Pharma brand.

Any damage to the Company's brand names or reputation as a result of these or other factors may cause its products and services to be perceived unfavorably by consumers, third-party merchants, regulators, medical professionals and other business partners, which as a result would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.18 Risks related to the Company's Related Party Transactions

The Company maintains ongoing and close business relationships with several Related Parties. In particular, the Company entered into contracts with Related Parties, including contracts for the distribution of the Company's products in Saudi Arabia, the supply of packaging materials and the provision of various services. As at the date of this Prospectus, the Company has eight current transactions with Related Parties, all of which were approved in the Extraordinary General Assembly meeting dated 18/12/1443H (corresponding to 17/07/2022G).

The total value of transactions with Jamjoom Medicine Store (a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company) for the sale of products, allocation of commission, provision of logistic services, and payment of expenses amounted to SAR 369.7 million, SAR 463.3 million, SAR 392.0 million and SAR 275.9 million for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. The total value of sales made through Jamjoom Medicine Store amounted to SAR 272.6 million, SAR 350.2 million, SAR 273.9 million and SAR 187.4 million for the financial years 2019G, 2020G, 2021G and the Six-Month Period Ended 30 June

2022G, respectively. Additionally, these sales represented 37.3%, 43.5%, 37.2% and 38.9% of the Company's total sales for the financial years 2019G, 2020G, 2021G and the Six-Month Period Ended 30 June 2022G, respectively. For further details, please refer to Section 2.1.2 ("Risks related to concentration of sales among a limited number of distributors") of this Prospectus.

The Company entered into a distribution agreement with Jamjoom Medicine Store for a term of three Gregorian years starting from 7 August 2022G (automatically renewable for similar periods unless terminated by the Company or Jamjoom Medicine Store subject to not less than a six-month period written notice). Payment is made within 90 days from the date of receipt of the invoice by the Company. For further details on the distribution agreement entered into with Jamjoom Medicine Store, please refer to Section 12.6.1 ("Key Distribution Agreements") of this Prospectus. Jamjoom Medicine Store is a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company in which Yousuf Mohammed Salah Jamjoom, Mohammed Yousuf Mohammed Salah Jamjoom, Ahmed Yousuf Mohammed Salah Jamjoom, Mahmoud Yousuf Mohammed Salah Jamjoom and Alaa Yousuf Mohammed Salah Jamjoom. Each of Walid Yousuf Mohammed Salah Jamjoom 5.83%, Mahmoud Yousuf Mohammed Salah Jamjoom 5.83%, Mohammed Yousuf Mohammed Salah Jamjoom 5.83%, Ahmed Yousuf Mohammed Salah Jamjoom 5.83%, and each of Sanaa Yousuf Mohammed Salah Jamjoom 2.92% and Alaa Yousuf Mohammed Salah Jamjoom owns 2.92% in Abdullatif Mohammed Salah Jamjoom and Brothers Company.

The total value of transactions with Tegan Al Fateh Factory Co. Ltd. (Jamjoom for printing and packaging) for the supply of packaging materials amounted to SAR 10.3 million, SAR 14.2 million, SAR 18.4 million, and SAR 8.9 million for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively.

There are a number of Related Party transactions that have not been subject to official contracts which are conducted on a purchase order basis. These undocumented related party transactions represent 2.7%, 0.8%, 1.9% and 1.1% of the total amount of transactions with related parties for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively.

The total value of transactions with all Related Parties amounted to SAR 395.6 million, SAR 487.9 million, SAR 427.4 million and SAR 289.0 million for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. For a summary of the Company's transactions with Related Parties, see Section 12.8 ("Related Party Transactions") of this Prospectus.

As of the date of this Prospectus, all Related Party Transactions were on arm's length terms. However, the Company's agreement with Jamjoom Medicine Store (a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company) previously contained certain terms relating to commissions and payment terms which, in the Company's view, did not reflect arm's length terms and accordingly the Company has addressed this through an amendment to the terms of agreement. Accordingly, the members of the Board of Directors confirm following the amendment to the agreement made on 7 August 2022G, the agreement does not include any preferential terms and is considered to be on an arm's length terms. (for a summary of this agreement, see Section 12.8 "Related Party Transactions") of this Prospectus.

To the extent that the Company enters into contracts with any Related Parties which are not on arm's-length terms and/or in the event such transactions grant undue benefits to Related Parties of the Company, this could negatively affect the Company's costs and revenues which would, in turn, adversely and materially affect the Company's business, results of operations, financial condition and prospects.

There can be no guarantee that the Company will be able to renew its contracts with such Related Parties when expired. If any such Related Parties do not renew the agreements entered into with the Company, or renew these agreements but under conditions that are not in line with the Company's objectives, this would adversely affect the Company's business. Under Article 71 of the Companies Law, those related party agreements, in which any Director is deemed to have an interest, will need to be approved by the General Assembly. It is also required that any Director and/or Shareholder of the Company, who is deemed to have an interest (such as a shareholder who has a representative Director on the Board), cannot participate in the approval process for such Related Party Transaction(s).

If the contracts with Related Parties are not renewed when expired, the Board or General Assembly do not agree to renew these contracts, or otherwise the Related Parties do not agree to renew them under the current terms or under terms that are commercially viable to the Company, then the Company might not be able to enter into other contracts on the same terms or on terms favorable thereto. Any of these factors would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.1.19 Risks related to the outbreak of infectious diseases or other serious public health concerns, including the continuing global spread of COVID-19

The outbreak of an infectious disease, such as Middle East Respiratory Syndrome (MERS), H1N1, SARS and, most recently, the Coronavirus (COVID-19) in the Middle East will have a materially negative impact on the Saudi economy and business operations of the Company.

Following the outbreak of COVID-19, the Saudi Government implemented a range of precautionary containment measures in response to the outbreak, including travel restrictions or mandatory quarantine measures on international travelers and on residents within cities, regions or provinces of certain countries, and measures intended to protect supplies of pharmaceuticals within the country as a national security issue, including a six month prohibition on the export of pharmaceuticals in the first half of 2020G.

These measures directly affected the Company's business. The six month prohibition on pharmaceutical exports in early 2020G resulted in a loss of business in the Company's international markets, as many of the Company's customers in those markets found other suppliers during the period that the Company was unable to ship its products from the manufacturing facility in Saudi Arabia to those markets. In addition, COVID-19 related supply chain interruptions and bottlenecks have resulted in lengthier sourcing periods for APIs and significant increases in costs of raw materials and shipping for the Company. The outbreak of COVID-19 resulted in an increase of costs incurred in procuring personal protective equipment used in the Company, such as masks, gloves, sanitizers and other relevant measures. The

procurement cost of masks, sterilizers and gloves amounted to SAR 595,000 and SAR 218,000 in the financial years 2020G and 2021G, respectively. For further information, please refer to subsection 6.4.1 (“**Impact of the COVID-19 pandemic on the business**”) under Section 6 (“**Management Discussion and Analysis of Financial Position and Operating Results**”) of this Prospectus). The outbreak of COVID-19 resulted in other effects such as the grant of free interest loans to employees during the COVID-19 period, increase in the cost of transportation/logistics due to the supply chain challenges, decrease in the promotional and marketing activities during the COVID-19 period attributable to the mandated lockdowns and other restrictions imposed by the government, decrease in travel and communication expenses attributable to the decrease in employee travel on the back of the restrictions imposed by the government, delays in ongoing construction projects mainly attributable to the temporary closure of sites during the lockdown period as well as delay in receiving construction materials.

In the event that there was a further increase in the spread of COVID-19, it is difficult to estimate the potential impact that this might have on the economy of the Company’s key markets and the business operations of the Company, and could make the Company vulnerable to risks of business interruption. In addition, the supply of certain international raw materials and other products purchased by the Company, or the ability of the Company to export its products to other markets, could be suspended, delayed or otherwise adversely affected. Furthermore, there can be no assurance that any containment measures (such as those outlined above) would be effective in stopping or curtailing future outbreaks in Saudi Arabia or the Company’s other key markets. Moreover, it is likely that any containment measures (such as those outlined above) will have a material and adverse effect on the Saudi economy and investor and business confidence to an extent difficult to predict. This would have a material adverse effect on the Company’s business, results of operations, financial condition and prospects.

## 2.1.20 Risks related to the Company’s reliance on its senior Management and key personnel

The Company’s success depends upon the continued service and performance of its senior Management and other key personnel, as well as its ability to identify, hire, develop, motivate and retain qualified personnel in the future. The Company devoted considerable efforts to the development of its senior Management team, all but two of which have been appointed over the past two years. The Company relies on a number of key individuals in its senior Management team, who have valuable experience within the pharmaceutical and healthcare sector and who have made substantial contributions to the development of the Company’s operations and expansion. Competition for senior Management and key employees in the pharmaceutical and healthcare sector is intense, and the Company cannot guarantee that it will be able to retain its personnel or attract new, suitably qualified personnel, or that key personnel, including those recently appointed, will not leave the Company to engage in businesses similar to or competing with the Company’s business.

The Company may need to invest significant financial and human resources to attract and retain new senior Management members and/or employees. The loss of the services of members of the Company’s senior Management or key employees could prevent or delay the implementation and completion of its strategic objectives, divert Management’s attention to seeking certain qualified replacements or adversely affect its ability to manage its business effectively. Each member of senior Management, as well as key employees, may resign at any time. If the Company loses the ability to hire and retain key senior Management and employees with high levels of skills in appropriate domains, this would materially and adversely affect the Company’s business, results of operations, financial position, and prospects.

## 2.1.21 Risks related to the Company’s implementation of a newly adopted corporate governance manual

The Board approved a corporate governance manual on 01/03/1444H (corresponding to 27/09/2022G), which includes rules and procedures related to corporate governance derived from the Corporate Governance Regulations issued by the CMA. The Company’s success in properly implementing the corporate governance rules and procedures will depend on the extent of the comprehension and understanding of these rules as well as the proper execution of such rules and procedures by the Board, its committees and Senior Executives, especially with regards to the formation of the Board and its committees, independence requirements, as well as rules related to conflict of interests and Related Party Transactions.

Article 23 of the Corporate Governance Regulations also requires the adoption of a written and detailed policy, defining the powers delegated to the executive management, and a table clarifying such powers. On 20/03/1444H (corresponding to 16/01/2022G), the Board of Directors approved the authority tables governing the specialization and delegation of powers and authorities between the Board and the Senior Executives. Failure to comply with the governance rules, especially the mandatory rules derived from the Corporate Governance Regulations issued by the CMA, would subject the Company to regulatory penalties.

The Company’s Extraordinary General Assembly approved the charters of the Board committees on 18/12/1443H (corresponding to 17/07/2022G), which were approved by the Board on 01/03/1444H (corresponding to 27/09/2022G). On 11/01/1444H (corresponding to 09/08/2022G), the General Assembly appointed the Audit Committee, which consisted of three (3) members, including one (1) non-executive and independent member and two (2) members from outside the Board. The Board of Directors formed the Nomination and Remuneration Committee. For further details, please see Section 5.2 (“**Company and Board Committees**”) of this Prospectus. Failure by members of these committees to perform their duties and adopt a work approach that ensures protection of the interest of the Company and its Shareholders may affect corporate governance compliance, the continuous disclosure requirements, and the Board’s ability to monitor the Company’s business through these committees.

Any future inability of such committee members and independent members to carry out the tasks assigned thereto and follow a work methodology that ensures the protection of the interests of the Company and the Shareholders may affect the implementation of Governance Regulations and the efficiency of the Company’s Board of Directors control over the management of its business through

such committees. This may expose the Company to potential non-compliance with continuous disclosures after listing requirements on the one hand, and to operational, administrative and financial risks on the other hand. Any of these factors would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.22 Risks related to Management's lack of experience in managing a publicly listed company

The Senior Executives have limited or no experience in managing a public listed joint-stock company in Saudi Arabia and complying with the laws and regulations pertaining to such companies. In particular, the internal and/or external training that the Senior Executives will receive in managing a Saudi Arabian publicly listed company, coupled with the regulatory oversight and reporting obligations imposed on public companies, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Company. Non-compliance in a timely manner with the regulations and disclosure requirements imposed on listed companies will expose the Company to regulatory sanctions and fines. The imposition of fines on the Company would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.23 Risks related to the adequacy of insurance coverage

The Company maintains insurance policies covering all risk property, theft of cash amounts, electronic equipment and data processing, goods in transit, marine open cargo, motor and group medical expenses insurance (for more information about insurance policies maintained by the Company, please refer to Section 12.10 ("Insurance") of this Prospectus. There is no guarantee that these insurance policies will be adequate at all times and in all circumstances, or that the limit of insurance coverage will be sufficient in all events to pay for the claims relating to the insured risks. The Company might not be able to successfully substantiate its claim with regard to a certain liability or loss according to the insurance policies in effect because of the exclusions or conditions of insurance coverage, or if the Company has not met certain insurance criteria in respect of a particular claim. This could cause the Company to be liable for paying for accident related losses.

Future events might occur for which the Company might not have adequate insurance coverage to cover all potential losses, or might not be insured against it at all, such as risks resulting from acts of aggression, political risks, war and sabotage. In addition, the Company's present insurance policies contain coverage exclusions or limitations. The current insurance policies might also be unavailable in the future. Accordingly, the losses and liabilities resulting from entirely uninsured or insufficiently insured risks could significantly increase the Company's costs, which would have a material adverse effect on the Company's business, prospects, results of operations, financial position and share price, and would also have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

### 2.1.24 Risks related to interruptions in the Company's information systems

The Company's operations, including research, development, manufacturing, accounting, storage and delivery, are highly dependent on its information technology systems. The Company depends on these systems to facilitate the manufacture and distribution of a high number of inventory items to and from the Company's facilities and to manage the accurate accounting and payment to and from suppliers and customers.

External and internal risks, such as malware, code anomalies, attempts to penetrate the Company's networks, unavailability of required updates or modifications, data leakage and human error all pose a direct threat to the Company's services and data. The Company's networks may also be subject to interruption due to unforeseen "force majeure" events or power outages. These types of adverse events could also occur in the event the confidentiality, integrity or availability of Company and customer information is compromised due to a data loss by the Company or a trusted third party. Additionally, the cost and operational consequences of implementing further upgrades to the Company's IT systems and networks, and data or system protection measures, whether due to expansion, upgrades, new technology, new laws and regulations, or otherwise, could be significant. In addition, the Company's IT systems need regular upgrading to accommodate expansion of the Company's business and maintain the efficiency of its operations. If the Company faces a breakdown in its systems, it could experience significant business and operational delays across its businesses. In particular, any breakdown in the Company's IT systems could result in disruptions of the Company's research, development, manufacturing, accounting and billing processes.

The Company's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, the Company and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Company's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a loss of data. A security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Company's employees may lead to a breach of consumers, employees' and customers' data privacy and security. Any such breach may result in a divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to the Company. In addition, this could adversely affect the Company's performance due to judicial proceedings or claims initiated against the Company in case it defaulted in preserving the safety and confidentiality of data and in ensuring compliance with the relevant controls on disclosing data in an accurate and timely manner via the appropriate channels. Any such breach or other similar event may also lead to a change of current and potential customer behavior in a way that would impact the Company's ability to retain current customers or attract new customers, which would materially and adversely affect the Company's business, financial condition, internal operations (e.g. logistics, inventory and management), results of operation, and prospects.

Any disruption to the internet or the Company's IT systems and/or technology infrastructure, including those impacting the Company's computer systems, or the occurrence of any of the aforementioned risks, would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.25 Risks related to litigation involving the Company

The Company, its Directors or officers may become involved in lawsuits and regulatory actions with parties including suppliers, employees, competitors, regulatory authorities, consumers or owners of lands leased to the Company for its operations. Any unfavorable outcome in any litigation or regulatory proceedings involving the Company could have a material adverse effect on the Company's business, financial position, results of operations, or prospects. In addition, regardless of the outcome of any litigation or regulatory proceedings, these proceedings could result in substantial costs and may require that the Company devote substantial resources to defend against these claims, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.26 Risks related to Zakat

From its formation until the financial year 2021G, the Company and its subsidiary filed their Zakat declarations on a consolidated basis and paid related liabilities when due. The Company obtained the final Zakat assessments from ZATCA for the date of its formation to 2018G, and obtained as well the final Zakat certifications for the years 2019G, 2020G, and 2021G. Apart from the abovementioned Zakat assessments, ZATCA has not issued the Company any Zakat assessments for the years 2019G to 2021G, which are currently still under review.

ZATCA could revisit any previous year, up to five (5) years in the past, in case it has not issued a Zakat assessment for the year revisited, and may challenge the declarations submitted, pursuant to the Implementing Regulations for Collecting Zakat Amounts promulgated by Ministerial Resolution No. 2217 dated 07/07/1440H (corresponding to 14/03/2019G), which could entail requiring the Company to pay additional Zakat amounts to cover any additional Zakat liabilities. Therefore, any additional Zakat liabilities uncovered in ZATCA's assessment of the Company's Zakat dues would adversely affect the Company's business, results of operations, financial position, and prospects.

Additionally, in accordance with accounting laws, the Company has set aside a Zakat provision to cover in Zakat assessments issued by ZATCA. This provision has been set aside in accordance with ZATCA's laws and directives, and amounted to SAR 17.1 million, SAR 20.4 million, SAR 18.7 million and SAR 11.1 million as at the financial years ended 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. If the Zakat provision is not sufficient to meet any additional Zakat liabilities that may be imposed by the Zakat, Tax and Customs Authority, that would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.27 Risks related to the potential misconduct of its third-party agents

The Company relies extensively on third-party distributors and other agents for the marketing and distribution of its products in certain markets. Some of these third parties are small scale entities and do not have internal compliance resources. In some emerging growth markets, specific regulations regarding the marketing and sale of pharmaceutical products (medicines) either do not exist or are still being developed, which may result in legal uncertainty and the inconsistent application of existing laws and regulations. In addition, corruption is commonplace in a number of these countries. If the Company fails in its efforts to screen third-party agents and detect cases of potential misconduct, the Company could be held responsible for the non-compliance by these third parties with applicable laws and regulations, which would adversely affect the Company's reputation and/or have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.1.28 Risks related to the Company's current financing arrangements

The Company has entered into a loan agreement with the Saudi Industrial Development Fund ("SIDF") dated 04/09/2022G for an amount of SAR 113,500,000 (the "SIDF Facility for the year 2022G").

The SIDF Facility for the year 2022G contains provisions that restrict the Company's ability to make changes in its ownership or control structure. As such, on 29/03/1444H (corresponding to 25/10/2022G), the Company obtained the non-objection of the SIDF to proceed with the procedures to submit the application to the CMA and the relevant authorities for the conversion of the Company to a public joint stock company, complete the legal procedures, obtain the necessary approvals and satisfy the requirements of listing and offering the shares.

It should be noted that the SIDF Facility for the year 2022G provides that the Company undertakes to submit a mortgage over the assets, buildings, machinery and equipment related to the financed project in the event any amounts are withdrawn from the facility. In addition, the SIDF Facility for the year 2022G provides that the Company undertakes to submit a promissory note and any additional securities as requested from SIDF from time to time. As of the date of this Prospectus, no amounts have been withdrawn from the facility and as such no mortgage has been provided over buildings, assets, machinery and equipment of the Company. Accordingly, in the event of a breach of the provision of any of the aforementioned securities for the purpose of the SIDF Facility for the year 2022G and the terms of this facility, the Saudi Industrial Development Fund shall have the right to implement on the assets, which could negatively affect the Company's business, financial position, results of operations and future prospects.



### 2.1.29 Risks related to Bank Guarantees provided on the Company's behalf by the Shareholders

The Company's obligation under the Facility of the SIDF Facility for the year 2022G are secured by a personal guarantee provided by each of Yousuf Mohammed Salah Jamjoom (for 100% of the facility amount), Walid Yousuf Mohammed Jamjoom (for 6.5% of the facility amount), Mohammad Yousuf Mohammed Jamjoom (6.5% of the facility amount), Ahmed Yousuf Mohammed Jamjoom (6.5% of the facility amount) and Mahmoud Yousuf Mohammed Jamjoom (8% of the facility amount), which collectively reached a total of SAR 113,500,000. As of the date of this Prospectus, the Saudi Industrial Development Fund ("SIDF") did not waive the personal guarantees provided by these shareholders.

If, after the Offering, the Company is unable to cancel the guarantees provided by these shareholders, then they will remain in force and the breaches related to the shareholders will continue to apply. In the event that any or all of the Guarantors withdraw or do not renew its guarantees (when requested by the SIDF), or if such guarantees become invalid for any reason, and the SIDF does not agree to allow the Company to provide alternative guarantees (such as mortgaging assets or other guarantees banks typically accept from listed joint-stock companies in lieu of the shareholders' guarantees) this may be construed by the SIDF as a breach by the Company under the SIDF Facility for the year 2022G, which may result in demanding immediate repayment of the amounts owing. In such a case, there is no guarantee that the Company will be able to obtain sufficient alternative sources of financing to repay these debts. Any of these factors would have an adverse effect on the Company's business, results of operations, financial position and prospects.

### 2.1.30 Risks related to the Company's Land Title

The Company acquired a land in Egypt to build the Egypt Main Facility, however, it does not currently hold a title deed to the land. The Company is in the process of applying for the title deed. As of 30 June 2022G, the total costs of establishing the Egypt Main Facility amounted to SAR 183.8 million, which have been fully financed in cash by the Company (for further information on the Egypt Main Facility, please refer to Section 4.9.3.2.4 ("Egypt Main Facility") of this Prospectus). The Company's right to transfer its interest in the land or the building for such land may be limited as a result of the absence of formal title deed. Accordingly, any failure in obtaining a formal title deed would have a material adverse effect on the Company's business, results of operations, financial condition and prospects (for further information on the properties owned by the Company and its Subsidiaries, please refer to Section 12.7 ("Properties owned by the Company and its Subsidiaries") of this Prospectus).

### 2.1.31 Risks related to the Conversion of the loan extended to the Company's Egyptian Subsidiary into a subordinated instrument

In the fourth quarter of 2022G, the Company converted the loan that it had previously extended to its Subsidiary in Egypt (Al Jamjoom for Pharmaceutical Industries) into a "Subordinated Perpetual Instrument", as the full amount of the outstanding loan will be converted into an investment in equity repayable at a future date determined at the discretion of the Subsidiary. As a result of the conversion, future exchange gains or losses on this financial instrument will be recorded in the Statement of Comprehensive Income (which were previously recorded in the Statement of Profit or Loss). Furthermore, the Egyptian Pound further devalued in October 2022G and January 2023G, which is likely to result in further currency-exchange-related losses for the last quarter of 2022G and may result in additional currency-exchange-related losses in 2023G (for further details on the conversion of the loan, please see Sub Section 6.8.2.5 ("Shareholders' equity") of this Prospectus; and for further details on the risks related to the fluctuation of currency exchange rates, please see Section 2.2.3 ("Financial risks related to the fluctuation of currency exchange rates") of this Prospectus).

In the event the Company's Subsidiary in Egypt (Al Jamjoom for Pharmaceutical Industries) undergoes liquidation, bankruptcy or any other similar insolvency proceeding, as a result of the conversion of the loan to a subordinated instrument, the Company's ability to recover the amount due under the loan will be hindered as it will be subordinated to the dues of the Subsidiary's creditors (such as debt, payables, and claims) which will be settled in priority to the Company's loan, which in turn would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.2 Risks Relating to the Market, Industry and Regulatory Environment

### 2.2.1 The impact of political and economic risks on the Company's operations

The majority of the Company's operations are located in Saudi Arabia, and the Company's financial performance is therefore dependent on the prevailing economic and political conditions in Saudi Arabia and on global economic conditions that affect Saudi Arabia's economy.

The oil sector still constitutes a large share of the GDP of Saudi Arabia. Fluctuations in oil prices may occur, and adversely affect the economy of Saudi Arabia. Economic growth in Saudi Arabia has also slowed in recent years. Saudi Arabia is also facing the challenge of relatively high levels of population growth. All such conditions will have an adverse effect on the Saudi Arabian economy, which in turn would have a material adverse effect on the Company's business, financial position, results of operations, or prospects.

Fluctuations in economic factors, such as the availability of credit for consumers, interest rate levels, unemployment rates, salary levels and tax rates, cost of water and electricity consumption, partial or full removal of subsidies provided by the Saudi Arabian government for certain materials, may also affect consumer spending and demand for products offered by the Company. If the Company is unable to respond to market changes, the Company's business, results of operations, financial position, and prospects would be negatively and materially affected.

In addition, many countries in the Middle East suffer from political or security instability at the present time. There can be no assurance that the negative diplomatic relations with, or economic and political conditions in, those countries or other countries will not have a negative impact on the economy, foreign direct investment or financial markets in Saudi Arabia in general, and on the Company's business, results of operation, financial position and prospects.

Any unexpected major changes in the political, economic or legal environment in Saudi Arabia, other countries in the Middle East, and/or the countries from which the Company sources its products, which include without limitation normal market fluctuations, recession, insolvency, weakness in employment levels, technological shifts and other such developments.

In addition, significant changes in tax or trade policies, tariffs or trade relations between Saudi Arabia and other countries or any changes in their local policies, such as the imposition of unilateral tariffs on imported products, any negative sentiments towards Saudi Arabia in response to increased import tariffs and other changes in Saudi Arabia's trade regulations, would result in significant increases in the Company's costs, restrict the Company's access to suppliers and depress economic activity.

The occurrence of any of the above factors would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.2.2 Risks related to the increasing competition in the industry which the Company operates

The pharmaceutical sector in Saudi Arabia is highly competitive, and the Company expects such competition to increase and intensify in the future. The Company faces competition from other domestic and international pharmaceutical manufacturers. These companies may have greater financial, technical, research and development, marketing, distribution, retail and other resources than the Company. They may also have longer operating experience, a larger customer base or broader and deeper market coverage. As a result, the Company's competitors may be able to respond more quickly and effectively to new or evolving opportunities, technologies, standards or user requirements than the Company and may have the ability to initiate or withstand significant regulatory changes and industry evolution. Furthermore, as the Company expands into other markets, it will face competition from new competitors, domestic or foreign, who may also enter markets where the Company currently operates or will operate.

The Company competes with other pharmaceutical manufacturers in Saudi Arabia and other key markets, based, among other things, on the following elements: (1) prices of certain products, particularly those in the consumer health segment; (2) the degree of brand recognition for the quality products; (3) reputation and quality of the brands and products offered; and (4) ability to understand and respond to customers' demands in a timely manner. Some of the Company's competitors may possess financial, managerial, logistical and human resources exceeding those possessed by the Company. Moreover, a number of different competitive factors would also have a material adverse effect on the Company's business, results of operations and financial condition, including, among other things:

- research capabilities to develop and commercialize pipeline products;
- expansion of product portfolios, include through acquisitions and licensing arrangements;
- the success of clinical trials which prove the advantage of competing products compared to the Company's products;
- entry by new competitors into the Company's current and future markets and increased competition from other international and local players, including other wholesalers;
- two or more competitors merging or forming strong alliances so as to offer additional high quality products and services at lower cost;
- utilizing innovative sales and marketing methods by the Company's competitors;
- the Company's ability to compete in pricing on government tenders; and
- securing agreements with suppliers or distributors on which the Company relies.

Any significant increase in competition may have a material adverse effect on the Company's revenue and profitability as well as on its business and prospects. There can be no assurance that the Company will be able to continually distinguish its products and services from those of its competitors, preserve and improve its relationships with various participants in the healthcare value chain, or increase or even maintain its existing market share. The Company may lose market share, and its financial condition and results of operations may deteriorate significantly if it fails to compete effectively. The occurrence of any of these events would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.2.3 Financial risks related to the fluctuation of currency exchange rates

The Company imports certain products and raw material from suppliers outside Saudi Arabia in foreign currency (primarily in EUR), and exports finished products from its manufacturing facilities in Saudi Arabia to its markets abroad. The Company's imported purchases represented 72.0%, 72.3%, 79.5%, and 68.3% of the total gross purchases for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. Exported products represented 42.9%, 33.1%, 36.6%, and 32.7% of the Company's total sales for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. In addition, as a result of the Company's loan to its subsidiary in Egypt (Al Jamjoom for Pharmaceutical Industries), the Company recorded in its financial statements currency-exchange-related losses amounting to SAR 33.0 million during the Six Month Period Ended 30 June 2022G which is primarily due to the devaluation of the Egyptian Pound during the same period (for further details, please see Sub Section ("Net financing Cost") 6.8.1 ("Consolidated income statements") of this Prospectus. The Egyptian Pound was further devaluated in October 2022G and January 2023G, which is likely to result in further currency-exchange-related losses for the last quarter of 2022G and may result in additional currency-exchange-related losses in 2023G. Such losses could potentially be material and may impact the profitability of the Company in

2022G and 2023G. If the Company is unable to pass on any increases in operating costs caused by the deflation of the Saudi Riyal or the Egyptian Pound to customers through higher prices, or if this in turn would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.2.4 Risk related to the Competition Law

The Competition Law promulgated by Royal Decree No. M/75, dated 29/06/1440H (corresponding to 06/03/2019G) and its implementing regulations issued by the General Authority for Competition pursuant to Resolution No. 337, dated 25/01/1441H (corresponding to 24/09/2019G) prohibit practices with anti-competitive objectives or effects, including practices such as fixing prices of goods, service fees, or terms of purchase and sale. In this context, certain non-exclusive distributor agreements in the Kingdom include provisions (e.g. distributor's obligation to purchase the products exclusively from the Company and restricting the distributor from selling the Company's products outside the Kingdom) which may be found not to be in conformity with the Competition Law.

By virtue of decision No. 261 issued by the Board of GAC, the GAC opened an investigation against several companies operating in the pharmaceutical sector and conducted an inspection at the Company's head office on 08/03/1444H (corresponding to 04/10/2022G) (for further information, please refer to Section 12.12 ("**Litigation**") of this Prospectus).

Should the GAC decide to conduct a targeted investigation into the Company as a result of the inspection, or otherwise in general conclude that the Company is in breach of the applicable Competition Laws, it may impose on the Company a fine of up to 10% of the total annual sales value which is the subject of the violation or no more than ten million (SAR 10,000,000) Saudi riyals where it proves impossible to estimate such value. Moreover, the GAC may, at its discretion, impose a fine of up to three times the revenues made as a result of the breach and order the (partial or full) suspension of the Company's activities temporarily or permanently in case of repeated breach.

The occurrence of any of the above risks would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.2.5 Risks related to changes in laws and government policies in the Company's key markets

The Company is subject to a range of laws and regulations in the markets in which it operates, which in many cases are applied by governmental authorities in accordance with government policy or directives. Please refer to Section 2.1.6 ("**Risks related to the regulatory requirements imposed by the SFDA and other regulators**") of this Prospectus. Demand for the Company's products and its business may be materially and adversely affected by changes in laws, regulations, government policy and administrative directives, or the interpretation thereof, in the Company's key markets, including in particular those with application to the pharmaceutical and healthcare sectors in those markets.

A number of the laws and regulations applicable to the Company and its operations are relatively new, and the interpretation and enforcement of these laws and regulations may involve uncertainty. There can be no assurance of favorable or unfavorable future changes in laws and regulations and/or governmental policy with respect to the pharmaceutical manufacturing industry, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement. As a result, there is uncertainty as to the legal protection available to the Company and the Shareholders.

The pharmaceutical and healthcare sector, in particular (including the regulations that affect the production and sale of pharmaceutical products) is strictly regulated. The Company's manufacturing facilities are regulated by various bodies, including the MoH and the SFDA in Saudi Arabia, and are subject to extensive regulation relating, among other things, to:

- pricing and labelling of products;
- manufacturing standards;
- conduct of operations;
- storage requirements;
- addition of facilities and services;
- qualifications of medical and support personnel;
- confidentiality, maintenance and security issues associated with health-related information and medical records; and
- the handling and disposal of medical and pharmaceutical waste.

In addition, in certain circumstances, the Company may be required by governmental or regulatory authorities to produce specific products, as was the case in 2020G, when the Saudi Government as a national security measure required pharmaceutical manufacturers to produce antiviral, anti-influenza and immune-boosting products to treat the symptoms of COVID-19 in order to build domestic stockpiles of key pharmaceuticals or for other public policy reasons. Such requirements may force the Company to divert its production capacity away from more profitable products, which could have a negative impact on the Company's business and results of operations.

The Company is unable to anticipate changes in the regulatory environment and therefore could be subject to fines and sanctions, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.2.6 Risks related to Saudization, non-Saudi employees, and other Labor Law requirements

The Saudization and Nitaqat programs were adopted pursuant to the Ministerial Resolution no. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi nationals. Compliance with Saudization requirements is a local regulatory requirement necessitating that all companies carrying out business in Saudi Arabia, including the Company, employ and maintain a certain ratio of Saudi personnel among their staff. The ratio of Saudi workers varies on the basis of a Company's activities and the professions specifically targeted with Saudization resolutions. As at the date of this Prospectus, the Company has been classified based on its various entities, with its manufacturing entity classified under the platinum category (with Saudization Rate of 45.7%), which means that it complies with the current Saudization requirements, and will be able to secure work visas and transfer sponsorship. The Company has obtained the relevant Saudization certificates from the Ministry of Human Resources and Social Development to this effect.

On 08/06/1441H (corresponding to 03/02/2020G), the Ministry of Human Resources and Social Development issued Ministerial Resolution no. 109044 to nationalize 30% of various pharmaceutical profession positions by 01/12/1442H (corresponding to 11/07/2021G). The penalties imposed on companies violating this resolution include a fine of SAR 20,000 for each employee in violation thereof (provided that the employer has more than 51 employees).

Additionally, the SFDA issued a circular dated 04/09/2018G to nationalize 100% of the positions of professionals operating in the field of promotion and advertisement of pharmaceutical and herbal preparations by the end of June 2021G. Those not complying with this requirement, including employees practicing such profession and entities, agents and scientific offices, will be subject to a number penalties.

Furthermore, Article 10 of the Law of the Pharmaceutical and Herbal Establishments and Preparations stipulates that only a full-time, licensed, Saudi pharmacist may practice promotion and advertisement of pharmaceutical and herbal preparations. Several penalties may be imposed for violations of the Law of the Pharmaceutical and Herbal Establishments and Preparations, including a fine of no more than SAR 5 million, temporary shutdown of the relevant establishment for a period not exceeding 180 days, or the revocation of applicable licenses.

Accordingly, the Company implemented plans to achieve the required Saudization rates, provide the required personnel, and employ the required number of Saudi or non-Saudi employees to achieve its objective. The Company reviews the Saudization and employment rates on a monthly basis to identify the initiatives required to achieve the employment plans, the required Saudization Rates, and any future amendments to the Saudization Rates.

In general, under the Saudi Labor Law, foreign employees are only permitted to work for the corporate entity which sponsors them in Saudi Arabia or through the Ajeer program. The Company employs a number of non-Saudi employees who are sponsored by third party recruiting companies and other Related Parties. The fees for transferring employees from one company to another are between SAR 2,000 and SAR 6,000 (depending on the number of times an employee has transferred their sponsorship in the past). For further information on the employees, please refer to Section 4.14 ("**Employees**") of this Prospectus. The risks related to the requirements applicable to non-Saudi employees include facing fines or penalties, such as suspension of MHRSD recruitment systems or services in the event of violating laws pertaining to Iqama, transfer of sponsorship, Ajeer notices, secondment, and residency professions, which would adversely affect the Company's business and results of operations. The penalties for entities seconding foreign employees under their own sponsorship to another entity without an Ajeer notice include, for a first-time violating entity, a fine of SAR 25,000 for each employee working in violation of the law, and these fines increase in case of repeated violations. In addition, under the Saudi Labor Law, each foreign employee must carry out the job function stated on his/her Iqama. The penalties for entities hiring employees whose actual job function does not correspond with the job function appearing on their Iqama include, for a first-time violating entity, a fine of SAR 10,000 for each employee working in violation of the law, and these penalties increase in case of repeated violations.

The Company may not be able to fulfil current or amended Saudization or other Labor Law requirements in the future or that the minimum wage required to be paid by the Company will not increase. In case of non-compliance with the requirements pertaining to Saudization or non-Saudi employees, the Company could face sanctions by governmental authorities. In addition, the Company may be unable to provide the required workforce or recruit the required number of Saudi nationals and/or foreign workers without incurring additional costs, if at all, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects. For further details, please refer to Section 4.15 ("**Saudization Strategy**") of this Prospectus.

## 2.2.7 Risks related to changes in import and export laws and regulations

The Company imports into Saudi Arabia raw materials and packaging materials required for the manufacture of its products, and the Company exports finished products from its manufacturing facilities in Saudi Arabia to its markets abroad. Therefore, the import/export laws in Saudi Arabia, the export laws in jurisdictions from which the Company or its suppliers import the materials that the Company uses in its operations, and the import laws of the countries in which the Company sells products manufactured elsewhere can all have a significant effect on the Company's business. The imposition of legal requirements or new regulations, such as the Saudi Government's recent decision to increase customs tariffs to 20%, anti-dumping duties or customs tariffs and other measures, whether adopted by countries or by regional trade blocs, it is possible that will affect the prices of raw materials and other products imported by the Company, which in turn would materially and adversely affect the Company's business, results of operations, financial position and prospects. Furthermore, the six month prohibition on pharmaceutical exports in 2020G imposed by the Saudi Government to protect supplies of pharmaceuticals within the country as a national security issue resulted in a loss of business in the Company's international markets (For further details, please refer to Section 2.1.19 ("**Risks related to the outbreak of infectious diseases or other serious public health**") of this Prospectus).

concerns, including the continuing global spread of COVID-19") of this Prospectus). In addition, if importation regulations become more restrictive towards the materials that the Company purchases from vendors or certain sanctions or embargos are imposed on these jurisdictions or the Company's key markets by the United Nations, other supranational organizations or other governments, this would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.2.8 Risks related to the imposition of additional fees or new taxes

The Company is currently subject to Zakat, VAT, and withholding tax (given that some of the Company's transactions are with foreign parties not registered in KSA). However, the government may impose other fees or additional taxes on companies in the future. In the event that new taxes or fees are imposed on companies, other than the current ones, this may adversely and materially affect the Company's business, financial condition, results of operations and prospects.

For example, any potential future VAT increase may reduce the level of demand for the Company's products or affect its profitability, which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.2.9 Risks related to changes in the calculation of Zakat and income tax

The Zakat, Tax and Customs Authority issued Circular No. (6768/16/1438) dated 05/03/1438H (corresponding to 05/12/2016G), which obliges Saudi listed companies to calculate income and Zakat on the basis of shareholder nationality and the ratio of actual ownership between Saudi and Gulf citizens and others as stated in the "Tadawulaty" system at the end of the year. Prior to the issuance of said circular, listed companies were generally subject to the payment of Zakat or tax on the basis of the ownership held by their founders in accordance with their bylaws, and the impact of listed shares was not taken into account in determining the Zakat base. This circular was to come into effect in 31 December 2016G and the subsequent years. However, the Zakat, Tax and Customs Authority issued Letter No. (12097/16/1438) dated 19/04/1438H (corresponding to 17/01/2017G), which postponed the implementation of said circular until the financial year 2017G and subsequent years.

Until the Zakat, Tax and Customs Authority issues directives regarding the mechanisms and procedures for implementing this circular, the implementation thereof, including final requirements that must be met, are still under study, as are the rules imposing income tax on all non-Gulf residents who are shareholders in Saudi listed companies subject to withholding tax on dividends paid to non-resident shareholders, regardless of their nationalities. In the event that the financial impact of this circular, if applied, is significant, or if the Company incurs additional costs to take the necessary steps to ensure compliance therewith, such occurrences would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.2.10 Risks related to VAT

The Company has submitted all its VAT declarations since its registration (since January 2018G until the date of this Prospectus), all by the statutory deadlines. The Company also paid all liabilities owed to the Zakat, Tax and Customs Authority by the statutory deadlines.

The Zakat, Tax and Customs Authority has provided confirmation of acceptance for all the VAT returns filed since inception up until the month of September 2022G.. In accordance with the Tax/Zakat regulations currently applicable in KSA, if the Tax/Zakat returns are filed within the statutory deadline, the statute of limitation is five (5) years from filing the declaration. The Company could make errors when implementing the regulatory requirements, which would lead to facing penalties imposed by the Zakat, Tax and Customs Authority in accordance with the Value-Added Tax Law. Should that occur, it would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 2.3 Risks Related to the Offer Shares

### 2.3.1 Risks related to actual control by Substantial Shareholders on the interests of the Company and other Shareholders

Following completion of the Offering, the current Shareholders will collectively hold (directly or indirectly) 70% of the issued Shares. The Substantial Shareholders will therefore be able to influence all matters and decisions requiring the approval of the Shareholders including the election of the Directors, approval of contracts, important Company activities, distribution of dividends and amendments which might be made to the Company's share capital and Bylaws.

The interests of the Substantial Shareholders may differ from those of the Company's other Shareholders, and the Substantial Shareholders may prevent the Company from making certain decisions or taking certain actions that would protect the interests of the Company's other Shareholders. This may also have the effect of delaying, deferring or preventing a change in control or distribution of dividends and discourage bids for the Shares, which may adversely affect the value of the Shares.

Such powers might be used in a manner which would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 2.3.2 Risks related to the absence of a prior market for the Shares

There has been no previous public market for offering or trading the Shares, and there can be no assurance that an active and liquid market for the Shares will develop or be sustained after the Offering. If an active and liquid market is not developed or maintained, the trading price of the Shares, which would adversely and materially affect Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

### 2.3.3 Risks related to future sales and offers

Sales of large numbers of the Shares on the market after the completion of the Offering, or the perception that those sales will occur, will adversely affect the market price of the Shares.

Upon the successful completion of the Offering, the Substantial Shareholders will be subject to a lockup period of six months during which they may not dispose of any Shares that they own. The sale of a substantial number of Shares by any of the Substantial Shareholders following their six-month lock-up period will have an adverse effect on the market for the Shares, and may result in a lower market price.

The Company does not currently intend to issue additional Shares after the end of the Offering. If the Company decides to raise additional capital by issuing new Shares, the newly issued Shares may cause the value of the Shares to drop. The occurrence of any of the foregoing factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

### 2.3.4 Risks related to fluctuation in the market price of the Shares

The Offer Price has been determined based upon several factors, including the past performance of the Company, the forecasts for the Company's business, the industry in which it operates, the markets in which it competes and an assessment of the Company's management, operations and financial results. The Offer Price may not be equal to the price at which the Shares will be traded following completion of the Offering and investors may not be able to resell the Offer Shares at the Offer Price or above, or may not be able to sell them at all.

The stock market in general experiences from time to time extreme price and volume fluctuations. Market fluctuations could result in extreme volatility in the price of the Shares, which could cause a decline in the value of the Shares, with price volatility being worse if the trading volume of the Shares is low. The price of Shares may be negatively affected by various factors, including the Company's performance and results of anticipated operations, departures of key personnel, changes in earnings estimates or forecasts, changes in the business strategy, market conditions in its industry, the general situation of the Saudi Arabian economy, changes in laws and regulations, terrorist acts, acts of war, natural disasters and other calamities and stock market price fluctuations. The realization of any of these risks or other factors would have a material adverse effect on Subscribers' anticipated returns, or result in the loss of all or a portion of their investment in the Company.

### 2.3.5 Risks relating to the Company's ability to distribute dividends

Future distribution of dividends will depend on several factors including, among other things, future earnings, financial conditions, cash flows, working capital requirements, capital expenditures and distributable reserves of the Company. In addition to other factors, the Company may not be able to pay dividends, and the Directors may not recommend and the Shareholders may not approve the payment of dividends. Additionally, the Company may be restricted by the terms of financing and facilities agreements executed with financing entities which some of them require their written approval prior making dividend payments to Shareholders. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for distribution of dividends. If the Company does not pay dividends on the Shares, Shareholders may not receive any return on investment in the Shares unless they sell the Shares at a price higher than the price at the time of purchase, which would have a material adverse effect on Subscribers' anticipated returns. For further details, please refer to Section 7 ("Dividend Distribution Policy") of this Prospectus.

### 2.3.6 Risks related to the failure of publishing research or the publishing of unfavorable research about the Company

Following the listing of Company shares, the company common stocks listed will be influenced by the research and reports that research analysts publish about the Company or the industry. If one or more of the analysts ceases coverage of the Company or fails to regularly publish reports on the Company, the latter could lose visibility on Tadawul, which in turn could cause its stock price or trading volume to decline. Moreover, if Company operating results do not meet the expectations of investors, one or more of the analysts who cover the Issuer may change their recommendations regarding the Company, and its stock price could decline.

## 3. Industry and Market data

### 3.1 Market Section Overview

#### 3.1.1 Introduction

Jamjoom Pharmaceuticals Factory Company (“the Company” or “Jamjoom Pharmaceuticals”) has commissioned Euromonitor International Limited (“Euromonitor”), an independent provider of strategic market research, to prepare a market study on the pharmaceuticals market in four of the company’s key markets namely, the Kingdom of Saudi Arabia, Egypt, Iraq and United Arab Emirates (UAE).

The information below is based on an independent market study prepared by Euromonitor, which has given and not withdrawn its written consent for its market report to be published in the Prospectus as of the date of its publication. Euromonitor does not itself, nor do any of its employees or relatives, have shares or interests of any kind in the Company or any of its Subsidiaries.

Estimates and prospects set out in this Industry and Market Data section have been prepared based on a market research study prepared by Euromonitor. This includes research estimates based on various official published sources, such as Passport, trade opinion surveys and expert interviews conducted by Euromonitor with a sample of pharmaceutical manufacturers, distributors and market experts, across the Company’s key markets - Saudi Arabia, Egypt, Iraq and UAE.

Euromonitor believes that it used suitable sources of information and methodologies for this study, but the nature of the techniques and methodologies used in market research do not guarantee nor pledge the accuracy or completeness of such information. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in the Company.

The Company’s Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor and set out in this Industry and Market Data section has not been independently verified by the Company or any other party. Neither they nor Euromonitor gives any representations as to its accuracy, and the information should not be relied upon in making or refraining from making any investment decision.

The Market Consultant does not, nor do any of its affiliates, subsidiaries, sister companies, partners, shareholders, members of its board of directors, executives or their relatives, own any shares or interest of any kind in the Company. The Market Consultant has given its written approval on the use of its name, the market information and data provided by it to the Company in the manner set out in this Prospectus, and such approval has not been withdrawn as of the date of this Prospectus.

#### 3.1.2 Research Methodology

All data, analysis and research estimates in this Section are based on research work conducted between May 2022G and June 2022G including: (a) desk research to collect publicly available secondary sources of data including statistics on macroeconomic indicators, demographics from entities such as the General Authority for Statistics (GASTAT), Saudi Central Bank (previously known as Saudi Arabian Monetary Authority, SAMA), Euromonitor’s internal database (Passport), and trade press on the covered industries, companies and third party reports; (b) trade survey analysis of the opinions and perspectives of a sample of leading competitors and largest consumption channels in the Kingdom, Egypt, Iraq and UAE; and (c) cross-checks and analysis of all sources to build an industry consensus on the market size and historic trends.

It is noted that the Company provided its audited sales data for 2021G in its core markets—the Kingdom, Egypt, Iraq and UAE—that generate the majority of the company’s revenues. Shares for the Company were calculated using their audited sales data over the total market for the relevant sectors estimated by Euromonitor. Market shares have been estimated for core categories only, which generate the majority of revenues for the Company. These include Ophthalmology, Dermatology, General Medicine, Gastrointestinal system and Nutraceuticals. Euromonitor has calculated Jamjoom Pharmaceuticals’ market share based on alignment of products in each of these sub-categories. All other existing sub-categories, such as cardiovascular system and central nervous system, and markets, such as several African markets where Jamjoom Pharmaceuticals has relatively minor registered sales, are excluded from the scope of this market study.

#### 3.1.3 Forecasting Bases and Assumptions

Euromonitor based the Euromonitor Report on the following assumptions: (i) the social, economic and political environment is expected to remain stable across all markets in scope, which include the Kingdom, Egypt, Iraq and UAE during 2022G-2026G; (ii) there will be no external shock, such as a financial crisis that affects the demand and supply of the sector in all markets in scope during the same period; (iii) key market influences considered for forecasts include population growth, inflation, GDP growth, consumer expenditure, Saudization (for the Kingdom), expat exodus, tourism influx, VAT, private/public investments, amongst others and (iv) all market sizes are captured in retail selling price (inclusive of VAT wherever applicable) and are represented in Saudi Riyals (SAR) across markets. All conversions from US\$ to SAR is based on US\$1 = SAR3.75. The market section report covers the impact of COVID-19 wherever applicable.

## 3.2 The Kingdom of Saudi Arabia

### 3.2.1 Macroeconomics & Healthcare Sector Overview in the Kingdom

#### 3.2.1.1 Macroeconomic and Demographic Overview

The Kingdom's economy is the largest in the Middle East and Africa (MEA) region, with an estimated GDP of SAR 3.1 trillion as of 2021G. During 2016-2020G the Government's fiscal consolidation efforts, implementation of economic reforms to increase private sector participation and rising crude oil prices all contributed to the economy growing at a CAGR of 1.2%. However, the COVID-19 pandemic and a drop in oil prices halted economic development in the Kingdom in 2020G, particularly in labour-intensive sectors such as construction, retail and hospitality. Fiscal reforms, including a US\$32 billion stimulus to support businesses with delayed tax payments, Government levy and fee exemptions, among several others, helped to indirectly mitigate the impact of COVID-19 and oil price shocks on both inflation and household income. Oil price increases, economic diversification plans to attract more tourists and privatisation of state-owned assets, such as utility companies and transportation hubs, partly supported a strong rebound in real GDP annual growth of 3.2% for the period, 2020G-21. The Kingdom registered a strong annual real GDP growth of 9.9% in Q1 2022G, the highest since 2011G, driven mainly by a steep growth of 20.3% in oil activities complemented by 3.7% from non-oil activities. Manufacturing sector excluding petroleum refining posted a strong annual growth of 4.1% driven mainly by exports which grew at 22.1% compared to Q1'2021G serving as a strong impetus for the pharmaceutical sector in the Kingdom.

The Kingdom expects to cross 70 million visitors by the end of 2022G, up from 62 million in 2021G. The Kingdom has been actively promoting tourist destinations including the Seasons in Riyadh, Jeddah, Eastern Province and Taif Seasons which showcases what the country and the culture offers through a series of events, exhibitions, concerts and games. This is further fueled by the Kingdom allowing 1 million visitors this year to the Hajj and Umrah Pilgrimage, the highest after allowing only 60,000 vaccinated citizens in 2021G. The Kingdom aims to complement the tourism sector by increasing access to high-quality lodging, foodservice, healthcare and pharmaceuticals across the country.

In 2021G, the Saudi Ministry of Human Resources and Social Development launched a program called "Developer Nitaqat", which aims to increase local citizens' participation in the private sector labour market. Initiatives like this, combined with the increased participation of women in the workforce, are expected to reduce the unemployment rate from 6.5% in 2021G to 5.5% in 2026G.

Inflation rose to 3.4% in 2020G following a VAT increase from 5% to 15% and global supply chain bottlenecks due to the COVID-19 pandemic. It has since been in decline as the effects of the VAT increase faded resulting in an inflation of 3.1% in 2021G. However, despite the upward pressure resulting from the war in Ukraine, which increased the cost of staples and other non-oil products, caps on gasoline prices and subsidies on wheat combined with falling rents which constitute almost 20% of the Consumer Price Index basket, is expected to contain the inflation at an average 2.5% for 2022G. The Kingdom is a net importer of essential goods, medicines, and other consumables, which all saw price increases. This saw a wide spectrum of economic sectors, from services like tourism to food and energy manufacturers, stockpiling inventory of both essential and intermediate products. However, as supply chains bottlenecks ease and Government keeps inflation under control through fiscal measures, inflation is expected to fall to 2.0% by 2026G.

Rising health awareness evidenced during the pandemic partially resulted in consumers stocking up on medication, as well as other essentials, like sanitisers and masks. Higher levels of inflation influenced some consumers, specifically those in the low- to middle-income groups, to opt for affordable alternatives, such as general medicines for cough, cold and flu, and select nutraceuticals, such as vitamin C. The pandemic also triggered the expansion of pharmaceutical products, including rising sales of non-prescription products sold over the counter at pharmacies and increasingly through online channels. This was evident with key pharmacy retailers such as Al Nahdi reporting a 149% increase in online sales in 2020G, compared to 2019G. One of the key performance indicators as part of the Kingdom's National Transformation Program (NTP), was to ensure that 95.2% of all essential medicines are available in the local market by 2021G, up from 90.8% in 2015. However, the Government confirmed it had achieved a penetration of 96.0% availability across the local market by 2021G. Similarly, one of the core initiatives of the country's National Industrial Development and Logistics Program (NIDLP) is to provide adequate access to medical and food security. As part of the NIDLP, the Local Content and Procurement Authority aims to achieve 40% of local content across the pharmaceutical products value chain to not only make the Kingdom self-sufficient, but also to tap into the large GCC markets. Private healthcare expenditure increased from 25% of the overall healthcare budget in 2017G to 30% in 2020G. Some of the Government's top priorities include improving healthcare policies, infrastructure and driving digital innovation in healthcare. NEOM, the country's flagship smart city is investing in digitizing healthcare using artificial intelligence adopting a proactive prevention approach for its citizens based in NEOM.



**Table (3.1): Key Macroeconomic Indicators, Saudi Arabia - 2019G-2022G and 2026G**

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019-21G	CAGR 2021-26G
GDP	SAR bn	3,014	2,638	3,126	3,401	4,209	1.8%	6.1%
Real GDP annual Growth	%	0.3	(4.1)	3.2	7.6	2.7	-	-
GDP per capita	SAR	88,626	80,267	94,265	101,239	119,633	3.1%	4.9%
Urbanisation rate	%	83.9	84.1	84.3	84.5	85.2	-	-
Inflation rate	%	(2.1)	3.4	3.1	2.5	2.0	-	-
Government Revenue	SAR bn	927	779	962	1,228	-	1.9%	-
Government Revenue – Taxes	SAR bn	220	226	303	416	-	17.4%	-
Government Revenue – Other	SAR bn	707	553	659	812	-	(3.5%)	-
Disposable income per capita	SAR bn	34,220	34,640	38,978	41,358	48,631	6.7%	4.5%
<b>Total Consumer expenditure</b>	<b>SAR bn</b>	<b>1,209</b>	<b>1,186</b>	<b>1,348</b>	<b>1,449</b>	<b>1,786</b>	<b>5.6%</b>	<b>5.8%</b>

Source: Euromonitor estimates from Passport, United Nations, World Bank, International Monetary Fund (IMF)

The Kingdom's population declined by a CAGR of 1.2% over 2019-2021 to stand at 33.2 million in 2021. Saudi nationals accounted for 21.7 million in 2021, representing 65.4% of the country's total population, up from 62.1% in 2019, with the remaining 34.6% made up of expats.

While 67% of the population fall under the age of 35, the population aged 65 and above is projected to increase more rapidly, at a CAGR of 6.7% between 2021 and 2026, compared to a CAGR of 1.2% for the overall population. Those aged 65 and older are expected to account for 5.1% of the total population by 2026, up from 3.6% in 2019. In addition to higher rates of obesity and prevalence of diabetes among the general population, the ageing of the population is a major factor driving increased consumer spend on health care.

The Kingdom has one of the highest prevalence of lifestyle diseases in the world, with nearly 16% of the population over the age of 20 suffering from diabetes and 40% from obesity in 2021. Focusing on high-risk groups, a national prevention program has been implemented to screen for diabetes and address modifiable risk factors at the community level. With a rapidly ageing population, chronic healthcare is anticipated to be in greater demand, particularly for cardiovascular diseases, Bronchial Asthma, Alzheimer's, Dementia, Parkinson's, and Multiple Sclerosis.

Growth of other pharmaceutical categories, such as nutraceuticals, is being fuelled by a greater understanding of the importance of disease prevention and health maintenance. It is anticipated that these factors, along with the continued growth of key demographics in the Kingdom, will continue to support rising consumer spending on healthcare and medical goods. From 2021 to 2026, consumer spending on health goods and medical services is projected to increase at a CAGR of 5.2%, from SAR21.0 billion in 2021 to SAR27.1 billion in 2026 (Refer to Table 3 Key Healthcare Indicators, Saudi Arabia – 2019G-2022G and 2026G).

**Table (3.2): Key Demographic Indicators, Saudi Arabia – 2019G-2022G and 2026G**

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019-21G	CAGR 2021-26G
Total Population	'000	34,003	32,861	33,159	33,591	35,176	(1.2%)	1.2%
Male population	'000	19,701	19,059	19,186	19,402	20,508	(1.3%)	1.3%
Female population	'000	14,302	13,802	13,793	14,189	14,668	(1.8%)	1.2%
Population aged 0-18 years	'000	10,584	10,116	10,176	10,297	10,646	(1.9%)	0.9%
Population aged 19-40 years	'000	28,708	27,267	26,945	26,723	26,270	(3.1%)	(0.5%)
Population aged 41-64 years	'000	13,159	13,094	13,560	14,019	15,141	1.5%	2.2%
Population aged 65 years & above	'000	1,218	1,233	1,305	1,387	1,809	3.5%	6.7%
Saudi Nationals population	'000	21,110	21,409	21,692	21,961	22,857	1.4%	1.1%
Expats population	'000	12,893	11,452	11,467	11,630	12,319	(5.7%)	1.4%
Number of households	'000	6,125	6,067	6,126	5,924	6,219	0.0%	0.3%
Average household Size	No.	5.6	5.5	5.5	5.5	5.5	-	-
Unemployment rate	%	5.6	7.7	6.5	6.2	5.5	-	-

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT

### 3.2.1.2 Healthcare Sector Overview

The Ministry of Health is the primary regulator of all healthcare-related activities and services in the Kingdom and is in charge of clarifying patients' rights and responsibilities, as well as leading collaboration with other competent authorities in providing healthcare services. The Saudi Food and Drug Authority (SFDA), in the Kingdom is the main regulatory body responsible for regulating the safety and supply of drugs and medical devices besides other essentials such as food, pesticides, cosmetics and animal feed. including in commercial and Government hospitals and health centres as well as food products in the Kingdom. Meanwhile, the National Unified Procurement Company for Medical Supplies is responsible for centralising procurement of medical equipment, pharmaceuticals and other supplies, distribution and logistics of both locally produced and imported pharmaceuticals across all public healthcare facilities in the country. The Saudi Government's Vision 2030 aims to improve the Kingdom's healthcare infrastructure by providing adequate access, equitable geographical distribution, and the provision of e-health services and digital solutions. The Ministry of Health has developed a five-year e-health strategy and road map, aiming to connect healthcare providers at all levels of care, measure healthcare delivery performance and transform it to world-class standards, in partnership with other Government agencies to improve vital digital services. One important objective was the adoption of the National Platform for Health Information Exchange, which aims to integrate clinical standards and enable standard coding sets to unify 70% of all digital records and improve the performance and productivity of software used in the diagnosis procedures throughout the healthcare system. Furthermore, the Government is currently investing an estimated US\$3.4 billion in two phases to facilitate local production of vaccines and insulin, establish local plasma collection centres while expanding into immunological and cancer treatment technologies. This is part of the Government's overarching objective to achieve medical security.

As a part of Vision 2030, in March 2021, the General Secretariat of the Council of Cooperative Health Insurance mandated all employers in the private sector to provide insurance coverage for their employees and all members of their families. Currently, 29 licensed insurers are operating in the Kingdom providing benefits to over 9.5 million people as of Q2 2021, which includes Saudi nationals and expats.

As a result, the Saudi healthcare sector has faced a period of regulatory changes. One of the most significant aspects is the Government's announcement that over-the-counter (OTC) non-prescription drugs, such as Ibuprofen and Paracetamol, will also be sold through grocery retailers while previously, these medicines were sold only through pharmacies in line with the Health Care Law. During the historic period, 2019-2021, the Kingdom's self-sufficiency and national security prompted the Government, as part of the Vision 2030 transformation program, to tighten restrictions on imported products, while setting goals and initiating programs to grow the penetration of local products in the Kingdom. The outbreak of COVID-19 prompted the SFDA to expedite registrations, which accelerated the development and launch of new medical products.

**Table (3.3): Key Healthcare Indicators, Saudi Arabia – 2019G-2022G and 2026G**

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019-21G	CAGR 2021-26G
Public expenditure on healthcare	SAR bn	172.0	175.0	190.9	138.0	-	5.4%	-
Consumer expenditure on health goods & medical services	SAR bn	18.2	18.3	21.0	22.4	27.1	7.4%	5.2%
Consumer expenditure on health goods & medical services	% of overall consumer expenditure	1.5	1.5	1.6	1.6	1.5	-	-
Consumer expenditure on health goods & medical services	SAR per capita	534.2	557.8	663.4	665.8	771.5	11.4%	3.1%
Life expectancy	Years	75.1	75.3	75.4	75.6	76.2	-	-
Prevalence of diabetes in population	% of Adult population	15.8	15.9	16.1	16.2	16.8	-	-
Prevalence of obesity	% of Adult population	39.1	39.8	40.4	41.0	42.9	-	-
Prevalence of hypertension	% of Adult population	25.0	24.8	24.6	-	-	-	-

Source: Euromonitor estimates from Ministry of Health, Euromonitor's Economies and Consumers database

### 3.2.2 Pharmaceutical Sector Overview

The overall pharmaceutical sector was valued at SAR30.5 billion (or US\$8.1 billion) in 2021G, having grown at a CAGR of 6.3% since 2019G. Pharmaceutical product growth over the review period is attributed to positive macroeconomic drivers such as population expansion, an ageing population, rising levels of noncommunicable diseases and strong Government funding to expand public healthcare. Value sales of several pharmaceutical products in the Kingdom benefitted from rising consumer awareness of maintaining a healthy and responsive immune system as a result of the COVID-19 outbreak. The Kingdom is heavily reliant on pharmaceutical imports, with a majority of its products still coming in from the US, Europe, China and India. One of the core objectives of Vision 2030 is a Government push towards pharmaceutical security, which aims to increase local production to account for at least 40% of total pharmaceutical product consumption. In line with localising the manufacturing of pharmaceuticals and their active pharmaceutical ingredients, the government is also encouraging technology and research-driven partnerships by global manufacturers such as AstraZeneca and Pfizer while signing an MoU with GlaxoSmithKline for local manufacturing and technological transfer. This resulted in the contribution of locally produced pharmaceutical end-products rising from 30% in 2018G to an estimated 36% of all drugs consumed as of 2021G. With the Kingdom leading the production of pharmaceutical products in the GCC region, 21.2% of total local production is estimated to have been exported to neighbouring countries in 2020.

The overall pharmaceutical market is expected to grow at a CAGR of 5.4% to reach SAR39.6 billion (or US\$10.6 billion) by 2026. In addition to macro-economic drivers, core categories like dermatology and gastrointestinal system are likely to post a strong CAGR of over 10% in the forecast period as both categories are currently driven by innovative products, presenting a strong opportunity for the expansion of local generics. Sedentary lifestyles owing to extreme climates and high foodservice consumption has resulted in high prevalence of obesity, diabetes, cardiovascular and gastrointestinal diseases besides weather related ailments such as asthma and allergies. As a result, diabetic and asthma-related treatments are expected to gain significantly in the Kingdom. Local companies like Jamjoom Pharmaceuticals are foreseeing this strong potential and actively investing in developing local diabetic portfolio, which currently contributes to 31% of the Company's new product pipeline between 2022G and 2024G.

The five pharmaceutical categories covered in this report—Ophthalmology, Dermatology, General Medicines, Gastrointestinal products and Nutraceuticals—grew by 2.9% annually from 2019 to 2021, reaching SAR16.7 billion (or US\$4.5 billion) in 2021 from SAR15.8 billion (or US\$4.2 billion) in 2019. Total sales of the five pharmaceutical categories covered in the scope are expected to grow at a CAGR of 4.6% to reach SAR20.9 billion (or US\$5.6 billion) by 2026, supported by strong macroeconomic conditions, high Government expenditure, increased coverage of mandatory health insurance and the growing push for localisation, which is resulting in more affordable medicines across the core categories. Rising disposable incomes and evolving lifestyles, combined with consumers becoming more health conscious are expected to drive over the counter products more than prescription products across all categories.

The pharmaceutical supply chain involves medicine manufacturers and importers that sell products to national distributors, which, in turn, distribute the products to hospitals, pharmacies and other retailers. The majority of pharmaceutical sales in the Kingdom are conducted through large national distributors, such as Tamer Group, Cigalah Group, SITCO and Al Naghi Brothers, which provide extensive distribution networks and last-mile reach through supply agreements with the country's main hospitals and pharmacies. These distributors work closely with physicians to determine the relevance of a product for a certain ailment, estimate the potential of a product / molecule in the market, understand the competitive landscape and connect with key opinion leaders for consideration of the product in various formularies of hospitals and across pharmacies in retail. As a result, pharmaceutical distributors have a significant role in partnerships and decision making for new product launches.

**Table (3.4): Pharmaceutical Market Size, Saudi Arabia – 2019G-2022G and 2026G**

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019-21G	CAGR 2021-26G
Total Pharmaceutical market (including all categories)	SAR bn	27.0	27.9	30.5	32.3	39.6	6.3%	5.4%
Total market size of five categories in scope	SAR bn	15.8	15.7	16.7	17.5	20.9	2.9%	4.6%

Source: Euromonitor based on primary and secondary research

## 3.2.3 Key Pharmaceutical Categories

### 3.2.3.1 Ophthalmology

The market for ophthalmology products in the Kingdom witnessed a CAGR of 5.2% over 2019-2021 to stand at SAR0.73 billion (or US\$0.19 billion). Growth was driven by an ageing population, rising disposable incomes and changing consumer lifestyles in the country. Despite a decline of 1.5% in 2020, owing to closure of clinics during the pandemic, ophthalmology products rebounded as normalcy gradually returned, posting strong growth of 13.3% in 2021. Sales of ophthalmic products are predicted to register a CAGR of 8.9% to reach SAR1.12 billion (or US\$0.30 billion) by 2026. Rising investments, with several multinational companies establishing a base in the Kingdom, combined with increased urbanisation and growth in the ageing population, are expected to be the key drivers for growth over the forecast period.

Most consumers depend on ophthalmologists and medical professionals for product recommendations, with prescription products subsidised by health insurance policies. The category is mainly driven by prescription products, which include an antibiotic agent and corticosteroids. Non-prescription products sold over the counter is the major segment in the ophthalmology category, that includes products mainly for dry eyes such as Refresh or antihistamine, or any other drop solution that doesn't contain an antibiotic. Rising demand for elective (such as LASIK for eye vision correction) and non-elective (cataract, glaucoma treatment, etc.) surgeries as a preventive measure has seen rising demand for affordable post-surgery medication. This has served as key driver for growth of ophthalmology products for local manufacturers like Jamjoom pharmaceuticals.

The ophthalmology market in the Kingdom is highly consolidated with the top five companies accounting for 58.3% of total value sales in 2021. The collaboration between pharmaceutical companies and ophthalmologists played a critical role in the expansion of the market for prescription ophthalmology medicines, as companies invested in dedicated business development executives to promote the therapeutic benefits of their products. Local manufacturer, Jamjoom Pharmaceuticals, led the market with a 20.6% market share in 2021. Also, among the other top five players were, Alcon Laboratories Inc by Alkamal Import Office Co with a share of 15.4%, AbbVie Inc with 11.9%, Bayer AG with 5.7% and Bausch Health with 4.7%.

The strong position of these five companies is underpinned by their relationship with leading chained pharmacy retailers such as Al Nahdi and Al Dawaa, which recommend these brands to consumers seeking advice from pharmacists on eye products both with and without prescriptions. The growing popularity of telemedicine services and consumers searching pharmacy websites for information and non-prescription products to purchase online wherever applicable. Although in-person consultations are back, this trend of online accessibility to validate products and, if applicable, purchase online, is likely to gradually gain momentum over the forecast period.

Jamjoom Pharmaceuticals' strong leading position can be attributed to it being the only local player to offer an extensive selection of ophthalmology pharmaceuticals, including both prescription (with added antibiotics) and non-prescription products. The flagship and best-selling brand in this category, contributing to over 40% of the category's revenues, is HyFresh, an ophthalmic drop-based solution that is used to treat dry eye symptoms. Among prescription products, the largest contributors include Olopat, Loxtra and Xolamol.

The Company's active marketing efforts through a dedicated sales force, coupled with the Ministry of Health's push to encourage medical professionals and local pharmacy retailers to recommend locally produced pharmaceuticals, is likely to serve as a key growth driver for the Company's products over the 2021-2026 period. Strong sales enabled the Company to invest in further research and development, with an estimated 13% of its planned investment directed to ophthalmology products in the country.

**Table (3.5): Ophthalmology Market Overview, Saudi Arabia – 2019G-2022G and 2026G**

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019-21G	CAGR 2021-26G
Overall market size – Ophthalmology	SAR bn	0.66	0.65	0.73	0.80	1.12	5.2%	8.9%
% Contribution to Total pharmaceutical market	%	2.4	2.3	2.4	2.5	2.8	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.6): Ophthalmology Competitive Landscape, Saudi Arabia – 2021G**

Competitor / Player	Unit	Market Share	Rank
Jamjoom Pharmaceuticals	%	20.6	1
Alcon Laboratories Inc	%	15.4	2
AbbVie Inc	%	11.9	3
Bayer AG	%	5.7	4
Bausch Health	%	4.7	5
Others	%	41.7	-

Source: Euromonitor calculations based on primary and secondary research

### 3.2.3.2 Dermatology

The market for dermatology products in the Kingdom recorded a CAGR of 9.5% over 2019-2021 to reach SAR2.4 billion (or US\$0.6 billion) in 2021. This was mainly driven by the increase in disposable incomes that allowed for more expenditure on overall skin health and dermatology products, population growth and a rising number of women in the workforce. As a result of these drivers, dermatology pharmaceuticals are expected to witness a CAGR of 10.2% over 2021- 2026 to reach SAR3.9 billion (or US\$1.1 billion) in the latter year.

Overall penetration of prescription medicines in dermatology is high, estimated at over 70% of the market in 2021, with anti-fungal, antibiotic and corticosteroid agents constituting the largest product segments. Rising penetration of diabetes has seen increased vulnerability for fungal infections thereby resulting in several consumers taking preventive action. By contrast, demand for over-the-counter (OTC) non-prescription products with antihistamines, mild corticosteroids, medicated softening creams, etc. saw growing traction as people opted for self-medication and higher at-home delivery of dermatology products from brick-and-mortar pharmacy retailers due to rising convenience. Limited coverage of dermatology products through several health insurance streams also led to people opting for competitively priced options of both prescription and non-prescription products across all channels.

Imported products accounted for a large proportion of dermatology pharmaceutical products sales, although local player penetration was relatively higher than in other categories, such as ophthalmology. The dermatology market in the Kingdom is highly fragmented, with over 80 players operating in the space and the top five companies accounting for only 28.9% of the total category sales. As of 2021, the market for dermatology products in the Kingdom was led by local player Avalon Pharma Pvt Ltd (distributed by Middle East Pharmaceutical Industries Co Ltd) with an estimated 7.9% market share driven by constant innovation and powerful promotions through traditional outlets and social media. Jamjoom Pharmaceuticals ranked a close second with a share of 6.7%. Other leading players included AbbVie Inc, Bayer AG and LEO Pharma A/S.

Jamjoom Pharmaceuticals specialises in the production of generic therapeutic treatments, particularly topical corticosteroids, which are used to treat eczema and psoriasis, among others. Jamjoom Pharmaceuticals' commitment to quality and innovation has enabled the Company to be present with a wide range of 15 dermatology treatment brands, such as anti-acne solutions, emollients and wound-healing agents. The Company's strategic focus on establishing specialised business divisions by product category with specialised staff offering continuous educational engagement with physicians supported the category's growth.

**Table (3.7): Dermatology Market Overview, Saudi Arabia – 2019G-2022G and 2026G**

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019-21G	CAGR 2021-26G
Overall market– Dermatology	SAR bn	2.0	2.2	2.4	2.7	3.9	9.5%	10.2%
% Contribution to Total Pharmaceutical market	%	7.4	7.9	7.9	8.4	9.8	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.8): Dermatology Competitive Landscape, Saudi Arabia – 2021G**

Competitor / Player	Unit	Market Share	Rank
Avalon Pharma Pvt Ltd (Middle East Pharmaceutical Industries Co Ltd MECP)	%	7.9	1
Jamjoom Pharmaceuticals	%	6.7	2
AbbVie Inc	%	6.3	3
Bayer AG	%	4.1	4
LEO Pharma A/S	%	3.9	5
Others	%	71.1	-

Source: Euromonitor calculations based on primary and secondary research

### 3.2.3.3 General Medicines

The market for general medicines in the Kingdom decreased by a CAGR of 1.0% over 2019-2021 to stand at SAR10.1 billion (or US\$2.7 billion). This resulted in a decline in the category's contribution to the overall pharmaceutical market from 38% in 2019 to 33% in 2021. Supply chain disruption caused during the COVID-19 pandemic had a domino effect on this category including timely sourcing of Active Pharmaceutical Ingredients (APIs), the key raw material in manufacturing medicines. This resulted in the Ministry of Health expanding its initiatives to localize pharmaceutical manufacturing in Saudi Arabia.

Government restrictions on opening hours and curfews in the retail channel during the pandemic saw growth in demand for over-the-counter medication, most notably generics, purchased either through on-call or online to be delivered at the doorstep. This led to an increase in the number of new manufacturers and brands entering the market, resulting in a fragmented competitive landscape as consumers became aware of their superior value compared to more expensive leading brands. In response, major pharmacy-stocked topical analgesics/pain killer brands conducted aggressive in-store and online promotional campaigns to increase sales during the review period.

The timely approval to sell select general medicines at grocery retailers, including forecourt retailers, served as another impetus to fuel growth in general medicines sales. The products that were made available include analgesics, medical combinations to help muscle pain, cold relief, hand sanitisers and lozenges.

Strong protective measures by governing authorities, a large contribution of sales through the institutional channel and pharmaceutical regulatory approvals, all contributed to the strong presence of local manufacturers in general medicines, where they account for almost half of total sector sales. SPIMACO (Saudi Pharmaceutical Industries & Medical Appliances Corporation) led this category with an estimated 14.4% market share in 2021, followed by GlaxoSmithKline Plc with 10%, Tabuk Pharmaceuticals Manufacturing Co with 9%, Al Hikma Pharmaceuticals Industries Co with 6% and Avalon Pharma Pvt Ltd with 3%.

SPIMACO's national leadership is supported by its extensive portfolio of well-known brands, which include Fevadol and Sapofen. The company's key competitive advantages are its strong reputation for paediatric therapeutic treatments, notable international alliances and agreements with regulatory bodies to supply the private and public healthcare sectors with prescribed general medicines, as well as a nationwide distribution network for over-the-counter (non-prescription) varieties.

In 2021, Jamjoom Pharmaceuticals, one of the top local producers of general medicines in the Kingdom, reported a market share of 2.1%, with over 70% of the category's revenues stemming from prescription products. The Company's modest market share in this therapeutic area was the result of repricing items such as Fast-Flam (for treatment of painful post-traumatic inflammatory conditions). High penetration and increasing sales of over-the-counter (non-prescription) products in the market thus, resulted in a marginal decline of Jamjoom Pharmaceuticals' sales in this category. The Company increased Prima D3 sales by a CAGR of 73% between 2019 and 2021, contributing to the overall general medicine sector. Acknowledging the Company's positioning in premium generics and the intense competition in mass generic products, the Company's mass products, including Levozal and Voltic, reported a marginal decline over 2019-2021. However, Voltic, an adult diclofenac used in treatment of pain and musculoskeletal disorders has shown strong recovery in 2022.

The Company currently offers a total of 15 brands across a variety of sub-categories including antihistamines, analgesics, anti-virals and muscle relaxants. In line with this strategic direction, the Company introduced five new products for the prescription and over-the-counter (non-prescription) markets across a wide range of general applications. Jamjoom Pharmaceuticals aims to strengthen its position by

expanding its product portfolio in this category in line with the Government's Vision to achieve pharmaceutical security and holistic health and wellness, with 7% of planned products in the pipeline for 2022 pertaining to this category.

**Table (3.9): General Medicine Market Overview, Saudi Arabia – 2019G-2022G and 2026G**

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019-21G	CAGR 2021-26G
Overall market size – General Medicine	SAR bn	10.3	9.6	10.1	10.2	10.6	(1.0%)	1.0%
% Contribution to Total Pharmaceutical market	%	38.1	34.4	33.1	31.6	26.8	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.10): General Medicine Competitive Landscape, Saudi Arabia – 2021G**

Competitor / Player	Unit	Market Share	Rank
SPIMACO	%	14.4	1
GlaxoSmithKline Plc	%	9.6	2
Tabuk Pharmaceuticals Manufacturing Co	%	8.6	3
Al Hikma Pharmaceuticals Industries Co	%	5.5	4
Avalon Pharma Pvt Ltd (Middle East Pharmaceutical Industries Co Ltd MECP)	%	2.7	5
Jamjoom Pharmaceuticals	%	2.1	9
Others	%	57.0	-

Source: Euromonitor calculations based on primary and secondary research

### 3.2.3.4 Gastrointestinal Products

The market for gastrointestinal treatments expanded more rapidly than other categories in the Kingdom, up by a CAGR of 13.4% between 2019 and 2021 to reach SAR1.7 billion (or US\$0.47 billion) in 2021. As a result, the contribution of gastrointestinal products to total pharmaceutical product sales increased from 5.2% in 2019 to 5.9% in 2021. The category saw consistent growth during the pandemic as movement restrictions and a year-long work-from-home routine led to a decline in physical activity and higher food consumption resulting in increased demand for gastrointestinal products. Most gastrointestinal products are used regularly by patients with pre-existing conditions such as diabetes, obesity, ulcer and heart issues. A high prevalence of obesity and diabetes among Saudi consumers increased interest and awareness regarding the significance of healthy eating habits and lifestyle modifications to maintain a healthy body weight and body mass index (BMI).

Value sales of gastrointestinal products are expected to reach SAR2.8 billion (or US\$0.75 billion) by 2026. Growth in disposable incomes, as well as the return to normalcy in terms of socializing both indoor and outdoor has led to more opportunities for dining out, either through outings to foodservice outlets, take-away, and food deliveries. This return to old habits has affected the previous shift towards healthier eating habits adopted during lockdown.

The market for digestive remedies in the Kingdom is characterised by limited coverage of these products by public healthcare or mandatory health insurance programs, which only prescribe gastrointestinal treatments for chronic diseases thus resulting in a significant share of over-the-counter (non-prescription) products. Several brands including Ranitidine such as Zantac, Santic, Nadine, Ranacid, Ranid, Ranimax and Zydac were withdrawn from the market based on SFDA's regulatory alignment with the global direction to suspend medicines with H2 blockers. This also further pushed the market towards over-the-counter medication during the review period, 2019-21.

AstraZeneca Group Plc leads the category with an estimated market share of 8.5%, followed by Tabuk Pharmaceutical Manufacturing Co with 8.1%, Acino Pharma with 7.0%, Jamjoom Pharmaceuticals with 5.5% and Riyadh Pharma Medical & Cosmetic Products Co Ltd with 4.4%. Combined, the top five players accounted for 34% of the gastrointestinal treatment sales in 2021, reflecting the highly fragmented nature of the category.

Local manufacturers (Tabuk Pharmaceutical Manufacturing Co, Jamjoom Pharmaceuticals and Pharma Medical & Cosmetic Products Co Ltd) hold three of the top five places. Tabuk, the second-ranked player and largest local manufacturer, has an extensive product portfolio of gastrointestinal treatments and a strong specialisation in manufacturing generic formulas of popular patented brands, such as Nexium.

The majority of Jamjoom Pharmaceuticals' portfolio in the gastrointestinal category consists of over-the-counter (non-prescription) products, with only a few prescription products. In a market driven by price-competitive products, despite having a limited affordable product portfolio, the Company's relatively lower performance in value terms was compensated for by strong volume sales of its affordable product range in this category. Examples include a cumulative decrease of (-34.3%) in value sales of its flagship brand Aciloc (used to treat gastric reflux), due to a price reduction by the SFDA, and the Company's decision to cease production of its Zydac over-the-counter (non-prescription) brand in 2019 following SFDA's regulations on H2 blockers.

However, sales of prescribed gastrointestinal treatment in the Company's portfolio rose at a CAGR of 14.2% for the review period (2019-21), increasing its contribution to Company sales from 56% to 80% during the period, indicating Jamjoom Pharmaceuticals' strong competitive advantage in prescription sales. Premium prescription brands, Zoron (for treating nausea and vomiting), Domy (for motion sickness and vomiting) and Meva (for irritable bowel syndrome), reported the most dynamic growth, with a combined growth rate of 28.9% over 2019-2021 and increasing its contribution share from 38% to 68% of total sales of gastrointestinal treatments, bolstering the Company's strong reputation as a producer of premium generics in the prescription space.

**Table (3.11): Gastrointestinal Products Market Overview, Saudi Arabia – 2019G-2022G and 2026G**

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019-21G	CAGR 2021-26G
Overall market size – Gastrointestinal system	SAR bn	1.4	1.7	1.8	1.9	2.8	13.4%	9.2%
% Contribution to Total Pharmaceutical market	%	5.2	6.1	5.9	5.9	7.1	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.12): Gastrointestinal Products Competitive Landscape, Saudi Arabia – 2021G**

Competitor / Player	Unit	Market Share	Rank
AstraZeneca Group Plc	%	8.5	1
Tabuk Pharmaceuticals Manufacturing Co	%	8.1	2
Acino Pharma AG	%	7.0	3
Jamjoom Pharmaceuticals	%	5.5	4
Riyadh Pharma Medical & Cosmetic Products Co Ltd	%	4.4	5
Others	%	66.4	-

Source: Euromonitor calculations based on primary and secondary research

### 3.2.3.5 Nutraceuticals

During 2019-2021, the value of the Kingdom's nutraceuticals market increased by a CAGR of 13.4% to reach SAR1.8 billion (or US\$0.48 billion), increasing the share of nutraceuticals sales in the overall pharmaceutical market from 5.3% to 5.8%. Rising consumer awareness of health and well-being during the COVID-19 pandemic was the primary growth driver. Subcategories such as diabetic care and vitamins performed strongly, particularly driven by vitamin C due to the general perception that it boosts the immune system and hence, reduces the symptoms of COVID-19. Together, these medicines accounted for a combined share of 35% of total nutraceutical sales in 2021.

Higher demand for dietary supplements and vitamins, which were actively promoted by pharmacies, and the availability of these products through e-commerce channels served as a significant driver for the introduction of new brands, while existing players expanded their product lines. This trend led to an increase in the proportion of non-prescription nutraceuticals to 95%, relative to prescription nutraceuticals. Demand for vitamins and dietary supplements increases during Hajj and Umrah seasons as visitors take preventive measures to boost immunity and avoid contracting or the spread of virus and diseases.

Total nutraceuticals sales are projected to reach SAR2.5 billion (or US\$0.65 billion) by 2026, expanding at a CAGR of 6.8%. Additional investment by leading pharmacy retailers to increase the revenue contribution of less regulated over-the-counter (non-prescription) categories, is expected to continue benefitting OTC over prescription products resulting in premiumisation of the overall pharmaceutical market.

SFDA continues to have sole responsibility to ensure the health and safety of new nutraceuticals products entering the market, while also establishing mandatory prices to ensure affordability over the forecast period.

The competitive landscape for nutraceutical products is the most fragmented among the categories in scope. High entry barriers coupled with strong demand growth, created an opportunity leveraged by several new players entering the market between 2019 and 2021. With growing demand for one-a-day multivitamins, several players either offered large pack sizes offering value for money or actively sold Buy-one, Get-one bundle offers to promote preventive health. These factors, combined with rising disposable incomes, resulted in the growth among imported manufacturers who are estimated to account for approximately 85% of category sales. Four of the top five nutraceuticals players in the Kingdom were multinationals in 2021, including Bayer AG with a share of 6.5%, Vitabiotics Ltd with 5.0%, Procter & Gamble with 4.9% and GlaxoSmithKline Plc with 4.5%.

Jamjoom Pharmaceuticals was the only local player in the top five, ranking third with a share of 5.0% in 2021. The Company reported a CAGR of 30.4% over 2019-2021, well above the market average of 13.4%, as it capitalised on well-established soft gel manufacturing facility and strong local know-how to strengthen its position by offering a variety of almost 40 brands encompassing Omega-3, vitamins, minerals and herbal supplements. The Company's premium vitamin brands, Omega, and Vit-D3, which accounted for 36.1% of the Company's

nutraceuticals sales, experienced strong demand, by growing at CAGRs of 43.1% and 46.4%, respectively, over 2019-2021. Leveraging the company's established soft-gel manufacturing facility, the Company is actively expanding the variants offered in its existing portfolio such as the introduction of Omega 3 1000mg launched in 2021 following while also entering new sub-categories such as stress management through Ashwaq in 2021, Melatonin 5 mg (higher than the market standard offering of 3mg per capsule) among several other products in line with global health trends. As one of the frontrunners among local players in the market, Jamjoom pharmaceuticals is actively expanding its product portfolio among nutraceuticals with an estimated 16% of the overall product pipeline attributed to Nutraceuticals category.

**Table (3.13): Nutraceuticals Market Overview, Saudi Arabia – 2019G-2022G and 2026G**

Indicator	Unit	2019G	2020G	2021G	2022G	2026G	CAGR 2019-21G	CAGR 2021-26G
Overall market size – Nutraceuticals	SAR bn	1.4	1.6	1.8	1.9	2.5	13.4%	6.8%
% Contribution to the Total Pharmaceuticals market	%	5.2	5.7	5.9	5.9	6.3	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.14): Nutraceuticals Competitive Landscape, Saudi Arabia – 2021G**

Competitor / Player	Unit	Market Share	Rank
Bayer AG	%	6.5	1
Vitabiotics Ltd	%	5.0	2
Jamjoom Pharmaceuticals	%	5.0	3
Procter & Gamble Co, The	%	4.9	4
GlaxoSmithKline Plc	%	4.5	5
Others	%	74.1	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3 Other Core Markets

#### 3.3.1 Macroeconomic & Healthcare Sector Overview

##### 3.3.1.1 Egypt

Egypt's total GDP stood at SAR1,515.0 billion (or US\$404.0 billion) in 2021, after posting an 13.0% CAGR increase from SAR1,186.7 billion (or US\$316.5 million) in 2019. High inflation, expected to reach 11.6% in 2022, coupled with the continued EGP devaluation are likely to subdue total GDP growth over the forecast period, with an anticipated CAGR of 11.5% over 2021-2026.

Attracting FDI and increasing the participation of the private sector are seen as other major pillars driving economic growth and partially reducing the impact of rising inflation in the country. In May 2022, the Government announced a plan to double the private sector's share of the economy, from 30% in 2021 to 65% over the next three years. Within the pharmaceutical industry, the private sector is already starting to see multiple investments from across the region, including Abu Dhabi's sovereign wealth fund and ADQ's acquisition of 100% of Bausch Health. Such increased participation from the private sector is likely to drive expansion of operations, availability of medicinal reach to the country's population and the development of new products.

**Table (3.15): Key Macroeconomic Indicators, Egypt - 2019G - 2022G and 2026G**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
GDP	SAR bn	1,186.7	1,388.9	1,515.0	1,657.5	2,612.8	13.0%	11.5%
Real GDP Annual Growth	%	5.6	3.6	3.3	5.0	4.5	-	-
GDP per capita	SAR	12,098	13,916	14,930	16,067	23,895	11.1%	9.9%
Urbanisation rate	%	42.8	42.8	42.9	43.0	43.7	-	-
Inflation rate	%	9.1	5.0	5.2	11.6	7.0	-	-
Government Revenue	SAR bn	133.6	168.9	190.5	-	-	19.4%	-



Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Government Revenue – Taxes	SAR bn	73.0	92.3	103.9	-	-	19.3%	-
Other Revenue	SAR bn	60.6	76.6	86.3	-	-	19.3%	-
Disposable income per capita	SAR	10,254	12,220	13,488	15,239	22,789	14.7%	11.1%
Total Consumer expenditure	SAR bn	1,020.5	1,218.2	1,384.3	1,580.2	2,474.2	16.5%	12.3%

Source: Euromonitor estimates from Passport, United Nations, World Bank, IMF

Egypt's population stood at 101.5 million in 2021, having expanded by a CAGR of 1.7% since 2019. Young people aged 0-18 years make up the majority of the population, accounting for 46.3% of the total in 2021. However, while only comprising 5.5% of the population, those aged 65 and above saw the most dynamic growth, up by a CAGR of 3.1% over 2019-2021.

Lack of adequate access to healthcare solutions and consultations has resulted in child malnutrition emerging as one of the most pressing health issues in Egypt. According to the Global Nutrition Report, the prevalence of overweight children younger than five years was 15.7% in 2021. This suggests that the adolescent population may be a significant contributor to healthcare expenditure due to anticipated high incidences of obesity in the country. In 2021, 16.5% of the population over 20 years of age, is likely to be affected by diabetes, while 39.7% of the population over 20 years is likely to be impacted by obesity, making diabetes and obesity two of the most pressing health concerns in Egypt.

**Table (3.16): Key Demographic Indicators, Egypt – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Total Population	'000	98,100.0	99,800.0	101,478.6	103,100.1	109,346.4	1.7%	1.5%
Population aged 0-18 years	'000	43,003.2	43,633.7	44,256.7	44,828.5	46,909.9	1.4%	1.2%
Population Aged 19-29 Years	'000	16,387.4	16,538.1	16,754.5	17,085.6	18,006.6	1.1%	1.5%
Population Aged 30-59 Years	'000	32,319.0	32,959.7	33,545.5	33,991.8	36,182.8	1.9%	1.5%
Population aged 65 years & above	'000	5,236.1	5,389.0	5,562.2	5,751.8	5,236.1	3.1%	(1.2%)
Number of households	'000	24,459.0	24,890.5	25,317.2	25,728.9	27,313.7	1.7%	1.5%
Average household Size	No.	4.0	4.0	4.0	4.0	4.0	-	-
Unemployment rate	%	7.8	8.0	7.4	8.5	9.8	-	-

Source: Euromonitor estimates from Ministry of Health, Euromonitor's Economies and Consumers database

Healthcare in Egypt falls under the remit of multiple entities. The Ministry of Health is the overarching body that regulates all healthcare-related activities, including central laboratories, health centres, effective management of health-related crises and training of relevant personnel. The Egypt Drug Authority, an entity within the Ministry of Health, regulates the safety and quality of medicines and pharmaceutical products. The General Authority for Healthcare is in charge of regulating healthcare service providers and supervising how healthcare is delivered to patients. The General Authority for Health Accreditation and Control supervises healthcare service providers' compliance with national and international standards, monitors transparency and set standards for the quality of healthcare. Lastly, the General Authority for Universal Health Insurance is in charge of both the financing and management of the Universal Health Insurance program.

One of the key gamechangers in expansion of access to healthcare is Universal Health Insurance coverage, launched by the Government in phases from September 2019. As part of Phase 1, the Government has onboarded 4.5 million citizens as of July 2022 and aims to ensure complete coverage of all citizens by 2032.

As part of the 2020-21 budget, the Ministry of Finance announced a 6.6% increase in funds allocated to the development of the healthcare sector to reach SAR65.4 billion (or US\$17.4 billion) in 2021. Within that budget, the Ministry of Health is undertaking an ambitious plan of improving reach to existing medical facilities and using smart cities as a hub for new sophisticated healthcare facilities. Under Egypt's Vision 2030, the Government aims to construct smart cities across the country. Fourteen are currently under construction, with four being 95% complete, and another 17 are in pipeline. Vision 2030 also outlines plans to increase the number of hospital beds from 15 per 10,000 population in 2016 to 30 per 10,000 by 2030. In 2021, the number of beds had already climbed to 21 per 10,000, demonstrating the country's progress towards the 2030 goal.

In fiscal year 2021, the Government announced a plan to launch 122 hospitals, 35 medical centres, 17 psychiatric hospitals, and eight "same-day" outpatient surgery centres, as well as an allocation of SAR1 billion (or US\$0.26 billion) for emergency services and intensive care units.

**Table (3.17): Key Healthcare Indicators, Egypt - 2019G - 2022G and 2026G**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Public expenditure on healthcare	SAR bn	231.4	258.3	275.6	-	-	9.1%	-
Consumer expenditure on health goods & medical services	SAR bn	98.7	117.0	135.0	155.7	244.9	17.0%	12.7%
Consumer expenditure on health goods & medical services	% of overall consumer expenditure	9.7	9.6	9.8	9.9	9.9	-	-
Consumer expenditure on health goods & medical services	SAR per capita	1,006.5	1,171.9	1,330.0	1,510.2	2,239.4	15.0%	11.0%
Life expectancy	Years	72.0	71.8	72.0	72.1	72.8	-	-
Prevalence of diabetes in population	% of Adult population	17.2	17.4	17.5	17.7	18.3	-	-
Prevalence of obesity	% of Adult population	33.3	33.9	34.5	35.0	36.8	-	-
Prevalence of hypertension	% of Adult population	25.4	25.3	25.2	-	-	-	-

Source: Euromonitor estimates from Ministry of Health, Euromonitor's Economies and Consumers database

### 3.3.1.2 Iraq

Iraq's GDP declined by a CAGR of 8.1% during 2019-2021 to reach SAR744 billion (or US\$198.4 billion) in 2021. Political instability and a lack of established processes among Government entities resulted in low investment sentiment until 2020. The only incentive to invest in Iraq was the low corporate tax rate of 15.0%. Ironically, insufficient tax revenues prevented the Government from implementing much-needed infrastructure upgrades to support the healthcare sector, which partially created a window of opportunity for foreign investments to enter the country. While oil attracts the majority of foreign direct investment, other sectors, such as hydrocarbons, construction and public works, and cement production, also attracted investment from international companies like GE, Total Energies and Siemens.

The country's per capita disposable income stood at SAR12,083 in 2021 after declining by a CAGR of 3.6% over 2019-2021. During the oil crisis, the Government's fiscal deficit increased, and new measures were adopted that led to tightening of subsidies and transfers. However, despite the slowdown in disposable incomes, increased awareness around maintaining a healthy immune system improved sales of consumer health products. This uptick was challenged by high inflation, which rose to 6.1% in 2021, up from 0.6% in 2020.

The Government's National Investment Commission initiative plans to provide incentives to both national and foreign investors in the form of tax breaks, simplified paperwork and allowances for leasing land. Apart from the capital city of Baghdad, there is a lack of hospitals in other regions, which provides a significant opportunity for private investors. One example is the Seema Hospital project, a new 161-bed hospital that is being built in Erbil, in the Kurdistan region of Iraq. The International Finance Corporation is investing US\$26 million in the hospital to address gaps in the country's health infrastructure. Similarly, funding of nearly SAR55.6 million (or US\$14.8 million) from Kuwait's Fund for Reconstruction of areas affected by terrorist operations in Iraq helped in the completion of 18 projects in the healthcare sector in 2021-2022, focusing on rehabilitation, rebuilding, and equipping hospitals, health centres and laboratories in the governorates of Anbar, Mosul, Salah al-Din, Diyala and Babil.

With the easing of COVID-19 lockdowns and stabilising oil prices, Iraq is on the path to economic recovery. GDP is expected to register a strong CAGR of 5.1% over the forecast period to reach SAR955 billion (or US\$254.7 billion). Overall consumer expenditure is also expected to grow, at a CAGR of 7.4% over 2021-2026, to reach SAR454.7 billion (or US\$121.3 billion), on the back of economic and political stability, steady demographic growth and progress towards the reconstruction of infrastructure and supply chains.

**Table (3.18): Key Macroeconomics Indicators, Iraq - 2019G - 2022G and 2026G**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
GDP	SAR bn	881.6	637.1	744.0	769.2	954.7	(8.1%)	5.1%
Real GDP Annual Growth	%	5.5	(11.3)	2.8	9.5	2.6	-	-
GDP per capita	SAR	22,426	15,838	18,067	18,242	20,673	(10.2%)	2.7%
Urbanisation rate	%	70.7	70.9	71.1	71.4	72.4	-	-
Inflation rate	%	-0.2	0.6	6.1	6.8	2.1	-	-

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Government Revenue	SAR bn	341.2	198.8	282.1	-	-	(9.1%)	-
Government Revenue – Taxes	SAR bn	11.9	6.6	7.9	-	-	(18.5%)	-
Government revenue - Other	SAR bn	329.3	192.2	274.2	-	-	(8.7%)	-
Disposable income per capita	SAR	13,013	11,659	12,083	12,508	13,080	(3.6%)	1.6%
Total Consumer expenditure	SAR bn	405.9	342.3	318.6	371.9	454.7	(11.4%)	7.4%

Source: Euromonitor estimates from Passport, United Nations, World Bank, IMF

Iraq's total population expanded at a CAGR of 2.3% over 2019-2021 to reach 41.2 million. Iraq has a relatively young population with 47.6% aged between 0-18 years in 2021. Despite this young demographic split, which creates demand for child-specific pharmaceutical products such as analgesics and indigestion, malnutrition remains a major area of concern in Iraq, especially among low-income households. The Nutrition Research Institute has implemented intensive training courses and workshops focused on partially offsetting conditions like anaemia in women, low birth weight and neonatal care to reduce malnutrition levels among children.

In addition to malnutrition among children, Iraq also reported around 40% of women and 26.5% of men aged over 18 in 2021 suffer from obesity.

**Table (3.19): Key Demographic Indicators, Iraq - 2019G - 2022G and 2026G**

Indicator	Unit	2019	2020	2021	2022	2026	2019-21	2021-26
Total Population	'000	39,310	40,225	41,179	42,165	46,186	2.3%	2.3%
Population aged 0-18 years	'000	19,031	19,321	19,613	19,914	21,146	1.5%	1.5%
Population Aged 19-29 Years	'000	12,266	12,569	12,899	13,239	14,542	2.5%	2.4%
Population Aged 30-59 Years	'000	6,684	6,947	7,224	7,537	8,872	4.0%	4.2%
Population aged 65 years & above	'000	1,329	1,388	1,443	1,475	1,626	4.2%	2.4%
Number of households	'000	6,476	6,947	7,233	7,537	8,872	5.7%	4.2%
Average household Size	No.	6.1	6.0	6.0	6.0	5.9	-	-
Unemployment rate	%	16.8	17.8	17.4	17.2	16.9	-	-

Source: Euromonitor estimates from United Nations, World Bank, Euromonitor's Economies and Consumers database

Only an estimated 3% of Iraq's population has access to health insurance. However, this is anticipated to change in the future as private insurance companies are evaluating means to coordinate with public and private health facilities to offer health insurance policies with maximum coverage. Start-ups like Tabib Baghdad, Teami, Medchar and Pharx are focused on delivering continuum of care, electronic health records, telemedicine and app-based doctor appointments in their bid to transform Iraq's healthcare ecosystem and ensure last-mile availability of healthcare to all citizens.

The Ministry of Health is working to decentralise the healthcare system in coordination with governorates and Primary Health Centres. The aim is to integrate reporting and data collection into a modern system that prioritises disease prevention and supervision. Other regulatory bodies include the Directorate of Health, Directorate of Technical Affairs and the United Iraqi Medical Society for Relief and Development. A National Action Plan for Health Security was developed in March 2020, based on the Joint External Evaluation. Nine areas in the JEE were used as a guideline to identify indicators to bring Iraq's national health system up to International Health Regulation standards in the coming five years. Planned activities to support this outcome include capacity building in hospitals, training for primary and secondary healthcare providers, facilitating increased participation of stabilisation partners, such as the UNDP, and funding and training on Risk Management and International Health Regulations.

**Table (3.20): Key Healthcare Indicators, Iraq - 2019G - 2022G and 2026G**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Consumer expenditure on health goods & medical services	SAR bn	15.9	13.5	15.3	17.9	22.2	(1.9%)	7.7%
Consumer expenditure on health goods & medical services	% of overall consumer expenditure	4.8%	4.8%	4.8%	4.8%	4.8%	-	-
Consumer expenditure on health goods & medical services	SAR per capita	403.4	335.5	372.1	425.6	481.0	(4.0%)	5.3%
Life expectancy	Years	70.6	70.7	70.9	71.0	71.6	-	-
Prevalence of diabetes in population	% of Adult population	8.8	8.9	9.0	9.1	9.5	-	-
Prevalence of obesity	% of Adult population	29.2	29.8	30.3	32.2	32.6	-	-

Source: Euromonitor estimates from Ministry of Health, Euromonitor's Economies and Consumers database

### 3.3.1.3 UAE

The UAE's Total GDP reached SAR1,575.1 billion (or US\$420 billion) in 2021, after a CAGR decline of 0.2% over the 2019-2021 period mainly due to the dual shock of the pandemic resulting in lower tourism and the significantly high oil prices. The easing of restrictions and stable global oil prices saw the UAE economy rebound in 2021, with further growth forecast for 2022 and beyond. The post-pandemic recovery was partially driven by private investments, infrastructure developments and a continued strong focus on tourism. Expo 2020 acted as a further catalyst supporting the expansion of both the tourism and hospitality sectors.

The UAE has signed Free Trade Agreements with several countries to enhance its position as a global trade hub and major destination for investments. The country was the world's 15th largest recipient of foreign direct investment in West Asia, Middle East and North Africa in 2020. As part of the Dubai Industrial Strategy 2030 and Abu Dhabi Vision 2030, the Government aims to boost local manufacturing across sectors including creating a pharmaceutical hub. These initiatives are likely to reduce dependence on imports, optimise prices and ensure consistent supply in the country. The Government aims to collaborate with public and private hospitals to evaluate and accredit them in line with international standards to enhance and showcase the quality of medical services and personnel. Based on stringent processes established across several facilities, UAE ranked 22nd in the world index of healthcare innovation, with 221 healthcare facilities, including hospitals and medical centres, that identify, measure and share best practices in healthcare quality.

The UAE's economic prospects over 2021-2026 indicate that GDP will grow by a 6.5% CAGR to reach SAR2,162 billion by 2026. Economic growth will mostly be driven by foreign investments, urbanisation and medical tourism as the Government continues to emphasise private sector development to strengthen economic resilience amid the COVID-19 pandemic and reduce its reliance on the hydrocarbon industry.

**Table (3.21): Key Healthcare Indicators, UAE - 2019G - 2022G and 2026G**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
GDP	SAR bn	1,580	1,366	1,575	1,850	2,162	(0.2%)	6.5%
Real GDP Annual Growth	%	1.7	(6.0)	1.5	3.8	2.5	-	-
GDP per capita	SAR	166,232	147,369	168,731	196,634	235,518	0.7%	6.9%
Urbanisation rate	%	88.9	89.1	89.3	89.5%	90.2	-	-
Inflation rate	%	(1.9)	(2.1)	0.2	2.5	2.0	-	-
Government Revenue	SAR bn	481.4	376.1	488.4	-	-	0.7%	-
Government Revenue – Taxes	SAR bn	230.4	164.1	227.9	-	-	(0.5%)	-
Government Revenue – Other	SAR bn	251.0	212.0	260.5	-	-	1.9%	-
Disposable income per capita	SAR	76,196	66,866	67,892	71,693	83,039	(5.6%)	4.1%
Total Consumer expenditure	SAR bn	1208.9	1,185.8	1,347.5	1,437.1	1,767.3	5.6%	5.6%

Source: Euromonitor estimates from Passport, United Nations, World Bank, IMF

The total population of the UAE in 2021 was 9.3 million, with 56% of the population aged 19-40 years. By 2026, those aged 19-40 years are expected to account for 52% of the population. Urbanisation and the adoption of unhealthy dietary habits is likely to influence high

diabetes and obesity prevalence, especially among those aged e19-40 years. By 2026, 17.3% and 42.6% of the adult population are expected to suffer from diabetes and obesity respectively.

**Table (3.22): Key Demographic Indicators, UAE - 2019G - 2022G and 2026G**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Total Population	'000	9,503	9,282	9,335	9,419	9,740	(0.9%)	0.9%
Population aged 0-18 years	'000	1,480	1,401	1,418	1,440	1,537	(2.1%)	1.6%
Population aged 19-40 years	'000	5,408	5,264	5,219	5,180	5,050	(1.8%)	(0.7%)
Population aged 41-64 years	'000	2,509	2,431	2,572	2,652	2,958	1.2	2.8%
Population aged 65 years & above	'000	106	112	126	147	195	9.0%	9.1%
Emirati Nationals population	'000	1,112	1,160	1,167	1,187	1,227	2.4%	1.0%
Number of households	'000	1,694	1,683	1,711	1,748	1,891	0.5%	2.0%
Average household Size	No.	5.6	5.5	5.5	5.4	5.2	-	-
Unemployment rate	%	2.5	5.0	3.0	3.0	2.5	-	-

Source: Euromonitor estimates from United Nations, World Bank, Euromonitor's Economies and Consumers database

The major health regulatory agencies in the UAE are the Ministry of Health and the different health authorities in Dubai, Sharjah and Abu Dhabi. In the UAE, the Department of Health works closely with investors to attract high-quality investments into the country, as the UAE Federal Law on Foreign Direct Investment, grants foreign investors 100% ownership in private healthcare facilities such as general and specialised hospitals. The UAE aims to develop an optimal healthcare system by ensuring that public and private hospitals are accredited according to clear national and international quality standards, thereby addressing Vision 2030's medical tourism target.

The Ministry of Finance approved a 2022-2026 federal budget that increased the funds allocated to the healthcare sector by 3.5% to SAR4.9 billion (or US\$1.3 billion) over 2021 funding. The UAE provides a wide range of Government-funded schemes and a private healthcare sector with state-of-the-art healthcare services. Health insurance policies are an essential part of healthcare services as they cover the costs related to medical treatments. Health insurance coverage varies between Abu Dhabi and Dubai and is different for the expats. The Abu Dhabi Government provides full medical coverage for all UAE nationals living in Abu Dhabi through the Thiqa card. The Health Insurance Law of Dubai ensures residents have a level of health insurance coverage that meets or exceeds the minimum benefits determined by the Dubai Health Authority. Employers cover health insurance for expats, with coverage dependent on salary range and type of policy.

**Table (3.23): Key Healthcare Indicators in UAE – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Public expenditure on healthcare	SAR bn	26.5	49.7	56.4	-	-	45.9%	-
Consumer expenditure on health goods & medical services	SAR bn	5.3	4.5	4.6	4.9	5.8	(6.8%)	4.7%
Consumer expenditure on health goods & medical services	% of overall consumer expenditure	0.94	0.94	0.94	0.93	0.92	-	-
Consumer expenditure on health goods & medical services	SAR per capita	1,911	1,975	2,250	2,374	2,786	8.5%	4.4%
Life expectancy	Years	78.0	77.8	77.7	77.8	78.4	-	-
Prevalence of diabetes in population	% of adult population	16.3	16.5	16.6	16.8	17.3	-	-
Prevalence of obesity	% of adult population	38.1	39.0	39.7	40.4	42.6	-	-
Prevalence of hypertension	% of adult population	22.4	22.1	21.8	-	-	-	-

Source: Euromonitor estimates from Ministry of Health, Euromonitor's Economies and Consumers database

## 3.3.2 Pharmaceutical Sector & Key Categories Overview

### 3.3.2.1 Egypt

In 2021, Egypt's pharmaceutical market size stood at SAR24.5 billion (or US\$6.5 billion), having grown by a CAGR of 13.5% since 2019. The five core categories in scope (ophthalmology, dermatology, general medicine, gastrointestinal products and nutraceuticals) accounted for 59% of overall market value. A growing population, expanding accessibility of healthcare to a wider population, expansion capabilities of key local manufacturers via investments in R&D (e.g. Minapharm Pharmaceuticals) and a rise in number of both private and public hospitals are key drivers behind strong demand for pharmaceutical products.

By 2026, the total pharmaceutical market is anticipated to reach SAR31.5 billion (or US\$10.6 billion) after having grown at a CAGR of 5.2%. The five pharmaceutical categories covered in this report—Ophthalmology, Dermatology, General Medicines, Gastrointestinal products and Nutraceuticals — together grew by 14.3% annually from 2019 to 2021, reaching SAR14.7 billion (or US\$3.8 billion) in 2021, up from SAR11.1 billion (or US\$2.9 billion) in 2019. Total sales of the five pharmaceutical categories covered in the scope are expected to grow at a CAGR of 5.4% to reach SAR18.9 billion (or US\$5 billion) by 2026, supported by strong demographic split, expanding insurance coverage and healthcare services access to consumers along with strong public and private investments including increasing local production and reducing reliance on imports. This includes initiatives to enable local vaccine supply, investments in medical research and providing affordable and effective drugs to Egyptian citizens. Gypto Pharma, a medicine city that opened in 2021, is set to manufacture and produce vitamins, generics and innovative medicines (active chemical or combination of active substances not previously approved). It will also serve as a hub for the export of medical products to neighbouring countries in the region.

The Egyptian pharmaceutical market is primarily over-the-counter (non-prescription) and generic-driven, economies of scale, partnerships with distributors, and the local production of drugs. Key distributors in Egypt include the United Company of Pharmacists, Ibn Sina Pharma, Multipharm, Pharma Overseas and Soficopharm.

The main challenge in the pharmaceutical value chain is the high dependency on imports of raw materials (such as active pharmaceutical ingredients) and some finished products. Adding to this, the 2022 devaluation of the local currency resulted in higher costs and lower profit margins for local manufacturers. Prices of pharmaceuticals approved by the Egypt Drug Authority do not necessarily follow increases in manufacturing costs, which can lead to the withdrawal of products from the market if they are no longer profitable.

The Egypt Drug Authority was established in 2019 as the Egyptian Ministry of Health and Population's pharmaceutical regulatory body. It is responsible for the regulation of registration and the administration and control of medical preparations and supplies in addition to developing and implementing policies and regulations to ensure access to pharmaceutical products that are safe and effective. It consists of three sub-organisations, one of which is the Central Administration for Pharmaceutical Affairs, which imposes pricing regulations on pharmaceuticals, with price increases determined by ministerial decree. If the item is imported, prices are based on those in reference countries. Similar to Saudi Arabia, if the product is produced locally, the Egypt Drugs Authority negotiates profit margins with the manufacturer to balance profit against end-consumer price. There is, however, no pricing structure till date for dietary supplements.

As part of the ongoing healthcare restructuring, the Egyptian Authority for Unified Procurement was established in 2019 under Egypt's Vision 2030. Its role, similar to NUPCO in Saudi Arabia, is to develop procurement policies, strengthen the country's strategic medical stockpile in the event of exceptional situations, establish annual inventory and collection systems and develop a system for the assessment of medical technology in coordination with requesting parties.

**Table (3.24): Total Pharmaceutical Market Size, Egypt – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Total Pharmaceutical Market Size*	SAR bn	19.0	21.4	24.5	24.6	31.5	13.5%	5.2%
Total market size of the five categories in scope*	SAR bn	11.1	12.5	14.5	14.7	18.9	14.3%	5.4%

Source: Euromonitor calculations based on primary and secondary research

### 3.3.2.2 Iraq

The market for pharmaceutical products in Iraq declined by a CAGR of 2.4% over the 2019-2021 period to stand at SAR6.9 billion (or US\$1.9 billion). This was mainly because consumer spending on medicines and healthcare was limited to essentials only due to economic instability and the pandemic.

A focus on wellness and the need for a strong immune system among young adults resulted in nutraceuticals registering a CAGR of 21.7% over 2019-2021, making it the fastest growing pharmaceutical category.

Most pharmaceutical products in Iraq are imported from neighbouring countries, such as Iran, Jordan and Turkey. However, the Government aims to implement policies to encourage local manufacturers to expand their product portfolio. The speed of drug approvals in Iraq is improving, with timelines typically ranging between six months and two years, depending on whether the product is reviewed through the normal or accelerated route. The Government decided to increase access to medicines used for the treatment of chronic diseases like cancer, diabetes and autoimmune diseases through biosimilars. In response, a new committee and supporting guidelines for the approval of biosimilars was released.

Government initiatives to increase local production to support affordable pharmaceutical access to the growing population are expected to drive the market for pharmaceuticals, which is expected to grow at a CAGR of 5.9% to reach SAR9.2 billion (or US\$2.45billion). The increasing prevalence of diabetes and cardiovascular diseases is attracting multiple foreign manufacturers like Novartis, Merck and Novo Nordisk to invest in these two areas. In line with this, Jamjoom Pharmaceuticals is also planning to expand its portfolio between 2022 and 2024, by launching a series of new products in the diabetic portfolio. However, the market for the five categories (ophthalmology, dermatology, gastrointestinal, general medicine and nutraceuticals) is expected to constitute 61% of the overall pharmaceutical market by value in 2026 reaching SAR5.6 billion (or US\$1.49 billion).

The Ministry of Health purchases large volumes of drugs directly from manufacturers, via The State Company for Marketing Drugs and Medical Appliance (also known as 'Kimadia'). It then distributes them to public hospitals and primary healthcare centres, through the respective governorate's directorates of health. As these drug purchases do not cover all public hospitals and primary healthcare centres' needs, public hospitals and directorates of health procure additional drugs, from either scientific institutions, distributors or large pharmacies (also known as Madkhars), depending on quantity and availability. There are currently about 120-140 Madkhars in Iraq, which trade large volumes of pharmaceutical drugs valued at SAR0.9 million (or US\$250,000) per month.

The Directorate of Technical Affairs is in charge of approving medicines/vaccines, issuing marketing authorisations, regulatory inspections, controlling the release of medicines and pharmacovigilance. The National Committee for Drugs Selection is responsible for selecting medicines and vaccines for the national essential medicines list and comprehensive medicines list. The Registration Department of the Directorate of Technical Affairs is responsible for the registration (marketing authorisation) of pharmaceutical companies and medicinal products for both the private and public sectors.

Despite well-structured organisations, the country still lacks local investments, thus relies heavily on imported medicines to cater to local consumption.

**Table (3.25): Total Pharmaceutical Market Size, Iraq – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Total Pharmaceutical Market Size	SAR bn	7.3	6.7	6.9	7.1	9.2	(2.4%)	5.9%
Total market size of the five categories in scope	SAR bn	4.3	3.9	4.2	4.4	5.6	(1.2%)	6.1%

Source: Euromonitor calculations based on primary and secondary research

### 3.3.2.3 UAE

The pharmaceuticals market in the UAE was valued at SAR16.2 billion in 2021, growing at a CAGR of 7.2% between 2019 and 2021. The five pharmaceutical categories covered in this report — Ophthalmology, Dermatology, General Medicines, Gastrointestinal products and Nutraceuticals - grew at a CAGR of 2.0% up from SAR7.4 billion (or US\$1.9billion) in 2019 to reach SAR7.7 billion (or US\$2.1 billion) in 2021. Pharmaceutical product growth over the review period is attributed to positive macroeconomic drivers, such as increasing income levels, greater consumer exposure, expanding investments across the country and one of the fastest COVID-19 vaccination campaigns in the world.

Most pharmaceutical drugs in the country are imported and prescription drugs account for a larger share of sales than over-the-counter (non-prescription) medicines. This is mainly backed by the mandatory health insurance policy, which provides all insured members with prescription drugs and other therapeutic agents with little or no co-payment. Prescription drugs are far costlier than OTC products mainly due to high research and development costs and expenses incurred by pharmaceutical companies in introducing the drug to the market.

Going forward, however, UAE aims to decrease its dependence on imports and optimise prices by investing heavily in the research of development of pharmaceutical and therapeutic products to start manufacturing within the country. This is further evidenced by Abu Dhabi Developmental Holding Company's (ADQ) strategic acquisition of branded generic manufacturer, Pharmax Pharmaceuticals, and its investment in India's largest biotech company, Biocon, with an aim to acquire know-how and establish a conducive environment to produce biosimilars in the country.

The overall pharmaceutical market is expected to grow at a CAGR of 5.6% to reach SAR21.3 billion (or US\$5.7 billion) by 2026. Total sales of the five pharmaceutical categories covered in the report are expected to grow at a CAGR of 3.5% to reach SAR9.2 billion (or US\$2.5 billion) by 2026, supported by strategic initiatives focusing mainly on increasing production of pharmaceutical drugs locally as well as the mandatory health insurance policy.

The market is also expected to be driven by innovation across a plethora of categories including central nervous system, analgesics and anti-Parkinson drugs, among others. Cardiovascular diseases and diabetes are expected to remain highly prevalent in the region, with companies introducing medications aimed at lowering cholesterol and heartburn as well as expanding the portfolio of diabetes medicines.

Jamjoom Pharmaceuticals has already taken a significant leap in the area of gastrointestinal drugs sees cardiovascular as the next potential area to tap into. Nutraceuticals is also expected to influence the overall demand for pharmaceuticals. Driven the success of consumer health products like JP Vitamin D3 and Prima D3 in KSA, the Company is now planning to expand its portfolio and distribute these products in the UAE soon.

Sales of pharmaceuticals stagnated during 2019-20. This was mainly due to the expat population moving out of the country during the pandemic owing to subdued non-oil sector growth, particularly in sectors like construction, hospitality and other service sectors that employ a lot of low-skilled workers. Hospitals prioritised COVID-19 treatment over other elective procedures and people stayed indoors as many workplaces shifted to work-from-home arrangements. These factors resulted in lower consumer expenditure on health and medical products.

**Table (3.26): Total Pharmaceutical Market Size, UAE – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Total Pharmaceutical Market Size	SAR bn	14.1	14.0	16.1	16.8	21.3	7.2%	5.6%
Total market size of the five categories in scope	SAR bn	7.4	6.8	7.7	7.9	9.2	2.0%	3.5%

Source: Euromonitor calculations based on primary and secondary research

### 3.3.3 Ophthalmology

#### 3.3.3.1 Egypt

The ophthalmology category accounted for 1.9% of the overall pharmaceutical market in Egypt in 2021, with a market size of SAR0.45 billion (or US\$0.12 billion). During COVID-19 lockdowns, working from home, distance learning and hybrid lifestyles resulted in heightened screen exposure. As a result, demand for products that treat screen-related eye disorders such dryness, irritation, burning, hypersensitivity to light and ocular discomfort increased. Pollution in Tier-1 cities, such as Cairo and Alexandria, due to a predominantly dusty climate and the burning of waste in residential areas, also contributed to growth in ophthalmology sales, which grew by a CAGR of 13.1% over 2019-2021. These factors are also likely to ensure a sustained CAGR of 5.1% over the 2021-2026 period, to reach SAR0.58 billion (or US\$0.16 billion) by the latter year.

Prescription drugs for specific eye conditions constitute the majority of the market, as consumers lack confidence in over-the-counter (non-prescription) medication. However, although classified as prescription drugs, in Egypt, pharmacists play an important role in recommending ophthalmology products, as consumers find it easier and more affordable to seek advice in pharmacies than from a doctor. Local production dominates the Egyptian ophthalmology treatment market, while more specialised products are imported.

The Ophthalmology market in Egypt is relatively consolidated, with the top five players accounting for 73.4% of sales in 2021. Alcon Laboratories was the market leaders with a share of 28.9%. It mainly provides over-the-counter (non-prescription) solutions, such as Systane and Tears Naturale, to alleviate dry eye symptoms. Orchidia ranked second with a share of 17.4%. It focuses mainly on affordable medication for glaucoma patients and raising awareness of glaucoma.

Jamjoom Pharmaceuticals is the third largest ophthalmology company with a share of 11.4% in 2021. The Company's product portfolio is led by HyFresh and HyFresh Gel for symptomatic relief of dry-eye syndrome, followed by Tymer for treatment of bacterial conjunctivitis. Other popular products include Optidex-T, which has Tobramycin as its active ingredient and is an antibiotic, and Fluca for allergic conjunctivitis and vernal Kerato-Conjunctivitis. Jamjoom Pharmaceuticals' Xolamol, a generic prescription product that treats elevated intraocular pressure in patients has seen strong traction in recent years.

Product promotion, continuous education of healthcare professionals and marketing campaigns were the key factors influencing the competitive position of key market players.

**Table (3.27): Ophthalmology Market Size, Egypt – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Ophthalmology Market Size	SAR bn	0.36	0.39	0.45	0.46	0.58	13.1%	13.5%
% Contribution to the overall pharmaceuticals market	%	1.9	1.8	1.9	1.9	1.8	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.28): Ophthalmology Competitive Landscape, Egypt – 2021**

Competitor / Player	Unit	Market Share	Rank
Alcon Laboratories Inc	%	28.9	1
Orchidia Co	%	17.4	2
Jamjoom Pharmaceuticals	%	11.4	3
Egyptian International Pharmaceutical Industries Co Sae (EIPICO)	%	10.5	3



Competitor / Player	Unit	Market Share	Rank
Rameda	%	5.2	4
Others	%	26.6	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.3.2 Iraq

The market for ophthalmology products reached SAR0.2 billion (or US\$61.3 million) in 2021, representing a CAGR decline of 3.1% over 2019-2021. This was primarily due to the departure of key players, a shift in business toward generics and product shortages across the category. The ophthalmology category is projected to increase at a CAGR of 7% between 2021 and 2026, to reach SAR0.3 billion (or US\$86.1 million) in 2026. Increased awareness of eye diseases and Government plans to open more eye health centres in Iraq will be the main growth drivers.

Most ophthalmic drugs in Iraq are imported. Local production is limited to 2-3 players who have minimal market shares. Medication for glaucoma and other eye infections accounted for most ophthalmic prescriptions. Due to lack of awareness about eye care, people mostly sought advice from doctors resulting in higher consumption of prescription medicines as compared to over-the-counter products. The share of over-the-counter ophthalmology sales is small and mostly focused on eye drops for hydration and treatment of allergies.

The market for ophthalmology is highly fragmented, with more than 50 players present in the market. The top five players are all multinational corporations with a well-established presence in the Iraqi market. International players offer a range of ophthalmology-related products to treat bacterial infections and dry eye caused by Iraq's pollution and poor hygiene as well as advanced pharmaceutical and innovative products to treat glaucoma. Jamjoom Pharmaceuticals leads the category with a share of 18.8%, well ahead of Alcon Laboratories, Allergan and Cooper, each with shares of around 5%.

Jamjoom Pharmaceuticals' key strengths are continuous availability and strong relationships with key opinion leaders. Reliability of supply gave medical professionals and pharmacists confidence in recommending their brands, which include a vast array of pharmaceutical products to treat a variety of eye health conditions. Xolamol and Optidex-T emerged as the best-selling ophthalmology prescription medicines, while HyFresh was the best-selling OTC product. Together, these brands contributed to more than half of the company's sales in this category.

**Table (3.29): Ophthalmology Market Size, Iraq – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Ophthalmology Market Size	SAR bn	0.245	0.209	0.230	0.244	0.323	(3.1%)	7.0%
% Contribution to the overall pharmaceuticals market	%	3.4	3.1	3.3	3.4	3.5	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.30): Ophthalmology Competitive Landscape, Iraq – 2021**

Competitor / Player	Unit	Market Share	Rank
Jamjoom Pharmaceuticals	%	18.8	1
Alcon Laboratories Inc	%	5.5	2
Allergan Inc	%	4.7	3
Cooper SA	%	4.6	4
Edol	%	3.9	5
Others	%	62.5	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.3.3 UAE

The ophthalmology market in the UAE stood at SAR0.39 billion (or US\$0.1 billion) in 2021 after recording a CAGR of 5.1% between 2019 and 2021. A combination of work-from-home and increasingly screen-based lifestyles (the UAE has a very high smartphone penetration rate), saw the UAE's ophthalmology market expand as more people complained of ophthalmic disorders. Refractive difficulties and other conditions that impair vision are driving demand for eye drops among adult and elderly populations. Thus, consumer spending per capita on ophthalmic drugs rose from SAR37 (or US\$10) in 2019 to SAR42 (or US\$11.2) in 2021.

Similar to other markets, over-the-counter (non-prescription) products are limited to eye lubricants used for hydration to treat dryness, redness, itchiness, etc. Most people prefer to consult a specialist for diagnosis. Led by a mixed population of Arab and Asian expats, people are wary of negative side effects from OTC self-medication. As a result, prescription ophthalmic medications are expected to grow faster than OTC drugs. The rise in patients with glaucoma and cataracts as well as other retinal illnesses is influencing the growth of prescription drugs.

The ophthalmic drugs market in the UAE is anticipated to grow in line with the rising prevalence of glaucoma and conjunctivitis alongside other concerns such as diabetic macular oedema and Cytomegalovirus retinitis. The country's ageing population will also aid market expansion. Diabetes and its associated disorders are common in the elderly population. Thus, the market for ophthalmic drugs is expected to witness a CAGR of 7.7% over 2022-2026 to reach SAR0.561 billion (or US\$0.15 billion) in the latter year.

Alcon Laboratories Inc is the market leader in ophthalmic drugs with a value share of 28.8% in 2021. It produces a wide range of over-the-counter (non-prescription) eye drops and ophthalmic drugs ocular allergy/inflammation. Bausch Health ranked second with a share of 13.9% and focuses on OTC eye care products like eye washes, allergy relief and eye vitamins. Jamjoom Pharmaceuticals ranked a distant sixth with an estimated 1.2% share of the ophthalmic drugs market in the UAE. Popular Jamjoom Pharmaceuticals products include HyFresh, which contributed one-third of the Company's category sales, Xolamol, Tymer, Optidex-T and Olopat. All of Jamjoom Pharmaceuticals' best-selling products are eye drops. HyFresh, the Company's only over-the-counter drug, is used to relieve eye discomfort and irritation. Xolamol drops are used to treat pressure inside the eye, while Tymer and Optidex-T treat bacterial eye infections.

**Table (3.31): Ophthalmology Market Size, UAE – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Ophthalmology Market Size	SAR bn	0.351	0.310	0.387	0.411	0.561	5.0%	7.7%
% Contribution to the overall pharmaceuticals market	%	2.5	2.2	2.4	2.4	2.6	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.32): Ophthalmology Competitive Landscape UAE, 2021**

Competitor / Player	Unit	Market Share	Rank
Alcon Laboratories Inc	%	28.8	1
Bausch Health	%	13.9	2
AbbVie Inc	%	12.0	3
Bayer AG	%	8.5	4
Merck & Co	%	1.8	5
Jamjoom Pharmaceuticals	%	1.2	6
Others	%	33.7	-

Source: Euromonitor calculations based on primary and secondary research

## 3.3.4 Dermatology

### 3.3.4.1 Egypt

The dermatology category recorded value sales of SAR1.0 billion (US\$0.27 billion) in 2021, growing by a CAGR of 16.5% over 2019-2021 to account for 3.9% of the overall pharmaceutical market in Egypt in the latter year. Dermatology products in Egypt are mainly driven by local manufacturers in an intensely competitive and price-sensitive market. This, coupled with trends among consumers to get treatment as soon as they have skin issues, were the key market drivers. The category is split equally between over-the-counter (non-prescription) and prescription drugs.

Strong competition persists from beauty and personal care products, with manufacturers launching innovative moisturisers and bath products that address dermatological concerns. However, higher skin sensitivity and the desire to prevent potential aggravation of infections is likely to drive dermatology sales in Egypt over the forecast period, with an expected CAGR of 7.9% to reach SAR1.4 billion (or US\$0.37 billion) by 2026.

Minapharm, Macro, GlaxoSmithKline, Nile and Julphar emerged as the top five players in the category, with shares of 10.4%, 8.6%, 7.5%, 5.6% and 3.7%, respectively, in 2021. A combined share of less than 36% of category sales suggests a relatively fragmented market. Price-sensitivity is the key reason behind the dominance of local players, such as Minapharm, Macro, Nile and Julphar, as consumers perceive very few differences between imported and local brands in products addressing wound healing, scar healing, eczema and dermatitis.

Jamjoom Pharmaceuticals, with a share of 1.3%, ranked 21st in the dermatology market. Elica-M is the Company's the best-selling dermatology product, which is used to treat Candida skin infections. Acretin Cream, used for symptomatic acne vulgaris, along with Selibet™ Ointment and Lamifen are other key products contributing to category sales in Egypt. Price continues to be the factor limiting sales growth.

**Table (3.33): Dermatology Market Size, Egypt: 2019G-1022G and 2026G**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Dermatology Market Size	SAR bn	0.70	0.85	0.95	0.99	1.38	16.5%	7.9%
% Contribution to the overall pharmaceuticals market	%	3.7	4.0	3.9	4.0	4.4	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.34): Dermatology Competitive Landscape, Egypt – 2021**

Competitor / Player	Unit	Market Share	Rank
Minapharma Co For Pharmaceutical & Chemical Industries	%	10.4	1
Macro Group Pharmaceutical Ltd	%	8.6	2
GlaxoSmithKline Plc	%	7.5	3
Nile Co For Pharmaceutical & Industries	%	5.6	4
Julphar Gulf Pharmaceuticals	%	3.7	5
Jamjoom Pharmaceuticals	%	1.3	21
Others	%	62.8	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.4.2 Iraq

The dermatology category reached SAR0.33 billion in 2021, registering a CAGR decline of 4.7% from 2019 to account for an estimated 4.8% of the total pharmaceutical market in 2021. Sales of dermatological products recovered marginally in 2021 and are expected to reach pre-pandemic levels between 2022-2023. Prior to the pandemic, which resulted in a brief decline of the category, sales of dermatological products were bolstered by population growth, urbanisation and hygiene problems caused by water and other infrastructure issues.

Most dermatological products in Iraq are imported. Due in part to local manufacturers' emphasis on producing lower-cost, higher-volume products, production facilities are generally not equipped to support production of dermatology products. The Government, however, is seeking to invest in local manufacturers, adjusting tendering to favour local players and providing greater opportunities to enhance their capacity, generate more business and strengthen their market position.

In 2021, the market was expected to be split equally between over-the-counter (non-prescription) and prescription products, reflecting the fact that consumers consult pharmacists as frequently as dermatologists. The category is projected to increase at a CAGR of 6.9% to

reach SAR0.46 billion (or US\$0.12 billion) by 2026. The rising importance of skin health, hygiene and personal grooming among consumers is anticipated to drive the performance of dermatology products over the forecast period<sup>175</sup>.

The dermatology market in Iraq is highly fragmented with the top five players accounting for just 28.6% of category sales in 2021. Samarra and Jamjoom Pharmaceuticals were the top two players, with shares of 9.3 and 7.0%, respectively, closely followed by Ajanta Pharmaceuticals with 5.5%. All the leading players are multinational corporations with a well-established presence in the Iraqi market. The top five international players offer prescription products that combat the most common skin conditions, such as acne and fungal infections, and target the country's low hygiene habits that often result in eczema and psoriasis.

Jamjoom Pharmaceuticals offers a broad range of both non-prescription and prescription products. Support and collaboration with physicians underpin the company's strong position in the market, as does a reliable supply of products. In addition to Elica-M, the Company's best-selling premium product, the brand portfolio includes mass-market topical creams, such as Acretin, Fusibact and Promax targeting price-sensitive consumers. A wide portfolio of treatments for a range of skin conditions will support continued growth for the Company.

**Table (3.35): Dermatology Market Size, Iraq –2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Dermatology Market Size	SAR bn	0.37	0.31	0.33	0.35	0.46	(4.7%)	6.9%
% Contribution to the overall pharmaceuticals market	%	5.1	4.6	4.8	4.9	5.0	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.36): Dermatology Competitive Landscape, Iraq – 2021**

Competitor / Player	Unit	Market Share	Rank
Samarra Pharmaceuticals	%	9.3	1
Jamjoom Pharmaceuticals	%	7.0	2
Ajanta Pharma Ltd	%	5.5	3
Philadelphia Pharma Jordan	%	3.5	4
LEO Pharma A/S	%	3.3	5
Others	%	71.4	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.4.3 UAE

The market for dermatology products stood at SAR1.2 billion (or US\$0.31 billion) in 2021, after recording a CAGR of 6.9% during the period 2019-2021. Demand for dermatological preparations rose due to increased demand for early diagnosis of skin diseases to prevent the spread of infections. Many people suffer from eczema, mild psoriasis and other skin allergies, which led to increased sales of prescription dermatology products.

The share of prescription drugs is improving as health insurance coverage expands in the UAE. As a result, consumers proactively seek the advice of professionals who recommend the right products available to address skin issues. The majority of products are still imported, however, local manufacturers, such as Julphar Gulf pharmaceuticals, are gaining popularity as they produce more-affordable products with the same level of efficacy.

Although over-the-counter (non-prescription) products started gaining momentum based on pharmacist recommendations, the rising number of consumers suffering from skin infections or disorders, such as scars, acne and dermatitis is likely to spur continued growth in the forecast period, with an expected CAGR of 6.3% to reach SAR1.6 billion (or US\$0.42 billion) by 2026.

The market for dermatological products is highly fragmented with the top five players accounting for 42.3% of category sales. The increase in the demand for dermatological treatments resulted in a number of companies investing in research and development of different classes of dermatological drugs. There was also a growing push by the Government to encourage local companies to manufacture dermatological products, with efforts also being made to collaborate and establish partnerships with foreign players.

AbbVie is the market leader followed by Galderma, with value shares of 12.9% and 8.6%, respectively, in 2021. AbbVie's products treat psoriasis, atopic dermatitis and chronic inflammatory diseases. Galderma, a Swiss multinational, manufactures and distributes a portfolio of premium prescription and non-prescription dermatological brands such as Cetaphil (used for skin hydration and moisturising) and Aklief (mainly used for the treatment of acne).

Jamjoom Pharmaceuticals ranked 12th in the Dermatology category with a 1.9% value share. About 38% of its sales come from Elica-M, an effective treatment for inflammatory and pruritic skin conditions, such as psoriasis and atopic dermatitis. Another key product, Fusibact, is used in the treatment of bacterial skin infections such as impetigo and infected dermatitis. The Company's products are preferred by women as they are affordable while offering the same quality as global counterparts.

**Table (3.37): Dermatology Market Size, UAE –2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Dermatology Market Size	SAR bn	1.02	0.99	1.16	1.23	1.58	6.9%	6.3%
% Contribution to the overall pharmaceuticals market	%	7.3	7.0	7.2	7.3	7.4	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.38): Dermatology Competitive Landscape, UAE – 2021**

Competitor / Player	Unit	Market Share	Rank
AbbVie Inc	%	12.9	1
Galderma	%	8.6	2
LEO Pharma A/S	%	7.6	3
Johnson & Johnson	%	6.7	4
Bayer AG	%	6.5	5
Jamjoom Pharmaceuticals	%	1.9	12
Others	%	55.8	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.5 General Medicine

#### 3.3.5.1 Egypt

The general medicine category reached a value of SAR8.6 billion (US\$2.3 billion) in 2021, to account for 35.2% of Egypt's overall pharmaceutical market in 2021. A CAGR of 12.6% over 2019-2021 was driven by the COVID-19 pandemic, which led to stockpiling of general medication such as analgesics, antipyretics, antibiotics and antihistamines. This resulted in greater demand for prescription medicine, which was observed to be marginally higher compared to over-the-counter (non-prescription) products. In general, Egyptians prefer to consult a pharmacist rather than a doctor because this allows them to avoid consultation fees and eliminates the need to wait for appointments. In Egypt, most medicines are available over the counter without a prescription, with the exception of certain narcotics. This means that pharmacists frequently fulfil the role of a general practitioner or family physician in other countries. The market for general medicines is mostly generic driven, with limited patented drugs. Locally manufactured brands account for a majority share of the market, with global brands accounting for the remainder. Egypt's growing population and increasing access to healthcare is likely to be a major driver of analgesics sales. Furthermore, unlike over-the-counter (non-prescription) categories, such as cough, cold, and allergy medications, there is no seasonality in analgesic demand patterns.

Growing access to healthcare across districts in Egypt is likely to drive the general medicine category to reach SAR10.2 billion (or US\$2.7 billion) growing at the lowest CAGR of 3.3% compared to other categories for the forecast period 2021-2026.

The general medicine category in Egypt is highly fragmented with the top five players accounting for just 34.3% of category sales in 2021. GlaxoSmithKline was the market leader with a share of 10.6%, followed by Pharco Pharmaceuticals with 7.7%, EIPICO with 6.2%, Amoun Pharmaceutical Industry with 5.1% and Novartis with 4.7%. GlaxoSmithKline has the financial resources to invest in a wide variety of general medicine products and promotional materials. Other leading players were primarily local brands that offer a vast selection of generic products at competitive prices.

Jamjoom Pharmaceuticals ranked 21st with a market share of less than 0.1% in 2021. With a limited portfolio, The Company's best-selling product, Azi-Once, contributed to more than 60% of general medicine sales. Azi-Once comes in capsule form for adults and suspension liquid of various antibiotic concentrations for children. Relaxon, a pain relief and mobility medicine that targets muscles was introduced to Egypt in 2020 and saw significant traction in the market. The Company leveraged its versatility by introducing the product in various forms, also providing a variant for children.

**Table (3.39): General Medicine Market Size, Egypt – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
General Medicine Market Size	SAR bn	6.8	7.4	8.6	8.6	10.2	12.6%	3.3%
% Contribution of the overall pharmaceuticals market	%	35.8	34.6	35.1	35.0	32.4	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.40): General Medicine Competitive Landscape, Egypt – 2021**

Competitor / Player	Unit	Market Share	Rank
GlaxoSmithKline Plc	%	10.6	1
Pharco Pharmaceuticals	%	7.7	2
Egyptian International Pharmaceutical Industries Co Sae (EIPICO)	%	6.2	3
Amoun Pharmaceutical Industry Co	%	5.1	4
Novartis AG	%	4.7	5
Jamjoom Pharmaceuticals	%	0.1	21
Others	%	65.6	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.5.2 Iraq

The market for general medicines in Iraq was valued at SAR2.5 billion (or US\$0.66 billion) in 2021, after registering a CAGR decline of 3.9% over 2019-21. During the peak of the COVID-19 pandemic, the Government failed to provide adequate treatment for the population, with hospitals and health clinics being overwhelmed. There is a general lack of awareness and knowledge about generic drugs, with most Iraqi nationals relying solely on doctors' prescriptions. This, coupled with a lack of financial stability, resulted in consumers preferring traditional medicine or cheaper alternatives. In 2021, the category saw a marginal recovery on the back of a stabilising economy and rising health awareness on account of COVID-19. The market for general medicines is mainly driven by generics, such as Acetaminophen in analgesics, as well as other commonly used cough, cold and allergy remedies.

Currently, the majority of general medicines are imported. The Government is supporting local manufacturers like Sama Alfayhaa and Samarra to increase local production of generics. Regional manufacturers are expected to increase their focus on analgesics, with much of the manufacturing output of Paracetamol being acquired by the Government for use in public hospitals. There is also rising demand for diclofenac as many doctors prescribe diclofenac for a variety of aches and pains. These drivers are expected to grow the market for general medicines by a CAGR of 5.2% over 2022-2026 to reach SAR3.2 billion (or US\$0.86 billion) in the latter year.

Acino Pharma was the market leader in 2021, with a value share of 6.9%, supported by popular pain relief products, such as Oxycodone and Hydromorphone, which are controlled medications of narcotics. Pharma International Jordan ranked second with a 5.7% share, followed by Al Hikma Pharmaceutical Industries with 5.3%. Al Hikma established a scientific office in Erbil with a dedicated sales team of more than 100 representatives. The remainder of the market is highly fragmented.

Jamjoom Pharmaceuticals held a 0.6% market share of general medicine with sales of SAR4.1 million in 2021. The Company's best-selling products include Azi-Once (an antibiotic used to treat various bacterial infections of the respiratory tract, ear, nose, throat and lungs) and Relaxon (pain relief), which together contributed to 88% of the company's category revenues.

**Table (3.41): General Medicine Market Size, Iraq – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
General Medicine Market Size	SAR bn	2.7	2.4	2.5	2.6	3.2	(3.9%)	5.2%
% Contribution to overall pharmaceutical sector	%	37.1	35.7	36.1	36.4	34.6	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.42): General Medicine Competitive Landscape, Iraq – 2021**

Competitor / Player	Unit	Market Share	Rank
Acino Pharma AG	%	6.9%	1
Pharma International Jordan	%	5.7%	2
Al Hikma Pharmaceutical Industries Co	%	5.3%	3
Ajanta Pharma Ltd	%	4.0%	4
Pioneer Co Pharmaceutical Industries	%	3.9%	5
Jamjoom Pharmaceuticals	%	0.6%	>20
Others	%	73.6%	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.5.3 UAE

The market for general medicines grew at a CAGR of 0.5% during 2019-2021 to reach SAR4.8 billion (or US\$1.3 billion) in 2021. Growth was flat as general medicines is a mature category in the UAE. Analgesics /anaesthetics is the largest category within general medicine and benefits from the wide variety of products on offer as well as promotions both in store and online. Nearly two-thirds of general medicines are estimated to be sold as non-prescription/over-the-counter medicines. The lower cost of non-prescription medicines, coupled with a rising preference for self-medication and the need to avoid consultations for prescription medicines, served as a key growth driver for sales of over-the-counter products.

In 2021, the easing of the pandemic saw residents resuming both indoor and outdoor activities, which is likely to support further demand for topical analgesics/anaesthetics. The category is also expected to continue to expand with new players entering the market providing niche offerings and targeting specific demographics. Population growth, attractive visa and investment schemes and an upbeat employment scenario are expected to support market growth, with sales of general medicine expected to grow by a CAGR of 2.0% over the forecast period to reach SAR5.3 billion (or US\$1.4 billion) by 2026.

The majority of general medicine products are imported. Consumers in the UAE prefer branded products as they are perceived to be of higher quality and have established a sense of trust with consumers. Popular medicines for fever, inflammation and treating pain like Panadol, Voltaren and Ibuprofen are imported while others, like Adol and Neomol, are locally manufactured.

The top five players held a combined share of 29.0% in value terms in 2021, indicating a fragmented market. The leading players were GlaxoSmithKline, Novartis, and Julphar Gulf Pharmaceuticals with value shares of 12.6%, 5.9% and 4.1%, respectively, in 2021. Despite being led by globally established brands, in August 2019, GlaxoSmithKline and Pfizer combined their consumer healthcare businesses in a joint venture. Their portfolio now includes popular products like Voltaren, Panadol and Advil, in addition to brand extensions in the paediatrics space.

Jamjoom Pharmaceuticals reported a market share of less than 0.1% in 2021. It was mostly focused on producing drugs used for pain relief and common bacterial infections. Similar to other markets, Azi-Once and Relaxon were the main contributors to category revenue. Other prominent medicines included Ciproxin, which is used to treat bacterial infections, and Fastflam, which is used to treat muscle ache, back pain and joint pain.

**Table (3.43): General Medicine Market Size, UAE – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
General Medicine Market Size	SAR bn	4.7	4.2	4.8	4.8	5.3	0.5%	2.0%
% Contribution to overall pharmaceutical sector	%	33.34	29.9	29.7	28.5	24.9	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.44): General Medicine Competitive Landscape, UAE – 2021**

Competitor / Player	Unit	Market Share	Rank
GlaxoSmithKline Plc	%	12.6	1
Novartis AG	%	5.9	2
Julphar Gulf Pharmaceuticals	%	4.1	3
Sanofi	%	3.3	4
AstraZeneca Group Plc	%	3.1	4
Jamjoom Pharmaceuticals	%	0.1	>20
Others	%	70.9	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.6 Gastrointestinal Products

#### 3.3.6.1 Egypt

The gastrointestinal products category reached a value of SAR2.0 billion (or US\$0.53 billion) in 2021, growing by a CAGR of 15.4% over 2019-2021 to account for 8.2% of the overall pharmaceutical market in 2021. Gastrointestinal problems, autoimmune diseases, hyperacidity, gastrointestinal ulcers and unhealthy lifestyles are driving growth in this category. Obesity (prevalence of 16.5% in 2021), smoking (estimated at 30.6% of the adult population in Egypt as of 2021 and seasonal food consumption, particularly during the Holy month of Ramadan, represent other key growth drivers. In Egypt, most gastrointestinal medicines are prescribed, accounting for a majority share of category sales due to the need for medical assessment and stronger specialised drugs. Local manufacturing dominates the category, with most of the drugs produced in Egypt. Growing investments in this category and the introduction of new generics and innovative products are likely to drive category growth to reach SAR2.9 billion (or US\$0.78 billion) by 2026, growing at a CAGR of 8.3% over the forecast period, 2021-2026.

The market for gastrointestinal products is highly fragmented with around 75 established players estimated to be generating category revenues of at least SAR1 million (or US\$0.27 million) per annum. This meant that the top five players held a combined share of just 36% of category sales in 2021. Local players, Pharco Pharmaceuticals, Amoun Pharmaceutical Industry and Aug Pharma led the market with value shares of 8.5%, 8.4% and 8.3%, respectively, in 2021, while Acino Pharma was the only international player in the top five, with a share of 6.7%.

Local players offer products of comparable quality to imported brands at significantly lower prices. Pharco Pharmaceuticals' most popular gastrointestinal remedies include Fawar antacid and Rani H2 blocker. Amoun Pharmaceutical Industry has a diverse portfolio led by Emetrex, a treatment for nausea, vomiting and gastrointestinal bleeding. AstraZeneca's Nexium and Losec, which treat gastroesophageal reflux disease, are also popular among Egyptian customers. Portfolio diversification and innovation within the gastrointestinal category may be critical for local manufacturers to further strengthen their market position.

In 2021, Jamjoom Pharmaceuticals was not present in the gastrointestinal system category. The Company is in the process of opening a manufacturing plant in Egypt (by end of 2022) to secure easier access to the market. The Company is looking to leverage this to expand into the gastrointestinal system category.

**Table (3.45): Gastrointestinal System Market Size, Egypt: 2019G - 2022G and 2026G**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Gastrointestinal System Market Size	SAR bn	1.5	1.7	2.0	2.0	2.9	15.4%	8.3%
% Contribution to overall pharmaceutical sector	%	7.9	7.9	8.2	8.1	9.2	-	-

Source: Euromonitor calculations based on primary and secondary research



**Table (3.46): Gastrointestinal System Competitive Landscape, Egypt – 2021**

Competitor / Player	Unit	Market Share	Rank
Pharco Pharmaceuticals	%	8.5	1
Amoun Pharmaceutical Industry Co	%	8.4	2
Aug Pharma	%	8.3	3
Acino Pharma AG	%	6.7	4
AstraZeneca Group Plc	%	4.1	5
Others	%	64.0	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.6.2 Iraq

The Iraqi market for gastrointestinal drugs stood at SAR0.6 billion in 2021 after registering a CAGR decline of 1.3% over 2019-2021. The high prevalence of obesity and increased consumption of foods with high amounts of fat combined with sedentary lifestyles resulted in a higher number of people having gastrointestinal problems and heartburn. While the volume of medicines sold in the market increased, the market witnessed a decline in value terms. The lack of economic stability during the COVID-19 pandemic resulted in people spending less and shifting to alternatives like traditional medicines and lower-priced counterfeit drugs coming in from neighbouring markets.

With the country expected to see greater stability and economic improvements projected for the next few years, it is likely that disposable incomes will increase. The rising frequency of eating out, lack of access to hygienic water and limited exercise is likely to drive demand for gastrointestinal products. Some consumers may also choose to shift to well-known imported brands when the economic situation improves, as they are perceived to be more effective. Thus, the market for gastrointestinal products is expected to grow at a CAGR of 7.3% over 2021-2026 to reach SAR0.86 billion (or US\$0.23 billion).

While part of the population relies on doctors' prescriptions, others prefer pharmacists' advice and opt for medication over the counter, which can be either prescription or non-prescription drugs. Most gastrointestinal products are imported, while local companies like Pioneer Co are aiming to increase their share of the market.

Leading players in the category were AstraZeneca, Ajanta Pharma and Julphar Gulf Pharmaceuticals with value shares of 12.0%, 7.3% and 5.4%, respectively, in 2021. Fourth and fifth ranked Pioneer Co Pharmaceutical Industries and Samaraa Pharmaceuticals are local players. Pioneer Co Pharmaceutical Industries aggressively markets its products targeting gastrointestinal reflux disease and irritable bowel syndrome. In a fragmented market, several global players are introducing new products and adopting different go-to-market strategies to penetrate this category. With several players recording similar sales, the market is dynamic in terms of product ranking, efficacy and availability.

Jamjoom Pharmaceuticals held a 1.5% share in 2021, ranking 13th in the market. This position was mainly driven by three products: Rabezole, used in the treatment of gastrointestinal reflux disease, Dompy used to relieve nausea and vomiting, and Meva capsules, for irritable bowel syndrome. The Company aims to leverage the success of these products, particularly Dompy, to expand distribution in Iraq as well.

**Table (3.47): Gastrointestinal Products Market Size, Iraq – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Gastrointestinal System Market Size	SAR bn	0.6	0.6	0.6	0.6	0.9	1.3%	7.3%
% Contribution to overall pharmaceutical sector	%	8.5	8.5	8.7	9.0	9.3	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.48): Gastrointestinal Products Competitive Landscape, Iraq – 2021**

Competitor / Player	Unit	Market Share	Rank
AstraZeneca Group Plc	%	12.0	1
Ajanta Pharma Ltd	%	7.3	2
Julphar Gulf Pharmaceuticals	%	5.4	3
Pioneer Co for Pharmaceutical Industries	%	4.2	4
Samarra Pharmaceuticals	%	3.2	5
Jamjoom Pharmaceuticals	%	1.5	13
Others	%	66.3	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.6.3 UAE

The UAE market for gastrointestinal products was valued at SAR1.0 billion (or US\$0.27 billion) in 2021 after growing at a CAGR of 2.3% from 2019. The COVID-19 pandemic accelerated healthy living trends, which resulted in muted growth for gastrointestinal drugs. People chose to make nutritional changes to their diet, reduced the frequency of eating out and decreased consumption of fatty foods. There was also an increase in consumption of probiotic and nutritional foods as well as at-home exercise equipment.

Over-the-counter (non-prescription) treatments for the gastrointestinal tract are available and are used to treat nausea, vomiting, constipation, diarrhoea and flatulence. The high adoption of non-prescription medications is due to their easy affordability and accessibility. R&D activities, such as drug innovation, and high demand for self-medication are the key factors driving growth in the over the counter (non-prescription) gastrointestinal drugs category.

The market has limited penetration by multinational pharmaceutical companies as well as a few manufacturers from the Middle East, such as Julphar Gulf Pharmaceuticals, Oman Pharmaceutical Products Co and Dar-Al-Dawa. As categories like gastrointestinal and cardiovascular drugs are highly priced, local manufacturers are targeting these segments to give access to lower-priced products. However, perceived side effects associated with the drugs hamper growth. Over 2021-2026, the market for gastrointestinal drugs is expected to decline by a CAGR 0.5% to stand at SAR0.99 billion by the end of the period.

The market is fragmented with intense competition from established players with legacy products as well as new players. Acino Pharma and AstraZeneca ranked first and second, with value shares of 13.4% and 12.6% respectively in 2021. Acino-DSR capsules are a prescription medicine used to treat acid reflux and peptic ulcers due to indigestion, heartburn, stomach pain and irritation while Nexium tablets, an over-the-counter medication from AstraZeneca, are popular among consumers for similar functionality. Julphar Gulf Pharmaceuticals, which ranks third with a 9.0% share, stands out as the only local manufacturer in the top five. Similar to other markets, ease of registration for OTC gastrointestinal products provides room for several players to enter the market.

Jamjoom Pharmaceuticals recorded a value share of 0.4% in 2021. The Company's gastrointestinal products include Dompy, Zoron, Meva, Rabezole and Fixit. Dompy, used to treat indigestion, nausea and vomiting, was the Company's most popular gastrointestinal product, contributing to almost 60% of its category sales. Meanwhile, Zoron, the Company's most recent launch in the category, in 2019, has seen strong acceptance across markets and is used for the prevention of nausea and vomiting in gastroenteritis.

**Table (3.49): Gastrointestinal System Market Size, UAE – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Gastrointestinal System Market Size	SAR bn	0.97	0.93	1.02	1.00	0.99	2.3%	(0.5%)
% Contribution to overall pharmaceutical sector	%	6.9	6.6	6.3	5.9	4.7	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.50): Gastrointestinal System Competitive Landscape, UAE – 2021**

Competitor / Player	Unit	Market Share	Rank
Acino Pharma AG	%	13.4	1
AstraZeneca Group Plc	%	12.6	2
Julphar Gulf Pharmaceuticals	%	9.0	3
Novartis AG	%	4.8	4
Sanofi	%	4.7	5
Jamjoom Pharmaceuticals	%	0.4	>20
Others	%	55.1	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.7 Nutraceuticals

#### 3.3.7.1 Egypt

The nutraceuticals category reached SAR2.5 billion (US\$0.67 billion) in 2021, up by a CAGR of 19.0% over 2019-2021 to account for 10.3% of the overall pharmaceutical market in the latter year. Consumers looking to strengthen their immune systems in the face of the COVID-19 pandemic were the key drivers of growth in the nutraceuticals category. The Egypt Drug Authority's more permissive approach to regulation to include a broader range of products, is expected to drive this category over the forecast period. No regulation on the number of nutraceuticals in a pharmaceutical box, helped simplify market penetration, which, in turn, increased growth in vitamins and dietary supplements. More than half of the nutraceuticals sold in Egypt are manufactured locally to cater to the highly price-sensitive market.

Local producer, Nerhadou International, led the nutraceuticals category with a share of 10.1% in 2021, with popular products such as Ferrotron, Octatron, and Calcitron. GlaxoSmithKline ranked second with a share of 9.0%, followed by Pharco Pharmaceuticals with 8.2%, Amoun Pharmaceutical Industry with 4.0% and Eva Pharma with 2.5%.

Due to steep price hikes following the devaluation of the Egyptian pound in March 2022 and the economic effects of COVID-19, the popularity of imported dietary supplements is expected to wane in favour of local alternatives. Imported products are becoming expensive even for higher-income consumers. However, rising demand for nutraceuticals as a preventive medicine will lead to growing acceptance of the quality of local products. A CAGR of 8.7% is forecast for the 2021-2026 period to reach a value of SAR3.8 billion (or US\$1 billion) by 2026.

Jamjoom Pharmaceuticals was not present in the nutraceuticals category. Establishment of a planned manufacturing facility in Egypt is likely to provide Jamjoom Pharmaceuticals with the visibility and opportunity to penetrate the nutraceuticals market in Egypt.

**Table (3.51): Nutraceuticals Market Size, Egypt – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Nutraceuticals Market Size	SAR bn	1.8	2.2	2.5	2.7	3.8	19.0%	8.7%
% Contribution to overall pharmaceutical sector	%	9.5	10.3	10.2	11.0	12.1	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.52): Nutraceuticals Competitive Landscape, Egypt – 2021**

Competitor / Player	Unit	Market Share	Rank
Nerhadou International	%	10.1	1
GlaxoSmithKline Plc	%	9.0	2
Pharco Pharmaceuticals	%	8.2	3
Amoun Pharmaceutical Industry Co	%	4.0	4
Eva Pharma	%	2.5	5
Others	%	66.3	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.7.2 Iraq

The market for nutraceuticals in Iraq was valued at SAR0.53 billion (or US\$0.14 billion) in 2021 after growing at a CAGR of 21.7% over 2019-2021. Many consumers started taking vitamins and nutritional supplements to strengthen their immune systems due to concerns over COVID-19. As such, demand for products like vitamin C, vitamin B and multivitamins increased significantly. Brands are actively engaging and promoting their products through social media while doctors have started recommending vitamins, calcium tablets and other dietary supplements. As many low-income consumers suffer from micronutrient deficiencies, many obtain free vitamins and nutritional supplements through NGOs or from public healthcare facilities.

Similar to other categories, as most products are imported, pricing and doctors recommendations are the most important factors when it comes to purchasing decisions. Hence, most manufacturers incentivise doctors to recommend their products to their patients. Manufacturers are moving away from traditional advertising and increasingly using social media as a cost-effective way to encourage people to try their brand. Doctors are increasingly recommending single vitamins and calcium supplements for micronutrient deficiencies as well as for improved fertility, which is a major concern among Iraqis. Pharmacies and para-pharmacies account for the largest share of vitamin and dietary supplement sales, while health food stores and supermarkets/hypermarkets are gaining share. OTC drugs account for the majority of nutraceutical sales. Rising disposable incomes and increasing consumer confidence are likely to benefit the category, which is expected to grow at a CAGR of 8.2% to reach SAR0.8 billion (or US\$0.2 billion) by 2026.

Hansa-Pharm leads the category with its key product, Hansal Zinc. TSD ranks second followed by Sterling Pharmacy and Premier Health Products. Despite its premium prices, Sterling Pharmacy is well-respected due to the good reputation of its vitamin D3 and B Complex products. Due to daily consumption of multivitamins, middle-class consumers are typically price sensitive, creating opportunities for lower-priced brands like Beximco's Aristovit-M and ESB's BioActive T an advantage. Jamjoom Pharmaceuticals doesn't currently have an established Nutraceuticals presence in Iraq.

**Table (3.53): Nutraceuticals Market Size, Iraq – 2019-2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Nutraceuticals Market Size	SAR bn	0.356	0.441	0.527	0.560	0.783	21.7%	8.2%
% Contribution to overall pharmaceutical sector	%	4.9	6.6	7.6	7.8	8.5	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.54): Nutraceuticals Competitive Landscape, Iraq – 2021**

Competitor / Player	Unit	Market Share	Rank
Hansa-pharm Dr Winter GmbH	%	14.9	1
TSD	%	10.8	2
Sterling Pharmacy Ltd	%	10.2	3
Premier Health Products Ltd	%	7.1	4
21st Century Healthcare Ltd	%	5.2	5
Others	%	51.8	-

Source: Euromonitor calculations based on primary and secondary research

### 3.3.7.3 UAE

The market for nutraceuticals in UAE stood at SAR0.36 billion in 2021, up by a CAGR of 2.8% over 2019-2021. Growing health awareness among young consumers and the need to reduce dependency on other pharmaceutical products in old age were key growth drivers in this category. Nutritional supplements are being positioned as a natural and healthy substitute to traditional and other pharmaceutical medications in the UAE.

Tonics are popular among local consumers search for an alternative form of dietary supplements. Newer tonics promoted on social media platforms not only emphasise immune-boosting functionality but also claim detoxification and weight loss properties, which tend to appeal to the younger population. With the easing of the pandemic in 2021, consumers started to spend more time out of their homes, adding vitamins to their grocery baskets in supermarkets. The channel remains in a strong position and offers further potential to penetrate the category over the forecast period due to convenience, competitive prices and a wide range of OTC products.

Government initiatives to promote health and wellness, and an increasing focus on pediatric nutrition also fuelled nutraceuticals growth in the UAE. Nutraceuticals for infant diets is a new trend that has gained traction in the UAE. Due to rapidly growing online distribution channels and efficient logistic support, companies have access to a much broader consumer base. This combined with an increasing working-class population, growth over 2021-2026, with an expected CAGR of 16.0% boosting sales to SAR0.76 billion by 2026.

Vitabiotics was the market leader in nutraceuticals in the UAE with a value share of 20.4% in 2021. It established its presence across multiple e-commerce platforms with popular products such as Freglobin and osteocare chewable. They are designed to protect the body against organ degeneration and aid in the prevention of chronic diseases. Merck ranked second with a 10.3% value share followed by GlaxoSmithKline, also with 10.3%. In 2021, GlaxoSmithKline launched two new extensions to its Botanicals line of gummy and powder dietary supplements (Emergen-C Ashwagandha and Emergen-C Apple Cider Vinegar) to offer products that address key areas of wellness like immune support and stress reduction.

With no stringent regulations in place to govern the release of new vitamins and dietary supplements, the UAE is estimated to have 50 well-established nutraceuticals players with an additional 70 players who have registered minor sales for this category. In this fragmented market, Jamjoom Pharmaceuticals has no presence in this category in the UAE. However, strong growth potential and low barriers to market entry present an opportunity for Jamjoom Pharmaceuticals.

**Table (3.55): Nutraceuticals Market Size, UAE – 2019 - 2020 - 2021 - 2022 and 2026**

Indicator	Unit	2019	2020	2021	2022	2026	CAGR 2019-21	CAGR 2021-26
Nutraceuticals Market Size	SAR bn	0.342	0.353	0.361	0.407	0.760	2.8%	16.0%
% Contribution to overall pharmaceutical sector	%	2.4	2.5	2.2	2.4	3.6	-	-

Source: Euromonitor calculations based on primary and secondary research

**Table (3.56): Nutraceuticals Competitive Landscape, UAE – 2021**

Competitor / Player	Unit	Market Share	Rank
Vitabiotics Ltd	%	20.4	1
Merck & Co	%	10.3	2
GlaxoSmithKline Plc	%	10.3	3
Now Foods	%	6.8	4
Acino Pharma AG	%	4.1	5
Others	%	48.1	-

Source: Euromonitor calculations based on primary and secondary research

## 4. The Company

### 4.1 Overview of the Company and its Business Activities

Jamjoom Pharmaceuticals Factory Company is a Saudi joint-stock company established under commercial registration no. 4030154596 dated 18/02/1426H (corresponding to 28/03/2005G) pursuant to ministerial resolution no. 202/5 dated 19/08/1435H (corresponding to 17/06/2014G) under which the Company was converted into a joint stock company. The Company operates in accordance with an Industrial Facility License issued by the Ministry of Industry and Mineral Resources with license no. 411102103246 dated 07/07/1441H (corresponding to 02/03/2020G) and a factory license issued by the SFDA with license no. 01-02-00003. As provided under its commercial registration, the head office of the Company is located in Jeddah, Industrial Area, Phase 5, Block 3ME - Kingdom of Saudi Arabia. The current share capital of the Company is seven hundred million Saudi Riyals (SAR 700,000,000) divided into seventy million (70,000,000) Ordinary Shares with a fully paid-up nominal value of ten Saudi Riyals (SAR 10) per share, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash.

The Company was established to provide high-quality pharmaceutical products for consumers. The Company's main business activities comprise the development, manufacturing and marketing of a wide range of high-quality branded generic pharmaceutical products. The Company markets its products in 36 countries across the Middle East, Africa and the Commonwealth of Independent States. The Company is headquartered in the Kingdom of Saudi Arabia and carries out its most significant operations and sales in the Kingdom, Egypt, Iraq, the GCC countries and North Africa.

The Company's primary operating production facility is a 35,000 m<sup>2</sup> state-of-the-art manufacturing plant in Jeddah with a production capacity of 113 million units. The Company has also built a sterile manufacturing facility in Jeddah, which is scheduled to open during the second half of 2023G, and another facility in Egypt which is scheduled to open during the second half of 2023G.

The Company is one of the leading manufacturers of pharmaceuticals in Saudi Arabia. According to the market study report prepared by the Market Consultant in August 2022G, the Company had a market share of 20.6% in 2021G, being one of the five most prominent companies in the ophthalmic segment.

The Company generated total revenue for the year ended 31 December 2019G of SAR 731.7 million, compared to SAR 805.3 million and SAR 735.7 million for the years ended 31 December 2020G and 2021G, respectively. The Company's net profit in the year ended 31 December 2019G was SAR 156.9 million, compared to SAR 206.9 million and SAR 170.7 million for the years ended 31 December 2020G and 2021G, respectively.

The Company generated total revenue for the Six-Month Period Ended 30 June 2022G of SAR 482.1 million, compared to SAR 314.9 million for the six-month period ended 30 June 2021G. The Company's net profit for the Six-Month Period Ended 30 June 2022G was SAR 94.0 million, compared to SAR 52.2 million for the six-month period ended 30 June 2021G.

As at 30 June 2022G, the total number of employees of the Company was 1,255.

### 4.2 Vision and Mission of the Company

#### 4.2.1 Vision

To become a leading MEA organization by 2026G through consistently providing affordable, high-quality healthcare solutions.

#### 4.2.2 Mission

To contribute to achieving national and regional pharmaceutical self-sufficiency whilst prioritizing customers and supporting the wellbeing of communities.

### 4.3 Strengths and Competitive Advantages of the Company

The Company's principal competitive advantages and strengths are as follows:

### 4.3.1 A Leading MEA branded generics player operating in a large and growing addressable market, protected by significant barriers to entry

The Company is a leader in MEA generics market in several therapeutic areas across different markets, with a direct and indirect presence in 36 countries within the MEA region. More specifically, the Company is a leader in the main markets of the Kingdom of Saudi Arabia, Egypt, Iraq and the United Arab Emirates where the Company operates and which provides the Company a solid position and the capacity to adapt and be sustainable. The Company's ability to achieve market leadership positions in these markets and therapeutic areas is founded in its broad portfolio of high quality and differentiated branded generic pharmaceutical and consumer health products in each therapeutic area, as well as the deep understanding of the demand dynamics of the MEA market that the Company has amassed from its longstanding experience and presence in these markets, which has helped it to become part of the top four (4) of the largest manufacturers in the Kingdom as of 2021G, (please refer to Section 3 ("Industry and Market data") for more information on the Company's competitive landscape). In addition, the Company ranked as the number two (2) manufacturer for total prescribed pharmaceutical products in Saudi Arabia for the years 2019G, 2020G, 2021G and for Q1 and Q2 of 2022G<sup>4</sup>. The markets the Company operates in are large, structurally attractive and growing. Attractive demographic conditions including an ageing population, increasing prevalence of chronic conditions, and improving access to healthcare are amongst the key drivers spurring market growth. It is estimated by Euromonitor<sup>5</sup> that the overall KSA market size will grow from SAR 30.5 billion in 2021G to SAR 39.6 billion in 2026G implying a 5.4% CAGR over that period. Additionally, Euromonitor's assessment of key MEA markets growth points along with the attractive rates across Egypt, United Arab Emirates and Iraq imply that the markets will grow at 5.4%, 3.5% and 6.1% 2021G-2026G CAGRs respectively.

Growth in each of these markets is also supported by social and macroeconomic trends including growing penetration of generic medicines and the inherent belief the Company has that its products tend to perform well due to customer preferences. Furthermore, there are strong government-led incentives and public investments to boost the local healthcare and manufacturing sectors as part of its Vision 2030 objectives to encourage higher private sector participation in the KSA economy. Pharmaceutical manufacturing is a core focus as stipulated in the National Industrial Development and Logistics Program, with a target that 40% of all pharmaceuticals consumed in the country be produced domestically, an increase from approximately 30% today. This governmental support provides a strong tailwind for the Company as a leading domestic manufacturer, which will help it to capture additional market share in the coming years.

In addition, the Company's market position benefits from naturally high barriers to entry, providing it with powerful competitive advantages in the markets the Company operates in including (but not limited to):

- The complex regulatory environment that the pharmaceuticals sector operates within requires both precise scientific expertise and significant understanding to ensure operations are conducted in compliance with all relevant regulatory requirements as well as familiarity and experience in operating in its markets, particularly with regards to navigating the registrations and other approvals needed to offer the products in the markets.
- There is a limited pool of personnel in the MEA region which possesses these critical skills and experience so the Company's leading market position allows it to both attract and retain staff, which would be challenging for a new market entrant to establish from scratch.
- The substantial investment in facilities, processes, machinery and other infrastructure required to establish a high standard pharmaceutical manufacturing operation, including obtaining the necessary regulatory authorizations required, which would be challenging for new entrants to develop from scratch, strengthening the position of incumbent providers such as the Company.
- As a leading and highly reputable pharmaceuticals manufacturer in the Kingdom, the Company has developed the skills, understanding, track record, reputation and knowhow to navigate the sometimes complex government tender frameworks as well as having the scale and capability to deliver the large volumes associated with these tenders at competitive prices. As a local manufacturer, the Company is also able to benefit from beneficial pricing frameworks offered to KSA manufacturers that international manufacturers cannot access. The Company's KSA location gives it an advantage over international competitors in this market as the KSA government continues to actively promote and support local production of critical healthcare products, in line with its Vision 2030 objectives.

Finally, the Company's large-scale investment in developing an on-the-ground sales force presence over many years in several of the countries the Company operates in gives it a deep understanding of the nuances of market demand dynamics and an ability to respond with speed and agility. The Company is one of the few players that has a large established sales force operating in its markets and that is in large part due to the substantial investment required to develop one.

### 4.3.2 Proven R&D track-record with outstanding product development and substantial white space opportunities to tap into new therapeutic areas

The Company's R&D capabilities are a key component of the successes that the Company has achieved since its foundation and its ability to develop and commercialize new and innovative products that are tailored to the demands of the markets it operates in is a critical differentiator from its competitors. The Company has a proven track-record of bringing high quality and differentiated products to its markets which has helped to drive absolute and market share growth.

The Company has a large R&D team of over 90 scientists and PhD graduates, providing it with a unique pool of pharmaceutical talent in the region and has a demonstrable track record of successfully bringing products to market in all the regions it operates in, as evidenced by over 400 product approvals (across products and markets, including registration renewals) that the Company has received between

<sup>4</sup> Source: IQVIA Saudi Arabia Medical Index (SAMI), Q2- 2022G.

Note: SAMI covers the total prescription data for pharmaceutical products in the Private sector (Private Hospitals, Clinics, Polyclinics).

<sup>5</sup> Euromonitor market report prepared in August 2022G.

2019G and the date of this Prospectus. The Company's approved products have a bioequivalence success rate of 94%. Additionally, the team has experience in developing products across a wide range of different dosage forms including soft-gel, blow-fill seals, oral solid dosages, injectables, ointment and cream, and many others to directly expand the Company's portfolio offering. This expertise is applied to continuing to broaden the therapeutic areas covered by the Company portfolio, such as via the expansion into the Diabetes Care market, as well as to continue to expand the product range within existing therapeutic areas, thus helping to increase penetration and market share in these established market segments.

The Company was successful in launching 17 new products in 2021G. Additionally, the Company has 72 new products in the pipeline, 64% of which have either been submitted for approval to the SFDA or are close to submission. In general, the new products are a material factor in the growth of the Company's business as they have contributed to 4%, 8% and 18% of the total revenues of the Company in the financial years 2019G, 2020G and 2021G, respectively.

The R&D capability that the Company has built allows it to identify and develop products that are suitable to the market needs. For example, in 2015G and 2019G respectively the Company launched two consumer health products, "JP Vitamin D3" and "Prima D3". The aim of these two products was to capitalize on favorable demographics identified which showed that 80% of the KSA adult population was suffering with some form of vitamin D deficiency and over 45% of the market was dominated by liquid products, which are less effective than solid-dose alternatives. As a result of these conditions, the Company created a formula for an alternative soft-gel product with a better absorption and stability rate to, then, launch a full suite of vitamin D products that gained popularity with the local market which, in turn, helped it to capture a 40% market share in this category by 2021G, with sales of SAR 35 million for the Consumer Health segment, a 19% CAGR 2017G-2021G.

### 4.3.3 Diversified portfolio offering with proven leading positions in key categories, benefitting from high brand awareness and sold through a targeted commercial footprint

The Company's leading position in the MEA generics market is derived from its specialized portfolio of well-established and differentiated products across 8 therapeutic areas including ophthalmology, dermatology, consumer health, general medicine, gastrointestinal, cardiovascular, over-the-counter, and central nervous system, where its products are sold in 36 countries across the MEA region with over 100 brands registered in KSA alone since 2019G. The Company uses a strategic approach to focus on key therapeutic areas where it sees potential to yield improved results through cost optimization and operating efficiencies. This is done through co-positioning and co-promotion opportunities; enhanced corporate awareness and branding; better Key Opinion Leader (KOL) relationships and Rx opportunities.

Owing to the firm's policy of seeking to produce high quality products to address gaps identified in the market, the Company has successfully grown its market share. In 2021G, the Company ranked as the number one (1) manufacturer (by value) for ophthalmology products and the number two (2) manufacturer (by value) for dermatology products in Saudi Arabia (calendar year 2021G only)<sup>6</sup> respectively - segments which are set to continue to exhibit strong growth over the coming years, according to Euromonitor analysis. Dermatology and ophthalmology represent approximately 50% of total revenues, as of 31 December 2021G.

In ophthalmology, Euromonitor analysis indicates that the KSA ophthalmology market is expected to grow from SAR 0.7 billion in 2021G to SAR 1.1 billion in 2026, implying 8.9% CAGR over the period and the Company aims to continue to strengthen its position in the market with the launch of a dedicated ophthalmology sterile manufacturing plant in Jeddah expected in H2 2023G.

In dermatology, Euromonitor analysis indicates that the KSA dermatology market is expected to grow from SAR 2.4 billion in 2021G to SAR 3.9 billion in 2026G, implying 10.3% CAGR over the same period and the Company plans to build on its success via continued educational partnerships with physicians coupled with a highly effective skin disease portfolio of 14 brands that account for 19% of total revenue, as of 31 December 2021G.

In General Medicine, Euromonitor analysis indicates that the KSA market of the general medicine products is expected to grow from SAR 10 billion in 2021G to SAR 10.6 billion in 2026G, implying 1% CAGR over the same period. The Company offers a well-established range of products commanding a leadership position in multiple product categories through 15 trusted brands and plan to accelerate its growth in this segment through continued expansion of the product range in the coming years.

The Company's broad and diversified product portfolio, which includes products from various selected therapeutic categories, enables the Company to cover all areas through its products in the market. The performance of each product is assessed individually, to ensure that the overall portfolio achieves the best commercial results before and after the products are offered in the market.

The Company is ranked as the number four (4) manufacturer of gastrointestinal products (by value) in Saudi Arabia for the period starting from January 2022G to May 2022G (YTD May 2022G)<sup>7</sup>, and expects to continue capitalizing on this momentum through the ongoing success of popular products such as Domp and Zoron.

In Consumer Health, the Company's expansion into this segment since the opening of its state-of-the-art soft gel manufacturing facility, which was the first of its kind in the GCC region, has proven to be extremely successful and it now holds the number three ranking in the segment in KSA, producing an assortment of relevant products including Omega-3, vitamins, minerals and herbal supplements under 31 brands.

<sup>6</sup> Source: IQVIA Saudi Arabia Pharmaceutical Index (SAPI), January 2022G.

Note: SAPI covers the sales data of pharmaceutical products for ophthalmology and dermatology segments in Saudi Arabia to retail pharmacies, chain pharmacies, sub-agents and private hospitals only.

<sup>7</sup> Source: Client internal analysis based on IQVIA Saudi Arabia Pharmaceutical Index (SAPI), June 2022G. Note: SAPI covers the sales data of pharmaceutical products for gastrointestinal segment in Saudi Arabia to retail pharmacies, chain pharmacies, sub-agents and private hospitals only.



Additionally, the Company's success has been driven by the establishment of a broad commercial footprint across the key countries that it serves. The Company is one of the largest pharmaceutical exporters in KSA and its team of highly trained on-the-ground sales staff is comprised of 506 employees including 402 medical representatives focused on maximizing sales and brand awareness with local stakeholders. Its sales force efforts are concentrated in its key markets (KSA, Egypt, UAE and Iraq), though it has a direct sales & marketing presence in 8 countries with export sales with local partners in the remaining 28 countries it serves. This balanced approach allows the Company to develop deep local expertise and understanding of the regulatory requirements and demand dynamics of its most important markets whilst efficiently maintaining an export sales business in many additional markets and supporting its proven ability to successfully enter territories that have been overlooked by the Company's international competitors.

The Company's established track record and reputation for quality and leadership across its chosen therapeutic areas, as well as the strength of its relationship with the SFDA and other regulatory bodies has been reflected in its inclusion in the prestigious Reyadah NCPP (National Companies Promotion Campaign) programme, a KSA governmental initiative to help major and promising companies within KSA expand internationally.

#### 4.3.4 State of the art manufacturing and highly efficient operations

The Company operates a modern manufacturing facility in Jeddah, KSA and is in the process of constructing an additional facility in Cairo, Egypt (expected to be opened during the second half of 2023G) and a sterile facility in Jeddah (expected to be opened during the second half 2023G). All facilities are fully fitted out with world-class machinery and equipment and when operational will give the Company a total combined production capacity of 190 million units per annum. By operating facilities in both KSA and Egypt, the Company stands to benefit from geographical diversification and better optimized supply chain processes across its 36 active countries.

All 3 facilities are powered by advanced machinery and manufacturing lines from renowned blue-chip manufacturers such as Bosch, Getinge and Steris with broad and flexible production capabilities for a wide range of product forms including oral solid dosage, dermatology, ophthalmology, and sterile formulations spanning multiple therapeutic area segments, thus enabling it to become a leading generics manufacturer in the region through a comparatively lean and efficient local manufacturing footprint.

The Company has invested SAR 362 million in constructing its manufacturing facilities Egypt Main and Jeddah Sterile as of 31 December 2021G. Through careful design and thoughtful kit-out of its plants, the Company is able to operate its current facilities to manufacture 100% of its products whilst incurring only modest maintenance capital expenditures amounting to 1.8% of revenue (as of 31 December 2021G), contributing to its strong free cash flow generation. Moreover, the Company ensures that its ISO-certified facilities are operated at all times in line with international best practices, as evidenced by the Company's history of zero manufacturing interruptions since inception and continuous compliance.

The new facilities being constructed will provide the Company with several advantages. The substantial increase in manufacturing capacity will ensure that the Company has sufficient capacity to accommodate the significant increase in volumes expected over the coming years, including continuing expansion of the product range across all therapeutic areas and new entry into additional therapeutic areas. In addition, the Egypt Main Facility will act as a source of redundancy and flexibility for the current Jeddah plant and is intended to become the hub for production and distribution of the Company's entire product range across the African markets served by the Company. Furthermore, by locating the manufacturing facility in Egypt, the Company will become a local producer in that country too and will be able to benefit from regulatory incentives offered by the Egyptian government which currently prohibits international manufacturers from registering more than a fixed number of products in the country – once the Egypt Main Facility is operational this cap will be lifted and the Company will be able to offer its full range in Egypt and benefit from the additional sales resulting from this important growth market. The Jeddah Sterile facility has been planned in order to provide additional manufacturing capacity for the Company's sterile products, which are highly successful and experiencing particularly strong demand.

#### 4.3.5 Compelling financial profile with robust and sustainable growth prospects

Strong top-line performance over the years has been a key focus for the Company since its inception, driven by organic growth, portfolio expansion and expanding its geographic footprint in the long term. Moreover, the Company's revenue demonstrated high resilience throughout the Covid-19 period as revenues remained stable despite unprecedented local and global disruption including, but not limited to, supply chain issues, factory interruptions as a result of nationwide lockdowns, and macroeconomic volatility. This was supported in particular by the KSA government introducing requirements for businesses to hold enhanced inventory levels to ensure continuity of supply of critical products, including medicines for a minimum of 6 months. This contributed to an exceptional level of demand for the Company in 2020G as pharmacies built up their stock levels, followed by an unwinding period in 2021 after the minimum inventory requirement was relaxed and this de-stocking impact unwound through the sector. (Please refer to Section 6 (“**Management Discussion and Analysis of Financial Position and Operating Results**”) of this Prospectus for further discussion on recent performance).

Another key highlight in its financial performance is the Company's consistent and sustained high profitability, particularly in comparison to peers in the sector. The Company has achieved stable EBITDA margins of approximately between 29-34% over the last 3 years. In addition, the Company's ongoing COGS optimization plan, which seeks to reallocate manufacturing resources towards key brands, will help it to drive continued margin expansion as the most profitable products and regions are targeted for enhanced focus. Furthermore, the Company's margins are amongst the highest of any pharma manufacturer in the region and its operational excellence provides it with important commercial and strategic advantages when seeking new market opportunities and in customer and supplier negotiations in addition to providing superior profitability and returns for its shareholders.

The Company has consistently delivered strong free cash flow throughout its history and this has become an important strength in the market place. To date the Company has pursued a highly disciplined capital policy and have developed the company without resorting

to substantial debt financing. Furthermore, its balance sheet strength has provided it with enhanced optionality when appraising growth and investment opportunities and allows the Company to pursue its strategic objectives with speed and flexibility, whilst ensuring that its liquidity and balance sheet strength is not compromised.

### 4.3.6 Seasoned strategic leadership team

The Company is led by a vastly experienced executive team with substantial experience that have held leadership positions at leading global pharmaceutical manufacturing companies including. The Company's leadership team adopts a hands-on approach where its reach extends throughout the whole organization as it guides and supports the firm's overall evolution across every department. (Please see Section 5 ("Organizational structure and corporate governance") for the management team's CV credentials of this Prospectus).

## 4.4 Company Strategies

The Company's strategy is formed of the following 5 key pillars providing a framework for working towards realization of the Company's Vision and Mission.

### 4.4.1 Clearly defined 5 year strategy to become a leading MEA organization by 2026G via selective expansion to deliver growth in key markets and strengthen the Company's local presence

The Company has developed a tailored and graduated strategy to accelerate and prioritize growth in targeted key markets, which have been identified as having the highest potential opportunity for the Company to expand its revenue base. Through this segmentation, the management team has been able to deploy resources in key markets to redirect focus and enhance the quality of growth whilst optimizing its production and distribution processes which are expected to maximize operational efficiency.

The Company intends to continue to expand within the MEA region and expects to enter selected additional markets in the coming years, as it believes additional regions around the world would appreciate the presence of a high-quality pharmaceutical champion. The Company will continue to expand within sizable countries where its portfolio can add value to the healthcare community. In the near to the medium term the expansion markets will be focused on the Middle East and Africa regions.

Furthermore, the Company aims to adopt a carefully selective approach towards products and target markets. The identified key markets across its geographic clusters will form the basis of its commercial focus going forward, attracting increased time, effort and resources in these markets in order to ensure that the substantial commercial opportunities that are available to the Company are captured to their fullest extent possible. The Company will also treat these markets as a cornerstone for its standout products, compounding the growth opportunities by driving its best performing products in its best performing markets, whilst leveraging the strength of its local sales forces.

### 4.4.2 Investing in multiple opportunities for portfolio expansion via R&D in both existing and new therapeutic areas

A critical component of the Company's strategy is to contribute to achieve national and regional self-sufficiency through optimizing new product launches and venturing into new therapeutic areas. Optimization of new product launches will be achieved through reducing the time-to-market through efficient R&D, governance and decision making. Coupled with this, identifying and capitalizing on growth opportunities in new therapeutic areas will be done through rigorous investing in research and development with diligent portfolio management and well-grounded market research to aid in decision making on promising therapeutic areas.

This strategy is reflected in a recent case study, whereby the Company recognized the prevalence of diabetes in the region as a potentially strong therapeutic area for it to enter. To capture market share within this therapeutic area, the Company is developing a range of high-quality diabetes management products, with expected launches into the market between 2022G and 2024G.

### 4.4.3 Expand in tender opportunities regionally

The Company will continue to grow its presence in the KSA public tender market, capitalizing on tender system reform and government support for championing high quality providers of essential products from within the Kingdom via two national-led strategies, Vision 2030 and the National Transformation Program (NTP). Having already found success in the space by securing an important 2-year tender in 2020G, the Company will build on this success and utilize its position as a leading KSA pharmaceutical manufacturer to become a key strategic supplier to the Kingdom's public healthcare system through reducing the cost of manufacturing and procurement. In order to ensure the opportunities for government tender business are fully captured, the Company intends to establish a dedicated team to increasing participation in public tender contracts in all key markets such as KSA, the Gulf, Iraq, and Egypt across its product range.

#### 4.4.4 Drive operational effectiveness and enhance governance

The Company plans to continue to build on introducing operational efficiencies in manufacturing to drive cost reduction, minimization of waste, implementation of efficient inventory management solutions, registration of alternate suppliers and improvement in local content scores. The Company expects that these actions will help to enhance collaboration and cohesive working by the manufacturing and commercial teams as well as refine the production and reallocation of resources. As a result, the Company will be able to increase both, volumes and margins, for key products through improved cost efficiency and economies of scale. In addition, the Company plans to expand its manufacturing footprint via the commissioning of the Egypt facility to serve the North African markets which supports its strategy of selectively expanding market presence.

In addition, the company will continue to implement its ongoing digital transformation. Alongside the installation of technologically advanced manufacturing equipment, the Company is modernizing its facilities, systems and processes with best-in-class software and technology. This will ensure that the company is well equipped to deliver on its planned growth trajectory and is able to scale its monitoring, compliance, reporting, control and communications commensurately.

Finally, the Company will also continue to maintain its strict financial discipline and preserve the strength of its balance sheet to pursue strategic objectives, through a governance model that reflects best practices and international standards of transparency and efficiency.

#### 4.4.5 Developing, nurturing and retaining talent

The pharmaceutical manufacturing industry demands specialized skillsets in all areas of human resources. The Company's strategy for human capital is to enhance its exceptional talent base through:

- Attracting the best talent locally & globally;
- Investment in development programs offered by the Company to its employees to enrich their skillset through the Jamjoom Pharma Academy (for more information on the Jamjoom Pharma Academy please refer to Section 4.14.1 ("Jamjoom Pharma Academy") of this Prospectus); and
- Instill succession planning to align with global best practices.
- Continuing in the support of female employment and Saudization, by building on the current 60% female employee base in the factory team.

Through this strategy, the Company aims to formulate a solid connection between the tasks of its employees and the achievement of the Company's Vision and Mission.

### 4.5 Key Developments of the Company since Establishment

The Company has its roots in the various business enterprises of the Jamjoom family, which entered the Saudi pharmaceutical market in the 1960s with the distribution of imported pharmaceuticals from large international companies, becoming one of the top distributors in Saudi Arabia by the 1970s. In the 1990s, the Jamjoom family's enterprises began pharmaceutical manufacturing, establishing the Company as a branch and constructing a manufacturing facility in Jeddah, which commenced operations in 2000G with the manufacturing of branded generic drug products in the ophthalmic segment. Jamjoom Pharmaceuticals Factory Company was converted from a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company into a limited liability company in the Kingdom of Saudi Arabia and was subsequently converted to a closed joint stock company pursuant to ministerial resolution no. 202/S, dated 19/08/1435H (corresponding to 17/06/2014G) approving the publication of the Company's conversion into a joint-stock company.

The key milestones achieved in relation to the Company and its business since its establishment are summarized as follows:

**Table (4.1): Key Developments of the Company since Establishment**

Year	Event/Development
1994G	Establishment of Jamjoom Pharmaceuticals Factory Company, a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company
1997G	Construction begins on the Jeddah Main Facility
2000G	Commenced production and commercial operations with the Jeddah Main Facility
2002G	Commenced international operations with the first export of Company's products outside Saudi Arabia, to Bahrain
2003G	<ul style="list-style-type: none"> <li>- Launched unique products in the Dermatology therapeutic segment (Elica and Elica M)</li> <li>- Achieved first breakeven</li> </ul>
2005G	Jamjoom Pharmaceuticals Factory Company was converted as a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company to a limited liability company
2007G	Net sales amounted to 200 million Saudi riyals

Year	Event/Development
2009G	The Company registered and launched more than 50 pharmaceutical products (medicines) in the Kingdom of Saudi Arabia
2010G	Jamjoom Pharmaceuticals Factory Company's products available in more than 15 countries
2012G	<ul style="list-style-type: none"> <li>- Launched Unifresh, the first standardized dose product to be produced using airtight manufacturing technology and packaging</li> <li>- Net sales amounted to 400 million Saudi riyals</li> </ul>
2013G	The Company established the first pharmaceutical plant to use soft gel manufacturing technology in GCC
2014G	<ul style="list-style-type: none"> <li>- Launched Consumer Health division with unique product portfolio</li> <li>- Converted to close Joint Stock Company</li> </ul>
2015G	Annual manufacturing capacity reached 90 million units
2016G	Established largest R&D capacity in Saudi Arabia
2018G	Became member of "Reyadah" Program for leading companies in strategic sectors of the National Transformation Program under KSA's Vision 2030
2019G	The Company successfully launched four (4) trademarks for its pharmaceutical products in the Kingdom of Saudi Arabia
2020G	<ul style="list-style-type: none"> <li>- The Company is ranked as the number three (3) manufacturer (by value) in Saudi Arabia (calendar year 2020G only).<sup>8</sup></li> <li>- The Company successfully launched twelve (12) trademarks for its pharmaceutical products in the Kingdom of Saudi Arabia</li> </ul>
2021G	<ul style="list-style-type: none"> <li>- The Company registered more than 100 trademarks for its pharmaceutical products (medicines) in the Kingdom in Saudi Arabia</li> <li>- Net sales amounted to 700 million Saudi riyals</li> <li>- The Company successfully launched seventeen (17) trademarks for its pharmaceutical products in the Kingdom of Saudi Arabia</li> </ul>
2022G	<ul style="list-style-type: none"> <li>- The Company's operations are successful in more than 35 countries.</li> <li>- The Company holds the position as the biggest exporter of pharmaceutical products in Saudi Arabia on the basis of the total exports for the years 2019G to 2021G.<sup>9</sup></li> <li>- The Company is ranked as the number one (1) manufacturer of consumer health (non-prescription products/OTC for the therapeutic classes in which the Company operates) in Saudi Arabia for the period starting from January 2022G to May 2022G (YTD May 2022G).<sup>10</sup></li> </ul>

Source: The Company

<sup>8</sup> Source: IQVIA Saudi Arabia Pharmaceutical Index (SAPI) Sales Data, January 2021G.

Note: SAPI covers the sales data of pharmaceutical products full market coverage in Saudi Arabia to retail pharmacies, chain pharmacies, sub-agents and private hospitals.

<sup>9</sup> Source: As per the Company's internal analysis.

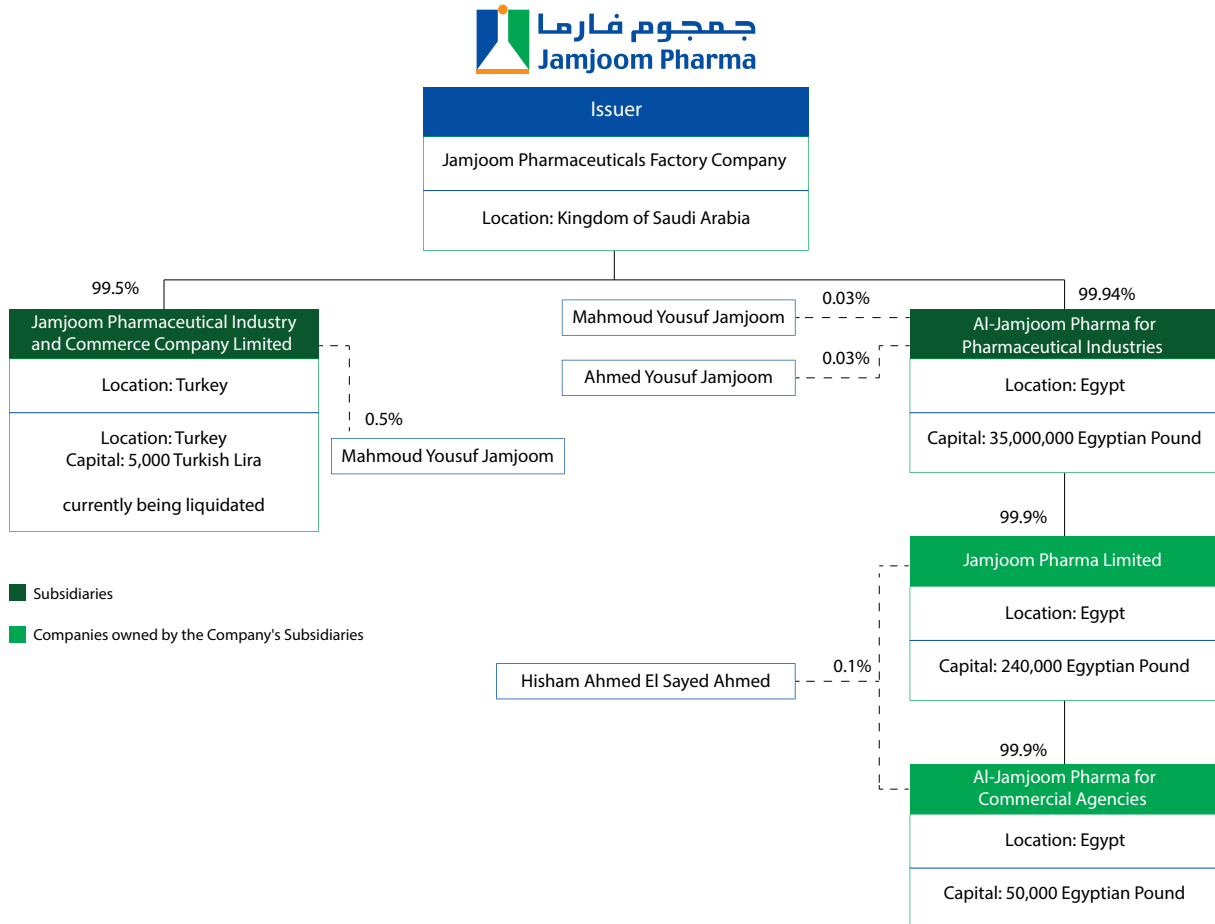
<sup>10</sup> Source: IQVIA Saudi Arabia Pharmaceutical Index (SAPI), Sales Data, June 2022G.

Note: This ranking is based on SAPI data of OTC products only for specific therapeutic classes.

## 4.6 Overview of the Company and Growth of its Capital

### 4.6.1 Overview

The following structure chart provides a diagrammatic overview of the Company and its Subsidiaries as at the date of this Prospectus:



## 4.6.2 Growth of the Company's Capital

The Company commenced its activities as a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company in Jeddah on 16/04/1415H (corresponding to 22/09/1994G) and on 12/09/1425H (corresponding to 26/10/2004G) the branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company was converted to a limited liability company under the name of Jamjoom Pharmaceuticals Factory Company Limited, with a capital of twenty million Saudi Riyals (SAR 20,000,000), divided into twenty thousand (20,000) fully paid in-kind shares of equal value of one thousand Saudi Riyals (SAR 1,000).

**Table (4.2): The Company's ownership structure pre and post-Offering**

The Issuer's currently has seven (7) shareholders, who collectively own (on a pre-Offering basis) seventy million (70,000,000) ordinary shares, fully paid in value as follows:

No	Shareholders	Pre-Offering			Post-Offering		
		Number of Shares	Shareholding	Share Value	Number of Shares	Shareholding	Share Value
1	Yousuf Mohammed Salah Abdulaziz Jamjoom	41,650,000	59.50%	416,500,000	29,155,000	41.65%	291,550,000
2	Mahmoud Yousuf Mohammed Salah Jamjoom	5,600,000	8.00%	56,000,000	3,920,000	5.60%	39,200,000
3	Walid Yousuf Mohammed Salah Jamjoom	4,550,000	6.50%	45,500,000	3,185,000	4.55%	31,850,000
4	Mohammed Yousuf Mohammed Salah Jamjoom	4,550,000	6.50%	45,500,000	3,185,000	4.55%	31,850,000
5	Ahmed Yousuf Mohammed Salah Jamjoom	4,550,000	6.50%	45,500,000	3,185,000	4.55%	31,850,000
6	Alaa Yousuf Mohammed Salah Jamjoom	4,550,000	6.50%	45,500,000	3,185,000	4.55%	31,850,000
7	Sanaa Yousuf Mohammed Salah Jamjoom	4,550,000	6.50%	45,500,000	3,185,000	4.55%	31,850,000
8	Public	-	-	-	21,000,000	30%	210,000,000
<b>Total</b>		<b>70,000,000</b>	<b>100%</b>	<b>700,000,000</b>	<b>70,000,000</b>	<b>100%</b>	<b>700,000,000</b>

Source: The Company The ownership structure of the Company at incorporation was as follows:

**Table (4.3): Ownership Structure of the Company at Incorporation**

Name	Number of Shares	Share Value	Total Share Value	Shareholding
Yousuf Mohammed Salah Abdulaziz Jamjoom	19,802	1,000	19,802,000	99.01%
Abdullatif Mohammed Salah Abdulaziz Jamjoom	66	1,000	66,000	0.33%
Ahmed Yousuf Mohammed Salah Abdulaziz Jamjoom	66	1,000	66,000	0.33%
Hamza Mohammed Salah Abdulaziz Jamjoom	66	1,000	66,000	0.33%
<b>Total</b>	<b>20,000</b>	<b>1,000</b>	<b>20,000,000</b>	<b>100%</b>

Source: The Company

On 05/06/1426H (corresponding to 11/07/2005G), the General Assembly approved amending the Company's Articles of Association when shareholder Hamza Mohammed Salah Abdulaziz Jamjoom - may God rest his soul - passed away on 20/03/1426H (corresponding to 29/04/2005G) and his estate, according to the will approved by the General Court in Jeddah under decision No. 18 dated 06/04/1426H, Volume 3, Page 180, devolved to his wife, Mrs. Aziza Hassan Abdulaziz Jamjoom and his brothers Yousuf Mohammed Salah Abdulaziz Jamjoom, Abdullatif Mohammed Salah Abdulaziz Jamjoom and Ahmed Yousuf Mohammed Salah Abdulaziz Jamjoom; resulting in the transfer of the deceased's 66 shares in equal proportions such that his wife inherited a quarter thereof, being 16.5 shares, and each of his brothers inherited 16.5 shares.

ach of Yousuf Mohammed Salah Abdulaziz Jamjoom Abdullatif Mohammed Salah Abdulaziz Jamjoom, Ahmed Yousuf Mohammed Salah Abdulaziz Jamjoom and Mrs. Aziza Hassan Abdulaziz Jamjoom then sold their entire respective shareholdings in the Company to a new shareholder Mahmoud Yousuf Mohammed Salah Abdulaziz Jamjoom, and, as a result, the Company's share capital became as follows:

**Table (4.4): Ownership Structure of the Company as at 05/06/1426H (corresponding to 11/07/2005G)**

Name	Number of Shares	Share Value	Total Share Value	Shareholding
Yousuf Mohammed Salah Abdulaziz Jamjoom	19,802	1,000	19,802,000	99.01%
Mahmoud Yousuf Mohammed Salah Abdulaziz Jamjoom	198	1,000	198,000	0.99%
<b>Total</b>	<b>20,000</b>	<b>1,000</b>	<b>20,000,000</b>	<b>100%</b>

Source: The Company

On 17/11/1428H (corresponding to 27/11/2007G), the General Assembly approved an increase of the Company's capital from twenty million Saudi Riyals (SAR 20,000,000) to sixty million Saudi Riyals (SAR 60,000,000), divided into sixty thousand (60,000) cash shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share, through the capitalization of forty million Saudi Riyals (SAR 40,000,000) from the retained earnings account. Accordingly, the Company's capital became as follows:

**Table (4.5): Ownership Structure of the Company as at 17/11/1428H (corresponding to 27/11/2007G)**

Name	Number of Shares	Share Value	Total Share Value	Shareholding
Yousuf Mohammed Salah Abdulaziz Jamjoom	59,406	1,000	59,406,000	99.01%
Mahmoud Yousuf Mohammed Salah Abdulaziz Jamjoom	598	1,000	594,000	0.99%
<b>Total</b>	<b>60,000</b>	<b>1,000</b>	<b>60,000,000</b>	<b>100%</b>

Source: The Company

On 17/11/1428H (corresponding to 27/11/2007G), the General Assembly approved shareholder Yousuf Mohammed Salah Abdulaziz Jamjoom's decision to assign from his 59,406 shares in the Company's share capital a total of 4,206 shares to Mahmoud Yousuf Mohammed Salah Abdulaziz Jamjoom, as well as to assign a total of 19,500 shares in separate portions of 3,900 shares to be assigned to each of Walid Yousuf Mohammed Salah Abdulaziz Jamjoom, Mohammed Yousuf Mohammed Salah Abdulaziz Jamjoom, Ahmed Yousuf Mohammed Salah Abdulaziz Jamjoom, Sanaa Yousuf Mohammed Salah Abdulaziz Jamjoom and Alaa Yousuf Mohammed Salah Abdulaziz Jamjoom as new shareholders in the Company. Accordingly, the Company's share capital became as follows:

**Table (4.6): Ownership Structure of the Company as at 17/11/1428H (corresponding to 27/11/2007G)**

Name	Number of Shares	Share Value	Total Share Value	Shareholding
Yousuf Mohammed Salah Abdulaziz Jamjoom	35,700	1,000	35,700,000	59.50%
Mahmoud Yousuf Mohammed Salah Jamjoom	4,800	1,000	4,800,000	8%
Walid Yousuf Mohammed Salah Jamjoom	3,900	1,000	3,900,000	6.5%
Mohammed Yousuf Mohammed Salah Jamjoom	3,900	1,000	3,900,000	6.5%
Ahmed Yousuf Mohammed Salah Jamjoom	3,900	1,000	3,900,000	6.5%
Sanaa Yousuf Mohammed Salah Jamjoom	3,900	1,000	3,900,000	6.5%
Alaa Yousuf Mohammed Salah Jamjoom	3,900	1,000	3,900,000	6.5%
<b>Total</b>	<b>60,000</b>	<b>1,000</b>	<b>60,000,000</b>	<b>100%</b>

Source: The Company

On 09/06/1433H (corresponding to 30/04/2012G), the General Assembly approved an increase of the Company's capital from sixty million Saudi Riyals (SAR 60,000,000) to one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred thousand (100,000) Shares of equal value of one thousand Saudi Riyals (SAR 1,000) per share, through the capitalization of forty million Saudi Riyals (SAR 40,000,000) from the retained earnings account. Accordingly, the Company's share capital became as follows:

**Table (4.7): Ownership Structure of the Company as at 09/06/1433H (corresponding to 30/04/2012G)**

Name	Number of Shares	Share Value	Total Share Value	Shareholding
Yousuf Mohammed Salah Abdulaziz Jamjoom	59,500	1,000	59,500,000	59.50%
Mahmoud Yousuf Mohammed Salah Jamjoom	8,000	1,000	8,000,000	8%
Walid Yousuf Mohammed Salah Jamjoom	6,500	1,000	6,500,000	6.5%
Mohammed Yousuf Mohammed Salah Jamjoom	6,500	1,000	6,500,000	6.5%
Ahmed Yousuf Mohammed Salah Jamjoom	6,500	1,000	6,500,000	6.5%
Sanaa Yousuf Mohammed Salah Jamjoom	6,500	1,000	6,500,000	6.5%
Alaa Yousuf Mohammed Salah Jamjoom	6,500	1,000	6,500,000	6.5%
<b>Total</b>	<b>100,000</b>	<b>1,000</b>	<b>100,000,000</b>	<b>100%</b>

Source: The Company

On 09/11/1434H (corresponding to 21/01/2013G), the Company was converted from a limited liability company to a closed joint stock company with a capital of one hundred million Saudi Riyals (SAR 100,000,000), divided into ten million (10,000,000) Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share.

**Table (4.8): Ownership Structure of the Company as at 09/11/1434H (corresponding to 21/01/2013G)**

Name	Number of Shares	Share Value	Total Share Value	Shareholding
Yousuf Mohammed Salah Abdulaziz Jamjoom	5,950,000	10	59,500,000	59.50%
Mahmoud Yousuf Mohammed Salah Jamjoom	800,000	10	8,000,000	8%
Walid Yousuf Mohammed Salah Jamjoom	650,000	10	6,500,000	6.5%
Mohamed Yousuf Mohammed Salah Jamjoom	650,000	10	6,500,000	6.5%
Ahmed Yousuf Mohammed Salah Jamjoom	650,000	10	6,500,000	6.5%
Sanaa Yousuf Mohammed Salah Jamjoom	650,000	10	6,500,000	6.5%
Alaa Yousuf Mohammed Salah Jamjoom	650,000	10	6,500,000	6.5%
<b>Total</b>	<b>10,000,000</b>	<b>10</b>	<b>100,000,000</b>	<b>100%</b>

Source: The Company

On 18/12/1443H (corresponding to 17/07/2022G), the General Assembly approved an increase of the Company's capital from one hundred million Saudi Riyals (SAR 100,000,000) to seven hundred million Saudi Riyals (SAR 700,000,000), divided into seventy million (70,000,000) Shares with a fully paid nominal value of ten Saudi Riyals (SAR 10) per share, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash, through the capitalization of six hundred million Saudi Riyals (600,000,000) from the retained earnings account.

The Company's ownership structure as at the date of this Prospectus is as follows:

**Table (4.9): Ownership Structure of the Company as at the date of this Prospectus**

Name	Number of Shares	Share Value	Total Share Value	Shareholding
Yousuf Mohammed Salah Abdulaziz Jamjoom	41,650,000	10	416,500,000	59.50%
Mahmoud Yousuf Mohammed Salah Jamjoom	5,600,000	10	56,000,000	8%
Walid Yousuf Mohammed Salah Jamjoom	4,550,000	10	45,500,000	6.5%
Mohammed Yousuf Mohammed Salah Jamjoom	4,550,000	10	45,500,000	6.5%
Ahmed Yousuf Mohammed Salah Jamjoom	4,550,000	10	45,500,000	6.5%
Sanaa Yousuf Mohammed Salah Jamjoom	4,550,000	10	45,500,000	6.5%
Alaa Yousuf Mohammed Salah Jamjoom	4,550,000	10	45,500,000	6.5%
<b>Total</b>	<b>70,000,000</b>	<b>10</b>	<b>700,000,000</b>	<b>100%</b>

Source: The Company



## 4.7 Overview of the Shareholders

### 4.7.1 Yousuf Mohammed Salah Abdulaziz Jamjoom

Yousuf Mohammed Salah Abdulaziz Jamjoom was born on 01/07/1348H (corresponding to 03/12/1929G). He is one of the Company's founders and earned a diploma in commerce from the University of Wales in the United Kingdom in 1947G. For more information, please refer to Section 5.1.3 ("Biographies of the Members and Secretary of the Board") of this Prospectus.

### 4.7.2 Mahmoud Yousuf Mohammed Salah Abdulaziz Jamjoom

Mahmoud Yousuf Mohammed Salah Abdulaziz Jamjoom was born on 01/07/1378H (corresponding to 11/01/1959G). He earned a Bachelor of Science degree from Michigan State University, USA in 1985G. For more information, please refer to Section 5.1.3 ("Biographies of the Members and Secretary of the Board") of this Prospectus.

### 4.7.3 Ahmed Yousuf Mohammed Salah Abdulaziz Jamjoom

Ahmed Yousuf Mohammed Salah Abdulaziz Jamjoom was born on 06/03/1406H (corresponding to 18/11/1985G). He earned a master's in pharmacy from Ibn Sina Medical College, Jeddah in 2010G. For more information, please refer to Section 5.1.3 ("Biographies of the Members and Secretary of the Board") of this Prospectus.

### 4.7.4 Walid Yousuf Mohammed Salah Abdulaziz Jamjoom

Walid Yousuf Mohammed Salah Abdulaziz Jamjoom was born on 01/07/1378H (corresponding to 11/01/1959G). He earned a Bachelor's degree in Accounting from King Abdulaziz University, Jeddah. Walid Yousuf Mohammed Salah Abdulaziz Jamjoom has been a shareholder in the Company since November 27 2017G.

### 4.7.5 Mohammed Yousuf Mohammed Salah Abdulaziz Jamjoom

Mohammed Yousuf Mohammed Salah Abdulaziz Jamjoom was born on 01/07/1377H (corresponding to 21/01/1959G). He earned a Bachelor's degree in Medicine and Surgery from King Abdulaziz University, Jeddah in 1983G and earned a fellowship in orthopedic surgery from the Royal College of Physicians of Canada in 1993G.

### 4.7.6 Sanaa Yousuf Mohammed Salah Abdulaziz Jamjoom

Sanaa Yousuf Mohammed Salah Abdulaziz Jamjoom was born on 24/02/1371H (corresponding to 24/11/1951G). Sanaa Yousuf Mohammed Salah Abdulaziz Jamjoom has been a shareholder in the Company since 27 November 27 2017G.

### 4.7.7 Alaa Yousuf Mohammed Salah Abdulaziz Jamjoom

Alaa Yousuf Mohammed Salah Abdulaziz Jamjoom was born on 20/04/1402H (corresponding to 14/02/1982G). She earned a Bachelor's degree in Computer Statistics from King Abdulaziz University, Jeddah in 2005G.

## 4.8 Subsidiaries

The Company currently holds direct and indirect shareholdings in three subsidiaries in Egypt. During the FY 2021G, the Company's subsidiaries in Egypt accounted for approximately 9.1% of the Company's total revenues for FY21G. In addition, the Company has a subsidiary in Turkey, Jamjoom Pharmaceutical Industry and Commerce Company Limited, which is currently being liquidated.

The following table illustrates the total value of assets and net profits of the Company and its Subsidiaries for FY19G, FY20G, FY21G and the Six-Month Period Ended 30 June 2022G.

**Table (4.10): the total value of assets and net profits of the Company and its Subsidiaries for FY19, FY20G, FY21G and the Six-Month Period Ended 30 June 2022G**

Thousand of Saudi Riyals	Country of Incorporation	FY19G	FY20G	FY21G	Six Month Period Ended 30 June 2022G
<b>Jamjoom Pharmaceuticals Factory Company (Issuer)</b>					
Sales		731,733	805,314	735,683	482,081
Net Profit	The Kingdom	156,931	206,860	170,695	93,954
Assets		1,283,635	1,495,660	1,432,393	1,507,526
<b>Al-Jamjoom Pharma for Pharmaceutical Industries</b>					
Sales		51,685	59,041	67,043	31,463
Percentage of the Issuer's total sales	Egypt	7.1%	7.3%	9.1%	6.5%
Net Profit		2,893	5,361	(22)	(7,553)
Assets		56,840	165,915	229,926	238,737
<b>Jamjoom Pharmaceutical Industry and Commerce Company Limited</b>					
Sales		-	-	-	-
Percentage of the Issuer's total sales	Turkey	0.0%	0.0%	0.0%	0.0%
Net Profit		906	(29)	(11)	(7)
Assets		132	84	38	31

Source: The Company.

The following is a summary of the direct and indirect shareholdings of the Company in active subsidiaries during the FY21G, which accounted for approximately 9.1% of the Company's total revenues for FY21G:

### 4.8.1 Al-Jamjoom Pharma for Pharmaceutical Industries

Al-Jamjoom Pharma for Pharmaceutical Industries is a joint stock company established in Egypt, with a capital of thirty-five million Egyptian pounds (EGP 35,000,000), divided into three hundred and fifty thousand (350,000) shares of equal value of one hundred Egyptian pounds (EGP 100) each. It is registered in the commercial register of the city of Cairo under no. 29843, dated 26 July 2018G. The head office of Al-Jamjoom Pharma for Pharmaceutical Industries is located in Cairo, Egypt.

The main activities of Al-Jamjoom Pharma for Pharmaceutical Industries include establishing and operating a factory for the manufacture of human and veterinary medicines, medical preparations and packaging requirements of all kinds, as well as manufacturing for third parties and by third parties.

As of 30 June 2022G, the total costs of establishing the Egypt Main Facility amounted to SAR 183.8 million, which have been fully financed in cash by the Company. For further information on the Egypt Main Facility, please refer to Section 4.9.3.2.4 ("Egypt Main Facility") of this Prospectus.

The following table illustrates the ownership structure of Al-Jamjoom Pharma for Pharmaceutical Industries.

**Table (4.11): The ownership structure of Al-Jamjoom Pharma for Pharmaceutical Industries, as at the date of this Prospectus**

Shareholder	Shareholding	Number of Shares
Jamjoom Pharmaceuticals Factory Company (the Company)	99.94%	349,800
Mahmoud Yousuf Mohammed Salah Abdulaziz Jamjoom	0.03%	100
Ahmed Yousuf Mohammed Salah Abdulaziz Jamjoom	0.03%	100

Source: The Company

## 4.8.2 Jamjoom Pharma Limited

Jamjoom Pharma Limited is a limited liability company established in Egypt, with a capital of two hundred and forty thousand Egyptian pounds (EGP 240,000), divided into two thousand four hundred (2400) shares of equal value of one hundred Egyptian pounds (EGP 100) each. It is registered in the commercial register of the city of Cairo under no. 60878, dated 1 October 2017G. Jamjoom Pharma Limited is headquartered in Cairo, Egypt.

The main activities of Jamjoom Pharma Limited include the establishment and operation of a factory for the manufacture and distribution of medical preparations, medicines of all kinds and cosmetics.

The following table illustrates the ownership structure of Jamjoom Pharma Limited.

**Table (4.12): The ownership structure of Jamjoom Pharma Limited, as at the date of this Prospectus**

Shareholder	Shareholding	Number of Shares
Al-Jamjoom Pharma for Pharmaceutical Industries	99.9%	2,399
Hisham Ahmed AlSayed Ahmad	0.1%	1

Source: The Company

## 4.8.3 Al-Jamjoom Pharma for Commercial Agencies

Al-Jamjoom Pharma for Commercial Agencies is a limited liability company established in Egypt, with a capital of fifty thousand Egyptian pounds (EGP 50,000), divided into fifty thousand (50,000) shares of equal value of one (EGP 1) Egyptian pound. It is registered in the Commercial Register of the City of Cairo under No. 66694, dated 31 May 2021G. Jamjoom Pharma Company for Commercial Agencies is headquartered in Cairo, Egypt.

The main activities of Al-Jamjoom Pharma for Commercial Agencies include general trading, pharmaceutical trading, distribution and commercial agencies.

The following table illustrates the ownership structure of Al-Jamjoom Pharma for Commercial Agencies.

**Table (4.13): The ownership structure of Al-Jamjoom Pharma for Commercial Agencies, as at the date of this Prospectus**

Shareholder	Shareholding	Number of Shares
Jamjoom Pharma Limited	99.9%	49,950
Hisham Ahmed AlSayed Ahmad	0.1%	50

Source: The Company

## 4.9 Overview of the Company's Main Activities

The Company is engaged in the development, manufacturing and marketing of a wide range of high-quality branded generic pharmaceutical products. The Company markets its products in 36 countries across the Middle East, Africa and the Commonwealth of Independent States, with its headquarters in Saudi Arabia and its most significant operations and sales in Saudi Arabia, Egypt, Iraq and the GCC countries.

The Company produces pharmaceutical products (medicines) within the following therapeutic categories: Ophthalmology, Dermatology, General Medicine, Gastrointestinal (GIT), Cardiovascular (CVS), Central Nervous System (CNS), Over the Counter (OTC) and Nutraceuticals/ Consumer Health. The Company operates broadly with a wide range of products while maintaining strict quality controls, in order to earn and maintain the trust of its customers. A critical component of the Company's strategy is to contribute to achieve national and regional self-sufficiency through optimizing new product launches. For example, the Company is developing a range of high-quality diabetes management products, with expected launches into the market between 2022G and 2024G. For further information on the Company's strategy for the development of new products, please refer to Section 4.4.2 ("**Investing in multiple opportunities for portfolio expansion via R&D in both existing and new therapeutic areas**") of this Prospectus.

The Company operates a state-of-the-art manufacturing facility in Jeddah, and has constructed a new sterile facility in Jeddah that is scheduled to open during the second half of 2023G. The Company has also built a manufacturing facility in Egypt that is scheduled to open during the second half of 2023G.

The Company has a robust research and development department that employs over 91 people and has the capacity to develop 12 to 15 products per year. These new products complement the Company's existing portfolio of therapeutic categories and add new products such as anti-diabetic products, which are very important in the markets in which the Company operates.

The Company generates revenue from the sale of its pharmaceutical products to distributors, who purchase the Company's products directly and resell them onward to downstream customers such as hospitals, pharmacies, doctors and other healthcare providers.

The Company classifies its business operations as “technical” operations, which relate to the development and manufacturing of its products, and “commercial” operations, which focus on the marketing, sales and distribution of the finished products.

## 4.9.1 Key Performance Indicators

The following table sets forth the Company’s key performance operating metrics, which Management consider to be its key performance indicators for the past three financial years and the Six Month Period Ended 30 June 2022G.

**Table (4.14): The Company’s Key Performance Indicators**

Key Performance Indicator	FY19G	FY20G	FY21G	Six Month Period Ended 30 June 2021G	Six Month Period Ended 30 June 2022G
<b>Financial</b>					
Gross Profit Margin (%)	57.7%	63.7%	64.5%	63.5%	65.8%
EBITDA Margin (%)	29.8%	33.8%	29.0%	16.9%	22.8%
Net Profit Margin	21.4%	25.7%	23.2%	9.0%	19.5%
Key Performance Indicator	FY19G	FY20G	FY21G	Six Month Period Ended 30 June 2022G	
<b>Non-Financial</b>					
Research and development as % of sales	N/A	4.50%	5.0%	3.4%	
Capacity utilization (%)	75%	83%	87%	85%	
Number of production lines	12	12	12	12	

Source: The Company

## 4.9.2 Products

### 4.9.2.1 Overview

As at 30 June 2022G, the Company produced more than 100 different pharmaceutical products within eight therapeutic segments. The following table illustrates the Company’s therapeutic segments, and includes the number of brands offered and an illustrative list of brands within each therapeutic segment:

**Table (4.15): Categories of products offered by the Company as at 30 June 2022G**

Therapeutic segment	Number of Brands	Selection of Brands
Ophthalmology	26	Hyfresh, Xolamol, Optidex-T, Tymer
Dermatology	14	Elica, Acretin, Lamifin, HiQuin
Gastrointestinal	5	Dompy, Meva, Aciloc, Zoron
Cardiovascular	9	Amvasc, Astatin, Lisino
General Medicine	15	Relaxon, Prima D3, Azi-Once
Central Nervous System (CNS)	8	Sequit, Lavie, Sumarex
Over the Counter (OTC)	10	Triopan, Contra, Betasept, Miragel, Rexofil, Flexall Plus
Nutraceuticals/Consumer Health	31	JP Vitamin D3, JP Omega 3, JP Melatonin

Source: The Company

For an overview of the Company’s revenue by therapeutic segment, please refer to Section 6 (“Management Discussion and Analysis of Financial Position and Operating Results”) of this Prospectus.

#### 4.9.2.2 Ophthalmology

The Company was one of the first in the Saudi market to develop manufacturing capabilities in the ophthalmology segment. The Company owns unique two sterile manufacturing units through which it produces all forms of ophthalmology products with improved and innovative features such as multi-dose bottles and unit dose "Hyfresh UD". The Company has also worked to establish strong bonds and relationships with key customers and societies within the ophthalmology industry, including the Saudi Ophthalmological Society, King Khalid Hospital, Maghrabi hospitals, the European Society of Cataract & Refractive Surgeons, the American Academy of Ophthalmology and the World Glaucoma Association, and cooperates locally and globally to arrange different continuing medical education (CME) programs and workshops that help the industry specialists obtain the most up-to-date information and techniques/surgical procedures within the ophthalmology field.

As of 30 June 2022G, the Company's ophthalmology portfolio consisted of 30 stock keeping units (SKUs) under 26 brands. The Company's key products within its ophthalmology segment include dry eye products, miotics antiglaucoma prep and anti-infectives-eye medications under brand names such as Hyfresh, Xolamol, Optidex-T and Tymer. The Company sells its ophthalmic products in 31 countries, of which Saudi Arabia, Iraq and Egypt were the largest markets by sales in FY21G. Ophthalmology segment sales accounted for 32% and 26.4% of the Company's total revenues for FY21G and the Six Month Period Ended 30 June 2022G, respectively.

#### 4.9.2.3 Dermatology

The Company offers a wide range of branded dermatology products and innovative solutions, thus offering higher value to patients, in support of various continuing medical education (CME) programs that will help healthcare professionals and their patients acquire the most up-to-date information and gain more knowledge through exposure to recent guidelines and the most advanced and innovative approach to dermatology.

As of 30 June 2022G, the Company's dermatology portfolio consisted of 23 SKUs under 14 brands. The Company's key products within its dermatology segment include top corticosteroids combs, topical anti-acne preps and top corticosteroids plain under brand names such as Elica, Acretin, Lamifen and HiQuin. The Company offers its dermatology products in 30 countries, of which Saudi Arabia, Iraq and Egypt were the largest markets by sales in FY21G. Dermatology segment sales accounted for 21% and 15.9% of the Company's total revenues for FY21G and the Six Month Period Ended 30 June 2022G, respectively.

#### 4.9.2.4 Gastrointestinal

The Company is well established in the Saudi gastrointestinal market, presenting a wide range of solutions for all GIT disorders with proton pump inhibitors, gastroprokinetics, serotonin receptor antagonists, H2 blockers, antispasmodics and oral antifungals. A market leader in Saudi Arabia, the Company also has a strong pipeline of new products within this segment that it believes will help it to strengthen and increase its market position.

As of 30 June 2022G, the Company's gastrointestinal portfolio consisted of 10 SKUs under 5 brands. The Company's key products within its gastrointestinal segment include antiemetics, antinauseants, gastroprokinetic and antiulcerants under brand names such as Domp, Meva, Acilol and Zoron. The Company offers its gastrointestinal products in 20 countries, of which Saudi Arabia, UAE and Iraq were the largest markets by sales in FY21G. Gastrointestinal segment sales accounted for 8% and 8.5% of the Company's total revenues for FY21G and the Six Month Period Ended 30 June 2022G, respectively.

#### 4.9.2.5 Cardiovascular

Due to the high prevalence of cardiovascular diseases in the Middle East region, the Company introduced a number of medications designed to help cardiovascular patients. As of 30 June 2022G, the Company's cardiovascular portfolio consisted of 34 SKUs under 9 brands. The Company's key products within its cardiovascular segment include calcium antagonists plain, lipid lowering medications and beta blocking agent plain under brand names such as Amvasc, Astatin and Lisino. The Company sells its cardiovascular products in 5 countries, of which Saudi Arabia and UAE were the largest markets by sales in FY21G. Cardiovascular segment sales accounted for 5.7% and 5.6% of the Company's total revenues for FY21G and the Six Month Period Ended 30 June 2022G, respectively.

#### 4.9.2.6 General Medicine

The Company has a well-established range of products in general medicine, diversified over various categories such as antibiotics, antihistamines, ortho/pain relief and respiratory medicine. As of 30 June 2022G, the Company's general medicine portfolio consisted of 33 SKUs under 15 brands. The Company's key products within its general medicine segment include muscle relaxants, central and antirheumatic non-steroids under brand names such as Relaxon, Prima D3 and Azi-Once. The Company offers its general medicine products in 25 countries, of which Saudi Arabia, Iraq and Egypt were the largest markets by sales in FY21G. General medicine segment sales accounted for 23% and 16.8% of the Company's total revenues for FY21G and the Six Month Period Ended 30 June 2022G, respectively.

#### 4.9.2.7 Central Nervous System

Recognizing the burden of CNS disorders and their negative impact on patients, their families and the community, the Company offers a wide and fast-growing range of products that help in fighting against CNS diseases. As of 30 June 2022G, the Company's CNS portfolio consisted of 21 SKUs under 8 brands. The Company's key products within the CNS segment include antipsychotics, anti-epileptics, antidepressants and mood stabilizers. The Company currently offers its CNS products only in Saudi Arabia. CNS segment sales accounted for 1% and 2.9% of the Company's total revenues for FY21G and the Six Month Period Ended 30 June 2022G, respectively.

#### 4.9.2.8 OTC

Over-the-counter (OTC) medicine is medicine that can be purchased without a prescription from physicians. The SFDA allows the purchase in Saudi Arabia of over-the-counter medicines without the need for a prescription to treat body aches, migraines, or other minor and recurring health problems, such as allergies.

As of 30 June 2022G, the Company's OTC portfolio consisted of 15 SKUs under 10 brands in topical cream, ointment, oral gel and mouthwash, vaginal douche, oral tablets, syrup, capsules, and soft gel capsules. The key products within the OTC segment include Triopan syrup, Contra soft gel capsules, Betasept mouthwash and vaginal douche, Miragel oral gel, Rexofil tablets and Flexall Plus topical cream. The Company offers its OTC products in Saudi Arabia, UAE, Kuwait, Bahrain, Oman and Libya, of which Saudi Arabia, UAE and Oman were the largest markets by sales in FY21G. OTC sales accounted for 1% and 8.3% of the Company's total revenues for FY21G and the Six Month Period Ended 30 June 2022G, respectively.

#### 4.9.2.9 Nutraceuticals/Consumer Health

The Company launched its nutraceutical/consumer health segment in 2014G under the brand JP Nutraceuticals. Nutraceuticals are defined as a food that provides the body with medical or health benefits, including the prevention and treatment of a disease. It is seen as a more natural way to accomplish therapeutic results with minimal side effects.

As of 30 June 2022G, the Company's nutraceutical and consumer health portfolio consisted of 44 SKUs under 31 brands in oral soft gel capsules, hard gelatin capsules and tablets. The Company's nutraceutical and consumer health products include dietary supplements and vitamins in eight categories: omega, slimming, herbal extracts, antioxidants, beauty, vitamins, immunity and energy. The Company offers its nutraceutical and consumer health products in Saudi Arabia, UAE and Kuwait. Nutraceutical/consumer health segment sales accounted for 9% and 14.8% of the Company's total revenues for FY21G and the Six Month Period Ended 30 June 2022G, respectively.

### 4.9.3 Technical Operations and Manufacturing

#### 4.9.3.1 Suppliers

##### 4.9.3.1.1 Overview of the Company's Suppliers

The majority of the raw materials used in the manufacturing of the Company's products are supplied from external sources, including other manufacturers, licensees, agents and traders.

The most significant raw material used in the manufacturing process are API, which comprised 74% of all raw material purchases in FY21G. Other key materials include excipients, EGC and coating materials, which comprised 22%, 3% and 2% respectively, of all raw material purchases in FY21G.

The Company sources its API from suppliers around the world. The Company sources primary packaging materials such as bottles and foils primarily from suppliers in Europe. Secondary packaging such as cartons and leaflets are sourced locally within Saudi Arabia.

##### 4.9.3.1.2 Supply Strategy

With approximately API and raw materials costs representing approximately 11% of the Company's revenue in the Six Month Period Ended 30 June 2022G, API sourcing from 95 suppliers represents one of the Company's largest cost components. The Company's top five suppliers of finished API products together supplied approximately 42% of the Company's total finished API requirements in FY21G. An important part of the Company's strategy is to source high quality API from reliable sources at competitive prices. The API sourcing function allows the Company to follow different raw material sourcing strategies for each of its different product lines whilst using aggregate volumes as a basis for increasing its negotiating power with suppliers.

The Company uses a variety of methods to ensure it can regulate the supply of APIs it needs for production, including the use of exclusive supply contracts and partnerships. Approximately 90% of APIs used in the Company's products are imported, as there is only one API manufacturer in Saudi Arabia. The global pharmaceutical business is characterized by a limited number of certain API suppliers. This is particularly the case in respect of the supply of sterile products suppliers. Whilst the Company endeavors to maintain at least two qualified suppliers for most of its products, this is not always possible. For example, approximately 80% of active pharmaceutical products had a single API supplier during 2021G. Please refer to Section 2.1.1 ("Risks relating to the Company's supply chain") of this Prospectus. A key element of the Company's API sourcing strategy is, therefore, building strong long-term mutually beneficial relationships with API suppliers to ensure continuity and security of supply. To the extent alternative API suppliers are available, the Company aims to register the use of such suppliers with the appropriate authorities. By doing so, the Company aims to create an option to switch to an alternative supplier in case the main supplier becomes unavailable, thus reducing the risk of API supply disruption.

Like other manufacturers of pharmaceuticals and other goods, the Company has in recent years experienced issues in its supply chain affected by COVID-19 and related challenges. These included reductions in the availability of raw materials caused by reduced supplier output from COVID-19 related shutdowns, which resulted in a large increase in backlogs of orders with ensuing logistical bottlenecks, as well as cost increases in raw materials and finished products at the supplier level and increases in logistics costs. This has resulted in lengthier sourcing periods for APIs and significant increases in costs of raw materials and shipping for the Company. The Company has worked to mitigate these challenges by expanding its supplier list and further developing its relationships with its existing suppliers.

The Company maintains a certain amount of safety stock of raw materials necessary to manufacture certain of its key products at its facilities to cover at least 180 days' worth of its production requirements. Although a change in suppliers could require significant effort and/or investment by the Company, the Company does not believe that the loss of any existing supplier would have a material adverse effect on its business.

#### 4.9.3.1.3 Key Suppliers

The Company's top 10 suppliers as of 30 June 2022G (in terms of purchase value) for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G represented 28.2%, 27.8%, 42.0% and 32.4% of the Company's total purchases, respectively.

The following table provides an overview of the Company's key suppliers:

**Table (4.16): Top 10 Suppliers of the Company as at 30 June 2022G in terms of purchase value**

Supplier's Name	Location	Material supplied	% of total purchases in FY19G	% of total purchases in FY20G	% of total purchases in FY21G	% of total purchases in the Six Month Period Ended 30 June 2022G
Tegan Al Fateh Factory Ltd.	KSA	Packaging Materials	7.8%	6.4%	10.5%	7.0%
Shanghai Jiatian Pharmatech Co. Ltd.	China	Aluminum Derma Tube	5.0%	5.9%	7.7%	3.6%
Mohanad Tabuk for Trading Establishment	KSA	Packaging Materials	2.8%	1.8%	2.2%	2.9%
Jubilant Generics Company	India	Active Pharmaceutical Ingredient Supplier	1.0%	1.9%	4.8%	2.5%
International Printing Company	KSA	Glass eye sets	-	0.0%	0.6%	2.5%
Dr. Reddy's Labs	India	Active Pharmaceutical Ingredient supplier	2.1%	3.5%	4.5%	6.3%
Ercros Company	Spain	Active Pharmaceutical Ingredient supplier	2.6%	2.5%	4.0%	2.0%
Syn Tech Chem & Pharm Ltd.	Taiwan	Active Pharmaceutical Ingredient supplier	3.2%	1.6%	3.0%	1.7%
Contipro AS	Czech Republic	Active Pharmaceutical Ingredient supplier	3.3%	3.3%	3.0%	2.1%
Chemifine DMCC	United Arab Emirates	Active Pharmaceutical Ingredient supplier	0.3%	1.0%	1.5%	1.9%
<b>Total of top 10 suppliers</b>			<b>28.2%</b>	<b>27.8%</b>	<b>42.0%</b>	<b>32.4%</b>

Source: The Company

#### 4.9.3.1.4 Standard supply terms

The Company's relationship with its suppliers is regulated in most cases under standardized supply contracts. Supply contracts include commercial terms, such as delivery and return policy, shelf life of products, and payment for supplies; duration of the contract and provisions for termination and renewal (if any) granted to the parties; product purchase prices; incentives; discounts based on early payment; and others.

For more information on the terms of supply contracts with Key Suppliers, please refer to Section 12.6.2 ("Key Supply Agreements") of this Prospectus.

## 4.9.3.2 Manufacturing

### 4.9.3.2.1 Overview

As of 30 June 2022G, the Company had three state-of-the-art manufacturing facilities in operation or under construction, two in Jeddah (one operational and one in the final stages of construction) and one to be opened during the second half of 2023G in Egypt.

The Group currently manufactures pharmaceutical products in "finished dose form" ("FDF"), which include solid, semi-solid, liquid and sterile pharmaceutical products (medicines). As of 30 June 2022G, the Company's three manufacturing facilities were serviced by 559 employees.

The following is an overview of the Company's policy in relation to the methods used in the manufacturing of its products:

- The manufacturing of solid dosage forms includes the use of approved raw materials that are transferred to processing rooms where sizing and blending occurs. The ingredients are milled into approximately similar sizes and then blended to become uniform doses. Some products are then granulated to prevent segregation of the powder mix. Granulation involves compacting the relevant products via a wet or dry process. The powder blends are either compressed into a tablet on a tablet press or filled into a capsule on an encapsulation machine. Each batch is tested to ensure it meets the relevant chemical release specifications and that no deviations from the validated manufacturing process have occurred before it is released into the market.
- The manufacturing of sterile pharmaceutical products requires the use of clean rooms, bacteria retaining filters, dry or steam heat sterilization. Sterility assurance during manufacturing must be implemented and maintained throughout the production process. Each production line manufactures one product at a time, starting with ampoules or vials being washed and sterilized. The ampoules or vials are then filled with the product under aseptic controlled environmental conditions and subsequently sealed. Sterility of the manufactured products is ensured through tight monitoring and control of the manufacturing environment. The sealed containers undergo a full inspection to remove any cosmetic defects and ensure all containers are essentially free of visible particulate matter before the product is released for sale.
- The Company's production lines rely on the latest medicine manufacturing technology "automated compact lines", which is considered as one of the largest medicine manufacturing equipment in the world. All 3 facilities are powered by advanced machinery and manufacturing lines from renowned blue-chip manufacturers such as Bosch, Getinge and Steris.
- The Company complies with regulatory norms, including SFDA, WHO and cGMP, and has received Quality System Management (ISO 9001-2015), CE Mark for Medical Device (ISO 13485) certifications. Moreover, the Company ensures that its ISO-certified facilities are operated at all times in line with international best practices.
- The Company conducts its activities under several regulatory and operational permits and certificates, including the industrial facility license (issued by the Ministry of Industry and Mineral Resources), the factory of pharmaceutical products license (issued by the SFDA), the Good Manufacturing Practice (GMP) certificate (issued by the SFDA) and the operation permit (issued by the Saudi Authority for Industrial Cities and Technology Zones).
- A staff of approximately 500 employees is working in the Jeddah Main Facility. A staff of approximately 150 employees will be working in the Egypt Main Facility, which is expected to open during the second half of 2023G. Moreover, approximately 50 employees will be working in the Jeddah Sterile Facility, which is expected to open during the second half of 2023G.
- The Production management focuses on the training and development of the production floor team, which consists of supervisors, operators and assistants. A training record and skill matrix are maintained for each individual and periodically reviewed for evaluation and identification of training needs. In particular, the Company is training approximately 559 employees in terms of quality control standards in accordance with the Good Manufacturing Practices (GMP). The Company assesses and updates the training programs on a periodic basis to ensure the application of the Good Manufacturing Practices (GMP). Additionally, the personnel are well trained on safe handling and storage of materials.

In addition, the Company intends to extend the scope of its manufacturing operations through the launch of the operations of the Egypt Main Facility, which is expected to open during the second half of 2023G.

### 4.9.3.2.2 Jeddah Main Facility

The Company's oldest and largest manufacturing facility is located in the Industrial Zone, Phase 5, Block 3, MI Jeddah, Saudi Arabia. This facility, developed in accordance with best industry practices and equipped with the best globally available pharmaceutical equipment from renowned international manufacturers for each of the manufacturing lines, opened in 2000G.

The plant was originally designed as an integrated compact manufacturing facility which would handle all the different dosage manufacturing lines in one building. Subsequently as volumes picked up, they were accommodated in standalone facilities in separate plants dedicated to each product line / dosage form. As the Company's business grew, the Jeddah Main Facility was expanded in three additional phases in 2011G, 2016G and 2019G. The facility currently occupies land of approximately 46,500 m<sup>2</sup>, with a built-up area of 19,000 m<sup>2</sup> with a production capacity of 113 million units and has a staff of approximately 500.

The Company set up the first state-of-the-art soft gel capsule manufacturing line in 2014G, which facilitated the Company's entry into the nutraceuticals segment, and making the Company the first in the region to focus on nutraceutical categories of products. The Company expanded on this capability by adding a second production line in 2017G.



The Jeddah main facility is capable of producing solid dosage forms (tablets and capsules), oral liquids (syrups and suspensions), dermal creams, ointments and gels, multi dosage forms (dry powder for suspension) and ampules. The facility also is able to produce sterile dosage forms (ophthalmic eye drops--both conventional and BFS-and injectables) and soft gelatin capsules.

The facility has the following production lines:

- Solid Doses - Tablets and Capsules;
- Sterile Doses - Eye drops and injections;
- Oral fluids - canned and regular drinks;
- Multiple Dosage Forms - Dry Suspension Powder;
- Dermal creams, ointments and gels;
- Form, fill and seal facility - sterile eye drops, single and multiple doses;
- Soft gelatin capsules.

The Company established its first state-of-the-art facility for manufacturing soft gelatin capsules in 2014G, facilitating its entry into the nutraceutical sector and making it the first company in the region to focus on the vitamin/consumer health supplement category. The Company expanded in this field and added a second production line in 2017G.

The Jeddah Main Facility also includes a well-equipped warehouse adhering to all pharmaceutical industry standards that is designed to ensure a smooth flow of raw materials and finished goods. The warehouse has a total storage capacity of 7,000 pallets and stores raw materials from suppliers pending the production process, as well as finished goods awaiting dispatch.

The Jeddah Main Facility complies with regulatory norms, including SFDA, WHO and cGMP, and has received Quality System Management (ISO 9001-2015), CE Mark for Medical Device (ISO 13485) certifications.

#### 4.9.3.2.3 Jeddah Sterile Facility

In 2019G the Company commenced construction on a new sterile facility in Jeddah located near the existing Jeddah Main Facility, which will focus on producing ophthalmic and triple the Company's unidose production capacity. The Jeddah Sterile Facility is scheduled to open during the second half of 2023G, and after its initial ramp up period is expected to be at its full production capacity by the second half of 2023G.

The Jeddah Sterile Facility will have two production lines for ophthalmic products, with a production capacity (on a shift of 8 hours basis) of:

- 1.52 million units of eye drops.
- 20 million units of multi-dose bottles.
- 3.28 units of injections.

The facility will occupy land of approximately 7,500 m<sup>2</sup> with a built-up area of approximately 4,400 m<sup>2</sup>, with a staff of approximately 50.

#### 4.9.3.2.4 Egypt Main Facility

The Company has exported its products to Egypt since 2002G, as Egypt is one of the biggest markets in the region. In 2019G the Company commenced construction on a new manufacturing facility in Egypt, located in Obour approximately 35 kilometers northeast of Cairo, which will focus on producing ophthalmic. This facility is scheduled to open during the second half of FY23G, and after its initial ramp up period is expected to be at its full production capacity by the second half of 2023G. The facility will initially focus on manufacturing products for the Egyptian market, allowing the Company to increase its portfolio in the market with locally produced pharmaceuticals, thus avoiding import restrictions and reducing the administrative burden and costs required for products imported from Saudi Arabia. The Egypt Main Facility will also enable the Company to more cost effectively distribute its products in its other markets in North Africa.

This facility has the following three production lines:

- Oral solid dosage forms (e.g. tablets and capsules), with a production capacity of 21.6 million units annually;
- Dermal products (creams, ointments and gels), with a production capacity of 14.4 million units annually; and
- Sterile dosage forms (ophthalmic eye drops), with a production capacity of 15.8 million units annually.

The aforementioned production lines rely on the latest medicine manufacturing technology "automated compact lines", which is considered as one of the largest medicine manufacturing equipment in the world.

Manufacturing in each of these segments will initially begin with one production line, with the capacity to install an additional production line as and when capacity requirements warrant.

The facility also has independent quality control labs, administrative offices and a small area allocated for R&D use in the future (with the bulk of R&D remaining at the Company's main facility in Jeddah).

As of 30 June 2022G, the total costs of establishing the Egypt Main Facility amounted to SAR 183.8 million, which have been fully financed in cash by the Company.

The facility occupies land of approximately 15,527 m<sup>2</sup> with a built-up area of approximately 7,500 m<sup>2</sup>, and has a staff of more than 150 employees.

## 4.9.4 Commercial Operations and Sales

### 4.9.4.1 Key Markets

The following table provides an overview of the Company's activities in its key markets:

**Table (4.17): Overview of the Company's key markets**

Country	Manufacturing presence	Marketing presence	Sales presence
KSA	✓	✓	✓
Egypt	✓	✓	✓
Iraq		✓	✓
UAE		✓	✓
Other markets (32 countries)		✓	✓

Source: The Company

The following table provides a summary of products offered in the Company's key markets during the periods indicated:

**Table (4.18): Brands offered and sales in key markets**

Country	FY19G		FY20G		FY21G		Six-Month Period Ended 30 June 2022G	
	Number of brands	Sales (SAR million)	Number of brands	Sales (SAR million)	Number of brands	Sales (SAR million)	Number of brands	Sales (SAR million)
KSA	82	422.5	95	538.7	111	466.1	112	324.2
Egypt	18	51.7	19	59.0	19	67.0	19	31.5
Iraq	28	66.0	26	51.5	29	64.6	29	44.4
UAE	42	75.3	37	51.7	36	21.9	36	32.1
Other markets (32 countries)	63	116.2	61	104.4	61	116.1	61	49.9
<b>Total</b>	<b>84</b>	<b>731.7</b>	<b>96</b>	<b>805.3</b>	<b>114</b>	<b>735.7</b>	<b>115</b>	<b>482.1</b>

Source: The Company

In each country importation, warehousing and distribution is handled by local distributors appointed by the Company. In the key markets such as Saudi Arabia, Egypt, the GCC countries and Iraq, the Company has a direct presence through its own professional sales teams, while in the smaller markets the specially trained staff from the distributors handle the function.

### 4.9.4.2 Distribution

The Company sells its products to distributors, who purchase the manufactured products directly from the Company and resell them onward to downstream customers. These distributors handle the warehousing and distribution logistics for the products and are responsible for collecting and servicing the orders placed by end customers, assuming the risk and expense of warehousing, transport, resale and delivery to the downstream customers.

The value of contracts concluded with the ten key distributors accounted for about 69.2%, 86.0%, 81.3% and 89.5% of the Company's total income for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively.

The distributors accept delivery of their purchases directly at the Company's production facility. Consequently, the Company does not incur expenses incurred in the resale and delivery of those products to downstream customers, as these distributors operate their own distribution networks, including warehouse, storage space, trucks and drivers.

For a summary of the key terms of the Company's agreements with its distributors, please refer to Section 12.6.1 ("Key Distribution Agreements") of this Prospectus.

The following table below shows the Company's top 10 distributors based on revenue contribution for FY21G and the Six Month Period Ended 30 June 2022G (ordered alphabetically):

**Table (4.19): Top 10 Distributors of the Company for FY21G based on 2021G Collected Revenues**

Distributor	Market
Jamjoom Medicine Store	KSA
Ibn Sina Pharmacy LLC	Oman
Farouk, Maamoun Tamer & Co.	KSA
Meena Health Care	Iraq
Alaq AlMamorah Scientific Bureau	Iraq
Unicare Medical Trading LLC	UAE
Mohammed Naser Al Hajery & Sons	Kuwait
Bottu S.A.	Morocco
National Company for the Unified Procurement of Medicines, Devices and Medical Supplies (NUPCO)	KSA
Ibn Sina Pharma	Egypt

Source: The Company

**Table (4.20): Top 10 Distributors of the Company based on Revenues Collected in the Six Month Period Ended 30 June 2022G**

Distributor	Market
Jamjoom Medicine Store	KSA
Ibn Sina Pharmacy LLC	Oman
Farouk, Maamoun Tamer & Co.	KSA
Meena Health Care	Iraq
Alaq AlMamorah Scientific Bureau	Iraq
Unicare Medical Trading LLC	UAE
Mohamed Naser Al Hajery & Sons	Kuwait
Bait Al Dawa Scientific Bureau	KSA
National Company for the Unified Procurement of Medicines, Devices and Medical Supplies (NUPCO)	KSA
Ibn Sina Pharma	Egypt

Source: The Company

## 4.10 Research and Development

Research and development is a critical driver of the Company's future growth. The Company's R&D function aims to increase the number of approvals that the Company submits to regulatory authorities with the aim of continuing to provide a stable supply of new pharmaceutical products meeting the healthcare needs of the Company's markets.

In 2021G, 25 new product approvals were obtained from the SFDA across various therapeutic category portfolios, including anti-diabetics, cardiovascular, ophthalmic, general medicines, OTC, and consumer healthcare. In the same year, a total of 78 dossier approvals were received from 12 different health authorities in the Company's international and GCC market regions.

The principles of CMC (chemistry, manufacturing, and control) guide the development of processes needed for approval by regulatory authorities, and define the information needed to manufacture pharmaceutical products. R&D activities are synchronized to provide the Company with a competitive advantage in the new patent regime and stringent regulatory scenarios. The next phase of the Company's ongoing R&D strategy includes developing differentiated products, expansion into new therapeutic areas, novel drug delivery systems and innovative technologies. These new products will complement the Company's existing portfolio of therapeutic categories and add new categories such as anti-diabetic products, which are very important in the markets in which the Company operates.

The Company's product development process encompasses the following:

- Where applicable, reference products are thoroughly screened with extensive literature surveys through books, journals and online.
- Extreme care is taken to ensure that the end product encompasses all predefined characteristics leading to a product meeting the applicable safety, efficacy, and quality requirements.
- Where applicable, the design of experiments, stability testing and application of statistical analysis on in-vitro dissolution studies are developed and applied to the product under development. The in-vitro experimentation and analysis guides product development strategy to ensure the in vivo (inside the body) behavior of the drug.
- Following initial prototype development, three scaled up batches are manufactured in compliance with the international guidelines and subjected to stability testing at various conditions as defined by the SFDA, ICH and US FDA guidelines. During this stage of stability, the samples at predefined frequency are analyzed to assess the stability as per pre-defined specifications.
- Where applicable, clinical studies like bioequivalence studies are undertaken on the scaled-up batches. These studies are carried out at centers approved by the GCC and SFDA. These studies are vital to ensure that the product is similar to the reference product including the in vivo behavior by meeting the bioequivalence criteria for different pharmacokinetic parameters which establishes safety and efficacy of the product as per the guidelines.
- Products meeting all the pre-requisites of safety, efficacy and quality are submitted to the relevant regulatory agencies in applicable countries for obtaining marketing authorizations.
- All technical documents are compiled into common technical documents (CTD) format as per the ICH requirements for Registration of Pharmaceuticals for Human Use into five different modules which includes Administrative and prescribing information, Overview and summary of pharmaceutical drugs, Quality (Pharmaceutical documentation), Pre-clinical (Pharmacology / Toxicology) and Clinical (Efficacy and Safety).
- Robustness of the manufacturing process is established through a process validation exercise carried out on three commercial scale batches, which are subjected to stability studies. The data is submitted to regulatory agencies for verification and approval, ensuring that the processes established for each product are valid and continue to meet the pre-set high standards.

In conducting its R&D activities, the Company is aware of the intellectual property landscape and operates in strict observance of patent expiry dates in all territories. However, where feasible, the Company has developed technical and legal strategies that have led to earlier launch of products in various markets.

Within the Company's R&D team, different functional sections are established to function independently but in a coordinated manner and the efforts of each section are structured to ensure that products are available in time for registration. These functional sections include:

- **Project management and scientific affairs unit**, which treats each project as a unique exercise to achieve planned objectives of new product development for portfolio enrichment through the application of processes, methods, skills, knowledge, and experience. Time, cost, and quality are the building blocks of every project undertaken for development which then passes through different phases of conception & initiation, definition & planning, execution, monitoring & control, and project closure.
- **Patent and IP unit**, which is primarily responsible for patent and other IP filings, including IP (patent) clearance, non-infringement analysis (identifying IP infringement), patent literature search and technology know how, as well as coordination with applicable governmental patent offices, making patent filings, and handling prosecutions.
- **Formulation & development unit**, which executes various functions including new product evaluation and feasibility, support to supply chain for identification and sourcing of new active and inactive ingredients, support to engineering for procurements of new equipment, tooling, change parts, lab scale formulation development and lab scale stability study, scale up, engineering, exhibit batch manufacturing, report preparation for regulatory submission, support to addressing regulatory queries for new product approval, trouble shooting in ongoing commercial batch and product life cycle management.
- **Packaging development unit**, which proposes packaging solutions for new products, supports product development by selecting the packaging materials which are cost effective and suitable to maintain the product quality throughout its shelf life, and supports commercial product packaging activities to ensure smooth operations.
- **Artwork and labelling development unit**, which develops artworks and patient information leaflets for all the products and markets where the Company operates. Regulatory queries on artwork, engineering and final printing of artworks are prepared and coordinated by this unit for commercial manufacturing with different stakeholders.
- **Analytical method development unit**, which develops testing methods for raw materials like APIs and excipients, finished products. The developed methods are subjected to a thorough method validation process meeting the requirements of international standards established in SFDA, US FDA, and ICH guidelines. Drug Master Files (DMFs) of active pharmaceutical ingredients are also reviewed for compliance to ensure that the best quality raw materials are utilized for product development. New product development trials and pre-stability studies of prototype formulation are also carried out to develop the knowledge and know-how of the products contributing to the intellectual and technological learning on new products. Comparative dissolution profiles, degradation and stress studies, characterization of impurities are an integral part of product development and analytical activities which are documented in the dossiers that are built to support the regulatory submissions.

- **Bioequivalence study unit**, which is responsible for bioequivalence study management, clinical research organization management, study protocol review and finalization, comparative in-vitro dissolution review, reference drug procurement, pharmacokinetic and statistical analysis using WinNonlin PK software and preparation of summary documents for regulatory agency submissions meeting eCTD requirements.
- **Regulatory Affairs unit**, which includes separate local Saudi and international sections to ensure compliance with local Saudi and international market regulatory bodies. The RA unit ensures the timely creation, preparation, and submission of organized and scientifically valid regulatory submissions to the SFDA and other GCC and international regulatory authorities. It develops and implements regulatory strategies for the earliest possible product approvals. It obtains current, relevant regulatory information (i.e. SFDA, GCC and other guidance), distills the important sections and shares with respective stakeholders for compliance and updating the information to keep the Company abreast of the latest developments and requirements.

The Company's R&D department employs over 80 people and has the capacity to develop 12 to 15 products per year. In 2021G, the Company submitted ten (10) new product regulatory filings for registration of pharmaceutical products (medicines) to the SFDA, and about 380 dossiers in 26 countries, which includes registration of new products (i.e. new pharmaceutical compounds not currently marketed by the Company in international markets).

## 4.11 Quality Operations

Quality is at the heart of the Company's manufacturing. Irrespective of applicable legal and compliance requirements, the Company is ethically bound to the development, manufacture and release of a quality product. It has not only adopted US FDA, EU, ISO, AUPAM standards and other standards such as current Good Manufacturing Practices (cGMP), current Good Laboratory Practices (cGLP) and International Conference for Harmonization (ICH) guidelines for conducting the stability of the product, but has also developed its own standards to ensure that its products are consistently developed to predefined standards.

The Company applies an integrated quality management system based on international ISO standards, which ensures that quality control measures are adhered to during all operational processes. The Company has obtained ISO 9001, ISO 1348, ISO 14001 and ISO 45001 certificates for its Jeddah Main manufacturing facility.

The Company's focus on ensuring quality is demonstrated at every stage of the production process, from raw materials to finished product:

- **Quality of raw materials:** The Company uses quality raw materials from approved vendors having drug master files (DMF) or other certificate of suitability (CEP) from reputable agencies such as the SFDA, the US FDA and EU drug authorities. These raw materials are stored in a well-designed, segregated warehouse at an appropriate temperature until required. These raw materials are analyzed to the Company's predefined standards, using the latest and most sophisticated measuring instruments to determine their quality standards. Only suitable ones are accepted and the rest are rejected.
- **Quality of packaging materials:** The Company uses packaging components sourced primarily from Europe, and these are treated in a similar manner to raw materials in terms of storage and analysis.
- **Quality of semi-finished commercial products:** Products are manufactured with stringent validated quality process and controls to ensure reproducible product quality, and further analyzed as per quality specifications to ensure product quality prior to final packaging.
- **Quality of finished commercial products:** Each final commercial batch produced undergoes checking with respect to the approved quality specification. This further ensures that the product is of the required quality. It is stored at the appropriate controlled temperature in the Company's warehouse and distributed via a temperature controlled transport system.

### 4.11.1 Quality Control

The Company's advanced microbiological quality control testing facility, which meets international standards, provides a wide range of support for ensuring the compliance of its products and facilities. The microbiology quality control section conducts tests on raw materials, bulk, finished products and packaging materials. In addition, an experienced team ensures that facilities, equipment, processes, products and methods meet the required standards.

In addition to skilled and trained staff, the Company uses state-of-the-art analysis equipment. To ensure the highest standards of compliance and quality, various tests are conducted at different stages from raw materials to finished products. This is achieved by using a wide range of analytical techniques ranging from simple physico-chemical tests to complex chromatographic and spectrometric techniques.

The Company employs quality systems which require strict adherence to cGMP/GLP regulations and its entire quality system is monitored from sample receipt to report generation. The methods utilized for quality control include USP methods, Ph Eur methods, BP methods, ACS monographs, AOAC test procedures and other in-house developed and validated procedures.

The Company's stability program ranges from comprehensive storage and testing capabilities with detailed compliance strategies fully compliant with ICH (International Conference on Harmonization) guidelines.

The storage chambers and cabinets are continuously monitored and operated independently with their own temperature and humidity controls.

The Company's advanced microbiological testing facility was designed according to international standards and is used to ensure the Company's products and facilities meet applicable. Raw materials, bulk, finished products, packaging materials are analysed using sterility tests, preservative efficacy tests, bio-assays, limit tests, LAL tests, water testing and environmental control tests.

### 4.11.2 Quality Assurance

The skilled and experienced staff of the Quality Assurance function are responsible for validating the quality of the Company's products (Quality by Design) by ensuring that all manufacturing steps comply the highest standards of cGMP. The Quality Assurance function is comprised of various sections such as Validation, Document Control and Quality Inspectors.

Validation is critical in the pharmaceutical industry, and involves the confirmation by examination of objective evidence that the requirements for a specific intended use can be consistently met. Pharmaceutical companies must document each step of the manufacturing process, including packaging, and verify that each process and each machine consistently performs as required on a continuing basis. This ensures the safety and quality of the products being manufactured.

The Company has a well-established Validation section which is responsible for the validation of the controlled environment (including sterile and non-sterile areas), equipment, processes, systems and utilities, products and cleaning. Validation activities are carried out in the event of the addition of any new area, equipment, process, product or method, or in the event of any authorized change in any of the above in order to prove that the change has no effect on the quality of the final product.

### 4.11.3 Pharmacovigilance

As a part of its Quality Management system, the Company also has a separate Pharmacovigilance section within the Quality Operations function that meets the applicable legal / regulatory requirements set out by the SFDA. This includes the appointment of a qualified person (referred to as a QPPV), who is registered with the SFDA, to collect, collate, assess and report safety information relevant to benefit/risk assessment of products, in addition to meeting certain other requirements. The Pharmacovigilance function also oversees the production and submission of mandatory periodic safety reports to the regulatory authorities and implements and monitors various pharmacovigilance measures, including Adverse Event collection, evaluation and expedited reporting and implementation, as well as updates to applicable risk management plans.

## 4.12 Intellectual Property

The Company has registered the "Jamjoom Pharma" trademark and 16 other trademarks for its top twenty products in terms of sales revenue for FY21G in The Kingdom and in other countries where the Company sells its products. The Company relies on these trademarks for the success of its business and to support its competitive position in the market. Therefore, the Company's inability to register trademarks for all products or to successfully protect its trademarks from illegal use could negatively and materially affect its ability to use them, which will affect its business and results of its operations. For more details, please refer to Section 2.1.16 ("**Risks related to protecting certain trademarks on which the Company relies**") and Section 12.11.1 ("**Trademarks**") of this Prospectus.

## 4.13 Environment, Health and Safety

The Company is committed to excellence in Environment, Health and Safety (EHS) standards and does so by ensuring that safety and environment protection are prioritized across its business processes, planning and decision making. The Company has adopted comprehensive systems and procedures for responsible and ethical management of EHS aspects in all its activities to ensure safe conditions for employees, visitors and contractors. The Company is ISO 14001 and ISO 45001 certified, indicating that its EHS management system complies with world class standards.

The EHS function is responsible for overseeing the Company's EHS systems and procedures and follows a risk-based approach for the prevention of injury and illness to employees, visitors and contractors, as well as environmental protection. This proactive approach helps to identify the controls and procedures to avoid any injury, ill-health or environmental damage. The EHS function implements an aggressive training plan to ensure that staff have the required skills based on their training needs assessment, to carry out routine inspections and audits to ensure EHS compliance.

The Company has installed best in class fire detection and firefighting systems which are routinely maintained and monitored according to national fire protection association (NFPA) standards. EHS considerations are a top priority in the procurement of machinery, equipment and services.

The Company is also conscious of the environmental footprint of its activities and operations. The EHS function is responsible for overseeing and ensuring compliance with procedures that have been established to deal with emissions, effluent and solid waste at the source to ensure that there is minimal impact on the environment.

## 4.14 Employees

As at 30 June 2022G, the Company and its subsidiaries had 1,255 employees out of which, 401 are Saudi nationals. The Saudization Rate of the Company is 45.7%, which classifies the Company under the Platinum category. The following table sets out the distribution of employees per department as at 31 December 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G.

**Table (4.21): Overview of the Company's Employees**

Department	Number of Employees											
	FY19G			FY20G			FY21G			Six Month Period Ended 30 June 2022G		
	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees
Executive Management	7	3	4	7	3	4	9	3	6	10	3	7
Global Manufacturing Operations – KSA	553	230	323	557	235	322	542	225	317	501	202	299
Global Manufacturing Operations – Egypt	4	-	4	4	-	4	22	-	22	58	-	58
Human Resources - KSA	34	21	13	36	21	15	34	20	14	41	28	13
Human Resources – Egypt	4	-	4	4	-	4	4	-	4	8	-	8
Human Resources – International	1	-	1	2	-	2	3	-	3	3	-	3
Strategy, BD & IR	2	-	2	2	-	2	2	-	2	2	-	2
Finance & Information Technology - KSA	29	7	22	28	7	21	27	7	20	30	8	22
Finance & Information Technology - Egypt	1	-	1	2	-	2	2	-	2	5	-	5
Finance & Information Technology - International	-	-	-	-	-	-	-	-	-	1	-	1
<b>Sales &amp; Commercial</b>												
Sales - KSA, Gulf & Iraq Cluster - KSA	208	45	163	213	56	157	231	92	139	239	127	112
Sales - KSA, Gulf & Iraq Cluster - International	61	-	61	60	-	60	53	-	53	133	-	133
Sales - Egypt & North Africa - Egypt	67	-	67	93	-	93	92	-	92	100	-	100
Sales - Egypt & North Africa - Algeria	31	-	31	31	-	31	30	-	30	30	-	30
Sales - Egypt & North Africa - International	1	-	1	6	-	6	1	-	1	1	-	1
Sales – Consumer Health & Export Markets - KSA	24	7	17	30	6	24	54	23	31	58	31	27
Sales – Consumer Health & Export Markets - International	2	-	2	2	-	2	2	-	2	2	-	2

Department	Number of Employees											
	FY19G			FY20G			FY21G			Six Month Period Ended 30 June 2022G		
	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees	Total No. of Employees	Saudi Employees	Non-Saudi Employees
Commercial - KSA	12	-	12	10	-	10	11	-	11	18	-	18
Commercial - Egypt	2	-	2	3	-	3	3	-	3	6	-	6
Commercial - International	4	-	4	4	-	4	4	-	4	5	-	5
Legal	-	-	-	-	-	-	-	-	-	1	1	-
Internal Audit	-	-	-	3	1	2	3	1	2	3	1	2
<b>Total</b>	<b>1,047</b>	<b>313</b>	<b>734</b>	<b>1,097</b>	<b>329</b>	<b>768</b>	<b>1,129</b>	<b>371</b>	<b>758</b>	<b>1,255</b>	<b>401</b>	<b>854</b>

Source: The Company

#### 4.14.1 Jamjoom Pharma Academy

In 2020G, the Company established the Jamjoom Pharma Academy in Jeddah near the Company's manufacturing facility to provide education and training to staff in the pharmaceutical manufacturing sector. The academy was created to be a training institute to provide programs and certificates through collaboration and partnerships with top universities and training providers worldwide. The academy will serve the Company's employees and staff as well as other pharmaceutical manufacturers.

#### 4.15 Saudization Strategy

The Saudization Program "Nitaqat" was adopted by virtue of His Excellency the Minister of Labor's Decision No. 4040 dated 12/10/1432H (corresponding to 10/09/2011G), pursuant to Council of Ministers' Resolution No. 50 dated 21/5/1415H (corresponding to 27/10/1994G). The "Nitaqat" program was implemented on 12/10/1432H (corresponding to 10/09/2011G), with the Ministry of Human Resources and Social Development beginning the implementation of the Nitaqat program to encourage institutions to employ Saudi citizens. Through the "Nitaqat" program, the performance of any Company is evaluated based on specific categories (classifications), namely the platinum category, the green category (subdivided, into low, middle and high) and the red category. Companies in the platinum or green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as: obtaining and renewing work visas or otherwise changing the occupations of its non-Saudi workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements), are deemed to have violated Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew non-Saudi employees' work visas or completely prohibiting non-Saudi employees from obtaining or renewing work visas.

The pharmaceutical sector requires unique skillsets across different career paths. The Company expects to play a key role in supporting and empowering local talent, in line with the Kingdom's Vision 2030 initiatives, including the implementation of the Saudization decisions issued by the Ministry of Human Resources and Social Development as the Company considers itself to be a pioneer in the Saudi pharmaceutical sector. The Company has developed a number of initiatives aimed at complying with the aforementioned decisions, which has resulted in the Company exceeding the Saudization rate in all departments, leading to the Company being classified under the Platinum Nitaqat category. Among these initiatives, the Company established Jamjoom Pharma Academy, the first academy to provide training programs to support the growing pharmaceutical sector in the region. This Academy is equipped with technologically advanced classrooms and laboratories enabling it to host more than 200 students at any one time. The Company's vision for the Academy is to arrange cooperation with recognized universities around the world to offer programs such as a Medical Representation Course, Good Manufacturing Practices (GMP) Course, Regulatory Affairs Training and others. During the last twelve months, the Company has trained in excess of one hundred pharmacists through the medical representation course, who are currently working in the pharmaceutical field in the Kingdom.

In addition, the Company has developed an integrated strategy for job Saudization (especially in the pharmacy, accounting and engineering professions) in accordance with the directives of the Ministry of Human Resources and Social Development. At the beginning of the year, management determines an appropriate Saudization percentage for each of its departments, which it aims to achieve. Historically, the Company has been successful in achieving or exceeding these targets. The Company maintains high Saudization rates through appropriately timed talent searches led by the Human Resources department.

For more information about the Company's Nitaqat classification, please refer to Section 4.14 ("Employees") of this Prospectus.



## 4.16 Certifications and Awards

The Company has received a multitude of awards since its establishment, with the most prestigious awards including the following:

- 2010G and 2012G: Received International Century Quality ERA Award
- 2018G: Selected among the leading companies in Saudi Arabia to join "Alriyada Program" under HRH the Crown Prince
- 2020G: Awarded 2020 KSA Emerging Generic Pharmaceutical Company of the Year Award from Frost & Sullivan

Source: The Company

## 4.17 Company Departments and Support Functions

The Company operates its business through several different departments and functions centrally managed from its head office, as follows:

### 4.17.1 Global Manufacturing Office

The Company's Global Manufacturing Office is responsible for the Company's technical operations, which relate to the development and manufacturing of its products; which includes the Company's R&D, quality operations, technical operations (production and engineering) and supply chain functions.

The Global Manufacturing Office also oversees the design, construction and installation of the Company's production facilities and equipment. Under the direction of Management, the Global Manufacturing Office prepares conceptual designs, which are vetted by internationally acclaimed experts. After the conceptual design is finalized, the project is shared with the consultants for detailed civil and electromechanical designing, who assist with engaging selected contractors. The Global Manufacturing Office is involved throughout the process to monitor the adherence to design specifications and project timelines.

#### 4.17.1.1 R&D

The Company's R&D function is responsible for formulating the product development strategy, including developing generic products and pharmaceutical formulations; identifying niche areas for product development; post-patent filings; and development of nutraceuticals / dietary supplements for different therapeutic needs as well as different market requirements. For more information, please refer to Section 4.10 ("Research and Development") of this Prospectus.

#### 4.17.1.2 Quality Operations

The Company's Quality Operations function is responsible for ensuring that the Company's high standards of quality are met in all its operations. The Quality Operations section has all the components of a pharmaceutical quality management system and comprises the Quality Control, Quality Assurance and Pharmacovigilance functions. Over 90 scientists (including chemists, biochemists and microbiologists), pharmacists and analysts work to ensure compliance with the highest standards of quality. For more information, please refer to Section 4.11 ("Quality Operations") of this Prospectus.

#### 4.17.1.3 Production

The Production department closely monitors each step in the manufacturing process, which is independently verified by the Quality Assurance function. The personnel in all categories of production are carefully selected on the basis of their qualification and their years of professional experience with different multinational pharmaceutical companies.

The Production management focuses on the training and development of the production floor team, which consists of supervisors, operators and assistants. A training record and skill matrix are maintained for each individual and periodically reviewed for evaluation and identification of training needs.

#### 4.17.1.4 Engineering

The Engineering function provides support in machine selection, machine installation/commissioning, maintenance and utility services to the Production and associated departments. The Engineering function is also involved in new project evaluation in terms of facility and machinery.

A computer-based comprehensive program is in place to perform preventive/predictive/breakdown maintenance of the machinery in order to achieve 100% output with consistent product quality. The program also includes a computerized spare parts inventory system.

The Engineering function is staffed by a qualified, trained and experienced team of engineers and technicians engaged to carry out maintenance of the production plant and machinery, as well as the operation and maintenance of utility machinery and services.

#### 4.17.1.5 Supply Chain

Supply chain optimization plays a major role in pharmaceutical process management and operations such as inventory and distribution planning, capacity and production planning and detailed scheduling. The Company's Supply Chain function includes Planning, Purchasing, Warehousing and Logistics sections.

- The Planning section ensures that in spite of fluctuating market demand, there is no interruption in product supply to the market.
- The Purchasing section procures material from around the world at economical cost without compromising on quality, as quality of the raw and packaging materials is governed by stringent quality control standards.
- The Warehousing section oversees the Company's warehouses, focusing on an efficient utilization of space by keeping all the required materials at the required conditions.
- The Logistics section ensures that all the finished goods are dispatched to required destinations locally and abroad meeting their specific packaging and documentation standards.

Each section operates under Standard Operating Procedures for cGMP and safety, and the personnel are well trained on safe handling and storage of materials.

#### 4.17.2 Commercial Department

The Company's Commercial department is responsible for the Company's commercial operations focused on the marketing, sales and distribution of the finished products.

The Company's sales function focuses on building enduring professional relationships with doctors and customers and in dissemination of up-to-date scientific information on products and disease states. The Company's dedicated sales team is divided into two teams, one focused on private business and another focused on governmental tenders and institutional business.

In 2021G, the Company implemented a new sales strategy focus by organizing its global sales force into three main geographic "clusters", each overseen by a general manager:

- Saudi Arabia, Iraq and the Gulf countries, which has approximately 375 staff.
- Egypt and North Africa, which has approximately 155 staff.
- Consumer health and other export markets, which covers other markets in which the Company has recently entered or is considering entering, and also includes the Company's consumer health segment. This cluster has approximately 70 staff.

The Company's sales teams in the three clusters are supported by the Marketing function, which comprises a professional marketing and training team with approximately 35 staff. The Marketing function handles the Company's marketing and promotional activities and oversees the training, salesforce effectiveness, and institutional / tender teams across the global business. Led by a general manager, the Marketing function is responsible for developing and implementing the Company's strategic marketing plan for each business line in its largest markets and for each cluster, which is executed by the sales team in each cluster, supported by the Marketing function's professional marketing and training team. The Marketing function oversees the central coordination between the different clusters regarding product launches, training programs and promotional materials in order to avoid the duplication of work, to professionally manage direct promotional expenses and to more effectively allocate product managers' time to field activities with the sales team and KOL customers.

#### 4.17.3 Human Resources Department

The Human Resources department performs human resource management via an innovative agile approach to HR governance and strategy through six primary functions:

- HR business partnering to articulate and orchestrate business objectives in order to promote efficient individual performances that will be reflected in business continuity and acceleration.
- Talent management, including talent acquisition, learning & development and performance management.
- HR strategy, including organizational structure maintenance, policy & procedures, compensation & benefits and strategic HR projects.
- HR operations, including employee relations, payroll, HRIS, government relations and building facility services.
- HR business partners for the Company's factories and regional offices.
- Internal corporate communication to ensure superior employee engagement and working environments.

#### 4.17.4 Finance Department

The Finance department is responsible for the recording of all transactions of the Company, reporting of its financial position in accordance with the International Financial Reporting Standards ("IFRS"), and facilitating the treasury, financial budgeting and forecasting activities of the Company. The Finance Department is responsible for:

- Facilitating the financial budgeting and forecasting activities of the Company and monitoring adherence to budget.
- Ensuring financial transactions are appropriately and timely recorded, and records are up to date.
- Ensuring monthly, quarterly, and annual financial reporting is done within an acceptable timeframe.
- Ensuring fixed assets and inventory are maintained and recorded correctly in the books of accounts.
- Managing all banking relationships, including opening and closing of bank accounts, mandates and signatory changes.
- Coordinating treasury functions including raising capital and treasury operations.
- Devising and implementing a framework to intelligently allocate capital to long-term assets and investments.
- Managing Zakat and VAT related regulatory reporting.
- Facilitating the external audit and ensuring that the audit is duly completed within the regulated time frame.
- Leading business analysis, cash flow management and cash flow projections.
- Managing period closing and reporting activities, including third party and regulatory reporting.
- Ensuring that financial statements comply with IFRS and present a true & fair view of the Company's financial performance.

The Finance department also oversees the Company's Information Technology function, which handles matters such as the development of required IT systems and applications to maintain communication networks across the Company. The Information Technology function's responsibilities are split into two primary areas: basic help desk services providing hardware, software and connectivity to all employees; and business application services, such as SAP, that are critical for the smooth operation of the business.

#### 4.17.5 Legal Department

The Legal department provides enterprise legal support to the Company, its subsidiaries and business initiatives. It aims to help the Company achieve its strategic objectives in a legally compliant manner in order to safeguard the Company's value and assets. The Legal department provides advice on a broad range of strategic matters involving business development, commercial activities, quality, medical affairs and market access, including:

- Providing sound legal advice on all issues affecting the existing and future business, including development of legal strategies to support business initiatives and appropriately providing solutions to manage and mitigate exposure to legal risk in countries where the Company operates.
- Identifying and analyzing global legal, business and reputational risks to the Company and proposing appropriate solutions and ensure business strategies and objectives comply with applicable laws, regulations and Company policies.
- Guiding and structuring the contracting and maintenance of licensing agreements, strategic alliances, complex commercial transactions, merger & acquisitions and other corporate collaborations.
- Supporting business development strategy by performing legal due diligence on new opportunities, drafting and reviewing complex transaction documents and assisting in negotiations.
- Providing legal guidance and counsel to ongoing or potential disputes and advising on whether a case should be litigated or settled, and managing responses to all legal queries and investigations.
- Advising and supporting the Company secretary on corporate governance matters, General Assembly, the Board and Board committees with regards to the development and implementation of corporate governance policies and processes, as well as maintaining corporate records and document retention and preservation.
- Providing legal support to multiple Company departments in order to identify, manage and help mitigate enterprise legal risks regarding contracts, entities, assets, human capital, IP and compliance.
- Supervising and directing outside counsel by establishing clear scope of work, budgeting, monitoring their work, and reviewing and approving invoices for services provided.
- Supporting in reviewing public announcements, press releases and annual reports and advising Company management on media interactions to ensure compliance with applicable laws. Co-managing, in partnership with the finance team and Company secretary, all CMA filings and ensuring corporate compliance.
- Establishing productive relationships with internal and external clients and business partners and fostering a client-focused approach with respect to the performance of all enterprise legal responsibilities.
- Providing general counseling regarding the management of IP rights, including patent and trademarks portfolio, directing outside counsel engaged in activities associated with IP protection, interference and litigation and advising the business at an early stage of planning activities to enable the Company to explore the best business opportunities without infringing the IP rights of others.
- Keeping the business up-to-date with pharmaceutical laws and regulations and on changes in legal and enforcement-related developments affecting the pharmaceutical industry.

- Working with the compliance function to recommend, develop, review and adopt policies and procedures for the distribution, marketing and sale of pharmaceutical products in compliance with the applicable legal requirements, including FDA/MOH rules and regulations.

#### 4.17.6 Strategy, Business Development and Investor Relations Department

Noting that market dynamics are constantly evolving and that it is difficult to predict developments occurring therein, the Company operates on short, medium and long-term plans or strategies, and is keen to strictly implement them in order to achieve its vision. In line with this, the Company's Strategy, Business Development and Investor Relations Department implements the Company's strategic goals by exploring, reviewing and managing selected business development opportunities, managing the enhanced portfolio and governance in support of the Company's vision and mission. In addition, the Company's Strategy, Business Development and Investor Relations Department manages investor relations.

#### 4.17.7 Internal Audit Department

The Internal Audit Department operates under the supervision of the Audit Committee at the functional level and under the supervision of the CEO at the administrative level. The Department provides the necessary warranties in an independent and objective manner, performs advisory work for the benefit of the Company, provides a coherent and organized opinion to assess and improve the effectiveness of the risk management and provides policies and means of governance for the Company's strategic, financial and operational activities, as well as matters related to compliance.

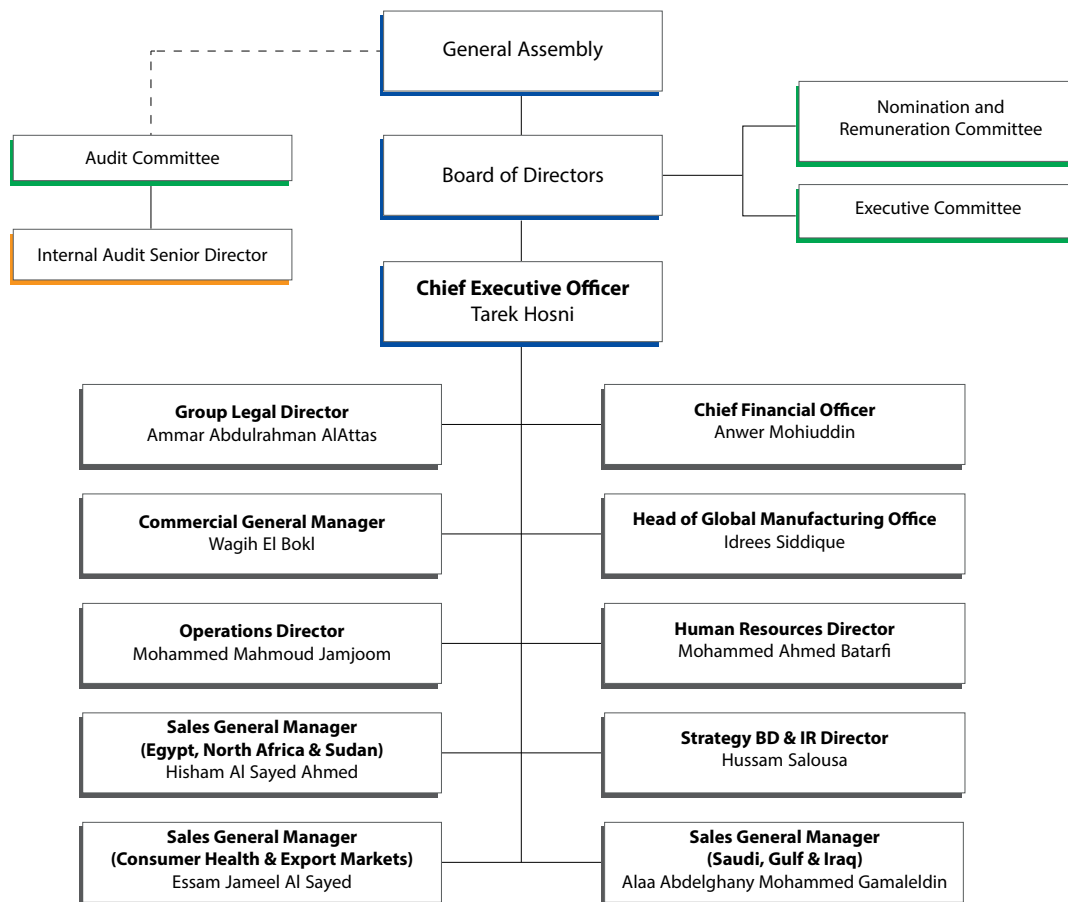
#### 4.17.8 Business Continuity

The Board of Directors declares that there has been no suspension or interruption in the Company's business and its Subsidiaries during the twelve-month period preceding the date of this Prospectus which would affect or have a significant impact on the Company's financial position. The Board of Directors further declares that the Company has no intention of making material change to the Company's activities in the future, as of the date of this Prospectus.

## 5. Organizational structure and corporate governance

The organizational structure of the Company consists of the Board of Directors (“**Board of Directors**” or “**Board**”) and the Board committees, namely the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee. The Board assumes final responsibility for guidance, general supervision and general control over the Company and the Senior Executives.

The following chart sets out the organizational structure of the Company as at the date of this Prospectus.



**Table (5.1): Direct Ownership in the Company pre and post Offering**

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Par Value (SAR)	Direct Ownership (%)	No. of Shares	Par Value (SAR)	Direct Ownership (%)
Yousuf Mohammed Salah Jamjoom	41,650,000	416,500,000	59.50%	29,155,000	291,550,000	41.65%
Mahmoud Yousuf Mohammed Salah Jamjoom	5,600,000	56,000,000	8.00%	3,920,000	39,200,000	5.60%
Walid Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Mohammed Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Ahmed Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Alaa Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Sanaa Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Public	-	-	-	21,000,000	210,000,000	30%
<b>Total</b>	<b>70,000,000</b>	<b>700,000,000</b>	<b>100.00%</b>	<b>70,000,000</b>	<b>700,000,000</b>	<b>100%</b>

Source: The Company

## 5.1 Board Members and Secretary

### 5.1.1 Formation of the Board of Directors

Under the Bylaws, the Board of Directors shall be comprised of nine (9) Directors appointed by the Shareholders Ordinary General Assembly. The Companies Law, Corporate Governance Regulations, Company's Bylaws and Corporate Governance Manual determine the duties and responsibilities of the Board of Directors. The term of the first appointed Board of Directors, including the Chairman, as appointed by the Shareholders, is exceptionally for a maximum period of five (5) years. Subsequently, the term of the Board of Directors will be of three (3) years.

At the date of this Prospectus, the Board of Directors is comprised of nine (9) Directors.

The following table sets out the names and relevant details of the Directors as at the date of this Prospectus:

**Table (5.2): Company's Board of Directors**

No.	Name	Position	Nationality	Status	Date of Appointment	Direct Ownership (%)		Indirect Ownership (%)	
						Pre-Offering	Post-Offering	Pre-Offering	Post-Offering
1	Mahmoud Yousuf Mohammed Salah Jamjoom	Chairman of the Board	Saudi	Non-Executive	19/06/2022G	8.00%	5.60%	-	-
2	Ahmed Yousuf Mohammed Salah Jamjoom	Vice Chairman of the Board	Saudi	Executive	19/06/2022G	6.50%	4.55%	-	-
3	Yousuf Mohammed Salah Abdulaziz Jamjoom	Member of the Board	Saudi	Non-Executive	19/06/2022G	59.50%	41.65%	-	-
4	Mohammed Yousuf Mohammed Salah Jamjoom	Member of the Board	Saudi	Non-Executive	19/06/2022G	6.50%	4.55%	-	-
5	Alaa Yousuf Mohammed Salah Jamjoom	Member of the Board	Saudi	Non-Executive	19/06/2022G	6.50%	4.55%	-	-
6	Faris Ibrahim Abdullah Al Ghannam	Member of the Board	Saudi	Non-Executive, Independent	19/06/2022G	-	-	-	-
7	Noor Ahmed Kather Pasha Sheriff	Member of the Board	Indian	Non-Executive	19/06/2022G	-	-	-	-
8	Simon Wolfgang Hartmut Goeller	Member of the Board	German	Non-Executive, Independent	19/06/2022G	-	-	-	-
9	Michel Marcel Jean-Marie Le Bars	Member of the Board	French	Non-Executive, Independent	19/06/2022G	-	-	-	-

Source: The Company

The current Secretary of the Board of Directors is Faisal Linjawi, who does not own any shares in the Company.

## 5.1.2 Responsibilities of the Board of Directors

The responsibilities of the Chairman, members, and Secretary of the Board of Directors include the following:

### 5.1.2.1 Board of Directors

The Board of Directors represents all shareholders, and shall exercise due diligence and show loyalty in managing the Company and doing everything to uphold the Company's interests, and develop and maximize its value. The Board of Directors shall be responsible for the Company's business, even if it delegates committees, parties, or individuals to exercise some of its powers. In all cases, the Board may not delegate general or indefinite powers.

In accordance with the Bylaws, without prejudice to the powers conferred on the General Assembly, the Board be vested with the broadest powers to manage the Company and in order to achieve its objectives inside and outside of the Kingdom. Under the Company's Corporate Governance Manual, the Board of Directors has the following responsibilities:

- Develop its Board Charter that details the rights and duties of the Chairman and members and the key responsibilities including, at least the following:
  - Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers, and responsibilities of such committees as well as the manner used by the Board to monitor such committees, in addition to the names of the members, their duties, rights and obligations.
  - Evaluating the performance and activities of the established committees and their members.
  - Setting, supervising, and monitoring the short and long-term strategies, objectives, and policies of the Company.
  - Approving the Company's budgets estimates.
  - Overseeing the Company's main capital expenditures.
  - Overseeing the Company's assets acquisitions and disposals.
  - Periodically reviewing and approving the Company's organizational and human resources structures.
  - Monitoring and assessing the performance of the Company's Executive Management against the approved KPIs, goals and objectives.
  - Reviewing reports and analysis over the performance of the Company submitted by the Board Committees, external auditors and external consultants.
  - Ensuring the integrity of the financial and accounting policies and procedures.
  - Supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties.
- Setting and implementing specific and explicit policies, standards, and procedures for the below and ensuring the compliance of the Executive Management with these policies and procedures::
  - Managing actual and potential conflicts of interest on the Board level as well as Executive Management and shareholders.
  - Handling misuse of the Company's assets and facilities and the mismanagement resulting from transactions with related parties.
  - Ensuring appropriate control procedures for risk identification, assessment and management are effective and implemented.
  - Ensuring the compliance of the membership in the Board with the CMA regulations.
  - Regulating the relationship with stakeholders.
  - Ensuring the Company's compliance with the laws and regulations.
  - Ensuring the Company's obligation to disclose material information to Shareholders and stakeholders.
- Ensuring a risk aware culture is promoted and maintained and that the risks that may affect the Company are properly and transparently communicated and disclosed to stakeholders and related parties related.
- Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
- Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
  - Increasing or decreasing the share capital of the Company.
  - Dissolving the Company before the end of its term or deciding the continuity of the Company.
- Providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
  - Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose.
  - Forming additional financial allocations or reserves for the Company.
  - The method of distributing the net profits of the Company.

### 5.1.2.2 Chairman of the Board

The responsibilities of the Chairman of the Board of Directors revolve around leading the Board and facilitating constructive contributions and initiatives by all Board members to ensure that the Board is effective in performing its functions as a whole through the exercise of its duties and responsibilities.

In accordance with the Bylaws, the Chairman is vested with the powers of representation before various governmental and non-governmental authorities, and third parties. Under the Corporate Governance Regulations, the Chairman's main responsibilities include:

- Ensuring that members of the Board have sufficient, clear, relevant, and accurate data, information, documents, and records.
- Ensuring that the Board members discuss all the main issues in an efficient and timely manner.
- Organizing the activities of the Board by preparing and approving its meetings agendas, making sure matters proposed by other Board members and other relevant stakeholders such as the CEO or external auditors are addressed.
- Ensuring adequate and actual communication channels exist between the Board and the Shareholders to understand and fulfill the Shareholders expectations and opinion.
- Managing and enhance communication between the Board and the executive, non-executive, Independent Directors and Executive Management and creating a culture that encourages constructive criticism.
- Ensuring that the Board meets its commitments in compliance with the laws, regulations, and internal requirements. Keeping the members informed about the compliance status and authorizing the Audit Committee or other committee in this mission.
- Periodically convening meetings with the non-executive Directors without the presence of any executive officers of the Company.
- Notifying the Ordinary General Assembly of any direct or indirect interest of its board members.

### 5.1.2.3 Vice Chairman of the Board

The Vice Chairman of the Board of Directors shall act in lieu of the Chairman in the absence of the latter.

### 5.1.2.4 Secretary

The Secretary is responsible for organizing Board meetings. Under the Company's Corporate Governance Manual, the Secretary's main responsibilities include:

- Coordinating among the Board members.
- Ensuring the members of the Board compliance with the Board approved procedures and charter.
- Supporting the Chairman of the Board in drafting the meeting agenda.
- Sharing the agenda and related documents and requirements with the Board members at least 1 week prior to the meeting, allowing them to add other items or topics as requested by any Board member.
- Informing the Board members through a written notification of the dates, time and place of the Board's meetings.
- Preparing and documenting all meeting minutes and submit them to the Board of Directors for their review.
- Sharing the draft minutes with the Board members to get their opinions before signing the same. He/she shall ensure that minutes are signed by all of the attending members.
- Retaining all meeting minutes in a special and organized register.
- Recording all Board decisions in a dedicate register prepared for this regard as per issuance date.
- Sharing a copy of the approved meeting minutes and related documents with each member of the Board.
- Providing assistance and advice to the Board members.

### 5.1.2.5 Chief Executive Officer

The Chief Executive Officer is responsible for the financial and operational performance of the Company in general, the development and implementation of the Company's strategy, and the implementation of the Company's Board approved annual business plan. The Chief Executive Officer directly reports to the Company's Board of Directors, and acts as a liaison between the Management and the Board of the Company.



### 5.1.3 Biographies of the Members and Secretary of the Board

An overview of the experiences, qualifications, as well as current and previous positions of each Member of the Board of Directors as well as the Secretary of the Board.

#### 5.1.3.1 Mahmoud Yousuf Mohammed Salah Jamjoom

<b>Age:</b>	63 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Chairman of the Board of Directors (Non-Executive)
<b>Appointment Date:</b>	19/06/2022G
<b>Academic Qualifications:</b>	Bachelor's Degree in Science from Michigan State University, in East Lansing Michigan, United States, 1985G.
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>- Since 2010G, Manager in the board of managers at Dan International Trading and Industry Company, a limited liability company engaging in the field of food manufacture and distribution</li> <li>- Since 2014G, Vice Chairman of the Board at Abdullatif Mohammed Salah Jamjoom and Brothers Company, a closed joint stock company engaging in the field of distributing pharmaceutical products.</li> </ul>
<b>Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2021G, Member of the Executive Committee at the Company.</li> <li>- Since 2019G, Member of the Board of Directors of Jamjoom New Medical Care, a limited liability company operating as a general hospital.</li> </ul>
<b>Previous Executive Positions</b>	<ul style="list-style-type: none"> <li>- From 2013G to 2022G, Vice Chairman of the Board of Directors at the Company</li> <li>- From 1999G to 2021G, Joint Managing Director at the Company.</li> <li>- From 1985G to 1999G, Assistant General Manager at Jamjoom Medicine Store, a closed joint stock company engaging in the distribution of pharmaceutical products in The Kingdom.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.1.3.2 Ahmed Yousuf Mohammed Salah Jamjoom

<b>Age:</b>	38 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Vice Chairman of the Board of Directors (Non-Executive).
<b>Appointment Date:</b>	19/06/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Master's Degree in Pharmacy, from Ibn Sina Medical College, in Jeddah, The Kingdom, 2010G.</li> <li>- Mini Master of Business Administration degree in Pharma and Biotech Industry from Management Centre Europe, Brussels, Belgium, 2015.</li> <li>- Certificate in Global Management, from the European Institute of Business Administration "INSEAD", France, Ventenbelau, 2019G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>- Since 2014G, Site Director at the Company.</li> <li>- Since 2022G, General Manager at Al Jazeel Arabian Holding Company, a limited liability company, engaging in the field of financial and real estate investments.</li> <li>- Since 2022G, General Manager at Al Jamjoom Printing Company, a limited liability company engaging in the field of poster printing services.</li> </ul>
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2021G, Member of the Executive Committee at the Company.</li> <li>- Since 2014G, Member of the Board of Directors at Abdullatif Mohammed Salah Jamjoom and Brothers Company, a closed joint stock company, engaging in the field of distributing pharmaceutical products.</li> <li>- Since 2017G, Member of the Board of Directors at SHIFT Inc. for car rentals, a limited liability company incorporated in The Kingdom.</li> <li>- Since 2020G, Member of the Audit Committee at SHIFT Inc. for car rentals, a limited liability company incorporated in The Kingdom.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2016G to 2018G, Supply Chain Director at the Company.</li> <li>- From 2014G to 2018G, Regulatory Affairs Sr. Manager at the Company.</li> <li>- From 2012G to 2018G, Plant Technical Manager at the Company.</li> <li>- From 2011G to 2012G, Business Development Manager at the Company.</li> </ul>
<b>Previous Memberships:</b>	<ul style="list-style-type: none"> <li>- From 2014G to 2022G, Member of the Board to Directors at the Company.</li> <li>- From 2017G to 2020G, Member of the Board of Directors at Al-Madinah Newspapers and Printing, an establishment engaging in the field of journalism, printing, publishing and developing Al Madinah Al Munawwarah newspaper, in The Kingdom.</li> </ul>

Source: The Company

### 5.1.3.3 Yousuf Mohammed Salah Abdulaziz Jamjoom

<b>Age:</b>	95 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Member of the Board of Directors (Non-Executive)
<b>Appointment Date:</b>	19/06/2022G
<b>Academic Qualifications:</b>	Diploma degree in Commerce from the College of Leeds, in Leeds, United Kingdom, 1947G.
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	Since 2019G, Member of the Board of Directors of Jamjoom New Medical Care, a limited liability company operating as a general hospital.
<b>Previous Executive Positions:</b>	From 1965G to 2005G, Founder and CEO at Jamjoom Medicine Store (a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company), branch of a closed joint stock company, specialized in storing and distribution of pharmaceutical products.
<b>Previous Memberships:</b>	<ul style="list-style-type: none"> <li>- From 2013G to 2022G, Chairman of the Board of Directors at the Company.</li> <li>- From 2005G to 2011G, Director at Jamjoom Pharmaceuticals Factory Company, a limited liability company specialized in manufacturing pharmaceutical products.</li> <li>- From 1965G to 2021G, Chairman of the Board of Directors at Abdullatif Mohammed Salah Jamjoom and Brothers Company, a closed joint stock company, engaging in the field of distributing pharmaceutical products.</li> </ul>

Source: The Company

#### 5.1.3.4 Mohammed Yousuf Mohammed Salah Jamjoom

<b>Age:</b>	62 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Member of the Board of Directors (Non-Executive)
<b>Appointment Date:</b>	19/06/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's degree in Medicine and Surgery from King Abdulaziz University, The Kingdom, 1983G.</li> <li>- Fellowship in Orthopedic Surgery from the Royal College of Physicians of Canada, Ottawa, Canada, 1993G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>- Since 2019G, Orthopedic Surgery Consultant in "My Clinic", a private medical clinic in The Kingdom engaging consultation and surgery.</li> <li>- Since 2010G, Manager in the board of managers at Dan International Trading and Industry Company, a limited liability company engaging in the field of food manufacture and distribution.</li> </ul>
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2021G, Member of the Executive Committee at Jamjoom Medicine Store (a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company), branch of a closed joint stock company, specialized in storing and distribution of pharmaceutical products.</li> <li>- Since 2019G, Member of the Board of Directors of Jamjoom New Medical Care, a limited liability company operating as a general hospital.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 1997G to 2019G, Orthopedic Surgery Consultant and Head of the Orthopedic Department at King Khalid National Guard Hospital, a public hospital engaging in the field of healthcare in The Kingdom.</li> <li>- From 1994G to 1996G, Orthopedic Surgery Consultant and Head of the Orthopedic Department at King Abdulaziz Medical City, a public medical city for healthcare in The Kingdom.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

#### 5.1.3.5 Alaa Yousuf Mohammed Salah Jamjoom

<b>Age:</b>	40 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Member of the Board of Directors Non-Executive).
<b>Appointment Date:</b>	19/06/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Computer and Statistics from King Abdulaziz University, in Jeddah, The Kingdom, 2005G.</li> <li>- Master's Degree in Executive Business Administration from King Abdulaziz University, in Jeddah, The Kingdom, 2008G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	Since 2019G, Member of the Nomination and Remuneration Committee at the Company.
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2016G to 2022G, Human Resources Manager at the Company.</li> <li>- From 2007G to 2021G, Secretary of the Board of Directors at the Company.</li> <li>- From 2007G to 2016G, Business Development Manager at the Company.</li> <li>- From 2006G to 2008G, responsible for women's affairs at the Company.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

## Faris Ibrahim Abdullah Al Ghannam

<b>Age:</b>	39 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Member of the Board of Directors (Non-Executive - Independent)
<b>Appointment Date:</b>	19/06/2022G
<b>Academic Qualifications:</b>	Bachelor's Degree in Computer Science from Prince Sultan University, The Kingdom, 2005G. Master's Degree in Business Administration from University of Rice, United States, 2011G.
<b>Current Executive Positions:</b>	Since 2021G, Chief Executive Officer at HSBC, The Kingdom, a joint stock company engaging in financial services.
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2022G, Chairman of the Audit Committee at the Company.</li> <li>- Since 2020G, Member of the Advisory Committee for the Finance Program at Prince Sultan University, The Kingdom.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2021G to 2022G, Executive Vice President at HSBC, The Kingdom, a joint stock company engaging in financial services.</li> <li>- From 2019G to 2021G, General Manager and Head of Banking Investments and Financial Markets at HSBC in the Kingdom, a joint stock company engaging in financial services.</li> <li>- Sine 2016G to 2019G, Managing Director and Head of Investment Banking Advisory at HSBC in the Kingdom, a joint stock company engaging in financial services.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.1.3.6 Noor Ahmed Kather Pasha Sheriff

<b>Age:</b>	78 years
<b>Nationality:</b>	Indian
<b>Current Position:</b>	Member of the Board of Directors (Non-Executive).
<b>Appointment Date:</b>	19/06/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Science from Bangalore University, India, 1966G.</li> <li>- Bachelor's Degree in Law from Bangalore University, India, 1968G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2000G to 2021G, CEO at the Company.</li> <li>- From 1997G to 1999G, Founder and CEO at Care Optics, a limited liability company established in the United Arab Emirates, engaging in the field of marketing and distribution.</li> <li>- From 1991G to 1996G, Vice President and Managing Directors at Allergan Company, in the United Arab Emirates, a branch of a foreign company headquartered in California, United States, engaging in the pharmaceutical and manufacturing medical devices.</li> <li>- From 1986G to 1990G, Area Manager for Middle East, Africa and South Asia at Allergan, in The Kingdom, a branch of a foreign company headquartered in California, United States, engaging in the pharmaceutical and manufacturing medical devices.</li> <li>- From 1979G to 1985G, General Manager for West Africa and South Asia at Allergan, in The Kingdom, a branch of a foreign company headquartered in California, United States, engaging in the pharmaceutical and manufacturing medical devices.</li> <li>- From 1975G to 1978G, Area Manager for the Middle East at Allergan, in The Kingdom, a branch of a foreign company headquartered in California, United States, engaging in the pharmaceutical and manufacturing medical devices.</li> </ul>
<b>Previous Memberships:</b>	<ul style="list-style-type: none"> <li>- From 1994G to 1996G, Member of the Board of directors at Allergan-Primal, India, a limited liability company engaging in the sector of manufacturing, marketing and distribution of pharmaceutical product.</li> <li>- From 1982G to 1989G, Member of the Board of Directors at Hydron International, India, a limited liability company engaging in the manufacturing sector.</li> </ul>

Source: The Company

### 5.1.3.7 Simon Wolfgang Hartmut Goeller

<b>Age:</b>	43 years
<b>Nationality:</b>	German
<b>Current Position:</b>	Member of the Board of Directors (Non-Executive - Independent).
<b>Appointment Date:</b>	19/06/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Economics and Management from Oxford University, in Oxford, United Kingdom, 2001G.</li> <li>- Master's Degree in Management Research from Oxford University, in Oxford, United Kingdom, 2002G.</li> <li>- PhD Degree in Healthcare from Justus-Liebig-University Giessen, in Giessen, Germany, 2006G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>- Since 2010G, Partner at McKinsey and Co (Germany), a simple limited partnership specialized in management consultancy of the life sciences sector.</li> <li>- Since 2002G, Advisor at McKinsey and Co (Germany), a simple limited partnership specialized in management consultancy of the life sciences sector.</li> </ul>
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	N/A
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.1.3.8 Michel Marcel Jean-Marie Le Bars

<b>Age:</b>	51 years
<b>Nationality:</b>	French
<b>Current Position:</b>	Member of the Board of Directors (Non-Executive - Independent).
<b>Appointment Date:</b>	19/06/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Certificate in Mechanical Engineering (equivalent to a Master's Degree) from the University of Compiègne for Technology, in Compiègne, France, 1994G.</li> <li>- Certificate in Petroleum Engineering (drilling and reservoir management) from ENS Petroleum &amp; Engines at the French Institute of Petroleum, in Rueil-Malmaison, in Paris, France, 1995G.</li> <li>- Master Degree in Business Administration from Higher Education School of Business in Paris (HEC), France, 2005G.</li> <li>- Certificate in Digital Business Strategy from Massachusetts Institute of Technology, in Cambridge, Massachusetts, United States, 2019G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>- Since 2019G, Partner in Corporate Finance Advisory, leader of the M&amp;A Life Sciences &amp; Health Care practice at Deloitte AG, a limited liability company engaging in the field of industry-specific services in the areas of Audit &amp; Assurance, Consulting, Financial Advisory, Risk Advisory and Tax &amp; Legal.</li> </ul>
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2022G, Chairman of the Executive Committee at the Company.</li> <li>- Since 2022G, Chairman of the Nomination and Remuneration Committee at the Company.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2014G to 2019G, Partner at Kurmann Partners AG, a limited liability company engaging in Mergers and Acquisitions in the field of Pharmaceuticals and Medical Technology.</li> <li>- From 2008G to 2014G, Regional Director of Strategy and Business Development EMEA at Merck Sharp &amp; Dohme, a subsidiary of a public joint stock company engaging in Vaccines, Human, Consumer and Animal Health.</li> <li>- From 2004G to 2008G, Transformation and Continuous Improvement Director at Alcan Packaging (now known as Albéa), a subsidiary of a simple public joint stock company engaging in the manufacture of packaging and beauty solutions.</li> <li>- From 1996G to 2003G, Drilling Manager at Total, a simple joint stock company engaging in exploration and production of oil and gas.</li> </ul>
<b>Previous Memberships:</b>	From 2019G to date, Owner and Managing Director of LeBarsPartners GmbH, a limited liability company engaging in Consulting and M&A for the pharma, consumers and medical technology industries.

Source: The Company

### 5.1.3.9 Faisal Ahmed Ibrahim Linjawi

<b>Age:</b>	26 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Secretary of the Board of Directors.
<b>Appointment Date:</b>	21/12/2021G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Law from Kent University, United Kingdom, 2017G.</li> <li>- Master's Degree in Law from Kent University, United Kingdom, 2018G.</li> </ul>
<b>Current Executive Positions:</b>	- Since 2018G, Partner and Lawyer at Hassan Al Mahasni Law Firm, a professional limited liability company established in The Kingdom, engaging in the field of legal advice.
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	N/A
<b>Previous Memberships:</b>	N/A

Source: The Company

## 5.2 Company and Board Committees

The Board of Directors shall form committees in order to better run the Company. Each Committee shall have its own charters which determine the Committee's roles, responsibilities, and powers. The Committees shall periodically hold meetings for the purpose of carrying out the tasks entrusted thereto. The committees consist of the Nominations and Remuneration Committee and the Executive Committee in addition to the Audit Committee established by the Company's General Assembly.

The following is a summary of the structure, responsibilities and current members of each permanent Committee:

### 5.2.1 Audit Committee

Ensuring that an effective internal control system is in place is one of the responsibilities entrusted to the Board of Directors. The main task of the Audit Committee is to verify the adequacy and effective implementation of the internal control system and to make any recommendations to the Board of Directors that would actuate and develop the system to achieve the Company's objectives. The Committee is also responsible for implementing risk management policies and procedures, and reviewing risk assessment activities and risk reduction plans before presenting the same to the Board of Directors. The Committee is responsible for ensuring compliance with the Company's Corporate Governance Regulations and Practices issued by Capital Market Authority (CMA) and the Company's Corporate Governance Manual and Policy. The scope of the Committee's work shall include all actions that enable it to fulfil its functions, including:

- Developing arrangements that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Committee shall ensure that such arrangements have been put into action through an adequate independent investigation in respect of the error or inaccuracy and shall adopt appropriate follow-up procedures.
- Financial Statements and Disclosures:
  - Monitoring, reviewing, examining and approving the Company's accounting policies and studying the Company's initial and annual financial statements prior to submitting it to the Board of Directors and provide its opinion and recommendation in this regard to ensure its integrity, fairness and transparency.
  - Overseeing the establishment of, and any later amendments to, finance and accounting policies, practices and their subsequent compliance with accounting standards and regulatory requirements.
  - Reviewing material or unusual issues contained in the financial statements.
  - Verifying accounting estimates in the material issues contained in the financial statements.
  - Monitoring the integrity of the Company's financial statements and formal announcements relating to the financial performance and financial disclosures and reviewing their impact on the financial statements.
  - Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
  - Accurately investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or the Company's compliance officer or external auditor.
  - Reviewing and discussing the annual financial statements and disclosures with the executive management and external auditors.

- Internal Audit:
  - Recommending to the Board of Directors on the need to appoint the Internal Auditor in case where an Internal Audit function does not exist.
  - Recommending to the Board of Directors on the appointment, reappointment and dismissal of the head of internal audit and internal audit team and to suggest his/her remunerations.
  - Examining and reviewing the Company's internal and financial control systems and risk management system.
  - Reviewing the Internal Audit reports and following-up on the implementation of the required corrective actions included in the reports.
  - Recommending to the Board of Directors to approve the internal audit regulations, plans, activities, staffing, budget and structure of the Internal Audit department annually.
  - Recommending to the Board of Directors to approve the annual remuneration for the head of internal audit.
  - Monitoring and reviewing the performance and activities of the internal audit department, including compliance with the Institute of Internal Auditors' standards and conformity of the annual audit plan with the overall company strategic objectives.
  - Ensuring there are no unjustified restrictions or limitations in the performance of the internal audit activities.
- Compliance:
  - Ensuring the Company's compliance with the relevant laws, regulations, policies, and instructions.
  - Reviewing reported findings by the supervisory authorities and following up on the corrective actions taken by the company to address the findings.
  - Reporting to the Board on any issues in connection with what it deems necessary to act on and providing recommendations as to the steps that should be taken.
  - Verifying the independence of the internal audit.
  - Reviewing the Company's business relationship and proposed transactions with related party including cases of conflict of interest, if any, and providing its recommendations to the Board in connection therewith.
- External Auditor:
  - Recommending to the Board the nomination for appointment, re-appointment, remuneration and dismissal of external auditors.
  - Verifying the independence and objectivity of the External Auditors, assessing their performance and the effectiveness of the audit activities.
  - Reviewing and approving the scope of the External Auditor work and the terms of their contracts.
  - Reviewing the external auditors' audit plan, staffing, audit approach, responsibility of the Internal Audit department, and coverage provided to any significant areas of concern that the Committee may have. In addition to ensuring that it does not provide any technical or administrative works that are beyond its scope of work and provides its opinion thereon.
  - Discussing the results of the Audit with the external auditors prior to publishing the year-end earnings and responding to their queries.
  - On a regular basis, meeting separately with the external auditors to discuss any matters that the Committee or Auditors believe should be discussed privately.
  - Reviewing the external auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.
  - Resolving any disagreements between management and the external auditors on financial reporting.
- Internal Control:
  - Ensuring that executive management establishes and maintains an adequate and effective internal control system and processes. The system and processes should be designed to provide assurance in areas including reporting, monitoring compliance to laws, regulations and internal policies, efficiency and effectiveness of operations and safeguarding of assets.
  - Considering the effectiveness of the internal control system, including information technology security and control.
  - Understanding the scope of internal and external auditor's review of internal control over financial reporting and obtain reports on significant findings and recommendation.
  - Reviewing the design and operations of internal controls for any significant deficiencies or material weaknesses therein, including any fraud involving management or other employees who have a significant role in the Company's internal controls.

- Reporting Responsibilities:
  - Regularly reporting to the Board about the Committee’s activities, issues, and related recommendations.
  - Providing an open avenue of communication between Internal Audit, the External Auditors, and the Board.
  - Reporting annually to the Shareholders, describing the Committee’s composition, responsibilities and how they were discharged, and any other information required.
  - Reviewing any other reports the Company issues that relates to the Committee’s responsibilities.

The Audit Committee shall consist of at least three (3) and at most five (5) non-executive Board members to be appointed by the Ordinary General Assembly for a period of three (3) years, provided that the Committee shall include at least one (1) independent member and a competent member in financial and accounting affairs.

Subject to the requirements to be met by members of the Audit Committee, the Committee shall be formed pursuant to a resolution passed by the Ordinary General Assembly for a period of three years. The Board shall take the necessary measures to enable the Committee to carry out its functions, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Committee deems necessary.

The following members were appointed to the Audit Committee during the meeting of the Ordinary General Assembly held on 18/12/1443H (corresponding to 17/07/2022G).

The Audit Committee charter was ratified during the meeting of the Ordinary General Assembly held on 18/12/1443H (corresponding to 17/07/2022G), as approved by the board of directors of the company at its meeting held on 01/03/1444H (corresponding to 27/09/2022G).

**Table (5.3): Members of the Audit Committee**

Number	Name	Position
1	Faris Ibrahim Abdullah Al Ghannam	Chairman of the Committee
2	Turki Abdulmohsen Alluhaid	Member
3	Bandar Abdulrahman Al Khalil	Member

Source: The Company

The following is a brief overview of the members of the Audit Committee:

### 5.2.1.1 Faris Ibrahim Abdullah Al Ghannam

Please refer to Section 5.1.3.6 for more details about Faris Ibrahim Abdullah Al Ghannam’s experiences as well as current and previous positions.



### 5.2.1.2 Turki Abdulmohsen Alluhaid

<b>Age:</b>	42 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Member of the Audit Committee
<b>Appointment Date:</b>	17/07/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Accounting from King Saud University, 2003G.</li> <li>- Qualified at the Saudi Organization for Chartered and Professional Accountants (SOCPA), 2007G.</li> <li>- Qualified at the American Institute for Certified Public Accountants (CPA), 2009G.</li> <li>- Certified Accountant at the Saudi Organization for Certified Public Accountants (SOCPA), 2011G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>- Since 2015G, Managing Partner at Alluhaid and Alyahya Chartered Accountants.</li> </ul>
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2016G, Member of the Audit Committee at Tabuk Cement, a Saudi joint stock company engaging in the basic materials sector.</li> <li>- Since 2019G, Member of the Audit Committee at Elm Information Company, a Saudi joint stock company engaging in the technology services application sector.</li> <li>- Since 2021G, Member of the Audit Committee at the Saudi Fisheries Company, a Saudi joint stock company engaging in the food production sector.</li> <li>- Since 2021G, Member of the Audit Committee at Al Raedah Finance Company, a Saudi joint stock company engaging in the financing sector.</li> </ul>
<b>Previous Executive Positions:</b>	N/A
<b>Previous Memberships:</b>	<ul style="list-style-type: none"> <li>- From 2015G to 2020G, Chairman of the Audit Committee at the Tawuniya Insurance Company, a Saudi joint stock company engaging in the insurance sector.</li> <li>- From 2017G to 2022G, Chairman of the Audit Committee at Shaker Group, a Saudi joint stock company engaging in the retail sector.</li> </ul>

### 5.2.1.3 Bandar Abdulrahman Al Khalil

<b>Age:</b>	39 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Member of the Audit Committee
<b>Appointment Date:</b>	17/07/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Accounting from King Saud University, The Kingdom, 2004G.</li> <li>- Certified Internal Auditor from the Institute of Internal Auditors, United States, 2008G.</li> <li>- Certified Internal Auditor from the Saudi Organization for Chartered and Professional Accountants, The Kingdom, 2008G.</li> <li>- Certified Information System Auditor from the Information Systems Audit and Control Association, United States, 2009G.</li> <li>- International Certificate in Risk Management from the Risk Management Institute, Unite Kingdom, 2010G.</li> <li>- Master's Degree in Risk Management from Nottingham University, United Kingdom, 2012G.</li> <li>- Certificate of Risk Management Assurance form the Internal Auditors Institute, United States, 2013G.</li> <li>- Certificate of Business Continuity from the Business Continuity institute, United Kingdom, 2016G.</li> <li>- Certified Data Privacy Engineer from the Information Systems Audit and Control Association, United States, 2021G.</li> </ul>
<b>Current Executive Positions:</b>	Since 2020G, General Manager of the Risk Management Department at the Saudi Telecom Company, a Saudi joint stock company engaging in the field of telecommunications as the Saudi digital engine for telecommunication services, The Kingdom, 2020G.
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2019G, Member of the Audit Committee at the Local Content &amp; Government Procurement Authority, a government institute engaging in the formulating and monitoring policies and regulations along with developing local opportunities, 2019G.</li> <li>- Since 2022G, Chairman and Member of the Board of Directors and Member of the Risk Management Committee at Forus Company, a closed Saudi joint stock company engaging in field of financing and refinancing.</li> <li>- Since 2021G, Member of the Board of Directors and Chairman of the Audit Committee at The National Committee for Welfare or Prisoners and Released Prisoners and Their Families (Tarahum), a committee working in the field of welfare of prisoners and their families.</li> <li>- Since 2021G, Member of the Governance, Risk Management and Compliance Committees at the Real Estate Development Fund, a government fund engaging in the field of real estate development in The Kingdom.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2018G to 2020G, Risks and Compliance Officer at the Saudi Information Technology Company (SITE), a closed Saudi joint stock company engaging in the field of cybersecurity and provides secure digital services by design and cybersecurity solutions.</li> <li>- From 2013G to 2018G, Head of Risk Management at the Saudi Exchange (Tadawul), a joint stock company that operates in the financial institutions sectors as the only licensed entity in The Kingdom to operate as a stock exchange market.</li> <li>- From 2006G to 2013G, Head of the Internal Audit Department at the Capital Market Authority, a governmental institution engaging in the field of capital markets and is the Saudi financial regulatory authority responsible for the capital markets in The Kingdom.</li> </ul>
<b>Previous Memberships:</b>	N/A

## 5.2.2 Nomination and Remuneration Committee

The main function of the Nomination and Remuneration Committee is to determine the policies and procedures related to the nomination of the Board's, its Committees', and the Executive Team's members, and to determine the policies and procedures related to their remunerations. The Committee's scope of work includes all duties designed to enable it to fulfil its functions, including:

- The Committee shall provide general oversight over human resources policies and procedures.
- Ensure existence of an adequate and effective succession plans for key positions.
- Developing a termination policy.
- Additionally, the Committee shall assume the following responsibilities under each area:

- **Remuneration:**

With regards to remuneration, the duties and responsibilities of the Nomination and Remuneration Committee shall include the following:

- Preparing a clear policy for the remunerations of the Board members, its Committees, and the Executive Management, and presenting such policy to the Board in preparation for approval by the General Assembly.
- Ensuring the implementation of the remuneration policy.

- Exercising competent and independent judgment on compensation policies and incentives provided.
- Clarifying the relation between the paid remunerations and the adopted remuneration policy and highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
- Providing recommendations to the Board in respect of the remunerations of its members, the Committees members, and Senior Executives, in accordance with the approved policy.
- Recommending, evaluating, promoting, and proposing annual increases and remunerations amend salaries in relation to the CEO, and recommend this to the Board of Directors.

- **Nomination:**

With regards to nomination, the duties and responsibilities of the Nomination and Remuneration Committee shall include the following:

- Suggesting, establishing, and annually updating policies, processes, and nomination criteria for identifying suitable candidates of the Board, its Committees and the Executive Management.
- Recommend suitable Board candidates taking into consideration the Company's long term strategic objectives.
- Reviewing the structure of the Board and the Executive Management and providing recommendations regarding changes that may be made to such structure.
- Providing recommendations to the Board for the nomination or re-nomination of its members in accordance with approved policies and standards, considering that nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
- Preparing a description of the capabilities and qualifications required for membership of the Board and Executive Management positions.
- Determining the amount of time that the member shall allocate to the activities of the Board.
- Annually reviewing the skills and expertise required of the Board members and the Executive Management.
- Annually ensuring the independence of Independent Directors, and that no conflicts of interest exist if a Board member also acts as a member of the Board of Directors of another company.
- Developing job descriptions for the executive, non-executive and Independent Directors and the Senior Executive Management.
- Setting procedures to be followed if the position of a member of the Board or a Senior Executive becomes vacant.

- **Reporting and Disclosure:**

With regards to reporting and disclosure, the duties and responsibilities of the Nomination and Remuneration Committee shall include the following:

- Assuring the compliance with all requirements for directors' compensation, including pension plans.
- Reporting annually on the Company's remuneration policy, procedures, and practices, specifically with regard to the Committee's work, and ensure that it is presented to Shareholders for approval at the annual general meeting as required by the code and relevant legislation.
- Reporting annually on the Nomination and Remuneration Committee's membership, frequency and attendance of meetings throughout the year.

The Nomination and Remuneration Committee shall be composed of at least (3) and at most (5) members to be appointed by the Company's Board of Directors for a period of three (3) years.

Subject to the conditions to be met by the Members of the Nomination and Remuneration Committee, the Board of Directors shall appoint the Committee Members for a period of three (3) years. The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted thereto, including informing the Committee, without any restrictions, of all data, information, reports, records, correspondences, or other matters that the Committee deems important to have access to.

The following Members were appointed to the Nomination and Remuneration Committee pursuant to a Board Resolution dated 27/01/1444H (corresponding to 25/08/2022G).

The Nomination and Remuneration Committee charter was ratified during the meeting of the Ordinary General Assembly held on 18/12/1443H (corresponding to 17/07/2022G), as approved by the board of directors of the company at its meeting held on 01/03/1444H (corresponding to 27/09/2022G).

**Table (5.4): Nomination and Remuneration Committee Members**

	Name	Position
1	Michel Marcel Jean-Marie Le Bars	Chairman of the Committee
2	Rania Sami Al Turki	Member
3	Alaa Yousuf Mohammed Salah Jamjoom	Member
4	Thamer Saeed Ahmed Al Harthi	Member

Source: The Company

The following is a brief overview of the Members of Nomination and Remuneration Committee:

### 5.2.2.1 Michel Marcel Jean-Marie Le Bars

Please refer to Section 5.1.3.9 for more details about Michel Marcel Jean-Marie Le Bars's experiences as well as current and previous positions.

### 5.2.2.2 Rania Sami Al Turki

<b>Age:</b>	43 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Member of the Nomination and Remuneration Committee
<b>Appointment Date:</b>	09/08/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Computer Science from Indiana State University, United States, 2001G.</li> <li>- Master's Degree in Computer Science from George Washington University, United States, 2004G</li> <li>- PhD Degree in Information Technology from George Mason University, United States, 2007G.</li> <li>- Certificate in Emerging Leadership from London Business School, United Kingdom, 2014G.</li> </ul>
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>- Since 2021G, Executive Vice President at Saudi Airlines Group, a governmental company engaging in the aviation field.</li> <li>- Since 2018G, Director at SEDCO Capital, a Saudi joint stock company engaging in the field of investments.</li> </ul>
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2018G, Director at Makkah Healthcare Cluster, a governmental company engaging in the field of healthcare management.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2020G to 2021G, Chief Operating Officer at Tawuniya Insurance Company, a joint stock company engaging in the insurance sector.</li> <li>- From 2017G to 2020G, Head of Human Resources and Transformation at Panda Retail Company, a closed joint stock company engaging in the field of retail.</li> <li>- From 2015G to 2017G, Head of Human Resources at Savola Group, a joint stock company engaging in the field of retail.</li> <li>- From 2007G to 2015G, Senior Vice President at the National Commercial Bank, a joint stock company engaging in the field of banking and investment.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.2.2.3 Alaa Yousuf Mohammed Salah Jamjoom

Please refer to Section 5.1.3.5 for more details about Alaa Yousuf Mohammed Salah Jamjoom's experiences as well as current and previous positions.

#### 5.2.2.4 Thamer Saeed Ahmed Al Harthi

<b>Age:</b>	52 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Member of the Nomination and Remuneration Committee
<b>Appointment Date:</b>	09/08/2022G
<b>Academic Qualifications:</b>	Bachelor's Degree in Law from King Abdulaziz University, The Kingdom, Jeddah, 1996G.
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>- Since 2021G, Founder and Consultant at Enjaz Management Consultants, a sole proprietorship specialized in management consultancy.</li> <li>- Since 2021G, Chief Human Resources Officer at Tawuniya Insurance Company, a Saudi joint stock company engaging in the insurance sector.</li> </ul>
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2021G, Member of the Board of Directors at Abunayyan Holding Group, a closed Saudi joint stock company engaging in the industrial sector.</li> <li>- Since 2021G, Chairman of the Nomination and Remuneration Committee at Abunayyan Holding Group, a closed Saudi joint stock company engaging in the industrial sector.</li> <li>- Since 2021G, Member of the Nomination and Remuneration Committee at LogiPoint Company, a closed joint stock company engaging in the logistics sector.</li> <li>- Since 2017G, Member of the Nomination and Remuneration Committee at Cisco Group, a Saudi joint stock listed on the Saudi market engaging in the logistics and industrial services sector.</li> </ul>
<b>Previous Executive Positions:</b>	From 2017G to 2018G, Executive General Director of Human Resources at Fakeeh Company, a closed joint stock company engaging in the healthcare sector.
<b>Previous Memberships:</b>	From 2018G to 2020G, Member of the Nomination and Remuneration Committee at Baeshen Company, a closed joint stock company engaging in the consumer goods sector.

Source: The Company

### 5.2.3 Executive Committee

The Executive Committee shall exercise all the powers vested therein, submit its reports to the Board, and keep direct channels of communication open therewith. The Executive Committee may not amend any resolution passed by the Board. The functions of the Committee under the relevant laws and regulations shall be as follows:

- Supporting the Board of Directors in their operational and oversight responsibilities in accordance with the approved authority delegation matrix.
- Reviewing and monitoring the implementation of the Company's internal policies and procedures approved by the Board of Directors.
- Reviewing the Company's strategic plans and operational objectives and ensuring their compatibility with the Company's own objectives.
- Recommending and prioritizing issues to be considered at the next Board meeting.
- Assisting the Board in performing activities and tasks as delegated to it by the Board of Directors, in order to facilitate smooth operations of the Company.
- Conducting periodic meetings with the Executive Management to monitor the work progress and any challenges.
- Reviewing and recommending to the Board of Directors the goals, strategy, plans and objectives (strategic and operational).
- Reviewing and recommending to the Board the Executive Management KPIs and related goals and monitor the performance of the management accordingly.
- Reviewing the CEO's recommendation in relation to the Company's strategy, operations and strategic plan.
- Providing oversight over the execution over the strategic plans to achieve the Company's overall objectives.
- Reviewing and recommending to the Board the Company's organizational structure.
- Reviewing and recommending to the Board the policies and procedures developed by the Executive Management.
- Reviewing and recommending for approval to the Board of Directors operating plans, capital expenditure plans and other studies or plans that will have a significant impact upon the operations of the Company.
- Reviewing and recommending to the Board of Directors any amendments to existing or any new corporate investment principles or guidelines of a general nature proposed by the Management.
- Reviewing investments, acquisitions and/or reviewing submittal of binding bids in relation to any project, and/or reviewing further changes or revisions in such investment or bids submitted or to be submitted by the Company.

- Reviewing and recommending to the Board the annual budget.
- Submitting its reports after each Committee meeting to the Board that include all decisions taken, recommendations or any other related matters.
- Prior to each Board meeting, the Executive Committee shall convene to discuss the Board's agenda.

The Executive Committee consists of three (3) to five (5) members appointed by the Board of Directors for a period equal to the membership term of the Board.

The Board shall take the necessary measures to enable the Executive Committee to carry out its functions, including informing the Executive Committee, without any restrictions, of all data, information, reports, records, correspondences or other matters which the Executive Committee deems necessary.

The following members of the Executive Committee were appointed by the Board of Directors on 12/01/1444H (corresponding to 10/08/2022G).

The Executive Committee charter was ratified during the meeting of the Ordinary General Assembly held on 18/12/1443H (corresponding to 17/07/2022G), as approved by the board of directors of the company at its meeting held on 01/03/1444H (corresponding to 27/09/2022G).

**Table (5.5): Members of the Executive Committee**

Number	Name	Position
1	Michel Marcel Jean-Marie Le Bars	Chairman of the Committee
2	Tarek Youssef Hosni	Member
3	Mahmoud Yousuf Mohammed Salah Jamjoom	Member
4	Ahmed Yousuf Mohammed Salah Jamjoom	Member

Source: The Company

The following is a brief overview of the Members Executive Committee:

### 5.2.3.1 Michel Marcel Jean-Marie Le Bars

Please refer to Section 5.1.3.9 for more details about Michel Marcel Jean-Marie Le Bars's experiences as well as current and previous positions.

### 5.2.3.2 Tarek Youssef Hosni

Please refer to Section 5.3.2.1 for more details about Tarek Youssef Hosni's experiences as well as current and previous positions.

### 5.2.3.3 Mahmoud Yousuf Mohammed Salah Jamjoom

Please refer to Section 5.1.3.2 for more details about Mahmoud Yousuf Mohammed Salah Jamjoom's experiences as well as current and previous positions.

### 5.2.3.4 Ahmed Yousuf Mohammed Salah Jamjoom

Please refer to Section 5.1.3.4 for more details about Ahmed Yousuf Mohammed Salah Jamjoom's experiences as well as current and previous positions.

## 5.3 Senior Management

### 5.3.1 An overview of the Senior Management

The Company's Senior Management is comprised of qualified Saudi and non-Saudi members with significant local and international expertise in the pharmaceutical sector. The primary responsibility of the Chief Executive Officer is to manage the Company's business and supervise its performance in line with the objectives and guidance of the Board of Directors and shareholders.

The Senior Management team currently consists of eleven (11) members, as set out in the table below:

**Table (5.6): Senior Management Details**

Name	Position	Appointment Date to the Current Position	Nationality	Age	Number of Shares held Pre-Offering	Number of Shares Post-Offering	Indirect Ownership Ratios	
							Pre-Offering	Post-Offering
Tarek Youssef Hosni	Chief Executive Officer	15/02/2021G	Canadian	59	-	-	-	-
Anwer Muhiuddin	Chief Financial Officer	31/01/2013G	Pakistani	59	-	-	-	-
Mohammed Mahmoud Jamjoom	Head of Business Operations	01/09/2021G	Saudi	28	-	-	-	-
Ammar Abdulrahman Al Attas	Head of Legal; Department	16/05/2022G	Saudi	37	-	-	-	-
Idrees Ahmed Siddiqui	Head of Manufacturing Operations	01/03/2022G	American	56	-	-	-	-
Alaa Abdelghany Mohammed Gamaleldin	General Manager of Sales in Saudi Arabia, Gulf Region and Iraq	25/07/2021G	Egyptian	54	-	-	-	-
Hisham Al Sayed Ahmed	General Manager for Sales in Egypt and North Africa	01/07/2021G	Egyptian	56	-	-	-	-
Essam Jameel Al Sayed	General Manager for Sales, Other Export Markets and Consumer Health Division	14/10/2021G	Egyptian	56	-	-	-	-
Wagih Mohammed El Bokl	Commercial Director	10/07/2021G	Egyptian	55	-	-	-	-
Mohammed Ahmed Batarfi	Human Resources Director	01/02/2022G	Saudi	39				
Hussam Salousa	Head of Business Development and Strategy	04/09/2022G	Egyptian	47				

Source: The Company

## 5.3.2 Biographies of Senior Executives

The following is a brief overview of the experiences, academic qualifications, as well as current and previous positions of each Member of Senior Management:

### 5.3.2.1 Tarek Youssef Hosni

<b>Age:</b>	59 years
<b>Nationality:</b>	Canadian
<b>Current Position:</b>	Chief Executive Officer
<b>Appointment Date:</b>	15/02/2021G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's degree in Pharmacy from Alexandria University, Egypt, 1984G.</li> <li>- Master's Degree in Business Administration from Bradford University, United Kingdom, 1997G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2022G, Member of the Board of Directors at Ultra Group Company, The Kingdom, a limited liability company engaging in the field of healthcare.</li> <li>- Since 2021G, Member of the Executive Committee at the Company.</li> </ul>
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2018G to 2021G, Managing Director at Integrated Pharma Solutions (IPS), Dubai, United Arab Emirates, a limited liability company engaging in the field of research-based biopharmaceuticals.</li> <li>- From 2015G to 2018G, Regional President, Africa Middle East (AFME Region) Essential Health Business at Pfizer, Dubai, United Arab Emirates, a limited liability company engaging in the field of research-based biopharmaceuticals.</li> <li>- From 2012G to 2015G, Regional President of Europe, Africa and the Middle East Consumer Health Business at Pfizer, New York, United States, a listed joint stock company engaging in the field of research-based biopharmaceuticals.</li> <li>- From 2009G to 2012G, Regional President of Africa and Middle East Nutrition Business at Pfizer, Dubai, United Arab Emirates, a limited liability company engaging in the field of research-based biopharmaceuticals.</li> <li>- From 2006G to 2009G, General Manager of the Middle East and North Africa at Saudi Pfizer Company Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and is in the field of research-based biopharmaceuticals.</li> <li>- From 2001G to 2004G, Commercial Director of Egypt and Sudan at GlaxoSmithKline, a listed joint stock company engaging in the field of pharmaceuticals, vaccines and consumer health products.</li> <li>- From 1999G to 2001G, Regional Head of Marketing of the Middle East, Pakistan, Turkey, and Africa at GlaxoSmithKline, London, United Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products.</li> <li>- From 1998G to 1999G, Commercial Director of the Vaccine Department of the Middle East and Pakistan at GlaxoSmithKline, London, United Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products.</li> <li>- From 1996G to 1998G, Country Manager of Yemen and Marketing Manager of the Gulf and Yemen at GlaxoSmithKline, Dubai, United Arab Emirates, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products.</li> <li>- From 1994G to 1995G, Marketing Manager at GlaxoSmithKline, London, United Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products.</li> <li>- From 1991G to 1993G, Product Manager at Smithkline Beecham, The Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products.</li> <li>- Senior Hospital Representative at Smithkline Beecham, The Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products.</li> <li>- From 1987G to 1998G, Medical Sales Representative at Smithkline Beecham, The Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products.</li> <li>- From 1986G to 1987G, Medical Sales Representative at Roussel Uclaf, The Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company



### 5.3.2.2 Anwer Muhiuddin

<b>Age:</b>	59 years
<b>Nationality:</b>	Pakistani
<b>Current Position:</b>	Chief Financial Officer
<b>Appointment Date:</b>	31/01/2013G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree of Commerce from University of Karachi, Pakistan, 1985G.</li> <li>- Master's Degree of Economics from University of Karachi, Pakistan, 1989G.</li> <li>- Accounting Certificate from the Institute of Cost and Management Accountants (ACMA), Pakistan, 1994G.</li> <li>- Master's Degree of Business Administration with a Major in Marketing form Cardiff University, United Kingdom, 2019G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 1999G to 2013G, Finance Manager at the Company.</li> <li>- From 1997G to 1999G, Accounts Manager at Wyeth Pharmaceutical Company Limited, a limited liability company established in Pakistan, engaging in the field of manufacturing pharmaceutical products.</li> <li>- From 1992G to 1997G, Accounts, Budgeting and Planning Manager at Jaffer Brothers Pvt. Limited, a limited liability company established in Pakistan, engaging in the field of engineering, construction and technical works.</li> <li>- From 1989G to 1992G, Cost Accountant and Accounts Manager at National Fructose Company Limited, a limited liability company established in Pakistan, engaging in the field of manufacturing liquid glucose in pharmaceuticals products.</li> <li>- From 1984G to 1986G, Audit Trainee at Ford, Rhodes, Robson and Morrow Chartered Accountants, a simple limited partnership established in Pakistan, operating as chartered accountants.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.3.2.3 Mohammed Mahmoud Jamjoom

<b>Age:</b>	28 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Head of Business Operations.
<b>Appointment Date:</b>	01/09/2021G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Business Administration (majoring in Finance) from Chapman University, United States, 2016G.</li> <li>- Master's Degree in Pharmaceutical Sciences from Chapman University, United States, 2018G.</li> <li>- PhD Degree in Pharmaceutical Sciences and Economics from Chapman University, United States, 2022G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	<ul style="list-style-type: none"> <li>- Since 2020G, Member of the Board of Directors at Julip, a limited liability company established in The Kingdom, engaging in the development and sale of pharmaceutical programs specialized for retail pharmacies.</li> <li>- Since 2019G, Member of the Board of Directors at Vibes Offices, a limited liability company established in The Kingdom, engaging in leasing office space to small and medium sized companies.</li> </ul>
<b>Previous Executive Positions:</b>	Since 2016G to 2019G, Supply Chain Consultant at Bar Pharmaceutical Company, a limited liability company established in the United States, engaging in the manufacturing of pharmaceutical products.
<b>Previous Memberships:</b>	N/A

Source: The Company

#### 5.3.2.4 Ammar Abdulrahman Al Attas

<b>Age:</b>	37 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Head of the Legal Department.
<b>Appointment Date:</b>	16/05/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Law from King Abdulaziz University, The Kingdom, 2007G.</li> <li>- Master's Degree in Commercial Law from Brunel University, United Kingdom, 2011G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2020G to 2022G, Director of the Legal Department and Secretary of the Board of Directors at Bindawood Holding Company, a Saudi joint stock company engaging in in the food and luxury retail store management sector.</li> <li>- From 2018G to 2022G, Director of the Legal Department at Saudi Pfizer Company Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products.</li> <li>- From 2013G to 2018G, Director of the Legal Department at Glaxo Saudi Arabia limited, a limited liability company engaging in the in the manufacturing and marketing of pharmaceutical products.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

#### 5.3.2.5 Idrees Ahmed Siddiqui

<b>Age:</b>	56 years
<b>Nationality:</b>	American
<b>Current Position:</b>	Head of Manufacturing Operations.
<b>Appointment Date:</b>	01/03/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Pharmacy from Birla Institute of Technology and Science, India, 1988G.</li> <li>- Master's degree in Pharmaceutical Sciences (Industrial Pharmacy) from Mississippi University, United States, 1992G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2020G to 2021G, Vice President of Operation and Manufacturing at Sovereign Pharmaceuticals, Fort Worth, United States, a limited liability company engaging in the development and manufacturing of pharmaceutical products.</li> <li>- Site Manager and head of industrial Affairs at Pharma International Limited (formerly: a Sanofi Company), Dubai, United Arab Emirates, a limited liability company engaging in the manufacture of quality pharmaceutical products.</li> <li>- From 2006G to 2007G, Vice President of Development and Regulatory Affairs at Sentiss Pharma Limited, India, a limited liability company engaging in the manufacture of eye products and exporting its products to Europe and the United States.</li> <li>- From 2000G to 2006G, Principal Scientist of the Consumer Health Care at Wyeth (Pfizer Inc.), Virginia, United States, a limited liability company engaging in the manufacture of generic pharmaceutical products.</li> <li>- From 1996G to 2000G, Group Leader of Research and Development at Nutrilite Inc., a division of Amway Corporation, Buena Park, California, United States, a limited liability company engaging in the manufacture of generic pharmaceutical products.</li> <li>- From 1996G to 1996G, Manufacturing Scientist at Research Triangle Pharmaceuticals, a division of Cato Research, New Carolina, United States, a limited liability company engaging in the manufacturing quality pharmaceutical products.</li> <li>- From 1993G to 1996G, Quality Control Scientist at Butler Pharma Inc., United States, a limited liability company engaging in the field of manufacturing quality pharmaceutical products.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.3.2.6 Wagih Mohammed El Bokl

<b>Age:</b>	55 years
<b>Nationality:</b>	Egyptian
<b>Current Position:</b>	Commercial Director
<b>Appointment Date:</b>	10/07/2021G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Pharmaceutical Sciences form Zagazig University, Egypt, 1990G.</li> <li>- Master's Degree in Business Administration from Cardiff University, United Kingdom, 2019G.</li> <li>- Master's Degree in Business Administration from the Arab Academy for Science and Technology, Egypt, 2019G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2019G to 2021G, Marketing and Sales Director for the market in The Kingdom at the Company.</li> <li>- From 2016G to 2019G, Marketing Director at the Company.</li> <li>- From 2012G to 2015G, Marketing Director at Jamjoom Pharma Limited, in Cairo, Egypt, a limited liability company engaging in the field of operating a factory for the manufacture and distribution of medical preparations.</li> <li>- From 2008G to 2011G, Marketing Director at Jamjoom Pharma Limited, in Cairo, Egypt, a limited liability company engaging in the field of operating a factory for the manufacture and distribution of medical preparations..</li> <li>- From 2004G to 2008G, Product Group Manager of the Dermatology and General Medicine lines at Jamjoom Pharma Limited, in Cairo, Egypt, a limited liability company engaging in the field of operating a factory for the manufacture and distribution of medical preparations..</li> <li>- From 2000G to 2003G, Product Manager of the two lines of Dermatology/General Medicine at Jamjoom Pharma Limited, in Cairo, Egypt, a limited liability company engaging in the field of operating a factory for the manufacture and distribution of medical preparations.</li> <li>- From 1999G to 2000G, Product Manager - Rheumatology/ Bone Business Lines at Novartis, The Kingdom, a limited liability company operating in the field of pharmaceutical industries.</li> <li>- From 1998G to 1998G, Product Manager - Asthma/Dermatology Business lines at Novartis, The Kingdom, a limited liability company operating in the field of pharmaceutical industries.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.3.2.7 Alaa Abdelghany Mohammed Gamaleldin

<b>Age:</b>	54 years
<b>Nationality:</b>	Egyptian
<b>Current Position:</b>	General Manager of the Markets in The Kingdom, Gulf Region and Iraq.
<b>Appointment Date:</b>	25/07/2021G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Pharmacology form Alexandria University, Egypt, 1991G.</li> <li>- Diploma in Funding from the American Management Association, United States, 2000G.</li> <li>- Master's Degree in Strategy and Marketing from the Arab Academy for Science, Technology and Maritime Transport, Egypt, 2004G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2020G to 2020G, Vice President of Strategic Projects in Africa and the Middle East at Pfizer (AFME) at the regional headquarters in the United Arab Emirates, a limited liability company engaging in the field of biopharmaceutical products and vaccines.</li> <li>- From 2017G to 2020G, Vice President and Local Director at Saudi Pfizer Company Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operates in the biopharmaceutical products and vaccines sector.</li> <li>- From 2017G to 2015G, Group Leader of The Kingdom, Egypt and Sudan at Saudi Pfizer Company Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operates in the biopharmaceutical products and vaccines sector.</li> <li>- From 2017G to 2015G, Leader of Regional Strategies and Operations at Pfizer, United Arab Emirates, a limited liability company engaging in the biopharmaceutical products and vaccines sector.</li> <li>- From 2014G to 2015G, Director of Commercial Operations at Pfizer at the regional headquarters (AFME) in the United Arab Emirates, a limited liability company engaging in the biopharmaceutical products and vaccines sector.</li> <li>- From 2013G to 2014G, Director of Strategic Planning Operations Development and Commercial Director at Saudi Pfizer Company Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operates in the biopharmaceutical products and vaccines sector.</li> <li>- From 2012G to 2013G, Director of the Strategic Planning Business Development Unit concerned with vaccines and biotechnical products at Saudi Pfizer Company Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operates in the biopharmaceutical products and vaccines sector.</li> <li>- From 2009G to 2012G, Director of the Business Unit concerned with vaccines and biotechnical products at Saudi Pfizer Company Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operates in the biopharmaceutical products and vaccines sector.</li> <li>- From 2007G to 2009G, Country Director at Wyeth Company, Saudi Arabia, a limited liability company engaging in the biopharmaceutical products and vaccines sector.</li> <li>- From 2005G to 2007G, Country Business Leader at Wyeth Company (Saudi Arabia), engaging in the biopharmaceutical products and vaccines sector.</li> <li>- From 2001G to 2005G, Head of the Business Unit at GlaxoSmithKline, a listed joint stock company engaging in the field of consumer health..</li> <li>- From 2001G to 2001G, Director of Sales Effectiveness at GlaxoSmithKline, a listed joint stock company engaging in the field of consumer health..</li> <li>- From 2000G to 2001G, Area Sales Manager at GlaxoSmithKline, a listed joint stock company engaging in the field of consumer health..</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.3.2.8 Hisham Al Sayed Ahmed

<b>Age:</b>	56 years
<b>Nationality:</b>	Egyptian
<b>Current Position:</b>	General Manager of the Markets in Egypt and North Africa.
<b>Appointment Date:</b>	01/07/2021G
<b>Academic Qualifications:</b>	Bachelor's Degree of Veterinary Medical Sciences from Assiut University, Egypt, 1988G.
<b>Current Executive Positions:</b>	<ul style="list-style-type: none"> <li>- Since 2021G, Manager at Al-Jamjoom Pharma for Commercial Agencies, Egypt, a limited liability company engaging in the field of general trading, distribution and commercial agencies</li> <li>- Since 2015, Manager at Al-Jamjoom Pharma for Pharmaceutical Industries, Egypt, a joint stock company, engaging in the field of establishing and operating a factory for the manufacture of human and veterinary medicines.</li> <li>- Since 2012G, Manager at Jamjoom Pharma Limited, Egypt, a limited liability company engaging in the field of operating a factory for the manufacture and distribution of medical preparations, medicines of all kinds and cosmetics.</li> </ul>
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2016G to 2021G, Director of Export Markets at the Company.</li> <li>- From 2006G to 2016G, Export Manager at the Company.</li> <li>- From 2004G to 2006G, Director of the Main Medicine Line Product Group at the Company.</li> <li>- From 2000G to 2004G, Field Forces Manager in the western region of The Kingdom at the Company.</li> <li>- From 1993G to 2000G, Field Force Manager at Smithkline Beecham, Egypt, a limited liability company engaging in the field of pharmaceutical products.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.3.2.9 Essam Jameel Al Sayed

<b>Age:</b>	56 years
<b>Nationality:</b>	Egyptian
<b>Current Position:</b>	General Manager of Other Export Markets and Consumer Health Division.
<b>Appointment Date:</b>	14/10/2021G
<b>Academic Qualifications:</b>	Bachelor's Degree of Clinical Pharmacy (College of Pharmacy) From Tanta University, Egypt, 1988G.
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2017G to 2021G, Business Manager of Specialized Care in Oncology and Hepatitis at AbbVie, The Kingdom, a limited liability company engaging in the private and governmental health sector.</li> <li>- From 2012G to 2016G, Business Manager of Specialized Care and Oncology for AbbVie, The Kingdom, a limited liability company engaging in the private and government healthcare sector.</li> <li>- From 2011G to 2012G, Sales Manager of the private sector at GlaxoSmithKline, The Kingdom, a limited liability company engaging in the private and governmental healthcare sector.</li> <li>- From 2009G to 2011G, Sales Manager of the private institutional sectors at GlaxoSmithKline, The Kingdom, a limited liability company engaging in the private and governmental healthcare sector.</li> <li>- From 2006G to 2008G, Sales Manager of both the private and institutional sectors at GlaxoSmithKline, The Kingdom, a limited liability company engaging in the private and governmental health care sector.</li> <li>- From 2004G to 2006G, Sales Manager of the private sector at GlaxoSmithKline, The Kingdom, a limited liability company engaging in the private and governmental healthcare sector.</li> <li>- From 2004G to 2004G, Director of the Infection Control Business Unit at GlaxoSmithKline, The Kingdom, a limited liability company engaging in the private and governmental healthcare sector.</li> <li>- From 2001G to 2003G, Director of the Central Nervous System Business Unit at GlaxoSmithKline, The Kingdom, a limited liability company engaging in the private and governmental healthcare sector.</li> <li>- From 1999G to 2000G, Regional Sales Manager for Hospitals at GlaxoSmithKline, The Kingdom, a limited liability company engaging in the private and governmental healthcare sector.</li> </ul>
<b>Previous Memberships:</b>	<ul style="list-style-type: none"> <li>- From 2004G to 2012G, Member of the Board of Directors at GlaxoSmithKline, The Kingdom, a limited liability company engaging in the private and governmental healthcare sector.</li> <li>- From 2013G to 2022G, Member of the Board of Directors at AbbVie, The Kingdom, a limited liability company engaging in the private and government health care sector.</li> </ul>

Source: The Company

### 5.3.2.10 Mohammed Ahmed Batarfi

<b>Age:</b>	39 years
<b>Nationality:</b>	Saudi
<b>Current Position:</b>	Human Resources Director.
<b>Appointment Date:</b>	01/02/2022G
<b>Academic Qualifications:</b>	Bachelor's Degree in Business Administration from king Abdulaziz university, The Kingdom, 2013G.
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2019G to 2022, Country Head of Human Resources Department at Microsoft Arabia, The Kingdom Riyadh, engaging in the field of software and cloud solutions.</li> <li>- From 2015G to 2018G, Human Resources Business Partner at Siemens The Kingdom, engaging in the field of energy and infrastructure for digital solutions.</li> <li>- From 2014G to 2015G, Manager of Talent Acquisition &amp; Human Resources Information System at Mohammed Yousef Naghi Group, Jeddah, The Kingdom, engaging in the field of cars and transportation.</li> <li>- From 2013G to 2014G, Supervisor of Human Resources and Administration at Mohammed Yousef Naghi Group, Jeddah, The Kingdom, engaging in the field of cars and transportation.</li> <li>- From 2008G to 2013G, Human Resources and Administration Officer at Mobily Saudi Arabia, a Saudi joint stock listed company engaging in the field of telecommunications services.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

### 5.3.2.11 Hussam Salousa

<b>Age:</b>	47 years
<b>Nationality:</b>	Egyptian
<b>Current Position:</b>	Head of Business Development and Strategy.
<b>Appointment Date:</b>	04/09/2022G
<b>Academic Qualifications:</b>	<ul style="list-style-type: none"> <li>- Bachelor's Degree in Pharmaceutical Sciences from Cairo University, 1998G.</li> <li>- Master's Degree in Business Administration from Leicester University, United Kingdom, 2012G.</li> </ul>
<b>Current Executive Positions:</b>	N/A
<b>Other Current Memberships:</b>	N/A
<b>Previous Executive Positions:</b>	<ul style="list-style-type: none"> <li>- From 2021G to 2022G, Leader of Corporate Business Development at Sidra Biopharma, a limited liability company engaging in the field of pharmaceutical healthcare.</li> <li>- From 2018G to 2020G, Regional Business Development Leader at IQVIA, The Kingdom, a limited liability company engaging in the field of health information technology and clinical research.</li> <li>- From 2016G to 2017G, Director of Business Intelligence in Europe, Middle East and Africa at Janssen Pharmaceuticals, The Kingdom, a limited liability company engaging in the field of pharmaceutical healthcare.</li> <li>- From 2013G to 2015G, Senior Customer Partner and Project Manager - Commercial Excellence and Strategy Division at Janssen Pharmaceuticals, The Kingdom, a limited liability company engaging in the field of pharmaceutical healthcare.</li> <li>- From 2011G to 2012G, Regional Product Manager at Janssen Pharmaceuticals, The Kingdom, a limited liability company engaging in the field of pharmaceutical healthcare.</li> </ul>
<b>Previous Memberships:</b>	N/A

Source: The Company

## 5.4 Remuneration of Board Members and Senior Executives

Subject to the Company's Bylaws, remunerations of the Board of Directors shall be determined in accordance with the official decisions and instructions issued by the Ministry of Commerce in this context, and within the provisions of the Companies Law and any other relevant supplementary laws, as well as the Bylaws of the Company. The attendance and transportation allowances shall be determined by the Board according to the applicable laws, decisions and directions identified by the competent entities in the Kingdom.

Pursuant to the Company's Bylaws, neither the Directors nor the Senior Executives have the authority to vote on their remuneration or indemnities. The remuneration of Senior Executives shall be determined by virtue of each respective employment contract in accordance with the Company's remuneration policy.

Furthermore, neither the Directors nor the Senior Executives have powers to borrow from the Company or vote on a contract or an arrangement in which they have a material interest.

It should be noted that no in-kind benefits have been paid to the Board members and Senior Management. The following table shows the remunerations of the Board of Directors and the top five Senior Executives (including the CEO, the CFO and the Director of Operations) for the financial years 2019G, 2020G and 2021G and the Six Month Period Ended 30 June 2022G.

**Table (5.7): Remuneration of Board Members and Senior Executives**

In SAR	2019G	2020G	2021G	30 June 2022G
Members of Board of Directors	190,000	170,000	160,000	75,000
Committees	26,000	146,000	104,000	367,000
Senior Executives	8,157,607	8,845,372	12,133,426	7,644,558

Source: The Company

## 5.5 Employment Contracts with Board Members and Senior Executives

### 5.5.1 Employment Contracts with Board Members

The Company has entered into an employment contract with one of the members of the Board of Directors. The table below shows main details of the employment contract with the member of the Board of Directors.

No.	Name	Position	Appointment Date	Contract Date	Contract Termination Date
1	Ahmed Youssef Mohammed Jamjoom	Factory Manager	01/01/2014G	01/01/2014G	01/01/2015G and is renewed automatically.

Source: The Company

### 5.5.2 Employment Contracts with Senior Executives

The Company concluded employment contracts with all the senior management members of the Company. These contracts stipulate their salaries and bonuses according to their qualifications and experience, and include a number of benefits such as a monthly transportation allowance, housing allowance, or both. These contracts are renewable and subject to the Saudi Labor Law.

The table below briefly describes the employment contracts in question.

**Table (5.8): Summary of Employment Contracts with Senior Executives**

	Name	Position	Appointment Date	Contract Date	Contract Termination Date
1	Tarek Youssef Hosni	Chief Executive Officer	25/04/2021G	25/04/2022G	24/04/2023G
2	Anwer Muhiuddin	Chief Financial Officer	31/01/1999G	31/01/2022G	30/01/2023G
3	Mohammed Mahmoud Jamjoom	Head of Business Operations	21/08/2016G	05/07/2022G	-
4	Ammar Abdulrahman Al Attas	Head of Legal; Department	23/05/2022G	23/05/2022G	22/05/2023G
5	Idrees Ahmed Siddiqui	Head of Manufacturing Operations	01/03/2022G	01/03/2022G	28/02/2023G

	Name	Position	Appointment Date	Contract Date	Contract Termination Date
6	Alaa Abdelghany Mohammed Gamaleldin	General Manager of Sales in The Kingdom, Gulf Region and Iraq	25/07/2021G	25/07/2021G	24/07/2022G
7	Hisham Al Sayed Ahmed	General Manager for Sales in Egypt and North Africa	01/12/2021G	01/12/2021G	30/11/2022G
8	Essam Jameel Al Sayed	General Manager for Sales, Other Export Markets and Consumer Health Division	14/10/2022G	14/10/2021G	13/10/2022G
9	Wagih Mohammed El Bokl	Commercial Director	07/10/2000G	07/10/2022G	06/10/2022G
10	Mohammed Ahmed Batarfi	Human Resources Director	01/02/2000G	01/02/2022G	31/01/2023G
11	Hussam Salousa	Head of Business Development and Strategy	04/09/2022G	04/09/2022G	04/09/2023G

Source: The Company

## 5.6 Corporate Governance

### 5.6.1 Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies Law and corporate governance best practice in the Kingdom.

The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, shareholders and other stakeholders, by establishing rules and procedures to facilitate decision making processes with the objective of protecting the rights of shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency in the Company's conduct on the Exchange and in the business environment.

These regulations, which entail the implementation of a clear and transparent disclosure process, ensure that the Board acts in the best interests of the Shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations.

The Company's policy is to adopt high standards of corporate governance. The Corporate Governance Regulations shall apply to the Company from the date of Listing. The Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing. The Company considers ongoing compliance with these regulations to be an important factor in its continued success.

### 5.6.2 Key Corporate Governance Requirements

The key corporate governance requirements that the Company complies, and will comply, with are set out in the Corporate Governance Regulations. These cover the following broad areas:

- General shareholder rights (Articles 4 to 9);
- Rights relating to General Assembly Meetings (Articles 10 to 15);
- The Board of Directors: formation, responsibilities, competencies, procedures and training (Articles 16 to 41);
- Conflicts of interest (Articles 42 to 49);
- Company committees (Articles 50 to 72); and
- Internal controls, external auditors, company reports and policies, and various other matters (Articles 73 to 98).



### 5.6.3 Corporate Governance Manual and Internal Policies

On 01/03/1444H (corresponding to 27/09/2022G), the Company's Board of Directors approved the revised Company's corporate governance law and regulations.

The Company's Corporate Governance Manual includes the following internal policies and charters:

- Board of Directors' policies(which includes the policies and procedures of the board of Directors);
- Board of Directors' conflict of interest policy;
- Internal control policies;
- Risk management policies;
- Reporting Policies;
- Related Party Transaction Policies;
- Dividend Distribution Policy;
- Disclosure and Transparency Policies;
- Remuneration policies;
- Audit committee charter;
- Nomination and Remuneration committee charter;
- Executive committee charter.

### 5.6.4 Corporate Governance Compliance

The Board of Directors declare that the Company is currently complying with the majority of the Corporate Governance Regulations and will fully comply with the Corporate Governance Regulations from the date of Listing.

In particular, a majority of the Company's Board of Directors, which currently consists of nine (9) Directors, are non-executive members and amongst the Board members are three (3) independent Directors. In addition, the Shareholders adopted the cumulative voting method in relation to the appointment of Directors. This method of voting gives each Shareholder voting rights equivalent to the number of Shares he/she holds. Each Shareholder has the right to use all of his/her voting rights for one nominee or to divide their voting rights between his/her selected nominees without any duplication of votes. This method increases the chances of minority shareholders appointing their representatives to the Board by exercising their cumulative voting rights in favor of a single candidate.

Pursuant to Article 101 of the Companies Law and Article 54 of the Corporate Governance Regulations, the Ordinary General Assembly of the Company formed the Audit Committee, consisting of three (3) non-executive members, on 18/12/1443H (corresponding to 17/07/2022G) and the Board of Directors formed the Nomination and Remuneration Committee on 11/01/1444H (corresponding to 09/08/2022G).

The Company has also prepared its Committees charters and the Board charter (which includes the policies and procedures of the Board of Directors) and the remuneration policy, where the Ordinary General Assembly ratified them during its session held on 18/12/1443H (corresponding to 17/07/2022G) and were additionally approved by the Board during its session held on 01/03/1444H (corresponding to 27/09/2022G).

Furthermore, the Company has put in place measures to comply with provisions that deal with conflicts of interest and competing interests (Articles 71, 72 and 73 of the Companies Law and Articles 44 and 46 of the Corporate Governance Regulations). The Company has obtained the approval of the General Assembly for transactions with Related Parties, as set out in Section 12.8 ("**Related Party Transactions**").

Pursuant to the Corporate Governance Regulations, each board member is prohibited from voting on a decision taken by the Board or the General Assembly with respect to transactions and contracts that are executed for the company's account, if he/she has a direct or indirect interest in those transactions or contracts (Article 44(b)(1)). The Companies Law sets out similar requirements to the effect that a director, without prior consent from the ordinary general assembly may not have any direct or indirect interest in transactions or contracts made for the account of the company. The director also has an obligation to inform the board of directors of any personal interest he may have in such transactions or contracts and may not participate in voting on resolutions to be adopted in this respect by the board of directors or shareholder assemblies. The Chairman of the Board of directors must inform the general assembly of any transactions and contracts in which any director has a direct or indirect personal interest and accompany that with a special report from the company's external auditor (Article 71)(1).

The Corporate Governance Regulations also provide that if a member of the Board wishes to engage in a business that may compete with the company or any of its activities, he/she must notify the Board of any project could compete with the Company's business, and abstain from voting on the related decision in the board meeting and general assemblies; the Chairman of the Board must inform the ordinary general assembly of the competing businesses that the member of the board proposes to be engaged in; and the authorization of the company's general assembly must be obtained for the member to engage in the competing business (Article 46). The Companies Law sets out similar requirements (Article 72).

The Company currently complies with the mandatory governance requirements that apply to Saudi public joint stock companies, excluding some provisions mandatory only with respect to listed companies, which the Company is not currently in compliance as the Company's shares are not currently listed on the Exchange, as follows:

- Paragraph (a) of Article 8 providing that upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board.
- Paragraph (c) of Article 8 providing that voting in the General Assembly shall be confined to the Board nominees whose information have been announced as per paragraph (a) of Article 8.
- Paragraph (d) of Article 13 providing that the invitation to the General Assembly shall be published on the Exchange's, the Company's websites and in a daily newspaper published in the area where the Company's head office is located.
- Paragraph (c) of Article 14 providing that the shareholders shall be allowed through the Company's website and the Exchange's website to obtain the information related to the items of the General Assembly's agenda, and to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit Committee's Report.
- Paragraph (e) of Article 15 providing that the Company shall announce to the public and inform the Authority and the Exchange of the results of a General Assembly meeting immediately following its conclusion.
- Paragraph (d) of Article 17 providing that the Company shall notify the Authority of the names of the Board members and description of their memberships, as well as any changes that may affect their membership, within 5 working days from such changes.
- Paragraph (b) of Article 19 providing that upon the termination of the membership of a Board member, the Company shall promptly notify the Authority and the Exchange and shall specify the reasons for such termination.
- Article 57 providing that Audit Committee shall convene periodically, provided that at least four meetings are held during the Company's financial year.
- Article 63 providing that the Remuneration Committee shall convene periodically at least once a year, and as may be necessary.
- Article 67 providing that the nomination committee shall convene periodically at least once a year, and as may be necessary.
- Article 68 providing that the Company shall publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated to the membership of the Board, provided that the nomination period shall remain open for at least a month from the date of the announcement.

## 5.7 Conflict of Interest

Neither the Company's Bylaws nor any of the Company's internal regulations and policies grant any member of the Board of Directors or the CEO the power to vote on any contract or proposal in which he has a direct or indirect interest, in accordance with Article 71 of the Companies Law which states that a member of the board of directors should not have any interest whether directly or indirectly, in the transactions or contracts made for the account of the company, except with an authorization from the Ordinary General Assembly in accordance with the regulations stipulated by the competent authority.

Pursuant to Article 71 of the Companies Law, a Board member must inform the Board of Directors of any interest he may have in the transactions or contracts made for the account of the Company. The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when it convenes, of the transactions and contracts in which any member has an interest. Such communication shall be accompanied by a special report from the auditor. Such declaration must be recorded in the minutes of the Board meeting, and the interested member shall not participate in voting on the resolution to be adopted in this respect.

Based on the foregoing, the Directors undertake to comply with the following:

- Complying with the provisions of Articles 71, 72, 73, 74, and 75 of the Companies Law and Articles 44 and 46 of the Corporate Governance Regulations.
- Refraining from voting on General Assembly resolutions pertaining to contracts entered into with the Company where the Director has a direct or indirect interest in such contract.
- Avoiding participating in any business that competes with that of the Company, unless such member has authorization from the Ordinary General Assembly.
- All Related Party transactions will be made on an arm's length basis in accordance with the terms of the Corporate Governance Regulations.

## 5.8 Direct and Indirect interest of the Board of Directors, the Secretary of the Board of Directors and the Executive Management

The Board of Directors declares that there is no conflict of interest for their members, or the members of the Executive Management or Secretary of the Board of Directors or Senior Executives or any of their relatives have a direct or indirect interest in the Shares and debt instruments of the Company and its subsidiaries (if any) and any interest in any other matter that may affect the Company's business except as disclosed in Section 12.8 ("Related Party Transactions"). Additionally, there are no transactions based on unfair commercial grounds except for what has been disclosed in Section 12.8 ("Related Party Transactions") of this Prospectus. As at the date of this Prospectus, the members of the Company's Board of Directors do not practice any business that is competitive or similar to the Company's business through their membership in the board of directors of other companies. The table below describes the related party agreements and transactions in which the members of the Company's Board of Directors have an interest.

As at the date of this Prospectus, all of the Company's transactions and contracts with related parties for the year 2021G were approved at the Extraordinary General Assembly, held on 18/12/1443H (corresponding to 17/07/2022G) in accordance with the requirements of Article 71 of the Companies Law.

**Table (5.9): Details of the related party agreements and transactions in which the members of the Company's Board of Directors have an interest.**

Related Party	Nature of Transaction	Party of Interest	Transaction Value During the Financial Year ended 31 December (SAR)			Transaction Value During the Six Month Period Ended 30 June 2022G (SAR)
			2019G	2020G	2021G	
Jamjoom Medicine Store*	Distribution of the Company's products		345,975,344.00	435,299,891.00	373,807,334.00	262,485,756
	Distribution of Commission	Yousuf Mohammed Salah Jamjoom Mohammed Yousuf Mohammed Salah Jamjoom Ahmed Yousuf Mohammed Salah Jamjoom	23,484,798.00	26,475,872.00	17,759,777.00	13,434,662
	Expenses paid on behalf	Mahmoud Yousuf Mohammed Salah Jamjoom Alaa Yousuf Mohammed Salah Jamjoom	256,566.00	51,880.00	69,605.00	0.00
	Logistics services rendered by the Company		-	1,474,645.00	410,117.00	0.00
Tegan Al Fateh Factory Company Limited (Jamjoom for printing and packaging)	Supply packing products	Mohammed Yousuf Mohammed Salah Jamjoom Ahmed Yousuf Mohammed Salah Jamjoom Mahmoud Yousuf Mohammed Salah Jamjoom Alaa Yousuf Mohammed Salah Jamjoom	10,265,085.00	14,169,253.00	18,446,989.00	8,949,346
Jamjoom Printing Press	Services of printing labels on the Company's products	Yousuf Mohammed Salah Jamjoom Mohammed Yousuf Mohammed Salah Jamjoom Ahmed Yousuf Mohammed Salah Jamjoom Mahmoud Yousuf Mohammed Salah Jamjoom Alaa Yousuf Mohammed Salah Jamjoom	4,697,111.00	6,636,303.00	8,813,119.00	870,856
Jamjoom General Agencies	Supply of gifts for brand promotion	Yousuf Mohammed Salah Jamjoom Mohammed Yousuf Mohammed Salah Jamjoom Ahmed Yousuf Mohammed Salah Jamjoom Mahmoud Yousuf Mohammed Salah Jamjoom Alaa Yousuf Mohammed Salah Jamjoom	1,083,822.00	843,031.00	1,092,842.00	141,809
Jeddah Trident Hotel	Booking of hotel reservations for the Company's employees	Yousuf Mohammed Salah Jamjoom Mohammed Yousuf Mohammed Salah Jamjoom Ahmed Yousuf Mohammed d Salah Jamjoom Mahmoud Yousuf Mohammed Salah Jamjoom Alaa Yousuf Mohammed Salah Jamjoom	155,744.00	223,097.00	862,532.00	56,129

Related Party	Nature of Transaction	Party of Interest	Transaction Value During the Financial Year ended 31 December (SAR)			Transaction Value During the Six Month Period Ended 30 June 2022G (SAR)
			2019G	2020G	2021G	
Dream Sky Travel & Tourism Agency	Travel reservations for the Company's employees	Yousuf Mohammed Salah Jamjoom				
		Mohammed Yousuf Mohammed Salah Jamjoom				
		Ahmed Yousuf Mohammed Salah Jamjoom	7,687,641.00	888,063.00	4,667,006.00	2,310,050
		Mahmoud Yousuf Mohammed Salah Jamjoom				
		Alaa Yousuf Mohammed Salah Jamjoom				
Jafaar Mohammed Salah Jamjoom and Partner for Engineering Consulting.	Professional Services for Construction	Yousuf Mohammed Salah Jamjoom				
		Mohammed Yousuf Mohammed Salah Jamjoom				
		Ahmed Yousuf Mohammed Salah Jamjoom	1,999,350.00	1,424,850.00	1,293,600.00	563,500
		Mahmoud Yousuf Mohammed Salah Jamjoom				
		Alaa Yousuf Mohammed Salah Jamjoom				
Hamza Mahmoud Yousuf Jamjoom Contracting Corporation	Construction Services	Yousuf Mohammed Salah Jamjoom				
		Mohammed Yousuf Mohammed Salah Jamjoom				
		Ahmed Yousuf Mohammed Salah Jamjoom	1,214.21	389,331.60	204,755.00	155,590
		Mahmoud Yousuf Mohammed Salah Jamjoom				
		Alaa Yousuf Mohammed Salah Jamjoom				

Source: The Company

\* Some of the terms of this agreement entered into by the Company and Jamjoom Medicine Store (branch of Abdul Latif Mohammed Salah Jamjoom & Brothers.) in relation to the commissions and payment terms were not made on arm's length basis and fair commercial grounds. To correct this, the Company has taken appropriate measures to amend the terms of this agreement with Jamjoom Medicine Store. The members of the Board of Directors confirm that this Agreement, as amended on 7 August 2022, does not include any preferential conditions as it was made on arm's length basis and fair commercial grounds

## 6. Management Discussion and Analysis of Financial Position and Operating Results

### 6.1 Introduction

The Management's Discussion and Analysis of Jamjoom Pharmaceuticals Factory ("the Company") and its subsidiaries ("the Group") provides an analytical review of the Company's operational performance and financial position during the years ended 31 December 2019G, 2020G, 2021G and the six-month periods ended 30 June 2021G and 2022G.

This section and the accompanying notes have been prepared on the basis of the audited consolidated financial statements of the financial years 2019G, 2020G and 2021G which have been audited by KPMG Professional Services, in accordance with the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and the reviewed interim condensed consolidated financial statements for the six-month period ended 30 June 2021G and 30 June 2022G by KPMG Professional Services in accordance with the International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity that are endorsed in the Kingdom of Saudi Arabia.

The Group has applied the International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Certified Public Accountants ("SOCPA") collectively referred to as "International Financial Reporting Standards approved in the Kingdom of Saudi Arabia" and in accordance with the Companies Law and the Company's Articles of Association for the preparation of the financial statements for the years ended 31 December 2019G, 2020G and 2021G. In addition to reviewed interim condensed consolidated financial statements for the six-month period ended 30 June 2021G and 2022G which have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia ("KSA").

Neither KPMG Professional Services (a non-partner member of the global network of independent KPMG Professional Consulting firms affiliated with KPMG International), nor their subsidiaries or employees (who form part of the team serving the company), nor any of their employees' relatives own any shares or stock of any kind in the Company and its subsidiaries that would impair their independence as on the date of issuing the consolidated financial statements report. As of the date of this Prospectus, KPMG Professional Services (a non-partner member of the global network of independent KPMG Professional Services firms affiliated with KPMG International) have given and not withdrawn their written consent to the reference in this Prospectus to their role as auditors of the Company for the financial years ended 31 December 2019G, 2020G and 2021G.

The above-mentioned financial statements are an integral part of this Prospectus and it should be read in conjunction with these financial statements and their supplementary notes, and these financial statements are contained in Section 20 ("**Financial Statements and Independent Auditor's Report**") of this Prospectus.

The figures in this Section have been rounded to the nearest thousand riyals unless otherwise stated, and all numbers and percentages are rounded to the nearest decimal point. Therefore, if summed, the numbers may differ to those which are stated in the tables. Annual percentages, margins, expenses and CAGRs are based on the rounded figures.

The financial information for the financial year ending on 31 December 2019G was used from the comparative financial information presented in the audited consolidated financial statements of the company for the financial years ending on 31 December 2020G. The financial information for the financial years ending on 31 December 2020G and 2021G was used from the audited consolidated financial statements of the company for the financial years ending on 31 December 2021G. The financial information for the six-month period ending on 30 June 2021G and 2022G was used from the reviewed condensed consolidated interim financial statements for the period ending on 30 June 2022G.

This Section might include forward-looking statements related to the Company's future capabilities, based on the management's plans and prospects as to its growth, results of operations and financial condition that could involve prospective risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of numerous factors, risks and future events, including those discussed in this Section of the Prospectus or elsewhere thereof, particularly Section (2) ("**Risk Factors**").

## 6.2 Directors' Declaration for Financial Statements

1. The Board of Directors declare that the financial information contained in this Prospectus is derived without material changes from the audited consolidated financial statements for 2019G, 2020G and 2021G prepared by the Company and its subsidiaries in accordance with International Financial Reporting Standards approved in the Kingdom of Saudi Arabia and other issuances Approved by the Saudi Organization for Auditors and Accountants which was audited by the Company's auditor, KPMG Professional Services and the reviewed interim condensed consolidated financial statements for the six-month period ended 30 June 2022G and the accompanying notes prepared by the Company in accordance with the International Accounting Standard IAS 34 (Initial Financial Report) approved in the Kingdom of Saudi Arabia and reviewed by KPMG Professional Services.
2. The Board of Directors also declare that the Group, individually or jointly with its subsidiary, has sufficient working capital for 12 months from the date of this Prospectus.
3. The Board of Directors declare that there has been no material adverse change in the financial or trading position of the Company or its Subsidiary during the three years immediately preceding the year the application for admission and offering of the securities subject to this Prospectus was submitted, or during the period covered by the chartered accountant's report until the approval of this Prospectus, except for what is mentioned in this section or any other section of this Prospectus, in particular the factors mentioned in Section 2.2.3 "**Financial risks related to the fluctuation of currency exchange rates**" of this Prospectus.
4. The Board of Directors declare that all material facts regarding the Company and its financial performance have been disclosed in this Prospectus, and that there are no other facts the omission of which would make any statement herein misleading.
5. The Board of Directors declare that the Company does not have any properties, including contractual securities or other assets the value whereof is subject to fluctuations or is difficult to ascertain, which materially affects the assessment of the financial position.
6. The Board of Directors declare that the Group did not provide any commissions, discounts, brokerages or other non-cash compensation by the Company to any of the Board members, proposed members of the Board, Senior Executives, offerors of securities or experts within the three years immediately preceding the date the application for admission and offering of the securities subject to this Prospectus was submitted.
7. The Board of Directors declare that the Company does not have any loans or any other liabilities including overdraft balance and declare that there are no guarantee liability (either covered by personal guarantee or non-personal guarantee), liabilities under acceptances, credits or any hire purchase commitments except what has been disclosed in Section 12.9 "**Credit Facilities and Loans**", Section 2.1.28 "**Risks related to the Company's current financing arrangements**" and Section 6.7.2.2.2 "**Loan**" of this Prospectus.
8. The Board of Directors declare that the Company and its subsidiaries has no intention of making any fundamental change in the nature of its activity.
9. The Board of Directors declare that the operations of the Company and its subsidiaries have not been discontinued in such a way as to affect or have significantly affected the financial position in the last 12 months.
10. The Board of Directors confirm that the capital of the Company and its subsidiaries is not under option.
11. The Board of Directors declare that the Company has presented comprehensive details in this Section of any potential liabilities and has calculated and recorded a provision for such as stated in this discussion.
12. The Board of Directors declare that the properties of the Company and its subsidiary are not subject to any mortgages, rights or encumbrances as of the date of this Prospectus.
13. The Board of Directors declare that the Company has presented comprehensive details in this Section of all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.
14. The Board of Directors declare that the Company has not issued, existing or approved but unissued debt instruments, term loans or secured or unsecured mortgages, except as disclosed in Section 12.9 "**Credit Facilities and Loans**", Section 2.1.28 "**Risks related to the Company's current financing arrangements**" and Section 6.7.2.2.2 "**Loan**" of this Prospectus.
15. Other than what is mentioned in this prospectus, neither the Board of Directors nor any of their relatives have shares or interest of any kind in the issuer or any of its subsidiaries, if any.
16. Except as disclosed in Section 2 ("**Risk Factors**") hereof, the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company' operations or financial position.
17. The Board of Directors declare that there were no qualifications in the chartered accountant's report on the Company's financial statements for any of the three fiscal years preceding the date of this Prospectus.
18. The Board of Directors declare that no structural changes were made to the issuer during the three fiscal years preceding the date of submission of the application for the registration and offering of the securities subject of this Prospectus.
19. The Board of Directors declare that there was no material change in the issuer's accounting policies during the three fiscal years preceding the date of this Prospectus.
20. The Board of Directors declare that there were no material changes to the audited and reviewed financials statements during the past three years preceding the date of this Prospectus.

### 6.3 Company overview

Jamjoom Pharmaceuticals Factory was a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 4030154596 dated 18/02/1426H (corresponding to 28/03/2005G). During 2013G, the Company's shareholders resolved to change the legal status of the Company from a limited liability company to a closed Saudi joint stock company. The Ministry of Commerce and Investment announced the conversion to closed joint stock company by Ministerial Resolution on 19/08/1435H (corresponding to 17/06/2014G).

The objectives of the Company are to produce human medicines, nutraceuticals, antibiotics, general analgesics, medicines for treatment of cough, allergy, asthma, heart diseases, blood pressure, diarrhea, vomiting, ulcer and acidity, treatment of various skin infections, cancer diseases, eye drops and ointments and cosmeceuticals.

- The Company registered its branch "In-life" in Jeddah on 07/02/1430H (corresponding to 03/02/2009G) with commercial registration number 4030186183, with the objective to trade perfumes and cosmetics products.
- The Company registered its branch in Riyadh on 23/03/1431H (corresponding to 09/03/2010G), commercial registration number 1010283686.
- The Company registered its branch in Jeddah on 25/04/1440H (corresponding to 03/11/2018G), commercial registration number 4030317590.
- The Company registered a new scientific support office in Algeria on 24/06/1429H (corresponding to 28/06/2008G) based on a license number 03-22/F issued by the Ministry of Commerce in Algeria.
- The Company registered a new scientific support office in Egypt on 18/09/1430H (corresponding to 08/09/2010G) based on resolution number 481 issued by the Ministry of Health in Egypt.
- The Company registered a new scientific support office in Kazakhstan, AlMaty, on 18/08/1432H (corresponding to 19/07/2011G) issued by the Ministry of Justice in Kazakhstan.

These consolidated financial statements include the assets, liabilities and results of the operations of the Company and its following subsidiaries up to 31 December 2021G:

Name	Country of incorporation	Principal activity	Effective shareholding	
			2021G	2020G
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	100.0%	100.0%
Jamjoom Pharmaceutical Industry and Commerce Company Limited (see below)	Turkey	Manufacture and distribution of pharmaceuticals	100.0%	100.0%

On 22 December 2010G, the Company established a subsidiary in Turkey, namely Jamjoom Pharmaceutical Industry and Commerce Company Limited ("JPIC"), with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding in JPIC. Therefore, JPIC has been treated as fully owned subsidiary in the Company's consolidated financial statements. There has been no operation for the year ended 31 December 2021G. Further, the Board of Directors resolved to liquidate the company dated May 20, 2019G and the process of liquidation have been started.

The Company established a subsidiary in Egypt, namely Al Jamjoom Pharma for Pharmaceutical Industries, with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding. Therefore, Al Jamjoom Pharma for Pharmaceutical Industries has been treated as fully owned subsidiary in the Company's consolidated financial statements. For the purposes of this section, it should be noted that Al Jamjoom Pharma for Pharmaceutical Industries is considered to be a material subsidiary, accounting for 2.6%, 15.8% and 80.9% of the Group's total revenue, assets and liabilities as of 30 June 2022G, respectively.

**Table (6.1): Contribution to total revenue for the financial years ended 31 December 2019G, 2020G and 2021G and the six-month period ended 30 June 2022G**

Entity name	Contribution to total revenue			Six-month period ended 30 June 2022G
	2019G	2020G	2021G	
Al Jamjoom Pharma for Pharmaceutical Industries	7.1%	7.3%	9.1%	2.6%
Jamjoom Pharmaceutical Industry and Commerce Company Limited	0.0%	0.0%	0.0%	0.0%

Source: Management information

## 6.4 The main factors that affect the business and performance of the Company

The following is a discussion of the most significant factors that have affected or are expected to affect the Group's financial condition and results of operations. These factors are based on the information currently available to management, and for more information on risk factors that are relevant to an understanding of the Group's current or future results of operations (for further details, please refer to Section 2 ("Risk Factors") and ("Important Notice") of this Prospectus).

### 6.4.1 Impact of the COVID-19 pandemic on the business

The COVID-19 pandemic has spread across various geographies globally, disrupting business and economic activities, and therefore has brought about uncertainties in the global economic environment. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications.

Following the outbreak of COVID-19, Governments in numerous countries have implemented lockdowns, travel restrictions and / or mandatory quarantine measures on international travelers and, in many cases, on residents within cities, regions or provinces of certain countries, including the countries in which the Group operates, namely the Kingdom, UAE, and other geographies.

The COVID-19 pandemic had a mixed impact on the Group's operations commencing 2020G, these were mainly noted in the following:

#### Revenue by market

- Decline in export market sales which was mainly volume driven and attributable to the restrictions imposed on the export of medications and treatments by the relevant regulatory bodies and custom authorities. Export sales resumed in June 2020G with SFDA's approval required for each shipment.
- Increase in local / KSA sales which was mainly driven by the increased sales of products within general medicine, gastrointestinal, and nutraceutical products due to stock build-up of local distributors and shift in customer demand (increased customer awareness of the benefits of nutraceuticals and supplements to combat infection and increase immunity).

#### Revenue by product

- The increase in general medicine, gastrointestinal, and nutraceuticals revenue.
- Additional sales of SAR12m for Oselta (influenza neuraminidase inhibitors) over the FY19-20 period due to its efficacy to combat flu and fever during the COVID-19 period.

#### Other impacts

- Increase in costs related to personal protective equipment such as masks and gloves, sanitizers, and other COVID-19 related measures. Purchases for masks, sanitizers and gloves amounted to SAR 595k and SAR 218k in 2020G and 2021G, respectively.
- The Company offered interest free loans to employees during the COVID-19 period.
- Increase in the cost of transportation / logistics driven by supply chain challenges.
- Decrease in the promotional and marketing activities during the COVID-19 period attributable to the mandated lockdowns and other restrictions imposed by the government.
- Decrease in travel and communication expenses attributable to the decrease in employee travel on the back of the restrictions imposed by the government.
- Delays in ongoing construction projects mainly attributable to the temporary closure of sites during the lockdown period as well as delay in receiving construction materials.

### 6.4.2 Risks relating to the Company's supply chain

A significant portion of the Company's raw materials have come from a relatively small number of suppliers, with APIs purchased from two main alternating suppliers. Moreover, the Company's API suppliers are subject to regular inspections by regulatory authorities.

If any of these suppliers were to terminate or fail to renew its supply agreement with the Company, or renew on less favorable terms for the Company, the Company's business, results of operations, financial position, and prospects would be adversely and negatively affected. Moreover, if the Company is required to switch to a different API supplier, any such new supplier must be approved by the appropriate regulatory authority.

The COVID-19 pandemic and responses to curtail the pandemic have also disrupted global supply chains, including the Company's supply chain. These disruptions included reductions in the availability of raw materials caused by reduced supplier output from COVID-19 related shutdowns, which resulted in a large increase in backlogs of orders with ensuing logistical bottlenecks, as well as cost increases in raw



materials and finished products at the supplier level and increases in logistics costs. This has resulted in lengthier sourcing periods for APIs and significant increases in costs of raw materials and shipping for the Company.

### 6.4.3 Risks related to concentration of sales among a limited number of distributors

A significant portion of the Company's sales have historically been made to a relatively small number of distributors, who in turn sell the Company's products to pharmacies, customers, hospitals and governmental agencies. In the financial year ended 31 December 2021G and the six-month period ended 30 June 2022G, 81.3% and 88.4%, respectively, of the Company's total sales were made to its top 10 distributors, and 38.0% and 38.9%, respectively, of total sales in those periods were made to a single distributor, JMS, which is a related party.

If JMS, or if any of the Company's other significant distributors in its key markets (or any sub-agents of such distributors) encounters financial or other difficulties, it may decrease the amount of business that such distributors do with the Company, and the Company may be unable to collect the amounts that these distributors owe it on a timely basis or at all. Such credit concentration risks as well as any pricing pressures could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 6.4.4 Risks related to the impact of increasing costs and operating expenses on the Company's business

The Company's operating expenses could increase as a result of a number of factors, particularly increases in the cost of raw materials and products ordered from suppliers and labor costs. Prolonged periods of cost inflation may also have a negative impact on the Company's profit margins and earnings to the extent such cost increases are not translated into increase in prices. In addition, the price of fuel and utilities have increased in recent years, and any further increase in Saudization of the Company's workforce requirements may lead to an increase in the Company's operational expenditure.

### 6.4.5 Financial risks related to the fluctuation of currency exchange rates

The Company imports certain products and raw material from suppliers outside Saudi Arabia in foreign currency (primarily in EUR and Egyptian pounds), and exports finished products from its manufacturing facilities in Saudi Arabia to its markets abroad. Any depreciation of the Saudi Riyal against foreign currencies not pegged to the Saudi Riyal will lead to an increase in the Company's operating costs, and fluctuations in foreign currencies against the Saudi Riyal may have a negative impact on the Company's revenues. In addition, as a result of the Company's loan to its subsidiary in Egypt (Al Jamjoom for Pharmaceutical Industries), the Company recorded in its financial statements currency-exchange-related losses amounting to SAR 33.0 million during the Six Month Period Ended 30 June 2022G which is primarily due to the devaluation of the Egyptian Pound during the same period (for further details, please see Sub Section ("Net financing Cost") 6.8.1 ("Consolidated income statements") of this Prospectus. The Egyptian Pound was further devaluated in October 2022G and January 2023G, which is likely to result in further currency-exchange-related losses for the last quarter of 2022G and may result in additional currency-exchange-related losses in 2023G. Such losses could potentially be material and may impact the profitability of the Company in 2022G and 2023G.

If the Company is unable to pass on any increases in operating costs caused by the deflation of the Saudi Riyal to customers through higher prices, this in turn could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

### 6.4.6 Risks related to changes in import/export laws, regulations & Fees

The Company imports into Saudi Arabia raw materials and packaging materials required for the manufacture of its products, and the Company exports finished products from its manufacturing facilities in Saudi Arabia to its markets abroad. The imposition of legal requirements or new regulations, such as the Saudi Government's recent decision to increase customs tariffs to 20%, anti-dumping duties or customs tariffs and other measures, whether adopted by countries or by regional trade blocs, it is possible that will affect the prices of raw materials and other products imported by the Company, which in turn would materially and adversely affect the Company's business, results of operations, financial position and prospects.

### 6.4.7 Risks related to changes in Zakat & VAT

The Company is currently subject to Zakat, VAT, and withholding tax (given that some of the Company's transactions are with foreign parties not registered in KSA). However, the government may impose other fees or additional taxes on companies in the future. In the event that new taxes or fees are imposed on companies, other than the current ones, this may adversely and materially affect the Company's business, financial condition, results of operations and prospects.

Moreover, any potential future VAT increase may reduce the level of demand for the Company's products or affect its profitability, which could have a material adverse effect on the Company's business, results of operations, financial condition and prospects. In addition, any additional costs to take the necessary steps to ensure compliance with any changes in Zakat, Tax and Customs Authority directives regarding the mechanisms and procedures for the calculation of Zakat and income tax as well as any additional exposures following those changes could have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

## 6.5 Summary of significant accounting policies

### 6.5.1 Basis of preparation

#### 6.5.1.1 Statement of compliance

The accompanying financial statements 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 Chartered and Professional Accountants (SOCPA).

#### 6.5.1.2 Basis of measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for defined benefit liability, which is measured at the fair value of plan assets less the present value of the defined benefit obligation.

#### 6.5.1.3 Functional and presentation currency

The accompanying consolidated financial statements is presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. All amounts have been rounded to the nearest Riyals, unless otherwise stated.

#### 6.5.1.4 Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

### Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, is included in the following:

- whether the Group exercises control over an investee.
- Lease term: whether the Group is reasonably ascertain to exercise extension option

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

#### Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (“CGUs”). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. 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.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss.

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 amortisation, if no impairment loss had been recognized.

## Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortized cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior.

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortize cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Group recognizes a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

## Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging, current condition, and future expectations with respect to its consumption. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in the pattern of consumption and sale of pharmaceutical products.

## Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

## Change in accounting estimate

In accordance with company policy it reviews the estimated useful lives and operational efficiency of proper, plant and equipment on an ongoing basis. This review indicated that the actual useful life of plant and machinery within property, plant and equipment was more than the estimated useful lives used for depreciation purposes in the company's financial statements. As a result, with effect from January 1, 2021G, the company has changed its useful lives of some plant and machinery within property, plant and equipment to better reflect the estimated periods during which these assets will remain in service. The effect of these changes on current and projected depreciation expenditures, included in "cost of sales", is as follows:

	2021G	2022G	2023G	2024G	2025G
Decrease in depreciation expense	SAR in 000s				
	20,466	18,950	16,650	10,068	8,454

## Employee benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in the notes of the consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

## Going concern

The Group's management has assessed its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

## Measurement of fair values

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Group's management has overall responsibility for overseeing all significant fair value measurements.

Group's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 6.5.2 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in the financial statements.

### 6.5.2.1 Basis of consolidation

#### Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### Acquisitions from entity under common control

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entity are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-Group balances, transactions, income and expenses resulting from intra-Group transactions are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interests without change in control".

## Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

## Non-controlling interests

Non-controlling interests represent the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

## Investments in equity accounted investees

Associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the Group's interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of profit or loss and other comprehensive income. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in associate, the carrying amount of that interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

## Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 6.5.2.2 Financial instruments

### Recognition and initial measurement

Trade receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

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

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

On initial recognition, a financial asset is classified as measured at: amortize cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortize cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

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

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

<b>Financial assets at Fair Value Through Profit and Loss (FVTPL)</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
<b>Financial assets at amortized Cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

### Financial Liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortize cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortize cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

## Derecognition

### Financial assets

The management derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

### Financial liabilities

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

## Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

## Impairment of financial assets

The management recognizes loss allowances for ECL on financial assets measured at amortize cost and contract assets. The management measures loss allowances at an amount equal to lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECL: these are ECL that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

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

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

The management assumes that the credit risk on a financial asset has increased significantly if it is more than 730 days past due from government and 365 days past due from non-government parties.

The management considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due as per terms of agreement with customers.

## Measurement of ECL

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

## Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 730 / 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

## Presentation of impairment

Allowances for financial assets measured at amortize cost are deducted from the gross carrying amount of the assets. Impairment losses related to Trade receivables and contract assets, including contract assets and finance lease receivables, are presented separately in the statement of profit or loss. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

### 6.5.2.3 Impairment

#### Non-financial assets

The management assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the management estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the management estimates the asset's or CGUs' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

### 6.5.2.4 Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the consolidated statement or profit or loss and other comprehensive income.

The cost of replacing a part of an item of property, plant 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 Group, 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, plant and equipment are recognized in profit or loss as incurred.

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.



The estimated useful lives of assets are as follow:

Asset classification	Years
Buildings	33
Plant and machinery	4-20
Furniture and fixtures	10
Office equipment	6
Computers	4-8
Motor vehicles	4

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer policy on impairment of non-financial assets note.

## Capital work-in-progress

Capital work-in-progress are carried at cost less any recognized impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

## Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

### Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

### Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### 6.5.2.5 Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss and other comprehensive income category consistent with the function. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

### 6.5.2.6 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

### 6.5.2.7 Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### 6.5.2.8 Employees' benefits

#### Defined benefit plan

Provision is made for amounts payable to employees under the Saudi Labor Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee on a going concern basis. The cost of providing benefits is determined using the projected unit credit method as amended by IAS 19. Remeasurements, comprising of actuarial gains and losses, excluding amounts included in interest on the defined benefit liability are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The management recognizes the following changes in the defined benefit obligation under 'cost of sales', and 'general and administration expenses' in the statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- interest expense or income

#### Other long-term employee benefits

The Company's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value if the impact is material. Remeasurements are recognized in profit or loss in the period in which they arise.

#### Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring.

## Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### 6.5.2.9 Revenues

The Company recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognized at the point in time at which the performance obligation is satisfied.

Revenue from sales is recognized upon delivery or shipment of products by which the significant risks and rewards of ownership of the goods have been transferred to the buyer and the Group has no effective control or continuing managerial involvement to the degree usually associated with ownership over the goods. Sales is recorded net of returns, trade discounts and volume rebates.

Variable consideration is estimated based on expected value method. Revenue is recorded net of trade discounts, volume rebates and deductibles. Consideration payable to a customer is recognized as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. If consideration payable to the customer is a payment for a distinct good or service from the customer, then the Group records such purchase of the good or service in the same way that it accounts for other purchases from suppliers.

### 6.5.2.10 Zakat and income tax

The Company is subject to Zakat in accordance with the regulations of Zakat and Tax Customs Authority ("ZATCA"). Foreign subsidiaries are subject to the relevant income tax regulations in their countries of domicile. Company's Zakat and its share in the foreign subsidiaries income tax are accrued and charged to the consolidated statement of income currently. Foreign income tax attributable to the foreign subsidiaries shareholders are charged to the minority shareholders in accompanying consolidated financial statements. Additional Zakat and foreign income tax liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized. The Company withholds taxes on Transactions with non-resident parties.

### 6.5.2.11 Value added tax (VAT)

Assets and expenses are recognized net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognized 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, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

### 6.5.2.12 Borrowing and finance cost

Borrowings are recognized initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss and other comprehensive income using the effective interest method.

### 6.5.2.13 Dividends

Dividends paid are recorded in the financial statements in the year in which they are approved by shareholders of the Group. Dividends are recorded as liability in the year in which they are approved by the Board of Directors.

### 6.5.2.14 Operating expenses

Cost of sales represent all expenses directly attributable or incidental to the core operating activities of the Company including but not limited to raw materials and supplies, attributable employee-related costs, depreciation of property and equipment, etc. All other expenses are classified as general and administrative expenses, selling and distribution. Allocation of common expenses between cost of sales and general and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

### 6.5.2.15 Financial liabilities

Financial liabilities are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognizes the financial liabilities when contractual obligations are discharged or cancelled or expired. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost.

Subsequent to initial recognition, these liabilities are measured at amortize cost using effective interest rate method.

### 6.5.2.16 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortize costs.

### 6.5.2.17 Earnings per share

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

The calculation of diluted EPS is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

### 6.5.2.18 Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortize cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortize cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available for sale equity instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### Foreign operations

The assets and liabilities of foreign operations, arising on acquisition, are translated to Saudi Riyal at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Saudi Riyal at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

### 6.5.2.19 Contingencies

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company.

### 6.5.3 New standards, amendments to standards and standards issued but not yet effective

Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2022G; the Company has not early adopted them in preparing these financial statements.

Effective date	New standards or amendments
1 January 2022G	Onerous contracts – cost of fulfilling a contract (amendments to IAS 37)
	Annual improvements to IFRS Standards 2018G – 2020G
	Property, plant and equipment: Proceeds before intended use (amendments to IAS 16)
	Reference to the conceptual framework (amendments to IFRS 3)
1 January 2023G	Classification of liabilities as current or non-current (amendments to IAS 1)
	IFRS 17 Insurance contracts
	Disclosure of accounting policies (amendments to IAS 1)
	Definition of accounting estimates (amendments to IAS 8)
	Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2021G, however the amendments do not have a significant effect of the Company's financial statements.

Effective date	New standards or amendments
1 January 2021G	Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
1 April 2021G	COVID-19 Related rent concessions (amendment to IFRS 16)

## 6.6 Summary of financial information and key performance indicators

**Table (6.2): Summary of financial information from the profit or loss and other comprehensive income for the financial years ended 31 December 2019G, 2020G and 2021G and interim condensed consolidated statement of profit or loss and other comprehensive income (reviewed) for the six-month period ended 30 June 2021G and 30 June 2022G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G	Six-month period ended 30 June 2021G (Reviewed)	Six-month period ended 30 June 2022G (Reviewed)	Variance 30 June 2021G - 30 June 2022G
Revenue	731,733	805,314	735,683	10.1%	(8.6%)	0.3%	314,877	482,081	53.1%
<b>Gross profit</b>	<b>422,366</b>	<b>513,296</b>	<b>474,694</b>	<b>21.5%</b>	<b>(7.5%)</b>	<b>6.0%</b>	<b>202,119</b>	<b>317,384</b>	<b>57.0%</b>
Operating profit	174,540	239,914	185,803	37.5%	(22.6%)	3.2%	64,465	135,033	109.5%
<b>Profit before Zakat and income tax</b>	<b>175,671</b>	<b>231,743</b>	<b>188,087</b>	<b>31.9%</b>	<b>(18.8%)</b>	<b>3.5%</b>	<b>60,322</b>	<b>102,447</b>	<b>69.8%</b>
Net profit for the year / period	156,931	206,860	170,695	31.8%	(17.5%)	4.3%	52,173	93,954	8.1%
Re-measurement of Employees' benefits liability	(2,181)	(3,255)	(646)	49.3%	(80.2%)	(45.6%)	-	-	N/A

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G	Six-month period ended 30 June 2021G (Reviewed)	Six-month period ended 30 June 2022G (Reviewed)	Variance 30 June 2021G - 30 June 2022G
Foreign operations – foreign currency translation differences	992	(3,385)	(4,149)	(441.3%)	22.6%	N/A	4,052	(2,470)	(161.0%)
<b>Other comprehensive (loss) / income for the year / period</b>	<b>(1,189)</b>	<b>(6,641)</b>	<b>(4,795)</b>	<b>458.6%</b>	<b>(27.8%)</b>	<b>100.8%</b>	<b>4,052</b>	<b>(2,470)</b>	<b>(161.0%)</b>
<b>Total comprehensive income for the year / period</b>	<b>155,742</b>	<b>200,220</b>	<b>165,900</b>	<b>28.6%</b>	<b>(17.1%)</b>	<b>3.2%</b>	<b>56,225</b>	<b>91,484</b>	<b>62.7%</b>

**Table (6.3): Summary of financial information from the consolidated statement of financial position for the years ended 31 December, 2019G, 2020G, 2021G and the reviewed interim consolidated statement of financial position as on 30 June 2022G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Non-current assets	523,843	648,948	732,628	749,874
Current assets	759,791	846,712	699,665	757,652
<b>Total assets</b>	<b>1,283,635</b>	<b>1,495,660</b>	<b>1,432,293</b>	<b>1,507,526</b>
Shareholders' equity	1,069,515	1,179,068	1,231,635	1,261,953
Non-current liabilities	84,008	77,520	62,294	65,062
Current liabilities	130,111	239,071	138,364	180,511
<b>Total liabilities</b>	<b>214,119</b>	<b>316,591</b>	<b>200,658</b>	<b>245,573</b>
<b>Total equity and liabilities</b>	<b>1,283,635</b>	<b>1,495,660</b>	<b>1,432,293</b>	<b>1,507,526</b>

**Table (6.4): Summary of financial information from the audited statement of cash flows for the years ended 31 December, 2019G, 31 December, 2020G, 31 December 2021G and the reviewed consolidated interim statement of cash flows reviewed for the six-month period ended 30 June 2022G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Net cash generated from operating activities	203,576	261,934	228,696	76,547
Net cash used in investing activities	(70,024)	(178,493)	(143,262)	(28,059)
Net cash used in financing activities	(100,000)	(28,467)	(208,349)	(61,466)

**Table (6.5): Key performance indicators for the financial years ending on 31 December 2019G, 2020G and 2021G and the period ending on 30 June 2022G**

Income statement metrics					
As a percentage of revenue	Financial year 2019G	Financial year 2020G	Financial year 2021G	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G
Gross margin	57.7%	63.7%	64.5%	64.2%	65.8%
EBITDA margin	29.8%	33.8%	29.0%	24.5%	30.7%
Net profit margin before zakat	24.0%	28.8%	25.6%	19.2%	21.3%
Net profit margin	21.4%	25.7%	23.2%	16.6%	19.5%

Balance sheet metrics				
	As at 31 December 2019G	As at 31 December 2020G	As at 31 December 2021G	As at 30 June 2022G
ROA *	12.2%	13.8%	11.9%	14.1%
ROE *	14.7%	17.5%	13.9%	16.8%
Liabilities-to-assets ratio	0.17	0.21	0.14	0.16
Debt-to-equity ratio	0.03	0.08	N/A	N/A
Current ratio	5.84	3.54	5.06	4.20

\* ROA and ROE for the six-month period ended on 30 June 2022G were calculated based on LTM22 net profit

## 6.7 Results of operations for the financial years ending 31 December 2019G, 2020G and 2021G

The Company's selected financial information and key performance indicators set out below should be read in conjunction with the financial information for the financial years ended 31 December 2019G, 2020G and 2021G prepared in accordance with the IFRS issued by the IASB as endorsed in the Kingdom and other standards and pronouncements issued by SOCPA, each of which is included in Section 20 (Financial Statements and Independent Auditor's Report).

### 6.7.1 Consolidated income statements

**Table (6.6): Consolidated statement of profit or loss and other comprehensive income for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Revenue	731,733	805,314	735,683	10.1%	(8.6%)	0.3%
Cost of sales	(309,367)	(292,019)	(260,989)	(5.6%)	(10.6%)	(8.2%)
<b>Gross profit</b>	<b>422,366</b>	<b>513,296</b>	<b>474,694</b>	<b>21.5%</b>	<b>(7.5%)</b>	<b>6.0%</b>
Selling and distribution expenses	(213,872)	(199,210)	(208,954)	(6.9%)	4.9%	(1.2%)
General and administration expenses	(33,954)	(37,685)	(42,937)	11.0%	13.9%	12.5%
Research and development expenses	-	(36,488)	(37,000)	N/A	1.4%	N/A
<b>Operating profit</b>	<b>174,540</b>	<b>239,914</b>	<b>185,803</b>	<b>37.5%</b>	<b>(22.6%)</b>	<b>3.2%</b>
Other income, net	1,028	1,070	4,554	4.1%	325.6%	110.5%
Share result of equity accounted investment	-	(569)	(54)	N/A	(90.5%)	N/A
Impairment loss on investment	-	(8,315)	(1,040)	N/A	(87.5%)	N/A
Impairment loss on goodwill	-	(2,109)	-	N/A	N/A	N/A

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Finance (charges) / income, net	103	1,752	(1,175)	1601.0%	(167.1%)	N/A
<b>Profit before Zakat and income tax</b>	<b>175,671</b>	<b>231,743</b>	<b>188,087</b>	<b>31.9%</b>	<b>(18.8%)</b>	<b>3.5%</b>
Zakat and income-tax	(18,740)	(24,883)	(17,392)	32.8%	(30.1%)	(3.7%)
<b>Net profit for the year</b>	<b>156,931</b>	<b>206,860</b>	<b>170,695</b>	<b>31.8%</b>	<b>(17.5%)</b>	<b>4.3%</b>
Re-measurement of Employees' benefits liability	(2,181)	(3,255)	(646)	49.3%	(80.2%)	(45.6%)
Foreign operations – foreign currency translation differences	992	(3,385)	(4,149)	(441.3%)	22.6%	N/A
<b>Other comprehensive loss for the year</b>	<b>(1,189)</b>	<b>(6,641)</b>	<b>(4,795)</b>	<b>458.6%</b>	<b>(27.8%)</b>	<b>100.8%</b>
<b>Total comprehensive income for the year</b>	<b>155,742</b>	<b>200,220</b>	<b>165,900</b>	<b>28.6%</b>	<b>(17.1%)</b>	<b>3.2%</b>
<b>As a % of revenue</b>	<b>Percentage points</b>					
Gross profit	57.7%	63.7%	64.5%	6.0	0.8	6.8
Selling and distribution expenses	29.2%	24.7%	28.4%	(4.5)	3.7	(0.8)
General and administration expenses	4.6%	4.7%	5.8%	0.0	1.2	1.2
Research and development expenses	0.0%	4.5%	5.0%	4.5	0.5	5.0
EBITDA	29.8%	33.8%	29.0%	4.0	(4.8)	(0.8)
EBIT	24.0%	28.6%	25.7%	4.6	(2.8)	1.7
<b>Net profit for the year</b>	<b>21.4%</b>	<b>25.7%</b>	<b>23.2%</b>	<b>4.2</b>	<b>(2.5)</b>	<b>1.8</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

## Revenue

Revenue increased from SAR731.7m in 2019G to SAR805.3m in 2020G (+10.1%) driven by an increase in local KSA sales from SAR417.6m in 2019G to SAR538.7m in 2020G (+SAR121.1m, +29.0%) which was mainly driven by increased sales of products within general medicine ("Gen"), gastrointestinal ("GIT"), and consumer health products due to stock build-up of local KSA distributors as a result of the requirement imposed by the SFDA (to keep higher inventory to cover the shortfall of imported medicine) and shift in customer behavior as reaction to global pandemic news (immunity increase focus). The increase in local KSA sales was partially offset by the decrease in export KSA sales from SAR262.5m in 2019G to SAR207.6m in 2020G (-SAR54.9m, -20.9%) which was mainly volume driven and attributable to the restrictions imposed on the export of medications and treatments by the relevant regulatory bodies and custom authorities from March 2020G to June 2020G in KSA. Other market sales resumed in June 2020G with SFDA's approval required for each shipment.

Revenue subsequently decreased from SAR805.3m in 2020G to SAR735.7m in 2021G (-SAR69.6m, -8.6%) driven by a decrease in local KSA sales from SAR538.7m in 2020G to SAR466.1m in 2021G (-SAR72.6m, -13.5%) mainly driven by (i) low local KSA distributor / customer demand specifically in Q1 of 2021G due to sufficient inventory resulting from their 6-month stock build-up in 2020G (due to the SFDA requirement), (ii) the decrease in Oselta sales (-SAR22.6m) given the high sales of this product during the COVID-19 pandemic, and (iii) the price reduction by the SFDA for products such as Astatin and Aciloc.

## Cost of sales

Cost of sales mainly related to costs in connection with consumption of raw materials and consumables (SAR148.5m, 56.9% of total cost of sales in FY21G), cost of employees (SAR65.9m, 25.3%), depreciation charges (SAR17.0m, 6.5%), supplies and consumables (SAR6.2m, 2.4%), travelling and communication (SAR621k, 0.2%), among others. We note that research and development expenses were classified under cost of sales in 2019G, and underneath gross profit as a separate line item in 2020G and 2021G. This was a main source of the decrease in cost of sales from SAR309.4m in 2019G to SAR292.0m in 2020G. Other cost of sales items increased over the same period: (i) raw material and consumables (+SAR7.3m) and (ii) supplies and consumables (+SAR605K) in line with the growth in activity/revenue.

Cost of sales subsequently decreased from SAR292.0m in 2020G to SAR261.0m in 2021G mainly due to (i) the decrease in depreciation charges from SAR35.3m in 2020G to SAR17.0m in 2021G mainly due to the change in estimated useful lives made during 2021G, and (ii) the decrease in raw material and consumables cost from SAR156.9m in 2020G to SAR148.5m in 2021G in line with the decrease in activity / revenue.



## Selling and distribution expenses

Selling and distribution expense mainly comprised salaries and employee related costs (38.2% in 2021G), distribution expenses (33.0%) and brand reminders, free samples and promotions (23.5%) among others. Selling and distribution expenses decreased from SAR213.9m in 2019G to SAR199.2m in 2020G mainly driven by the decrease in (i) promotional expenses (-SAR10.2m), and (ii) symposium expenses (-SAR4.1m) and travel & communication (-SAR2.4m) due to government restrictions imposed during the COVID-19 period; partially offset by an increase in free medical samples to hospitals and polyclinics (+SAR4.0m).

Selling and distribution expenses increased from SAR199.2m in 2020G to SAR209.0m in 2021G mainly due to the increase in (i) promotional expenses (+SAR8.2m) due to resumption of on the ground promotional activities, (ii) basic salary (+SAR5.0m) mainly in line with the corresponding increase in headcount from 258 to 395 employees, (iii) freight (+SAR2.5m) due to an increase in rates and (iv) leave encashment (+SAR2.5m) as the Company began accruing for leave encashments in 2021G, partially offset by a decrease in distributors' commission (-SAR10.4m) in line with lower commissions to JMS driven by lower revenue generated during the same period.

## General and administration expenses

General and administration expenses mainly comprised salaries and employee related costs (73.1% in FY21), depreciation (4.1%), travelling and communication (3.0%) among others.

General and administration expenses increased from SAR34.0m in 2019G to SAR37.7m in 2020G mainly driven by an increase in salaries and employee related costs from SAR24.2m in 2019G to SAR27.2m in 2020G on the back of the (i) increase in headcount over the same period (from 72 to 77 employees) coupled with an (ii) increase in bonuses from SAR2.3m in 2019G to SAR4.9m in 2020G due to increase in the multiple of basic salaries used to calculate bonus payments as a result of the overachievements throughout the Company in 2020G.

General and administration expenses further increased to SAR42.9m in 2021G mainly driven by an increase in headcount and hiring of top management personnel.

## Research and development expenses

Research and development expenses mainly related to costs in connection with employee costs under the R&D department (55.7% in FY21) as well as exhibit batches manufacturing cost (10.3%), depreciation (6.8%), lab scale batches (4.5%), supplies and consumables (2.1%) among others. R&D expenses were part of cost of sales in 2019G and classified separately in 2020G and 2021G.

Research and development expenses remained relatively stable at an average of SAR36.7m over the 2020G-2021G period with cost of exhibit batches increasing from nil in 2020G to SAR3.8m in 2021G, offset by (i) a drop in depreciation from SAR4.2m in 2020G to SAR2.5m in 2021G driven by the change in estimated useful lives conducted during the same period, and (ii) the slight decrease in employee costs from SAR21.5m in 2020G to SAR20.6m in 2021G mainly in line with the decrease in headcount from 109 to 105 employees over the same period.

## Other income, net

Other income, net mainly included royalty income pertaining to JP licensed products (SAR4.1m), income from short term investments (SAR1.5m), loan administration income (SAR1.5m), offset by amortization of trademark (-SAR1.5m), impairment on loan receivable (-SAR1.0m) among other income and expenses in 2021G.

Other income, net increased from SAR1.0m in 2019G to SAR4.6m in 2021G mainly driven by the increase in royalty income from nil in 2019G to SAR4.1m in 2021G due to the acquisition of the product licensing trademark for market authorization of some products in Algeria in 2020G.

## Share result of equity accounted investment

Share result of equity accounted investment mainly related to share of loss on an associate in Algeria (Jamjoom Hupp Pharma LLC) given the company incurred general & administrative expenses but did not generate revenue. Share result of equity account investment amounted to SAR569k and SAR54k in 2020G and 2021G, respectively.

## Impairment loss on investment

Impairment loss on investment related to the Company's impairment of its investment in Biothera Holding Company, which amounted to SAR1.0m in 2021G (SAR8.3m in 2020G) given that Biothera did not commence its operations and is currently in the research phase of the development of the product.

## Impairment loss on goodwill

Impairment loss on goodwill related to the Company's full impairment (SAR2.1m) of the goodwill in its Egyptian company Al Jamjoom Pharma for Pharmaceutical Industries.

## Finance (charges) / income, net

Finance (charges) / income, net mainly related in 2021G to loan management fees for SIDF loan (-SAR2.3m), bank charges on local and foreign transfer (-SAR907k), and foreign currency gains (+SAR2.0m) on exports and imports. Finance income increased from SAR103k in 2019G to SAR1.8m in 2020G driven by (i) an increase in foreign currency gain from SAR3.2m in 2019G to SAR4.1m in 2020G, (ii) a decrease in SIDF loan management fee from SAR1.9m in 2019G to SAR1.3m in 2020G, and (iii) a decrease in bank charges from SAR1.2m in 2019G to SAR1.0m in 2020G. Finance income/(charges), net subsequently dropped from SAR1.8m to -SAR1.2m driven by (i) a decrease in foreign currency gain from SAR4.1m in 2020G to SAR2.0m in 2021G, and (ii) an increase in SIDF loan management fee from SAR1.3m in 2020G to SAR2.3m in 2021G, partially offset by a decrease in bank charges from SAR1.0m in 2020G to SAR907k in 2021G.

## Zakat and income tax

Zakat and income tax increased from SAR18.7m in 2019G to SAR24.9m in 2020G in line with the growth in zakat base following the increase in activity; zakat and income tax subsequently decreased to SAR17.4m in 2021G with the drop in operations/revenue.

## Net profit

Net profit increased from SAR156.9m in 2019G to SAR206.9m in 2020G as a result of the increase in gross profit from SAR422.4m in 2019G to SAR513.3m in 2020G in addition to the decrease in selling and distribution expenses from SAR213.9m in 2019G to SAR199.2m in 2020G. Net profit decreased from SAR206.9m in 2020G to SAR170.7m in 2021G as a result of the decrease in gross profit from SAR513.3m in 2020G to SAR474.7m in 2021G in addition to the increase in selling and distribution expenses from SAR199.2m in 2020G to SAR209.0m in 2021G.

## Re-measurement of Employees' benefits liability

Re-measurement of Employees' benefits liability was calculated based on the actuarial study and varies from one year to another due to changes in discount rate, future salary growth rate, number of employees, retirement age, and mortality rate among other assumptions.

## Foreign operations – foreign currency translation differences

Foreign operations – foreign currency translation differences related to changes in foreign exchange rates mainly to the entities / investments in Egypt and Algeria.

### 6.7.1.1 Consolidated revenue and gross profit by product category

**Table (6.7): Revenue by product category for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G	Financial year 2020G	Financial year 2021G	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Ophthalmic	233,354	219,771	228,779	(5.8%)	4.1%	(1.0%)
Dermal	129,258	142,006	139,963	9.9%	(1.4%)	4.1%
General Medicine	134,246	158,927	118,364	18.4%	(25.5%)	(6.1%)
Consumer Health	52,389	74,417	72,883	42.0%	(2.1%)	17.9%
GIT	72,163	96,019	66,504	33.1%	(30.7%)	(4.0%)
OTC	50,090	53,790	53,207	7.4%	(1.1%)	3.1%
CVD	56,528	59,717	42,240	5.6%	(29.3%)	(13.6%)
CNS	3,705	667	13,744	(82.0%)	1960.6%	92.6%
<b>Total</b>	<b>731,733</b>	<b>805,314</b>	<b>735,683</b>	<b>10.1%</b>	<b>(8.6%)</b>	<b>0.3%</b>
<b>As a % of total</b>					<b>Percentage points</b>	
Ophthalmic	31.9%	27.3%	31.1%	(4.6)	3.8	(0.8)
Dermal	17.7%	17.6%	19.0%	(0.0)	1.4	1.4

SAR in 000s	Financial year 2019G	Financial year 2020G	Financial year 2021G	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
General Medicine	18.3%	19.7%	16.1%	1.4	(3.6)	(2.3)
Consumer Health	7.2%	9.2%	9.9%	2.1	0.7	2.7
GIT	9.9%	11.9%	9.0%	2.1	(2.9)	(0.9)
OTC	6.8%	6.7%	7.2%	(0.2)	0.6	0.4
CVD	7.7%	7.4%	5.7%	(0.3)	(1.7)	(2.0)
CNS	0.5%	0.1%	1.9%	(0.4)	1.8	1.4
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Volumes sold (packs1 in 000s)</b>				<b>var</b>		<b>CAGR</b>
Ophthalmic	23,050	21,494	22,618	(6.8%)	5.2%	(0.9%)
Dermal	13,461	14,700	15,747	9.2%	7.1%	8.2%
General Medicine	8,843	9,721	9,547	9.9%	(1.8%)	3.9%
Consumer Health	2,275	3,172	3,176	39.4%	0.1%	18.2%
GIT	4,733	5,925	6,208	25.2%	4.8%	14.5%
OTC	5,062	5,834	7,490	15.3%	28.4%	21.6%
CVD	2,231	2,000	2,085	(10.4%)	4.3%	(3.3%)
CNS	95	34	460	(64.2%)	1252.9%	120.0%

Source: Management information for the financial years ended 31 December 2019G, 2020G and 2021G

1 Units sold are based on packs, which is the smallest unit of measurement sold to the end customer

The Company's products are segmented into 8 therapeutic areas: Ophthalmic, Dermal, General medicine, Consumer health, GIT, OTC, CVD, and CNS with Ophthalmic, Dermal, and General medicine accounting for c. 66% of total revenue over the 2019G-2021G period. Please refer to Section 4 for further details.

## Ophthalmic

Ophthalmic products are intended for application to the conjunctiva, the conjunctival sac, or the eyelids and include products such as eye drops, solutions, and suspensions. Ophthalmic products accounted for 31.1% of the Company's total net revenue in 2021G.

Ophthalmic revenue decreased from SAR233.4m in 2019G to SAR219.8m in 2020G mainly driven by the decrease in volumes sold from 23.0m units in 2019G to 21.5m units in 2020G following the restrictions imposed on the export of products during the COVID-19 period for a period of 4 months (from March 2020G to June 2020G) by the SFDA and economic uncertainties in Sudan which were reflected in sales diminution both translated in a decline of SAR18.0m in non-KSA sales of ophthalmic products. Export sales resumed in June 2020G with SFDA's approval required for each shipment.

Ophthalmic revenue increased from SAR219.8m in 2020G to SAR228.8m in 2021G mainly driven by the increase in volumes sold from 21.5m units in 2020G to 22.6m units in 2021G following the ease of restrictions imposed on the export of products during the COVID-19 period (SAR9.5m growth in non-KSA sales), in the same period KSA sales remained stable.

## Dermal

Dermal products are intended to treat skin, hair, nails, and other cosmetic problems. Products include creams, gels, and ointments, having topical application. Dermal accounted for 19.0% of the Company's total net revenue in 2021G.

Dermal revenue increased from SAR129.3m in 2019G to SAR142.0m in 2020G mainly driven by the increase in volumes sold from 13.5m units in 2019G to 14.7m units in 2020G following the increase in orders by local distributors and pharmacies (translating to SAR15.3m growth in KSA sales of dermal products) as a result of the requirement imposed by the SFDA to maintain 6 months of "safety" stock during the COVID-19 period. Main growth was recorded in the antiacne, skin whitening products and topical corticosteroid segments.

Dermal revenue decreased marginally from SAR142.0m in 2020G to SAR140.0m in 2021G due to the decrease in volumes sold in KSA and the UAE for high-priced products, partially offset by new products launched in 2021G.

## General Medicine

General Medicine products are used to treat musculoskeletal and rheumatic indications, vitamin deficiencies, asthma symptoms, allergies, bacterial and viral infections among others. Products are in the form of tablets, suspensions, and capsules. General medicine accounted for 16.1% of the Company's total net revenue in 2021G.

General Medicine revenue increased from SAR134.2m in 2019G to SAR158.9m in 2020G mainly caused by the increase in volumes sold from 8.8m units in 2019G to 9.7m units in 2020G following the stock build-up by local distributors and pharmacies and customer preferences towards anti-viral, antibiotics and vitamin products during COVID-19 (translating to SAR31.8m growth in KSA sales). The most notable categories influenced positively in this period were muscle relaxants and antirheumatic products, antivirals, and Vitamin D3 deficiency products.

General Medicine revenue subsequently decreased from SAR158.9m in 2020G to SAR118.4m in 2021G mainly due to unfavorable sales mix over the period.

## Consumer Health

Consumer Health products consisted of nutraceuticals, vitamins and supplements, antioxidants, dietary supplements, herbal extracts which are intended to provide a health benefit or to supply various substances and ingredients, useful in the disease's prevention. Products are in the form of tablets, capsules, and soft gels. Consumer health products accounted for 9.9% of the Company's total net revenue in 2021G.

Revenue increased from SAR52.4m in 2019G to SAR74.4m in 2020G mainly due to the increase in volumes sold from 2.3m units in 2019G to 3.2m units in 2020G as demand for vitamins and nutraceuticals increased during the COVID-19 pandemic. Additionally, internal reorganization and change in the marketing approach was an important factor in growth of certain categories such as vitamins, Coenzyme CoQ10, coupled with the newly launched products in Omega 3 category.

Revenue decreased from SAR74.4m in 2020G to SAR72.9m in 2021G driven by (i) quantities returned for a specific product in 2021G given that distributors were holding stock for COVID-19 in 2020G so excess / unsold stock were returned to the Company (-SAR8.2m), and (ii) increased marketing and promotional activities (including free goods and discounts) by competitors and stock shelving of similar low-priced products (such as cough syrup) (which reduced revenue of the Companies' product by SAR6.0m); partially offset by the introduction of the new sleeping aid product (melatonin) in 2021G (+SAR10.0m).

## GIT

Gastrointestinal ("GIT") products are used to treat and prevent heartburn, indigestion, nausea, vomiting, and other symptoms caused by excess acid in the stomach. Products are in the form of capsules and tablets. GIT products accounted for 9.0% of the Company's total net revenue in 2021G.

Revenue increased from SAR72.2m in 2019G to SAR96.0m in 2020G mainly due to the increase in volumes sold from 4.7m units in 2019G to 5.9m units in 2020G given the stock build-up by KSA distributors and pharmacies and customer preferences towards anti-viral and anti-indigestion products during COVID-19 (SAR28.9m growth in KSA sales); partially offset by the decrease in non-KSA sales following the restrictions imposed on the export of products during the COVID-19 period (SAR5.0m decline in non-KSA sales).

Revenue decreased from SAR96.0m in 2020G to SAR66.5m in 2021G mainly driven by the price reduction of an SFDA-regulated product (-SAR27.3m).

## OTC

Over-the-counter ("OTC") products are used to treat a variety of bacterial infections. OTC products are effective in infections of the respiratory tract (ex. pneumonia), urinary tract, ear, nasal sinus, throat, and erectile dysfunction. Products are in the form of creams, tablets, ointments, soft gels and solutions. OTC products accounted for 7.2% of the Company's total net revenue in 2021G.

Revenue increased from SAR50.1m in 2019G to SAR53.8m in 2020G mainly driven by the increase in volumes sold from 5.1m units in 2019G to 5.8m in 2020G due to (i) increased marketing activities in the KSA and enlisting products in many chain pharmacies and centres (SAR8.5m growth in KSA sales); partially offset by the decrease in non-KSA sales (-SAR4.8m).

Revenue remained relatively stable between 2020G and 2021G, averaging SAR53.5m.

## CVD

Cardiovascular ("CVD") products are used to treat high blood pressure (hypertension), prevent angina (heart-related chest pain), treat raised cholesterol levels in the body, and lower levels of total cholesterol, "bad" cholesterol. Products are in the form of capsules, and tablets. CVD products accounted for 5.7% of the Company's total net revenue in 2021G.

Revenue increased from SAR56.5m in 2019G to SAR59.7m in 2020G mainly driven by the increase in volumes sold of a high-priced product (+177k units, +SAR11.9m) as the product was enlisted in one of the leading Saudi-based retail pharmacies' product list (+SAR11.9m); offset by the decrease in volumes sold of another product in the UAE due to the change in distributor (-SAR6.1m).

Revenue decreased from SAR59.7m in 2020G to SAR42.2m in 2021G mainly driven by the reduction in the average revenue per unit sold of astatin due to its price reduction by the SFDA coupled with the product's decrease in volumes sold in the UAE due to the change in distributor (-SAR20.6m).

## CNS

Central Nervous System ("CNS") products are products that work on the central nervous system and are used to treat insomnia, anxiety, panic attacks, seizures, among others. Products are in the form of capsules and tablets. CNS products accounted for 1.9% of the Company's total net revenue in 2021G.

Revenue decreased from SAR3.7m in 2019G to SAR667k in 2020G mainly driven by the drop in volumes sold from 95.0k units in 2019G to 33.9k units in 2020G mainly driven by the absence of a CNS team in 2020G which meant products were not enlisted in big hospitals, and polyclinics hence market share was limited.

Revenue increased from SAR667k in 2020G to SAR13.7m in 2021G in line with the increase in volumes sold from 34.0k units in 2020G to 460.0k units in 2021G as the newly established CNS team enlisted the products with hospitals and polyclinics.

**Table (6.8): Gross profit by product category for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G	Financial year 2020G	Financial year 2021G	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Ophthalmic	165,175	168,193	171,524	1.8%	2.0%	1.9%
Dermal	87,876	90,048	95,062	2.5%	5.6%	4.0%
General medicine	67,478	86,212	63,082	27.8%	(26.8%)	(3.3%)
Consumer Health	25,653	39,207	50,698	52.8%	29.3%	40.6%
GIT	40,639	58,032	34,625	42.8%	(40.3%)	(7.7%)
OTC	27,943	28,931	25,860	3.5%	(10.6%)	(3.8%)
CVD	38,926	42,458	24,427	9.1%	(42.5%)	(20.8%)
CNS	2,338	214	9,414	(90.9%)	4302.0%	100.6%
R&D expenses	(33,662)	-	-	(100.0%)	0.0%	(100.0%)
<b>Total</b>	<b>422,366</b>	<b>513,296</b>	<b>474,694</b>	<b>21.5%</b>	<b>(7.5%)</b>	<b>6.0%</b>
<b>As a % of total</b>			<b>Percentage points</b>			
Ophthalmic	39.1%	32.8%	36.1%	(6.3)	3.4	(3.0)
Dermal	20.8%	17.5%	20.0%	(3.3)	2.5	(0.8)
General medicine	16.0%	16.8%	13.3%	0.8	(3.5)	(2.7)
Consumer Health	6.1%	7.6%	10.7%	1.6	3.0	4.6
GIT	9.6%	11.3%	7.3%	1.7	(4.0)	(2.3)
OTC	6.6%	5.6%	5.4%	(1.0)	(0.2)	(1.2)
CVD	9.2%	8.3%	5.1%	(0.9)	(3.1)	(4.1)
CNS	0.6%	0.0%	2.0%	(0.6)	1.9	1.4
R&D expenses	(8.0%)	0.0%	0.0%	8.0	0.0	8.0
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Gross profit margin (%)</b>			<b>Percentage points</b>			
Ophthalmic	70.8%	76.5%	75.0%	5.7	(1.6)	4.2

SAR in 000s	Financial year 2019G	Financial year 2020G	Financial year 2021G	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Dermal	68.0%	63.4%	67.9%	(4.6)	4.5	(0.1)
General medicine	50.3%	54.2%	53.3%	4.0	(1.0)	3.0
Consumer Health	49.0%	52.7%	69.6%	3.7	16.9	20.6
GIT	56.3%	60.4%	52.1%	4.1	(8.4)	(4.2)
OTC	55.8%	53.8%	48.6%	(2.0)	(5.2)	(7.2)
CVD	68.9%	71.1%	57.8%	2.2	(13.3)	(11.0)
CNS	63.1%	32.1%	68.5%	(31.1)	36.4	5.4
<b>Total</b>	<b>57.7%</b>	<b>63.7%</b>	<b>64.5%</b>	<b>6.0</b>	<b>0.8</b>	<b>6.8</b>

Note: The total gross profit for the financial year ended 31 December 2019G includes research and development expenses.

Source: Management information for the financial years ended 31 December 2019G, 2020G and 2021G

## Ophthalmic

Despite the decrease in Ophthalmic revenue over the 2019G-2020G period, gross profit slightly increased by SAR3.0m from SAR165.2m in 2019G to SAR168.2m in 2020G mainly driven by the change in sales mix (whereby there was a higher contribution of higher-priced, high-margin products over the same period), which resulted in an increase in gross profit margin from 70.8% in 2019G to 76.5% in 2020G.

Gross profit subsequently increased from SAR168.2m in 2020G to SAR171.5m in 2021G in line with the increase in revenue (and volumes sold) from SAR219.8m in 2020G to SAR228.8m in 2021G.

## Dermal

Dermal gross profit increased from SAR87.9m in 2019G to SAR90.0m in 2020G in line with the increase in revenue (and volumes sold) from SAR129.3m in 2019G to SAR142.0m in 2020G. Gross profit margin however dropped from 68.0% in 2019G to 63.4% in 2020G mainly due to the settlement of FoC goods pertaining to customers of the old distributor upon change of the UAE distributor.

Despite the slight decrease in dermal revenue from SAR142.0m in 2020G to SAR140.0m in 2021G, Dermal gross profit increased from SAR90.0m (gross profit margin 63.4%) in 2020G to SAR95.1m (gross profit margin 67.9%) in 2021G mainly driven by the increased contribution of high-margin products in 2021G.

## General Medicine

General Medicine gross profit increased from SAR67.5m in 2019G to SAR86.2m in 2020G in line with the increase in revenue (and volumes sold) from SAR134.2m in 2019G to SAR158.9m in 2020G. Additionally, gross profit margin increased from 50.3% in 2019G to 54.2% in 2020G mainly due to higher fixed cost absorption with higher volumes sold (+878k units sold over the same period).

Gross profit subsequently decreased from SAR86.2m in 2020G to SAR63.1m in 2021G in line with the drop in revenue from SAR158.9m to SAR118.4m over the same period. Gross profit margin decreased from 54.2% in 2020G to 53.3% in 2021G mainly due to the drop in revenue and resulting decrease in contribution of a high-margin product.

## Consumer Health

Consumer Health gross profit increased from SAR25.7m in 2019G to SAR39.2m in 2020G in line with the increase in revenue (and volumes sold) from SAR52.4m in 2019G to SAR74.4m in 2020G. Additionally, gross profit margin increased from 49.0% in 2019G to 52.7% in 2020G mainly due to higher fixed cost absorption with higher volumes sold (+896k units sold over the same period).

Gross profit (and gross profit margin) subsequently increased from SAR39.2m (gross profit margin 52.7%) in 2020G to SAR50.7m (gross profit margin 69.6%) in 2021G despite the decrease in revenue from SAR74.4m to SAR72.9m over the same period mainly due to the increase in sales of high gross margin products (and launch of new products with high gross margins in 2021G).

## GIT

GIT gross profit increased from SAR40.6m in 2019G to SAR58.0m in 2020G in line with the increase in revenue (and volumes sold) from SAR72.2m to SAR96.0m over the same period. Additionally, gross profit margin increased from 56.3% in 2019G to 60.4% in 2020G mainly due to higher fixed cost absorption with higher volumes sold (+1.2m units sold over the same period).

Gross profit (and gross profit margin) subsequently decreased from SAR58.0m (gross profit margin 60.4%) in 2020G to SAR34.6m (gross profit margin 52.1%) in 2021G in line with the drop in revenue from SAR96.0m to SAR66.5m over the same period mainly due to the drop in the selling price for a major product as a result of its re-pricing (price reduction) announced by the SFDA.

## OTC

OTC gross profit increased from SAR27.9m in 2019G to SAR28.9m in 2020G in line with the increase in revenue (and volumes sold) from SAR50.1m to SAR53.8m over the same period. Gross profit margin however decreased from 55.8% in 2019G to 53.8% in 2020G mainly due to higher contribution of lower-priced products.

Gross profit (and gross profit margin) decreased from SAR28.9m (gross profit margin 53.8%) in 2020G to SAR25.9m (gross profit margin 48.6%) in 2021G mainly due to the higher contribution of lower-priced, low-margin products and the introduction of a new low-margin product.

## CVD

CVD gross profit (and gross profit margin) increased from SAR38.9m (GP margin 68.9%) in 2019G to SAR42.5m (GP margin 71.1%) in 2020G in line with the increase in revenue from SAR56.5m in 2019G to SAR59.7m in 2020G due to the increase in volumes sold of a high margin product.

Gross profit (and gross profit margin) subsequently decreased from SAR42.5m (gross profit margin 71.1%) in 2020G to SAR24.4m (gross profit margin 57.8%) in 2021G in line with the decrease in revenue from SAR59.7m to SAR42.2m over the same period mainly due to the reduction of the selling price of a major product by the SFDA.

## CNS

CNS gross profit decreased from SAR2.3m in 2019G to SAR214k in 2020G in line with the decrease in revenue (and volumes sold) from SAR3.7m to SAR667k over the same period mainly driven by the absence of a CNS team in 2020G which meant products were not enlisted in hospitals and polyclinics which limited the Company's ability to maintain and grow its market share in this category during that year.

Gross profit subsequently increased from SAR214k in 2020G to SAR9.4m in 2021G in line with the increase in revenue (and volumes sold) from SAR667k to SAR13.7m over the same period as the newly established CNS team enlisted the products with a number of hospitals and polyclinics.

### 6.7.1.2 Consolidated revenue by distribution channel

Table (6.9): Revenue by distribution channel for the financial years ended 31 December 2019G, 2020G and 2021G

SAR in 000s	Financial year 2019G	Financial year 2020G	Financial year 2021G	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Local KSA	417,565	538,678	466,098	29.0%	(13.5%)	5.7%
Gulf	118,880	92,966	73,272	(21.8%)	(21.2%)	(21.5%)
Iraq	66,030	51,493	64,585	(22.0%)	25.4%	(1.1%)
North Africa & other export countries	77,573	63,137	64,686	(18.6%)	2.5%	(8.7%)
Total exports KSA	262,483	207,596	202,543	(20.9%)	(2.4%)	(12.2%)
Local Egypt	51,685	59,041	67,043	14.2%	13.6%	13.9%
<b>Total</b>	<b>731,733</b>	<b>805,314</b>	<b>735,683</b>	<b>10.1%</b>	<b>(8.6%)</b>	<b>0.3%</b>
<b>As a % of total</b>					<b>Percentage points</b>	
Local KSA	57.1%	66.9%	63.4%	9.8	(3.5)	6.3
Gulf	16.2%	11.5%	10.0%	(4.7)	(1.6)	(6.3)

SAR in 000s	Financial year 2019G	Financial year 2020G	Financial year 2021G	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Iraq	9.0%	6.4%	8.8%	(2.6)	2.4	(0.2)
North Africa & other export countries	10.6%	7.8%	8.8%	(2.8)	1.0	(1.8)
Local Egypt	7.1%	7.3%	9.1%	0.3	1.8	2.0

Source: Management information for the financial years ended 31 December 2019G, 2020G and 2021G

## Local KSA revenue

Revenue in local KSA market comprised 57.1%, 66.9% and 63.4% of the total net revenue of the Company in 2019G, 2020G, and 2021G, respectively, and mainly related to sales to two distributors (Jamjoom Medicine Store and Tamer Group).

The increase in local KSA market sales from SAR417.6m in 2019G to SAR538.7m in 2020G (+SAR121.1m, +29.0%) was mainly driven by (i) increased sales of products within general medicine, GIT, and consumer health (mainly nutraceuticals) products due to stock build-up of local KSA distributors and retail pharmacy chains as directed by the SFDA to maintain a 6-month "safety" stock during the COVID-19 period as well as the shift in customer demand, with increased customer awareness of the benefits of nutraceuticals and supplements to combat infection and increase immunity during the COVID-19 period and (ii) new product launches in 2020G.

Local KSA market sales subsequently decreased to SAR466.1m on the back of lower orders in 2021G by distributors and direct customers attributable to the high level of orders made as part of the stock build-up during 2020G.

## Exports KSA revenue

The decline in export KSA market sales (Gulf, Iraq, North Africa & other export countries) from SAR262.5m in 2019G to SAR207.6m in 2020G (-SAR54.9m, -20.9%) was mainly volume driven and attributable to the restrictions imposed on the export of medications and treatments by the relevant regulatory bodies and custom authorities during the COVID-19 period. Export sales resumed in June 2020G with SFDA's approval required for each shipment.

Export KSA revenue further decreased to SAR202.5m mainly due to:

- The decrease in UAE sales from SAR51.7m in 2020G to SAR21.9m in 2021G due to high levels of orders made during 2020G attributable to the change in distributor; partially offset by
- The increase in Iraq revenue from SAR51.5m in 2020G to SAR64.6m in 2021G as COVID-19 restrictions were lifted, and the increase in Sudan revenue from SAR4.7m in 2020G to SAR15.6m in 2021G as the political situation stabilized in the country.

## Local Egypt revenue

Revenue in local Egypt market increased from SAR51.7m in 2019G to SAR59.0m in 2020G as sales in Egypt were not affected by the restrictions imposed on exports given sales occurred from the already existing inventory.

Egypt revenue further increased to SAR67.0m in 2021G in line with market growth coupled with the increase in marketing activities and the expansion of the salesforce's presence.



### 6.7.1.3 Cost of sales

**Table (6.10): Cost of revenue for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Raw materials and consumables	149,646	156,908	148,538	4.9%	(5.3%)	(0.4%)
Salaries and employee related costs	85,623	68,344	65,909	(20.2%)	(3.6%)	(12.3%)
Depreciation	39,090	35,342	17,009	(9.6%)	(51.9%)	(34.0%)
Supplies and consumables	5,921	6,526	6,249	10.2%	(4.2%)	2.7%
Travelling and communication	869	708	621	(18.5%)	(12.3%)	(15.5%)
Depreciation on right-of-use asset	285	272	261	(4.6%)	(4.0%)	(4.3%)
Amortization	243	129	128	(46.9%)	(0.8%)	(27.4%)
Others	27,691	23,788	22,275	(14.1%)	(6.4%)	(10.3%)
<b>Total</b>	<b>309,367</b>	<b>292,019</b>	<b>260,989</b>	<b>(5.6%)</b>	<b>(10.6%)</b>	<b>(8.2%)</b>
<b>As a % of revenue</b>					<b>Percentage points</b>	
Raw materials and consumables	20.5%	19.5%	20.2%	(1.0)	0.7	(0.3)
Salaries and employee related costs	11.7%	8.5%	9.0%	(3.2)	0.5	(2.7)
Depreciation	5.3%	4.4%	2.3%	(1.0)	(2.1)	(3.0)
Supplies and consumables	0.8%	0.8%	0.8%	0.0	0.0	0.0
Travelling and communication	0.1%	0.1%	0.1%	(0.0)	(0.0)	(0.0)
Depreciation on right-of-use asset	0.0%	0.0%	0.0%	(0.0)	0.0	(0.0)
Amortization	0.0%	0.0%	0.0%	(0.0)	0.0	(0.0)
Others	3.8%	3.0%	3.0%	(0.8)	0.1	(0.8)
<b>Total</b>	<b>42.3%</b>	<b>36.3%</b>	<b>35.5%</b>	<b>(6.0)</b>	<b>(0.8)</b>	<b>(6.8)</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

Cost of sales mainly related to costs in connection with consumption of raw materials and consumables, employee costs, depreciation charges, supplies and consumables, travelling and communication, among others. We note that R&D expenses were classified under cost of sales as per the 2019G and 2020G audited financial statements. R&D expenses were reclassified under gross profit separately, as per the 2021G audited financial statements (with comparable 2020G financial statements).

#### Raw material and consumables

Raw materials and consumables mainly comprised of (i) cost of raw materials and consumables in connection with finished materials, (ii) consumption of raw materials, packaging materials, and semi-finished goods, and (iii) provision for slow moving stock and expired finished goods.

Raw materials and consumables increased from SAR149.6m in 2019G to SAR156.9m in 2020G (+SAR7.3m) mainly due to the increase in raw material and consumable costs in connection with the Dermal (+SAR10.1m), General medicine (+SAR6.0m) and Consumer health (+SAR6.0m) categories in line with revenue growth and higher production of units / consumption of raw materials, partially offset by the decrease in raw material and consumable costs in connection with Ophthalmic (-SAR17.9m) category in line with the decrease in volumes and lower production of units / consumption of raw materials.

Raw materials and consumables decreased from SAR156.9m in 2020G to SAR148.5m in 2021G mainly driven by the decrease in raw material and consumable costs in connection with General (-SAR8.4m), Consumer health (-SAR5.7m) and Dermal (-SAR5.1m) categories in line with the decrease in corresponding revenue / sales, partially offset by the increase in raw material and consumable costs in connection with Ophthalmic category (+SAR8.3m) in line with revenue growth over the same period.

## Salaries and employee related costs

Salaries and employee related costs mainly related to costs of the personnel in the production and manufacturing departments.

Salaries and employee related costs decreased from SAR85.6m in 2019G to SAR68.3m in 2020G (-SAR17.3m) mainly driven by the reclassification of R&D related expenses separately during 2021G (with comparable 2020G figures) below the gross profit line.

Salaries and employee related costs decreased from SAR68.3m in 2020G to SAR65.9m in 2021G mainly driven by the decrease in bonuses from SAR8.4m in 2020G to SAR2.1m in 2021G, which was partially offset by the increase in leave encashment from SAR83k in 2020G to SAR2.1m in 2021G as the Company began accruing for the leave encashments in 2021G (previously the Company expensed encashments as they were paid).

## Depreciation

Depreciation slightly decreased from SAR39.1m in 2019G to SAR35.3m in 2020G (-SAR3.7m).

Depreciation charges subsequently decreased from SAR35.3m in 2020G to SAR17.0m in 2021G mainly due to the change in estimated useful lives made during 2021G, for certain fixed assets under plant and machinery, from 10 to 20 years.

## Supplies and consumables

Supplies and consumables mainly related to stationery, computer and miscellaneous supplies and consumables as well as lab and glassware materials and remained relatively stable at c. 1% of revenue over the 2019G-2021G period.

## Travelling and communications

Travelling and communications decreased from SAR869k in 2019G to SAR708k in 2020G (-SAR161k) mainly driven by lower travel activities and related expenses due to travel restrictions imposed during the COVID-19 period.

Travelling and communications expenses subsequently decreased from SAR708k in 2020G to SAR621k in 2021G (-SAR87k) mainly driven by the continued decline in travel and related expenses.

## Depreciation on right-of-use assets

Depreciation on right-of-use asset related to the Company's main warehouse, factory and factory expansion and JP academy and averaged c. SAR270k over the 2019G-2021G period.

## Amortization

Amortization related to software decreased from SAR243k in 2019G to SAR129k in 2020G (-SAR115k) and remained relatively stable at c. SAR128k over the 2020G-2021G period.

## Others

Others mainly related to utility expenses, repair and maintenance, cleaning expenses, among others. Other expenses decreased from SAR27.7m in 2019G to SAR23.8m in 2020G (-SAR3.9m) mainly driven by the reclassification of R&D expenses separately under the gross profit line.

Other expenses decreased from SAR23.8m in 2020G to SAR22.3m in 2021G (-SAR1.5m) mainly due to the decrease in distribution penalties / levies over the same period (-SAR2.5m) following the high levels incurred during 2020G related to cancellation of a project and delay in delivery of products.

#### 6.7.1.4 Selling and distribution expenses

**Table (6.11): Selling and distribution expenses for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Salaries and employee related costs	70,023	71,801	79,904	2.5%	11.3%	6.8%
Distribution expenses	74,370	75,715	68,902	1.8%	(9.0%)	(3.7%)
Brand reminders, free medical samples and promotion	55,665	40,868	49,005	(26.6%)	19.9%	(6.2%)
Travelling and communication	8,100	5,748	5,115	(29.0%)	(11.0%)	(20.5%)
Depreciation	1,925	1,492	1,036	(22.5%)	(30.6%)	(26.6%)
Amortization	-	250	-	N/A	(100.0%)	N/A
Others	3,788	3,336	4,992	(11.9%)	49.6%	14.8%
<b>Total</b>	<b>213,871</b>	<b>199,210</b>	<b>208,954</b>	<b>(6.9%)</b>	<b>4.9%</b>	<b>(1.2%)</b>
<b>As a % of revenue</b>					<b>Percentage points</b>	
Salaries and employee related costs	9.6%	8.9%	10.9%	(0.7)	1.9	1.3
Distribution expenses	10.2%	9.4%	9.4%	(0.8)	(0.0)	(0.8)
Brand reminders, free medical samples and promotion	7.6%	5.1%	6.7%	(2.5)	1.6	(0.9)
Travelling and communication	1.1%	0.7%	0.7%	(0.4)	(0.0)	(0.4)
Depreciation	0.3%	0.2%	0.1%	(0.1)	(0.0)	(0.1)
Amortization	0.0%	0.0%	0.0%	0.0	(0.0)	0.0
Others	0.5%	0.4%	0.7%	(0.1)	0.3	0.2
<b>Total</b>	<b>29.2%</b>	<b>24.7%</b>	<b>28.4%</b>	<b>(4.5)</b>	<b>3.7</b>	<b>(0.8)</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

#### Salaries and employee related costs

Salaries and employee related costs mainly related to costs in connection with the Company's salesforce located in KSA and Egypt and mainly comprised of employee salary packages.

Salaries and employee related costs slightly increased from SAR70.0m in 2019G to SAR71.8m in 2020G (+SAR1.8m) mainly driven by:

- The increase in headcount from 249 to 258 employees over the same period coupled with the increase in transportation allowance (+SAR1.0m); and
- The increase in employee incentives (+SAR3.9m) mainly driven by achievement of sales targets; partially offset by
- The decrease in leave encashment (-SAR457k); and
- The decrease in employees' related government fees (-SAR1.1m; under Others) as the government waived the levy on expat employees for manufacturing and industrial companies.

Salaries and employee related costs increased from SAR71.8m in 2020G to SAR79.9m in 2021G (+SAR8.1m), mainly driven by:

- The increase in headcount from 258 to 395 employees driven by additional hiring done in Egypt (+92 employees);
- The increase in leave encashment (+SAR2.5m) as the Company began accruing for the leave encashments in FY21 (previously the Company expensed encashments as they were paid); and
- The increase in training and development expenses (+SAR1.3m); partially offset by
- The decrease in employee incentives (-SAR3.8m).

## Distribution expenses

Distribution expenses mainly comprised of distributors' commission (averaged c. 56% of total distribution expenses over 2019G-2021G period), salaries (c. 33%) and freight expenses (c. 10%).

Distribution expenses increased from SAR74.4m in 2019G to SAR75.7m (+SAR1.3m) in 2020G mainly driven by the increase in freight expenses (+SAR3.1m) despite the drop in export sales as a result of high freight rates following the global supply chain challenges faced. This was partially offset by the decrease in distributors' commission (-SAR1.5m) driven by drop in commissions to an UAE distributor due to lower sales as a result of their termination as a distributor.

Distribution expenses decreased from SAR75.7m in 2020G to SAR68.9m in 2021G (-SAR6.8m) mainly driven by the decrease in distributors' commission (-SAR10.4m) due to the decrease in Jamjoom Medicine Store's commission in line with the decrease in revenue, which was partially offset by the increase in (i) freight expenses (+SAR2.5m) on the back of higher freight rates and (ii) salary through distributor (+SAR1.1m). Distributors' commission is mainly based on a percentage of sales calculated on ex-factory prices and were related largely to KSA and other distributors. Please refer to Section 12 for further details.

## Brand reminders, free medical samples and promotion

Brand reminders, free medical samples and promotion mainly related to promotional activities with regards to conferences and course registration / participation (averaged c. 19% over 2019G-2021G period), hospital / polyclinic scientific (c. 22%), consultancy fees for healthcare professionals (c. 11%), brand reminders (c. 7%) and physician samples (c. 6%), among others.

Brand reminder, free medical samples and promotion decreased from SAR55.7m in 2019G to SAR40.9m in 2020G (-SAR14.8m) mainly due to the decrease in promotional activities (-SAR10.2m) during the COVID-19 period, coupled with the decrease in symposium expenses (-SAR4.1m) due to government restrictions imposed during the COVID-19 period.

Brand reminders, free medical samples and promotion increased from SAR40.9m in 2020G to SAR49.0m in 2021G (+SAR8.1m) mainly driven by the increase in the promotional fees (+SAR8.2m) on the back of resumption of on the ground promotional activities.

## Travelling and communication

Travelling and communication decreased from SAR8.1m in 2019G to SAR5.7m in 2020G (-SAR2.4m) mainly driven by the decrease in travelling and related expenses following the travel restrictions imposed during the COVID-19 period.

Travelling and communication slightly decreased from SAR5.7m in 2020G to SAR5.1m in 2021G (-SAR633k) mainly driven by the decrease in telephone expenses (-SAR16k), among others.

## Depreciation

Depreciation expenses decreased from SAR1.9m in 2019G to SAR1.5m in 2020G and reached SAR1.0m in 2021G.

## Amortization

Amortization charges amounted to SAR250k in 2020G and related to product licenses (amortization was reclassified to other income, net in 2021G).

## Others

Others mainly related to product registration fees, repair and maintenance, rent expenses, cleaning, among others.

Other expenses slightly decreased from SAR3.8m in 2019G to SAR3.3m in 2020G (-SAR452k) due to the decrease in product registration expenses (-SAR512k).

Other expenses increased from SAR3.3m in 2020G to SAR5.0m in 2021G (+SAR1.7m) due to the increase in product registration expenses (+SAR714k) and repair and maintenance expenses (+SAR375k).

### 6.7.1.5 General and administration expenses

**Table (6.12): General and administration expenses for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Salaries and employee related costs	24,187	27,205	31,404	12.5%	15.4%	13.9%
Depreciation	810	707	1,759	(12.7%)	148.7%	47.4%
Travelling and communication	1,933	911	1,297	(52.9%)	42.4%	(18.1%)
Amortization	200	109	120	(45.4%)	10.1%	(22.6%)
Others	6,825	8,753	8,358	28.2%	(4.5%)	10.7%
<b>Total</b>	<b>33,954</b>	<b>37,685</b>	<b>42,937</b>	<b>11.0%</b>	<b>13.9%</b>	<b>12.5%</b>
<b>As a % of revenue</b>					<b>Percentage points</b>	
Salaries and employee related costs	3.3%	3.4%	4.3%	0.1	0.9	1.0
Depreciation	0.1%	0.1%	0.2%	(0.0)	0.2	0.1
Travelling and communication	0.3%	0.1%	0.2%	(0.2)	0.1	(0.1)
Amortization	0.0%	0.0%	0.0%	(0.0)	0.0	(0.0)
Others	0.9%	1.1%	1.1%	0.2	0.0	0.2
<b>Total</b>	<b>4.6%</b>	<b>4.7%</b>	<b>5.8%</b>	<b>0.0</b>	<b>1.2</b>	<b>1.2</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

#### Salaries and employee related costs

Salaries and employee related costs under general and administrative expenses was mainly comprised of employee salary packages.

Salaries and employees' benefits increased from SAR24.2m in 2019G to SAR27.2m in 2020G (+SAR3.0m) mainly driven by:

- i. Increase in headcount from 78 to 83 employees over the same period; and
- ii. Increase in bonuses (+SAR2.6m) due to the increase in the multiple of basic salaries used to calculate bonus payments.

Salaries and employee related costs increased from SAR27.2m in 2020G to SAR31.4m in 2021G (+SAR4.2m), despite the decrease in headcount from 77 to 72 employees, mainly driven by:

- i. Appointment of new CEO and other top management personnel; partially offset by
- ii. The decrease in bonuses (-SAR3.6m) due to the decrease in the multiple of basic salaries used to calculate bonus payments.

#### Depreciation

Depreciation related to the Company's depreciation of property and equipment and remained stable at 0.1% - 0.2% as a % of revenue over the 2019G-2021G period and reached SAR1.8m in 2021G (+SAR948k from 2019G levels).

#### Travelling and communication

Travelling and communication mainly related to travelling expenses, visa and other government related fees, car rentals, and communication expenses (e.g. internet, telephone, fax, etc.).

Travelling and communication expenses decreased from SAR1.9m in 2019G to SAR911k in 2020G mainly driven by lower travel activities due to restrictions imposed by the KSA government during the COVID-19 period.

Travelling and communication expenses increased to SAR1.3m in 2021G (+SAR386k) following the ease of restrictions and resumption of travel activities.

## Amortization

Amortization mainly related to amortization charges of intangible assets (licenses and software). Amortization charges fluctuated over the 2019G-2021G period, decreasing from SAR200k in 2019G to SAR109k in 2020G and subsequently increased to SAR120k in 2021G in line with fluctuation in amortization charges on software.

## Others

Others mainly comprised of bad debt expenses, donations, legal fees, cleaning and janitorial expenses, utilities expenses, repair and maintenance, among other miscellaneous expenses. Other expenses increased from SAR6.8m in 2019G to SAR8.8m in 2020G mainly driven by increase in consulting fees from SAR198k in 2019G to SAR3.7m in 2020G due to engaging with an external consultant to review the Company's business plan.

Other expenses slightly decreased from SAR8.8m in 2020G to SAR8.4m in 2021G mainly driven by the decrease in consulting fees (from SAR3.7m in 2020G to 150k in 2021G) partially offset by the increase in bad debt expenses (which reached SAR2.3m in 2021G compared to a reversal of SAR1.1m in 2020G).

### 6.7.1.6 Research and development expenses

**Table (6.13): Research and development expenses for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Salaries and employee related costs	-	21,487	20,622	N/A	(4.0%)	N/A
Cost of exhibit batches	-	-	3,821	N/A	N/A	N/A
Depreciation	-	4,171	2,520	N/A	(39.6%)	N/A
Lab scale batches	-	1,504	1,656	N/A	10.1%	N/A
Supplies and consumables	-	1,551	772	N/A	(50.2%)	N/A
Travelling and communication	-	155	165	N/A	6.5%	N/A
Amortization	-	21	21	N/A	0.0%	N/A
Others	-	7,600	7,424	N/A	(2.3%)	N/A
<b>Total</b>	-	<b>36,488</b>	<b>37,000</b>	<b>N/A</b>	<b>1.4%</b>	<b>N/A</b>
<b>As a % of revenue</b>					<b>Percentage points</b>	
Salaries and employee related costs	-	2.7%	2.8%	N/A	0.1	N/A
Cost of exhibit batches	-	0.0%	0.5%	N/A	0.5	N/A
Depreciation	-	0.5%	0.3%	N/A	(0.2)	N/A
Lab scale batches	-	0.2%	0.2%	N/A	0.0	N/A
Supplies and consumables	-	0.2%	0.1%	N/A	(0.1)	N/A
Travelling and communication	-	0.0%	0.0%	N/A	0.0	N/A
Amortization	-	0.0%	0.0%	N/A	0.0	N/A
Others	-	0.9%	1.0%	N/A	0.1	N/A
<b>Total</b>	-	<b>4.5%</b>	<b>5.0%</b>	<b>N/A</b>	<b>0.5</b>	<b>N/A</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

## Research and development

Research and development expenses mainly related to costs in connection with employee costs under the R&D department as well as exhibit batches, lab scale batches, supplies and consumables, among others. We note that R&D expenses were classified under cost of sales in 2019G, and underneath gross profit as a separate line item in 2020G and 2021G.

## Salaries and employee related costs

Salaries and employee related costs mainly related to employee costs pertaining to salaries, allowances and other related costs for employees in the research and development department. Salaries and employee related costs slightly decreased from SAR21.5m in 2020G to SAR20.6m in 2021G mainly in line with the decrease in headcount from 109 to 105 employees over the same period.

## Cost of exhibit batches

Cost of exhibit batches mainly related to batches produced in 2019G and 2020G and were recorded under inventory since they were deemed saleable. However, the near-expiry batches amounting to SAR3.8m were expensed in 2021G.

## Depreciation

Depreciation decreased from SAR4.2m in 2020G to SAR2.5m in 2021G mainly driven by the change in estimated useful lives conducted during the same period.

## Lab scale batches

Lab scale batches mainly related to cost of R&D materials used in scale up batches manufactured by R&D during development of a new product. Lab scale batches increased from SAR1.5m in 2020G to SAR1.7m in 2021G mainly driven by the purchase of expensive materials for R&D product development.

## Supplies and consumables

Supplies and consumables expenses decreased from SAR1.6m in 2020G to SAR772k in 2021G mainly due to high levels of costs incurred in 2020G due to higher consumption of gowns, gloves, and sanitizers due to COVID-19.

## Travelling and communication

Travelling and communication expenses remained relatively stable over the 2020G-2021G period.

## Amortization

Amortization expenses remained relatively stable over the 2020G-2021G period.

## Others

Others mainly comprised of bioequivalence expenses, product registration expenses, repair and maintenance, reference samples, among others. Other expenses slightly decreased from SAR7.6m in 2020G to SAR7.4m in 2021G mainly driven by the decrease in reference STD (standard) samples (used to record the main API reference standard to test and develop the new products).

### 6.7.1.7 Other income, net

**Table (6.14): Other income, net for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Gain on disposal of property, plant and equipment	324	89	89	(72.5%)	0.0%	(47.6%)
Royalty income	-	2,160	4,106	N/A	90.1%	N/A
Others	704	(1,180)	359	(267.6%)	(130.4%)	(28.6%)
<b>Total</b>	<b>1,028</b>	<b>1,070</b>	<b>4,554</b>	<b>4.1%</b>	<b>325.6%</b>	<b>110.5%</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

#### Gain on disposal of property, plant and equipment

Gain on disposal of property, plant and equipment mainly related to the disposal of motor vehicles that were held at residual value over the period under review.

#### Royalty income

Royalty income related to the products licensing income from a company in Algeria where the Company has purchased the mentioned license from the company in Algeria. The products are manufactured and sold by the company in Algeria and the latter will share the profit with the Company as per the agreement. This agreement commenced towards the end of 2020G.

#### Others

Others mainly comprised income from short term investments (SAR1.5m), loan administration income (SAR1.5m), amortization of trademark (-SAR1.5m), and impairment on loan receivable (-SAR1.0m) in 2021G. Others decreased from SAR704k in 2019G to -SAR1.2m in 2020G mainly due to the foreign exchange loss / impairment (SAR6.0m) on the loan receivable from Algerian JV Jamjoom Hupp Pharma LLC due to the devaluation of the Algerian currency partially offset by (i) net amount of SAR2.4m received by the Company for the cessation of business with a UAE distributor.

Others subsequently increased to SAR359k mainly due to (i) income from an investment with an asset manager (short term investments) (SAR1.5m) which began in 2021G, and (ii) loan administration income (SAR1.5m) which represents an adjusting entry for certain prior period adjustments pertaining to the recalculation of the interest-free loan provided by the Company to Al Jamjoom Pharma for Pharmaceutical Industries ("ALJP"), partially offset by (i) the amortization of trademark (-SAR1.5m) related to the trademark acquired for the rights of market authorization for some products in Algeria and (ii) the impairment on loan receivable (SAR1.0m) from Algerian JV Jamjoom Hupp Pharma LLC due to the devaluation of the Algerian currency (foreign exchange loss).

### 6.7.1.8 Financial (charges) / income, net

**Table (6.15): Financial (charges) / income, net for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G (Audited)	Financial year 2020G (Audited)	Financial year 2021G (Audited)	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Loan management fee on SIDF loan	(1,863)	(1,332)	(2,274)	(28.5%)	70.7%	10.48%
Bank charges	(1,241)	(1,026)	(907)	(17.3%)	(11.6%)	-14.51%
Foreign currency gain	3,206	4,111	2,006	28.2%	(51.2%)	-20.90%
<b>Total</b>	<b>103</b>	<b>1,752</b>	<b>(1,175)</b>	<b>1601.0%</b>	<b>(167.1%)</b>	<b>N/A</b>

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G



## Loan management fee on SIDF loan

Loan management fee on SIDF loan decreased from SAR1.9m in 2019G to SAR1.3m in 2020G and subsequently increased from SAR1.3m in 2020G to SAR2.3m in 2021G.

## Bank charges

Bank charges mainly related to charges on local and foreign transfers and charges on receipts from customers. Bank charges decreased over the 2019G-2021G from SAR1.2m to SAR907k.

## Foreign currency gain

Foreign currency gain mainly related to forex gains and losses on supplier payments and receipts from export customers.

## 6.7.2 Consolidated balance sheets

Table (6.16): Consolidated statement of financial position as of 31 December 2019G, 2020G and 2021G

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	503,930	611,330	711,903
Right-of-use asset	2,500	2,228	1,967
Intangible assets	4,026	16,537	14,786
Investments	13,388	3,829	3,973
Employee receivable	-	15,024	-
<b>Total non-current assets</b>	<b>523,843</b>	<b>648,948</b>	<b>732,628</b>
<b>Current assets</b>			
Inventories	90,590	129,197	135,165
Trade receivables	409,967	418,217	366,903
Prepayments and other receivables	59,743	44,574	46,858
Short-term investments	18,920	19,177	38,110
Cash and cash equivalents	180,571	235,546	112,630
Total current assets	759,791	846,712	699,665
<b>Total assets</b>	<b>1,283,635</b>	<b>1,495,660</b>	<b>1,432,293</b>
<b>Equity</b>			
Share capital	100,000	100,000	100,000
Statutory reserve	50,000	50,000	50,000
Foreign currency translation reserve	(30,340)	(33,726)	(37,875)
Retained earnings	949,856	1,062,794	1,119,510
<b>Total equity</b>	<b>1,069,515</b>	<b>1,179,068</b>	<b>1,231,635</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
SIDF loan	17,746	-	-

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Lease liabilities	2,228	1,967	1,718
Employees' benefits	64,035	75,553	60,576
<b>Total non-current liabilities</b>	<b>84,008</b>	<b>77,520</b>	<b>62,294</b>
<b>Current liabilities</b>			
Loan - current portion	16,000	95,016	-
Lease liabilities – current portion	272	261	249
Trade payables and other current liabilities	96,668	121,701	118,371
Zakat and income-tax payable	17,170	22,093	19,744
<b>Total current liabilities</b>	<b>130,111</b>	<b>239,071</b>	<b>138,364</b>
<b>Total liabilities</b>	<b>214,119</b>	<b>316,591</b>	<b>200,658</b>
<b>Total equity and liabilities</b>	<b>1,283,635</b>	<b>1,495,660</b>	<b>1,432,293</b>
<b>KPIs</b>			
DSO	189	188	195
DIO*	126	137	185
DPO*	18	35	54
ROA	12.2%	13.8%	11.9%
ROE	14.7%	17.5%	13.9%
Liabilities-to-assets ratio	0.17	0.21	0.14
Debt-to-equity ratio	0.03	0.08	N/A
Current ratio	5.84	3.54	5.06

Source: Audited consolidated financial statements for the financial years ended 31 December 2019G, 2020G and 2021G

KPIs: The Company's management information for the financial years ending 31 December 2019G, 2020G and 2021G

\* DIO and DPO were calculated based on total cost of sales

## 6.7.2.1 Non-current assets

**Table (6.17): Consolidated list of non-current assets as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Property, plant and equipment	503,930	611,330	711,903
Right-of-use asset	2,500	2,228	1,967
Intangible assets	4,026	16,537	14,786
Investments	13,388	3,829	3,973
Employee receivable	-	15,024	-
<b>Total</b>	<b>523,843</b>	<b>648,948</b>	<b>732,628</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

### 6.7.2.1.1 Property, plant and equipment

**Table (6.18): Net book value of property plant and equipment as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Plant and machinery	201,251	171,520	179,501
Buildings	121,173	116,543	134,121
Land	62,477	62,584	62,596
Furniture and fixtures	9,783	8,390	7,676
Computers	1,496	1,214	1,609
Office equipment	838	771	768
Motor vehicles	1,003	848	512
Capital work in progress	105,908	249,460	325,120
<b>Total</b>	<b>503,930</b>	<b>611,331</b>	<b>711,903</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

### Plant and machinery

Plant and machinery amounted to SAR179.5m as at 31 December 2021G primarily consisting of fixed assets and machinery used in the Company's factory, and warehouses. This includes manufacturing machines, electromechanical assets related to the warehouse along with Heating, ventilation, and air conditioning (HVAC) related assets.

Plant and machinery decreased from SAR201.3m as at 31 December 2019G to SAR171.5m as at 31 December 2020G mainly driven by depreciation charges for the period (-SAR34.0m) and low additions (+SAR3.5m).

Plant and machinery increased from SAR171.5m as at 31 December 2020G to SAR179.5m as at 31 December 2021G mainly driven by transfers made from CWIP (SAR17.5m) broken down as follows:

- i. Machinery and equipment for the JP Academy (SAR11.4m);
- ii. Stability chambers in the plant (SAR3.9m); and
- iii. Overhaul of the dermal line (SAR2.2m).

The additions above were coupled with other additions (+SAR4.9m) mostly related to maintenance capex. This was partially offset by depreciation charges of SAR14.4m.

During 2021G, the estimated useful lives for PPE were reviewed with the support of an external international consultant. The auditor approved the change in estimated useful lives (effective 1 January 2021G). The review indicated that the actual useful life of certain assets within plants and machinery were increased from 10 to 20 years useful lives used to calculate depreciation rates and corresponding charges.

## Buildings

Buildings dropped from SAR121.2m as at 31 December 2019G to SAR116.5m as at 31 December 2020G mainly due to depreciation charges (-SAR4.6m) with no additions made.

Buildings increased from SAR116.5m as at 31 December 2020G to SAR134.1m as at 31 December 2021G as a result of a transfer made from CWIP (+SAR22.8m) in connection with civil and construction costs related to the JP Academy, partially offset by depreciation charges for the period (-SAR5.3m).

## Land

Land amounted to SAR62.6m as at 31 December 2021G and mainly comprised lands in Jeddah (SAR46.9m) in connection with head office, and factories, along with Riyadh (SAR2.4m), and Khobar (SAR2.4m) offices amongst others.

Fluctuations over the period were mainly attributed to foreign currency translation differences for lands located in Egypt.

## Furniture and fixtures

Furniture and fixtures amounted to SAR7.7m as at 31 December 2021G and mainly relate to laboratory furniture and equipment, clean partition areas for the dermal and microbiological departments, academy-related furniture and offices furniture amongst others.

Furniture and fixtures have been decreasing over the period from SAR9.8m as at 31 December 2019G to SAR7.7m as at 31 December 2021G mainly driven by depreciation charges over the period relative to low additions made.

## Computers

Computers amounted to SAR1.6m as at 31 December 2021G and mainly comprised laptops provided to employees, computer servers, tablets, and internal data centers.

Computers decreased from SAR1.5m as at 31 December 2019G to SAR1.2m as at 31 December 2020G mainly driven by depreciation charges over the period with low additions.

Computers increased from SAR1.2m as at 31 December 2020G to SAR1.6m as at 31 December 2021G mainly due to additions made during the period (+SAR901K) mostly related to new laptops and printers offset by the disposal of (-SAR309K) of retired equipment.

## Office equipment

Office equipment amounted to SAR768K as at 31 December 2021G and is mostly related to monitoring systems (e.g. CCTV cameras) within the Company's premises, and the internal telephone system amongst other office equipment. Office equipment remained stable at around SAR780K over the period between 31 December 2019G and 31 December 2021G.

## Motor vehicles

Motor vehicles amounted to SAR512K as at 31 December 2021G and relates to vehicles owned by the company for business and management use.

Motor vehicles decreased from SAR1.0m as at 31 December 2019G to SAR848K as at 31 December 2020G mainly driven by depreciation over the period (-SAR622K) coupled with disposals amounting to (-SAR54K) and partially offset by additions of (+SAR521K).

Motor vehicles dropped from SAR848K as at 31 December 2020G to SAR512K as at 31 December 2021G mainly driven by depreciation charges over the period with no new additions.

## Capital work in progress ("CWIP")

Capital work in progress amounted to SAR325.1m as at 31 December 2021G. Over the period under review, capital work in progress mainly related to ongoing projects conducted by the Company, namely:

- i. JP Academy: An educational facility to provide educational and technical services in order to meet the market needs for a talented workforce within the pharma industry, in the form of workshops, training, and certifications, among others. Additions mainly related to civil works in line with project progress over time;
- ii. Jeddah main facility: Main factory expansion located in Jeddah;
- iii. Jeddah sterile facility: an expansion project for injectables and Ophthalmic products which is being constructed in Jeddah; and

- iv. Egypt main facility: A new plant is being constructed in Egypt and is currently at the completion stage, expected to cover the market needs of Egypt and other key African markets.

CWIP increased from SAR105.9m as at 31 December 2019G to SAR249.5m as at 31 December 2020G mainly driven by additions of SAR87.1m relating to the Egypt main facility, additions of SAR11.1m related to the JP Academy, and additions of SAR17.5m related to the Jeddah sterile facility.

CWIP increased from SAR249.5m as at 31 December 2020G to SAR325.1m as at 31 December 2021G due to further addition in connection with the Jeddah sterile facility and the Egypt main facility.

## Planned material fixed assets

Please refer to Section 6.8.2.1.1 ("Property, plant, and equipment") for further details on the Company's planned material fixed assets.

**Table (6.19): Property plant and equipment additions as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Plant and machinery	1,603	3,499	4,942
Computers	660	352	901
Furniture and fixtures	345	137	226
Office equipment	52	144	93
Buildings	37	-	11
Land	2,139	-	-
Motor vehicles	-	521	-
Capital work in progress	65,699	143,871	116,575
<b>Total</b>	<b>70,536</b>	<b>148,522</b>	<b>122,747</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

Total additions to property plant and equipment amounted to SAR71m as at 31 December 2019G, split into additions totaling SAR59m for expansionary purposes and SAR12m for maintenance and replacement purposes. Total additions to property plant and equipment amounted to SAR149m as at 31 December 2020G, split into additions totaling SAR141m for expansionary purposes and SAR8m for maintenance and replacement purposes. Total additions to property plant and equipment amounted to SAR123m as at 31 December 2021G, split into additions totaling SAR110m for expansionary purposes and SAR13m for maintenance and replacement purposes. It should be noted that expansionary activities are mainly related to the Egypt main facility and the Jeddah sterile facility.

### 6.7.2.1.2 Right-of-use assets

**Table (6.20): Right-of-use assets as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Cost			
At the beginning and end of the period/year	2,785	2,785	2,785
Accumulated depreciation			
Balance as at January 1	-	(285)	(558)
Charge for the year	(285)	(272)	(261)
<b>At the end of the period/year</b>	<b>2,500</b>	<b>2,228</b>	<b>1,967</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

The Company recognizes right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. As at 31 December 2021G, right-of-use assets amounted to SAR2.0m and mainly comprised:

- i. **The main factory** (SAR1.2m), which is related to the lease of the land from Modon, located within the industrial area in Jeddah where the Company's manufacturing plant is located (9 years remaining on the lease as at 31 December 2021G);
- ii. **JP Academy** (SAR436K), which is related to the lease of the land from Modon for the academy project. The academy was built in an area adjacent to the main factory (10 years remaining on the lease as at 31 December 2021G);
- iii. **JP Warehouse** (SAR217K), which is the Company's main warehouse and is connected to the factory (leased from Modon; (13 years remaining on the lease as at 31 December 2021G); and
- iv. **Factory expansion** (SAR90K) is related to an expansion made to the main factory (leased from Modon; 8 years remaining on the lease as at 31 December 2021G).

Right-of-use assets decreased from SAR2.5m as at 31 December 2019G to SAR2.2m as at 31 December 2020G and further to SAR2.0m as at 31 December 2021G mainly due to amortization charges with no additions.

### 6.7.2.1.3 Intangible assets

**Table (6.21): Intangible assets as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Goodwill	2,070	-	-
Software and licenses	1,956	16,537	14,786
<b>Total</b>	<b>4,026</b>	<b>16,537</b>	<b>14,786</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

Intangible assets amounted to SAR14.8m as at 31 December 2021G and related to software and licenses which comprised of:

- i. **Trademarks**, which amounted to SAR13.3m as at 31 December 2021G and related to the market authorization rights to manufacture and sell products in Algeria. The trademark was acquired during 2020G for SAR15.0m and is being amortized over the period with an estimated useful life of 10 years;
- ii. **Computer software**, which amounted to SAR1.4m as at 31 December 2021G and mainly related to ERP and accounting systems used by the Company as part of its normal business practice. Computer software has been decreasing over the period due to amortization charges with minimal additions;
- iii. **Licenses**, which amounted to SAR135K as at 31 December 2021G and related to an agreement for Biosimilar products and is being depreciated over an expected useful life of 8 years. Licenses have been decreasing from SAR182K as at 31 December 2019G to SAR135K as at 31 December 2021G due to amortization charges with minimal additions made; and
- iv. **Goodwill**, which was only present as at 31 December 2019G (SAR2.1m) before being fully impaired based on an impairment assessment during 2020G and was recognized as part of the acquisition of the Egypt entity during 2014G.

### 6.7.2.1.4 Investments

**Table (6.22): Investments as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Investment in an equity accounted investee	4,013	2,769	3,953
Investment as at FVTPL	9,375	1,060	20
<b>Total</b>	<b>13,388</b>	<b>3,829</b>	<b>3,973</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

**Table (6.23): Investments breakdown as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G	As at 31 December 2020G	As at 31 December 2021G
Investments in Algeria	4,013	2,769	3,941
Investments in Egypt	-	-	12
Investment in an equity accounted investee	4,013	2,769	3,953
Investments in USA (Biothera)	9,375	1,060	20
Investment as at FVTPL	9,375	1,060	20
<b>Total</b>	<b>13,388</b>	<b>3,829</b>	<b>3,973</b>

Source: Management information for the years ended 31 December 2019G, 2020G and 2021G

## Investment in an equity accounted investee

The company's investment in associates amounted to SAR3.9m as at 31 December 2021G and has mainly comprised of:

- i. **Jamjoom HUPP Pharma** is a joint venture with Hupp Pharma LLC in Algeria whereby the Company owns 49% stake. Jamjoom HUPP Pharma is an Algerian pharmaceutical company and animal health products that was established in 2016 with the purpose of entering the Algerian market. The investment has been loss-making over the historical period.
- ii. In the financial year 2021G, the Company entered into a joint venture agreement with Dawa Investment SARL to establish a second company in Algeria, named SPA Jamjoom Algeria Lildawa, with the Company owning a 49% stake (recorded under investment in associates). As at 31 December 2021G, the Company's investment balance in Jamjoom Algeria Lildawa amounted to SAR551k.

## Investment at FVTPL

Investment at FVTP mainly related to Biothera Holding corporation (BHC), a company that operates in the healthcare industry with a focus on biotechnology.

The Company signed an agreement to have exclusive rights for distribution in the GCC region once the product has been approved in exchange for an upfront payment of (USD1.5m) as per the agreement. The investment amounted to SAR9.4m in 2018G. However, it has been impaired during 2020G (amounting to SAR8.3m) and 2021G (amounting to SAR1.0m) as operations have not commenced yet, and the studies conducted were not proven sufficient to warrant a filing with the FDA.

### 6.7.2.1.5 Employee receivables

**Table (6.24): Employee receivables as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
<b>Employee receivable</b>	-	15,024	-

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

Employee receivables were only present as at 31 December 2020G and mainly relate to an initiative offered by management whereby the Company disbursed interest-free loans to eligible employees in light of COVID-19 lockdowns against their respective EoSB. The loan has been provided only to eligible and interested employees covering a maximum of 50% of their respective total EoSB balance. During 2021G and upon receiving a legal opinion from an independent law firm, the loan was fully deducted from the end-of-service benefit entitlements of the respective employees.

## Current assets

**Table (6.25): Current assets as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Inventories	90,590	129,197	135,165
Trade receivables	409,967	418,217	366,903
Prepayments and other receivables	59,743	44,574	46,858
Short-term investments	18,920	19,177	38,110
Cash and cash equivalents	180,571	235,546	112,630
<b>Total</b>	<b>759,791</b>	<b>846,712</b>	<b>699,665</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

### 6.7.2.1.6 Inventories

**Table (6.26): Inventories as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Raw materials	29,274	57,044	62,312
Packing materials	20,128	27,097	32,746
Work in process	2,881	1,720	1,896
Finished goods	38,582	45,780	41,745
Goods in transit	5,052	2,369	3,530
Stores and spares, net	5,445	10,025	10,968
<b>Gross inventory</b>	<b>101,362</b>	<b>144,036</b>	<b>153,197</b>
Provision for inventories	(10,772)	(14,838)	(18,032)
<b>Total</b>	<b>90,590</b>	<b>129,197</b>	<b>135,165</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

## Raw materials

Raw materials related to materials received from local and international vendors for the purpose of manufacturing pharmaceutical products.

Raw materials increased from SAR29.3m as at 31 December 2019G to SAR57.0m as at 31 December 2020G mainly due to the requirement imposed to maintain a 6-month "safety" stock during the COVID-19 period.

Raw materials subsequently increased from SAR57.0m as at 31 December 2020G to SAR62.3m as at 31 December 2021G driven by lower production activities during 2021G in line with the decrease in revenue over the same period backed by the 6-month "safety" stock during the COVID-19 period.

## Packing materials

Packing materials mainly related to foils, tubes and glass bottles in addition to printed cartons for the packaging of final products.

Packaging materials increased from SAR20.1m as at 31 December 2019G to SAR27.1m as at 31 December 2020G due to the government restrictions on maintaining a certain level of "safety" stock mentioned above.

Packing materials have subsequently increased from SAR27.1m as at 31 December 2020G to SAR32.7m as at 31 December 2021G.



## Work in process

Work in process mainly related to semi-finished goods in the process of production.

Work in process remained relatively stable over the period between 31 December 2019G and 31 December 2021G and ranged between SAR2.0m – SAR3.0m.

## Finished goods

Finished goods related to the finished products ready to be delivered to the distributor or customer.

Finished goods increased from SAR38.6m as at 31 December 2019G to SAR45.8m as at 31 December 2020G due to the government requirements mentioned above.

Finished goods subsequently decreased from SAR45.8m as at 31 December 2020G to SAR41.7m as at 31 December 2021G due to better inventory controls implemented on finished goods.

## Goods in transit

Goods in transit are related to the value of raw and packaging materials that are not yet received.

Goods in transit decreased from SAR5.1m as at 31 December 2019G to SAR2.4m as at 31 December 2020G mainly driven by the receipt of high value materials that were previously in transit and higher sales.

Goods in transit increased from SAR2.4m as at 31 December 2020G to SAR3.5m as at 31 December 2021G mainly due to an increase in high value packaging material in transit.

## Stores and spares, net

Stores and spares, net related to spare parts and other consumables in stock used during the production process and are related to the machinery of the plant.

Stores and spares, net increased from SAR5.4m as at 31 December 2019G to SAR10.0m as at 31 December 2020G mainly driven by the reclassification of the provision for stores and spares to the total provision for inventories (previously the provision for stores and spares was directly netted off against the gross balance).

Stores and spares, net remained relatively stable at SAR10.0m – SAR11.0m between 31 December 2020G and 31 December 2021G.

## Provision for inventories

Provision for inventories increased from SAR10.8m as at 31 December 2019G to SAR14.8m as at 31 December 2020G due to the reclassification of slow moving store and spare mentioned above.

Provision for inventories increased from SAR14.8m 31 December 2020G to SAR18.0m as at 31 December 2021G mainly due to an increase in obsolete inventory (+SAR3.2m) post stock build-up that was imposed during 2020G.

### 6.7.2.1.7 Trade receivables

**Table (6.27): Trade receivables as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Trade receivables – Related parties	237,333	270,030	233,537
Trade receivables – Third parties	193,340	165,865	153,218
<b>Gross receivable</b>	<b>430,672</b>	<b>435,894</b>	<b>386,755</b>
Less: Allowance for expected credit losses	(20,705)	(17,677)	(19,853)
<b>Net receivable</b>	<b>409,967</b>	<b>418,217</b>	<b>366,903</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

## Trade receivables – related parties

Trade receivables from related parties amounted to SAR233.5m as at 31 December 2021G and related to Jamjoom Medicine Store ("JMS"), the Company's main distributor for the distribution of most products with the exception of ophthalmic, nutraceuticals, and CNS products (which are currently being distributed by Tamer Group). The total outstanding balance from JMS represented 60.4% of total gross receivable balance as at 31 December 2021G. The Company has a non-exclusive distributor agreement with JMS for distribution services. Please refer to Section 12 for further details.

JMS's trade receivables increased from SAR237.3m as at 31 December 2019G to SAR270.0m as at 31 December 2020G in line with the increase in sales over the same period.

JMS's trade receivables decreased from SAR270.0m as at 31 December 2020G to SAR233.5m as at 31 December 2021G mainly driven by collections made over the same period.

## Trade receivables – Third parties

Trade receivables – Third parties amounted to SAR153.2m as at 31 December 2021G and were mainly related to outstanding receivable balances from the company's main distributors and direct customers located both locally and internationally.

Trade receivables – Third parties decreased from SAR193.3m as at 31 December 2019G to SAR165.9m as at 31 December 2020G mainly driven by the collections received from one local direct customer (SAR13.8m) and one local distributor (SAR5.6m) amongst others.

Trade receivables – Third parties decreased further from SAR165.9m as at 31 December 2020G to SAR153.2m as at 31 December 2021G driven by collections made by one international distributor (SAR21.8m), one local direct customer (SAR6.4m) and one international direct customer (SAR3.0m), partially offset by increases in receivable balance from one local distributor (SAR19.4m).

## Allowance for expected loss

The Company adopts the IFRS9 for receivable provision calculation whereby the expected credit losses ("ECL") is assessed on a forward-looking basis with financial assets carried at amortized cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Company recognizes a loss allowance for such losses at each reporting date.

Allowance for expected loss decreased from SAR20.7m as at 31 December 2019G to SAR17.7m as at 31 December 2020G due to reversals during the year from two customers (-SAR2.9m and -SAR1.5m, respectively) partially offset by additions during the period (+SAR3.4m).

Allowance for expected loss increased from SAR17.7m as at 31 December 2020G to SAR19.9m as at 31 December 2021G mainly due to additions made over the period as per the Company's provisioning policy.

### 6.7.2.1.8 Prepayments and other receivables

**Table (6.28): Prepayments and other receivables as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Prepayments and other current assets	33,890	25,551	29,211
Due from related parties	25,853	19,023	17,647
<b>Total</b>	<b>59,743</b>	<b>44,574</b>	<b>46,858</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

**Table (6.29): Prepayments and other current assets as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
VAT receivable	2,758	7,460	11,712
Employees' receivables	11,532	10,237	8,866
Advance to suppliers	13,929	2,835	2,865
Prepayments	2,892	2,538	3,093
Deposits	1,273	1,357	1,254
Others	1,506	1,122	1,422
<b>Total</b>	<b>33,890</b>	<b>25,551</b>	<b>29,211</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

### VAT receivables

VAT receivable increased from SAR2.8m as at 31 December 2019G to SAR7.5m as at 31 December 2020G driven by an increase VAT-refundable (+SAR3.7m) driven by the increase in tax rate from 5% to 15% effective 1 July 2020G.

VAT receivable increased from SAR7.5m as at 31 December 2020G to SAR11.7m as at 31 December 2021G mainly due to an increase in VAT-refundable (+SAR4.0m) due to the full year effect of the increase in the tax rate.

### Employees' receivables

Employees' receivables decreased from SAR11.5m as at 31 December 2019G to SAR10.2m as at 31 December 2020G driven by a drop in other loans disbursed to employees (-SAR1.2m) relating to exceptionally approved loans by management with agreed monthly deduction instalments.

Employees' receivables decreased from SAR10.2m as at 31 December 2020G to SAR8.9m as at 31 December 2021G driven by a drop in other loans (-SAR1.9m) partially offset by an increase in vehicle loans (+SAR519K).

### Advance to suppliers

Advance to suppliers decreased from SAR13.9m as at 31 December 2019G to SAR2.8m as at 31 December 2020G mainly due to a decrease in advances for services (-SAR10.8m) due to the settlements made to construction companies that were responsible for the construction of the Jeddah sterile facility as the construction assignments were being completed.

Advances to suppliers remained relatively stable between 31 December 2020G and 31 December 2021G amounting to SAR2.8m.

### Prepayments

Prepayments dropped from SAR2.9m as at 31 December 2019G to SAR2.5m as at 31 December 2020G due to a drop in prepaid rent (-SAR149K) and prepaid medical insurance for employees (-SAR157K).

Prepayments increased from SAR2.5m as at 31 December 2020G to SAR3.1m as at 31 December 2021G due to an increase in prepaid medical insurance for international employees (SAR283K) following an increase in insurance rates in response to an increase in employee patient cancer treatment costs in UAE backed by increases in prepaid rents (+SAR254K).

### Deposits

Deposits amounted to SAR1.3m as at 31 December 2021G mainly related to fixed deposits for acquiring services of postal, courier, and freight companies. Deposits has remained relatively stable over the reporting period.

### Others

Others amounted to SAR1.4m as at 31 December 2021G and mainly comprised of prepaid expenses for physician samples and advance - others which is mainly a bridge account between suppliers and customers that is netted off at month-end. Other prepayments remained relatively stable over the reviewed period.

**Table (6.30): Due from related parties as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Jamjoom HUPP Pharma LLC	24,555	18,490	17,452
Jamjoom Medicine Stores	257	205	195
Abdul Latif and Brothers Holding	1,011	-	-
Jamjoom Vehicle and Equipment	-	318	-
New Jamjoom Healthcare Hospital	31	11	-
<b>Total</b>	<b>25,853</b>	<b>19,023</b>	<b>17,647</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

Due from related parties as at 31 December 2021G mainly related to Jamjoom HUPP Pharma LLC (SAR17.5m) in connection with an interest-free loan.

Due from related parties decreased from SAR25.8m as at 31 December 2019G to SAR19.0m as at 31 December 2020G related to an impairment loss to the outstanding balance of Jamjoom HUPP Pharma LLC of SAR6.1m.

Due from related parties decreased from SAR19.0m as at 31 December 2020G to SAR17.6m as at 31 December 2021G was due to further impairment to the outstanding balance of Jamjoom HUPP Pharma LLC of SAR1.0m.

#### 6.7.2.1.9 Short-term investments

**Table (6.31): Short-term investments as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G	As at 31 December 2020G	As at 31 December 2021G
Investment in Murabaha	18,375	18,581	37,500
Investment Held for Trading	545	596	610
<b>Total</b>	<b>18,920</b>	<b>19,177</b>	<b>38,110</b>

Source: Management information for the years ended 31 December 2019G, 2020G and 2021G

#### Investment in Murabaha

Investment in Murabaha amounted to SAR37.5m as at 31 December 2021G representing c. 98% of short-term investments mainly relating to investments made with an asset management company (previously a deposit at a local bank for the period ranging from four to six months at prevailing market rates).

Investment in Murabaha remained relatively stable between 31 December 2019G and 31 December 2020G amounting to SAR18.6m as of 31 December 2020G and mainly related to deposited funds at a local bank at prevailing market rates.

Investment in Murabaha increased from SAR18.5m as at 31 December 2020G to SAR37.5m as at 31 December 2021G driven by the Company's decision to transfer the funds from the Murabaha deposits account to a local asset management firm in addition to some additional funds allocated from excess cash from operations.

#### Investment held for trading

Investment held for trading amounted to SAR610K as at 31 December 2021G and mainly comprised of shares invested in a local mutual fund and publicly listed shares.

### 6.7.2.1.10 Cash and cash equivalents

**Table (6.32): Cash and cash equivalents as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Cash at banks - current accounts	180,536	235,484	112,593
Cash on hand	36	62	37
<b>Total</b>	<b>180,571</b>	<b>235,546</b>	<b>112,630</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

#### Cash at banks – current accounts

Cash at banks – current accounts represent cash held in Saudi Arabian British Bank, Saudi National Bank, Emirates NBD, Arab National Bank, Arab African Bank, among others. Cash at banks – current accounts are denominated in multiple currencies such as SAR, USD, EUR, among others.

#### Cash on hand

Cash on hand represents the cash maintained in the Company's vault.

### 6.7.2.2 Non-current liabilities

**Table (6.33): Non-current liabilities as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Loan - non-current portion	17,746	-	-
Lease liabilities	2,228	1,967	1,718
Employees' benefits	64,035	75,553	60,576
<b>Total non-current liabilities</b>	<b>84,008</b>	<b>77,520</b>	<b>62,294</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

#### 6.7.2.2.1 Lease liabilities

**Table (6.34): Lease liabilities as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
At the beginning of the period/year	2,785	2,500	2,228
Add: Interest	17	14	108
Less: Payments	(302)	(287)	(369)
<b>At the end of the period/year</b>	<b>2,500</b>	<b>2,228</b>	<b>1,967</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

Lease liabilities (current and non-current portions) amounted to SAR2.0m as at 31 December 2021G and mainly related to land leased within the industrial area in connection with the factory, warehouse, and JP Academy in addition to the Jeddah sterile facility that is still under construction (please refer to the right-of-use assets section for more details on the leases).

Lease liabilities decreased from SAR2.5m as at 31 December 2019G to SAR2.2m as at 31 December 2020G and further to SAR2.0m as at 31 December 2021G due to lease payment made over the period.

### 6.7.2.2.2 Loan

**Table (6.35): Loan movement for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
<b>SIDF loan</b>	<b>48,900</b>	<b>34,900</b>	<b>95,016</b>
Add: SIDF loan obtained during the year	-	78,200	-
Less: SIDF loan paid during the year	(14,000)	(16,000)	(95,016)
Less: unamortized portion of fee paid	(1,154)	(2,084)	-
Less: current portion	(16,000)	(95,016)	-
<b>Non-current portion</b>	<b>17,746</b>	<b>-</b>	<b>-</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

The Company signed a long-term loan agreement with Saudi Industrial Development Fund (SIDF) in 2016G for an amount of SAR72.9m to finance its expansion plans in 2016G. The loan was accordingly paid in installments with all its related fees and fully settled during 2021G.

Additionally, the company obtained a working capital loan amounting to SAR 78.2m to finance its short-term liquidity in 2020. This short-term loan, along with its fee was fully settled in 2021G. The SIDF loan was secured by mortgage on the Company's existing property, plant and equipment and new projects and the personal guarantees from the shareholders.

On 4 September 2022, the Company secured a new loan from the Saudi Industrial Development Fund (SIDF) amounting to SAR113.5m. As per the loan agreement, the loan is secured with personal guarantees and mortgages on the Company's building, machinery and equipment and other related fixed assets in case any portion of the loan is withdrawn. As of the date of this Prospectus, no loan withdrawals have taken place, and as such the aforementioned assets are not yet pledged.

Please refer to Section 12.9 ("Credit Facilities and Loans") of this Prospectus for further details.

### 6.7.2.2.3 Employees' benefits

**Table (6.36): Employee's benefits as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
At the beginning of the year	56,205	64,035	75,553
<b>Included in statement of profit or loss</b>			
Current service cost	6,769	7,311	8,569
Interest cost	2,585	2,156	1,891
<b>Included in other comprehensive income</b>			
<b>Re-measurement loss / (gain):</b>			
Actuarial loss arising from changes in assumptions	2,181	3,255	646
Loan against EOSB	-	-	(12,540)
Benefits paid	(3,704)	(1,204)	(13,543)
<b>At the end of the year</b>	<b>64,035</b>	<b>75,553</b>	<b>60,576</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

Employees' benefits included in the consolidated statement of financial position related to a defined benefit end-of service plan.

Employees' benefits increased from SAR64.0m as at 31 December 2019G to SAR75.6m as at 31 December 2020G mainly due to the increase in current service cost to SAR7.3m in line with the increase in the number of employees, the increase in actuarial loss (from SAR2.2m as at 31 December 2019G to SAR3.3m as at 31 December 2020G) in addition to the decrease in benefits paid amounting to SAR1.2m during 2020G (2019G: SAR3.7m).

Employees' benefits decreased from SAR75.6m as at 31 December 2020G to SAR60.6m as at 31 December 2021G driven by the loan against employees' benefits relating to loans provided to employees during the COVID-19 pandemic amounting to SAR12.5m, reclassified from non-current assets, in addition to the increase in benefits paid amounting to SAR13.5m relating to the departure or retirement of top management personnel.

### 6.7.2.3 Current liabilities

**Table (6.37): Current liabilities as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Loan - current portion	16,000	95,016	-
Lease liabilities – current portion	272	261	249
Trade payables and other current liabilities	96,668	121,701	118,371
Zakat and income-tax payable	17,170	22,093	19,744
<b>Total</b>	<b>130,111</b>	<b>239,071</b>	<b>138,364</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

#### 6.7.2.3.1 Trade payables and other current liabilities

**Table (6.38): Trade payables and other current liabilities as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Trade payables	16,831	39,750	36,899
Accruals and other current liabilities	78,534	79,799	76,301
Due to related parties	1,304	2,152	5,171
<b>Total</b>	<b>96,668</b>	<b>121,701</b>	<b>118,371</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

#### Trade payables

Trade payables amounted to SAR36.9m as at 31 December 2021G and mainly comprised of trade payables (SAR9.9m and related to the Company's suppliers and vendors), non-trade payables (SAR14.8m and related to fixed asset suppliers, marketing, service providers, among others) along with other service payables (SAR12.2m).

Trade payables increased from SAR16.8m as at 31 December 2019G to SAR39.8m as at December 31 2020G mainly driven by additions in non-trade payables (+SAR11.9m) and service payables (+SAR9.1m).

Trade payables decreased from SAR39.8m as at December 31 2020G to SAR36.9m as at 31 December 2021G mainly driven by settlements made in connection with the service payables (-SAR4.3m) partially offset by an increase in trade payables (+SAR1.2m).

#### Accruals and other current liabilities

Accruals and other current liabilities amounted to SAR76.3m as at 31 December 2021G and mainly comprised of accrued commission and discount payable (SAR13.9m), employee related accruals (SAR28.5m) and local expenses accruals (SAR13.8m), finished goods expiry provision (SAR8.3m), and others (SAR11.8m).

Accruals and other current liabilities increased from SAR78.5m as at 31 December 2019G to SAR79.8m as at 31 December 2020G mainly driven by an increase in employee-related accruals (+SAR10.8m) partially offset by a drop in accrued commission and discount payable (-SAR8.8m).

Accruals and other current liabilities decreased from SAR79.8m as at 31 December 2020G to SAR76.3m as at 31 December 2021G mainly driven by a drop in customer advances (-SAR4.1m).

#### Due to related parties

Due to related parties related to payable balances to affiliate companies. Please refer below for the analysis on due to related parties' balances.

**Table (6.39): Accruals and other current liabilities as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Accrued commission and discount payable	15,050	6,244	13,855
Employee related accruals	26,119	36,934	28,480
Local expenses accrual	-	13,499	13,774
Accrued sales and marketing expenses	7,842	2,390	2,605
Provision – Finished goods expiry	-	7,837	8,307
Retention payable	3,230	5,254	6,114
Customer advances	4,682	4,344	244
Accrued utilities bills	530	582	601
Others	21,079	2,714	2,321
<b>Total</b>	<b>78,534</b>	<b>79,799</b>	<b>76,301</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

### Accrued commission and discount payable

Accrued commission and discount payable mainly comprised of discounts payable (c. 96% of total) related to accruals for distributors' commission on sale of goods amongst others.

Accrued commission and discount payables decreased from SAR15.1m as at 31 December 2019G to SAR6.2m as at 31 December 2020G due to a major portion of outstanding deals closed backed by debit notes received from customers.

Accrued commission and discount payables increased from SAR6.2m as at 31 December 2020G to SAR13.9m as at 31 December 2021G in line with the increase in trade discount.

### Employee related accruals

Employee related accruals mainly related to performance bonuses, leave balance accruals, sales incentives, among others. Performance bonus accruals are based on the Company's profitability and paid at management's discretion. Sales incentives are calculated based on a communicated scheme and paid based on achievement.

Employee receivables increased from SAR26.1m as at 31 December 2019G to SAR36.9m as at 31 December 2020G mainly due to an increase in accruals related to performance bonuses (+SAR6.7m) and sales incentives (+SAR2.7m) following the achievement of sales targets amongst other receivables (+SAR1.4m).

Employee related accruals decreased from SAR36.9m as at 31 December 2020G to SAR28.5m as at 31 December 2021G driven by a drop in accruals for performance bonuses (-SAR10.6m) and sales incentive (-SAR6.9m) on the back of a decrease in sales during 2021G, partially offset by an increase in leave balance accruals (+SAR5.2m).

### Local expenses accruals

Local expenses accruals were mainly related to accruals of expenses for janitorial, casual labor, logistics deliveries to distributors, bonus goods cost, and expiry replacement cost amongst others.

Local expense remained relatively stable between 31 December 2020G and 31 December 2021G ranging SAR13.5-SAR13.8m.

### Accrued sales and marketing expenses

Accrued sales and marketing expenses are related to promotional activities expenses.

Accrued sales and marketing expenses decreased from SAR7.8m as at 31 December 2019G to SAR2.4m as at 31 December 2020G due to the suspension of those activities in response to the COVID-19 pandemic stabilizing at SAR2.6m as at 31 December 2021G.

### Provision – finished goods expiry

Provision – finished goods expiry amounted to SAR7.4m as at 31 December 2019G and was classified under others. In the following years a separate account has been created and as of 31 December 2020G onward it has been presented separately.

Provision for finished goods has been relatively stable over the period SAR7.4m-SAR8.3m over the period.



## Retention payable

Retention payable related to ongoing expansion projects, whereby an agreement with the contractors is set to retain a certain percentage of amount from their running bills. This retained amount is paid to contractors upon successful completion of each milestone of the project.

Retention payable increased from SAR3.2m as at 31 December 2019G to SAR5.3m as at 31 December 2020G and further to SAR6.1m as at 31 December 2021G due to the progress made on ongoing projects.

## Customer advances

Customer advances are mainly related to advance payments received from customers.

Customer advances decreased from SAR4.7m as at 31 December 2019G to SAR4.3m as at 31 December 2020G and further SAR244K as at 31 December 2021G as products get delivered to customers.

**Table (6.40): Due to related parties as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Tegan Al Fateh Factory Co Ltd	-	-	3,018
Jamjoom Medicine Store	-	10	-
Jamjoom Consult	-	-	113
Dream Sky Travel & Tourism Agency	-	-	121
Dar Jamjoom Printing	1,065	1,698	1,783
Jamjoom General Agencies	230	374	109
Jeddah Trident Hotel	9	70	-
Hamza Mahmoud Est.	-	-	27
<b>Total</b>	<b>1,304</b>	<b>2,152</b>	<b>5,171</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

## Due to related parties

Due to related parties increased from SAR1.3m as at 31 December 2019G to SAR2.2m as at 31 December 2020G mainly due to additions in Dar Jamjoom Printing balance (+SAR633K).

Due to related parties increased from SAR2.2m as at 31 December 2020G to SAR5.2m as at 31 December 2021G driven by a new agreement made with Tegan Al Fateh Factory Co. to supply the Company with cartons and printing materials.

### 6.7.2.3.2 Zakat and income tax payable

**Table (6.41): Zakat and income tax payable as of 31 December 2019G, 2020G and 2021G**

SAR in 000s	As at 31 December 2019G*	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
At the beginning of the year	17,041	18,443	22,093
Charge of the year	18,350	24,883	16,884
Adjustment	389	-	508
Paid during the year	(17,338)	(21,233)	(19,741)
At the end of the year	18,443	22,093	19,744

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

\* It is worth noting that the numbers reported in the FY19 statements were adjusted based on changes made in the FY21 audited statements.

Zakat and income tax payable increased from SAR18.4m as at 31 December 2019G to SAR22.1m as at 31 December 2020G driven by the increase in the charge for the year in line with the increase in profit, partially offset by payment made during the year amounting to SAR21.2m.

Zakat and income tax decreased from SAR22.1m as at 31 December 2020G to SAR19.7m as at 31 December 2021G due to the decrease in the charge for the year amounting to SAR16.9m in line with the decrease in profit, in addition to payments made during the year amounting to SAR19.7m.

#### 6.7.2.4 Shareholders' equity

**Table (6.42): List of changes in shareholder's equity for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
<b>Financial year 2019G (audited)</b>						
Balance at 1 January 2019G	100,000	50,000	(31,333)	881,106	1	999,774
<b>Comprehensive income:</b>						
Net profit for the year	-	-	-	156,931	(1)	156,930
Other comprehensive income / (loss)	-	-	992	(2,181)	-	(1,189)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>992</b>	<b>154,750</b>	<b>-</b>	<b>155,742</b>
<b>Transaction with owners:</b>						
Dividends	-	-	-	(86,000)	-	(86,000)
Balance at 31 December 2019G	100,000	50,000	(30,340)	949,856	-	1,069,515
<b>Financial year 2020G (audited)</b>						
Balance at 1 January 2020G	100,000	50,000	(30,340)	949,856	-	1,069,515
<b>Comprehensive income:</b>						
Net profit for the year	-	-	-	206,860	-	206,860
Other comprehensive income / (loss)	-	-	(3,385)	(3,255)	-	(6,641)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(3,385)</b>	<b>203,605</b>	<b>-</b>	<b>200,220</b>
<b>Transaction with owners:</b>						
Dividends	-	-	-	(90,667)	-	(90,667)
Balance at 31 December 2020G	100,000	50,000	(33,726)	1,062,794	-	1,179,068
<b>Financial year 2021G (audited)</b>						
Balance at 1 January 2021G	100,000	50,000	(33,726)	1,062,794	-	1,179,068
<b>Comprehensive income:</b>						
Net profit for the year	-	-	-	170,695	-	170,695
Other comprehensive income / (loss)	-	-	(4,149)	(646)	-	(4,795)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(4,149)</b>	<b>170,050</b>	<b>-</b>	<b>165,900</b>
<b>Transaction with owners:</b>						
Dividends	-	-	-	(113,333)	-	(113,333)
Shareholders equity balance at 31 December 2021G	100,000	50,000	(37,875)	1,119,510	-	1,231,635

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

Shareholders' equity increased from SAR1.1bn as at 31 December 2019G to SAR1.2bn as at 31 December 2020G mainly driven by an increase in net profits (+SAR206.9m) partially offset by dividends of SAR90.7m (dividends represented c. 44% of net profit) coupled with other comprehensive loss of SAR6.6m.

Shareholders' equity subsequently increased to SAR1.2bn as at 31 December 2021G due to net profits of SAR170.7m partially offset by dividends of SAR113.3m (dividends represented c. 66% of net profit) coupled with other comprehensive loss of SAR4.8m.

### 6.7.3 Consolidated cash flow statements

**Table (6.43): Statement of cash flows for the years ended 31 December, 2019G, 31 December, 2020G, 31 December 2021G**

SAR in 000s	As at 31 December 2019G(Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
<b>Cash flows from operating activities:</b>			
Profit before Zakat and income-tax	175,671	231,743	188,087
Adjustments for:			
Depreciation	41,825	41,712	22,584
Amortization	443	509	1,769
Unamortized portion of SIDF loan fee paid	1,154	2,084	2,274
Foreign currency translation adjustment	658	(739)	(5,264)
Reversal for allowance for expected credit losses	(90)	(1,053)	2,250
Provision for inventories	13,064	10,191	10,742
Impairment of investment	-	8,315	2,078
Impairment of goodwill	-	2,109	-
Provision for employees' benefits	9,354	9,467	11,106
Gain on disposal of property and equipment	(324)	(89)	(89)
<b>Changes in:</b>			
Trade and other receivables	(57,037)	7,923	46,744
Inventories	31,795	(48,799)	(16,710)
Trade payables and other current liabilities	8,103	20,996	(3,591)
Cash generated from operating activities	224,615	284,371	261,979
Employees' benefits paid	(3,704)	(1,204)	(13,543)
Zakat and income-tax paid	(17,335)	(21,233)	(19,741)
Net cash generated from operating activities	203,576	261,934	228,696
<b>Cash flows from investing activities:</b>			
<b>Additions to property, plant and equipment</b>	<b>(70,536)</b>	<b>(148,522)</b>	<b>(126,791)</b>
Additions to intangible assets	(460)	(15,090)	(18)
Proceeds from disposal of property, plant and equipment	972	143	139
Investments	-	-	(19,076)
Employees receivables	-	(15,024)	2,484
<b>Net cash used in investing activities</b>	<b>(70,024)</b>	<b>(178,493)</b>	<b>(143,262)</b>
<b>Cash flows from financing activities:</b>			
SIDF loan paid during the year	(14,000)	(16,000)	(95,016)
SIDF loan obtained during the year	-	78,200	-
Dividends paid	(86,000)	(90,667)	(113,333)
<b>Net cash used in financing activities</b>	<b>(100,000)</b>	<b>(28,467)</b>	<b>(208,349)</b>
Net change in cash and cash equivalents	33,552	54,974	(122,916)
Cash and cash equivalents at the beginning of the year	147,020	180,571	235,546
<b>Cash and cash equivalents at the end of the year</b>	<b>180,571</b>	<b>235,546</b>	<b>112,630</b>

Source: Consolidated audited financial statements for the years ended 31 December 2019G, 2020G and 2021G

## Net cash generated from operating activities

Net cash generated from operating activities increased from SAR203.6m in 2019G to SAR261.9m in 2020G mainly due to the growth in profit before zakat and income tax by SAR56.1m in line with the increase in revenue in the same year.

In 2021G, cash from operating activities dropped to SAR228.7m mainly driven by:

- i. The decrease in profit before zakat by SAR43.6m in line to the decrease in revenue in the same year; partially offset by
- ii. The decrease in working capital (-SAR39.7m) mainly due to the drop in in trade and other receivables (-SAR51.3m) offset by an increase in payables (SAR3.3m) and other current assets (+SAR8.3m).
- iii. Net cash used in investing activities

Net cash used in investing activities increased from SAR70.0m in 2019G to SAR178.5m in 2020G driven by the increase in additions to property plant and equipment (+SAR78.0m) mainly relating to the expansion project for the Egypt factory coupled with the increase in intangible assets (+SAR15.0m) relating to the trademark purchased in Algeria.

Cash used in investing activities subsequently decreased to SAR143.3m in 2021G comprising of additions to property plant and equipment (SAR126.8m) mainly relating to the Jeddah sterile facility in addition to an increase in short term Murabaha investments.

## Net cash used in financing activities

Net cash used in financing activities decreased from SAR100.0m in 2019G to SAR28.5m in 2020G mainly due to obtaining a SIDF loan of SAR78.0m.

Net cash used in financing subsequently increased in 2021G to SAR208.3m as a result of full repayment of the SIDF loan in addition to the increase in dividends paid during the year, which amounted to SAR113.3m.

## 6.8 Results of operations for the six-month period ended 30 June 2021G and 2022G

The Company's selected financial information and key performance indicators set out below should be read in conjunction with the interim reviewed financial information for the six-month periods ended 30 June 2021G and 2022G prepared in accordance with IAS 34 – "Interim Financial Reporting", as endorsed in the Kingdom and other standards and pronouncements that are issued by SOCPA, of which is included in Section 20 (Financial Statements and Independent Auditor's Report).

### 6.8.1 Consolidated income statements

**Table (6.44): Consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2021G and 30 June 2022G**

SAR in 000s	Six-month period ended 30 June 2021G (Reviewed)	Six-month period ended 30 June 2022G (Reviewed)	Variance 30 June 2021G - 30 June 2022G
Revenue	314,877	482,081	53.1%
Cost of revenue	(112,758)	(164,697)	46.1%
<b>Gross profit</b>	<b>202,119</b>	<b>317,384</b>	<b>57.0%</b>
Selling and distribution expenses	(97,200)	(139,860)	43.9%
General and administrative expenses	(20,190)	(25,910)	28.3%
Research and development expenses	(20,264)	(16,581)	(18.2%)
<b>Operating profit</b>	<b>64,465</b>	<b>135,033</b>	<b>109.5%</b>
Net finance (cost) / income	(4,562)	(33,464)	633.5%
Share of results in investment in equity-accounted investees, net of tax	(27)	(128)	374.3%
Other (loss) / income, net	446	1,007	126.1%
<b>Profit before Zakat and income tax</b>	<b>60,322</b>	<b>102,447</b>	<b>69.8%</b>
Zakat and income tax expense	(8,149)	(8,493)	4.2%
<b>Net profit for the period</b>	<b>52,173</b>	<b>93,954</b>	<b>80.1%</b>
Foreign operations – foreign currency translation differences	4,052	(2,470)	(161.0%)
<b>Total comprehensive income for the year</b>	<b>56,225</b>	<b>91,484</b>	<b>62.7%</b>
<b>As a % of revenue</b>			
Gross profit	64.2%	65.8%	1.6
Selling and distribution expenses	30.9%	29.0%	(1.9)
General and administration expenses	6.4%	5.4%	(1.0)
Research and development expenses	6.4%	3.4%	(3.0)
EBITDA	24.5%	30.7%	6.2
EBIT	20.6%	28.2%	7.6
<b>Net profit for the period</b>	<b>16.6%</b>	<b>19.5%</b>	<b>2.9</b>

Source: Reviewed interim financial statements for the Six-month period ended 30 June 2022G

## Revenue

Revenue increased from SAR314.9m in the six-month period ended 30 June 2021G to SAR482.1m in the six-month period ended 30 June 2022G (+SAR167.2.0m, +53.1%) driven by (i) the increase in sales across all product categories, mainly General medicine (+SAR41.2m), Consumer health (+SAR38.5m), Ophthalmic (+SAR18.0m), OTC (+SAR20.2m), and GIT (+SAR20.7m) following (i) the low local KSA distributor demand for products during the six-month period ended 30 June 2021G due to their stock build-up during FY20G, (ii) the increased marketing activity of the Company in its key markets, (iii) setting of higher sales targets, (iv) increase in NUPCO sales, and (v) growth in the KSA pharmaceutical sector.

## Cost of revenue

Cost of revenue increased from SAR112.8m in the six-month period ended 30 June 2021G to SAR164.7m in the six-month period ended 30 June 2022G (+SAR51.9m, +46.1%) mainly driven by the increase in raw materials and consumables from SAR57.7m in the six-month period ended 30 June 2021G to SAR103.0m in the six-month period ended 30 June 2022G (+SAR45.4m, +78.7%) in line with revenue growth over the same period, coupled with an increase in material costs in light of COVID-19 and the related increase in freight and material prices set by local and international vendors.

## Selling and distribution expenses

Selling and distribution expenses increased from SAR97.2m in the six-month period ended 30 June 2021G to SAR139.9m in the six-month period ended 30 June 2022G (+SAR42.7m, +43.9%) mainly attributable to (i) the increase in distributors' commission from SAR9.3m to SAR22.2m in the same period (+SAR12.9m) mainly due to the increase in JMS and Tamer Group commission in line with the increase in revenue, (ii) the increase in salaries and employee related costs from SAR38.1m to SAR50.2m in the same period (+SAR12.1m) mainly driven by the increase in headcount from 354 to 421 employees, coupled with the increase in employee incentives which are performance-based incentives granted to the salesforce and are based on achieving the sales targets set (+SAR2.4m) on the back of achievement of quarterly sales targets, and (iii) the increase in Hospital/Polyclinic scientific promotions/free samples from SAR3.6m to SAR10.5m in the same period (+SAR6.9m) and the increase in sponsorship fees from SAR3.0m to SAR9.2m in the same period (+SAR6.2m) both due to higher sponsorship activities during the six-month period ended 30 June 2022G.

## General and administrative expenses

General and administrative expenses increased from SAR20.2m in the six-month period ended 30 June 2021G to SAR25.9m in the six-month period ended 30 June 2022G (+SAR5.7m) mainly attributable to (i) the increase in salaries and employee related costs from SAR14.6m to SAR17.7m in the same period (+SAR3.1m) mainly driven by the increase in headcount from 84 to 100 employees coupled with the increase in bonuses from SAR583k in the six-month period ended 30 June 2021G to SAR2.3m in the six-month period ended 30 June 2022G in light of higher sales achievement over the period.

## Research and development expenses

Research and development expenses decreased from SAR20.2m in the six-month period ended 30 June 2021G to SAR16.6m in the six-month period ended 30 June 2022G mainly driven by lower bioequivalence and other related costs during the period.

## Net finance cost

Net finance cost mainly related to (i) foreign currency gains and losses and (ii) financial charges. Net finance costs increased from SAR4.6m in the six-month period ended 30 June 2021G to SAR33.5m in the six-month period ended 30 June 2022G mainly driven by the impact of devaluation of the Egyptian currency on the loan offered to one of its subsidiaries, from SAR3.4m in the six-month period ended 30 June 2021G to SAR33.0m in the six-month period ended 30 June 2022G.

## Share of results in investment in equity-accounted investees, net of tax

Share of results in investment in equity-accounted investees, net of tax amounted to SAR27k in the six-month period ended 30 June 2021G and SAR128k in the six-month period ended 30 June 2022G and mainly related to share of loss on an associate in Algeria (Jamjoom Hupp Pharma LLC) given the company incurred general & administrative expenses but did not generate revenue.

## Other (loss) / income, net

Other income, net mainly related to gain / loss on disposal of property, plant and equipment, gain / loss on FVTPL investments, and other miscellaneous income / expenses. Other income, net increased from SAR446k in the six-month period ended 30 June 2021G to SAR1.0m in the six-month period ended 30 June 2022G mainly driven by the increase in gain / loss on FVTPL investments from a loss of SAR1.1m in the six-month period ended 30 June 2022G to a gain of SAR133k in the six-month period ended 30 June 2022G.

## Zakat and income tax expense

Zakat and income tax expense increased from SAR8.1m in the six-month period ended 30 June 2021G to SAR8.5m in the six-month period ended 30 June 2022G in line with the growth in zakat base following the increase in activity/revenue.

## Net profit

Net profit increased from SAR52.2m in the six-month period ended 30 June 2021G to SAR94.0m in the six-month period ended 30 June 2022G (+SAR41.8m) mainly driven by the increase in gross profit from SAR202.1m in the six-month period ended 30 June 2021G to SAR317.4m in the six-month period ended 30 June 2022G.

### 6.8.1.1 Consolidated revenue and gross profit by product category

**Table (6.45): Revenue by product category for the six-month period ended 30 June 2021G and 2022G**

Product category	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G	Variance 30 June 2021G - 30 June 2022G
Ophthalmic	109,294	127,267	16.4%
Dermal	59,953	76,759	28.0%
General Medicine	39,935	81,093	103.1%
Consumer Health	32,930	71,397	116.8%
GIT	24,177	44,891	85.7%
OTC	19,620	39,793	102.8%
CVD	23,219	27,092	16.7%
CNS	5,748	13,789	139.9%
<b>Total</b>	<b>314,877</b>	<b>482,081</b>	<b>53.1%</b>
<b>As a % of total</b>			<b>Percentage points</b>
Ophthalmic	34.7%	26.4%	(8.3)
Dermal	19.0%	15.9%	(3.1)
General Medicine	12.7%	16.8%	4.1
Consumer Health	10.5%	14.8%	4.4
GIT	7.7%	9.3%	1.6
OTC	6.2%	8.3%	2.0
CVD	7.4%	5.6%	(1.8)
CNS	1.8%	2.9%	1.0
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>(0.0)</b>
<b>Volume sold (packs<sup>1</sup> in 000s)</b>			
Ophthalmic	10,758	13,436	24.9%
Dermal	7,327	8,914	21.7%
General Medicine	2,985	7,768	160.3%
Consumer Health	1,433	2,832	97.6%
GIT	3,009	3,298	9.6%
OTC	3,590	4,865	35.5%
CVD	1,122	1,370	22.1%
CNS	137	802	485.8%

Source: Management information for the six-month period ended 30 June 2021G and 2022G

<sup>1</sup> Units sold are based on packs, which is the smallest unit of measurement sold to the end customer

## Ophthalmic

Ophthalmic revenue increased from SAR109.3m in the six-month period ended 30 June 2021G to SAR127.3m in the six-month period ended 30 June 2022G mainly driven by the increase in volumes sold from 10.8m units in the six-month period ended 30 June 2021G to 13.4m units in the six-month period ended 30 June 2022G following the increase in orders made during the six-month period ended 30 June 2022G.

## Dermal

Dermal revenue increased from SAR60.0m in the six-month period ended 30 June 2021G to SAR76.8m in the six-month period ended 30 June 2022G mainly driven by the increase in volumes sold from 7.3m units in the six-month period ended 30 June 2021G to 8.9m units in the six-month period ended 30 June 2022G driven by (i) the stock build-up by local customers during 2020G (hence lower customer demand in the six-month period ended 30 June 2021G), and (ii) the increased marketing activities which translated to an increase in tender and private sector sales.

## General Medicine

General Medicine revenue increased from SAR39.9m in the six-month period ended 30 June 2021G to SAR81.1m in the six-month period ended 30 June 2022G mainly driven by the increase in volumes sold from 3.0m units in the six-month period ended 30 June 2021G to 7.8m units in the six-month period ended 30 June 2022G following the stock build-up by local customers during 2020G (hence lower customer demand in the six-month period ended 30 June 2021G).

## Consumer Health

Consumer Health revenue increased from SAR32.9m in the six-month period ended 30 June 2021G to SAR71.4m in the six-month period ended 30 June 2022G mainly due to the increase in volumes sold from 1.4m units in the six-month period ended 30 June 2021G to 2.8m units in the six-month period ended 30 June 2022G driven by an increase in marketing activities and products being enlisted in chain pharmacies.

## GIT

GIT revenue increased from SAR24.2m in the six-month period ended 30 June 2021G to SAR44.9m in the six-month period ended 30 June 2022G mainly due to the increase in selling price for two main products in the six-month period ended 30 June 2022G.

## OTC

OTC revenue increased from SAR19.6m in the six-month period ended 30 June 2021G to SAR39.8m in the six-month period ended 30 June 2022G mainly driven by the increase in volumes sold from 3.6m units in the six-month period ended 30 June 2021G to 4.9m units in the six-month period ended 30 June 2022G following the stock build-up by local customers during 2020G (hence lower customer demand in the six-month period ended 30 June 2021G) coupled with the change in sales mix with higher contribution from high-priced products in the six-month period ended 30 June 2022G.

## CVD

CVD revenue increased from SAR23.2m in the six-month period ended 30 June 2021G to SAR27.1m in the six-month period ended 30 June 2022G mainly driven by the increase in volumes sold from 1.1m units in the six-month period ended 30 June 2021G to 1.4m units in the six-month period ended 30 June 2022G on the back off the gain in market share due to the increased marketing activities by the CVD team and the withdrawal of competitors.



## CNS

CNS revenue increased from SAR5.7m in the six-month period ended 30 June 2021G to SAR13.8m in the six-month period ended 30 June 2022G mainly driven by the increase in volumes sold from 137k units in the six-month period ended 30 June 2021G to 802k in the six-month period ended 30 June 2022G, partially offset by the drop in the average revenue per unit as most of these sales were tender sales.

**Table (6.46): Gross profit by product category for the six-month period ended 30 June 2021G and 2022G**

Product category	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G	Variance 30 June 2021G - 30 June 2022G
Ophthalmic	81,956	94,978	15.9%
Dermal	39,531	52,425	32.6%
General Medicine	20,485	44,467	117.1%
Consumer Health	22,947	51,132	122.8%
GIT	9,510	30,218	217.7%
OTC	7,812	22,880	192.9%
CVD	15,410	16,040	4.1%
CNS	4,469	5,245	17.4%
<b>Total</b>	<b>202,119</b>	<b>317,384</b>	<b>57.0%</b>
<b>As a % of total</b>			<b>Percentage points</b>
Ophthalmic	40.5%	29.9%	(10.6)
Dermal	19.6%	16.5%	(3.0)
General Medicine	10.1%	14.0%	3.9
Consumer Health	11.4%	16.1%	4.8
GIT	4.7%	9.5%	4.8
OTC	3.9%	7.2%	3.3
CVD	7.6%	5.1%	(2.6)
CNS	2.2%	1.7%	(0.6)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0</b>
<b>Gross profit margin</b>			<b>Percentage points</b>
Ophthalmic	75.0%	74.6%	(0.4)
Dermal	65.9%	68.3%	2.4
General Medicine	51.3%	54.8%	3.5
Consumer Health	69.7%	71.6%	1.9
GIT	39.3%	67.3%	28.0
OTC	39.8%	57.5%	17.7
CVD	66.4%	59.2%	(7.2)
CNS	77.7%	38.0%	(39.7)
<b>Total</b>	<b>64.2%</b>	<b>65.8%</b>	<b>1.6</b>

Source: Management information for the six-month period ended 30 June 2021G and 2022G

## Ophthalmic

Gross profit increased from SAR82.0m in the six-month period ended 30 June 2021G to SAR95.0m in the six-month period ended 30 June 2022G mainly in line with the increase in revenue. Gross profit margin decreased from 75.0% in the six-month period ended 30 June 2021G to 74.6% in the six-month period ended 30 June 2022G mainly driven by the change in sales mix.

## Dermal

Dermal gross profit increased from SAR39.5m in the six-month period ended 30 June 2021G to SAR52.4m in the six-month period ended 30 June 2022G in line with the increase in revenue. Gross profit margin increased from 65.9% in the six-month period ended 30 June 2021G to 68.3% in the six-month period ended 30 June 2022G mainly driven by (i) higher volumes sold and (ii) higher fixed cost absorption.

## General Medicine

General Medicine gross profit increased from SAR20.5m in the six-month period ended 30 June 2021G to SAR44.5m in the six-month period ended 30 June 2022G in line with the increase in revenue. Additionally, gross profit margin increased from 51.3% in the six-month period ended 30 June 2021G to 54.8% in the six-month period ended 30 June 2021G mainly driven by (i) higher volumes sold and (ii) higher fixed cost absorption.

## Consumer Health

Consumer Health gross profit increased from SAR22.9m in the six-month period ended 30 June 2021G to SAR51.1m in the six-month period ended 30 June 2022G in line with the increase in revenue. Additionally, gross profit margin increased from 69.7% in the six-month period ended 30 June 2021G to 71.6% in the six-month period ended 30 June 2022G mainly due to higher fixed cost absorption.

## GIT

GIT gross profit increased from SAR9.5m in the six-month period ended 30 June 2021G to SAR30.2m in the six-month period ended 30 June 2022G in line with the increase in revenue. Additionally, gross profit margin increased from 39.3% in the six-month period ended 30 June 2021G to 67.3% in the six-month period ended 30 June 2022G mainly due to higher fixed cost absorption and an increase in the gross profit margin for two products.

## OTC

OTC gross profit increased from SAR7.8m in the six-month period ended 30 June 2021G to SAR22.9m in the six-month period ended 30 June 2022G in line with the increase in revenue. Gross profit margin also increased from 39.8% in the six-month period ended 30 June 2021G to 57.5% in the six-month period ended 30 June 2022G mainly due to higher fixed cost absorption and a change in sales mix.

## CVD

CVD gross profit increased from SAR15.4m in the six-month period ended 30 June 2021G to SAR16.0m in the six-month period ended 30 June 2022G in line with the increase in revenue. Gross profit margin decreased from 66.4% in the six-month period ended 30 June 2021G to 59.2% in the six-month period ended 30 June 2022G due to a change in sales mix.

## CNS

CNS gross profit slightly increased from SAR4.5m between the six-month period ended 30 June 2021G to SAR5.2m in the six-month period ended 30 June 2022G in line with the increase in revenue. The gross profit margin decreased from 77.7% in the six-month period ended 30 June 2021G to 38.0% in the six-month period ended 30 June 2022G given the increase in tender sales (which are sold at a lower price).

## 6.8.1.2 Consolidated revenue by distribution channel

**Table (6.47): Revenue by distribution channel for the six-month period ended 30 June 2021G and 2022G**

SAR in 000s	Six-month period ended 30 June 2021G (Reviewed)	Six-month period ended 30 June 2022G (Reviewed)	Variance 30 June 2021G – 30 June 2022G
Local KSA	191,678	324,200	69.1%
Gulf	38,669	51,132	32.2%
Iraq	27,809	44,420	59.7%
North Africa & other export countries	26,405	30,873	16.9%
<b>Total exports KSA</b>	<b>92,883</b>	<b>126,425</b>	<b>36.1%</b>
Local Egypt	30,317	31,457	3.8%
<b>Total</b>	<b>314,877</b>	<b>482,081</b>	<b>53.1%</b>
<b>As a % of total</b>			
Local KSA	60.9%	67.3%	6.4
Gulf	12.3%	10.6%	(1.7)
Iraq	8.8%	9.2%	0.4
North Africa & other export countries	8.4%	6.4%	(2.0)
Local Egypt	9.6%	6.5%	(3.1)
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

### Local KSA revenue

Local KSA revenue increased from SAR191.7m in the six-month period ended 30 June 2021G to SAR324.2m in the six-month period ended 30 June 2022G mainly on the back of lower orders in the six-month period ended 30 June 2021G by distributors and direct customers attributable to the high level of orders executed and associated stock build-up during FY20 coupled with increased marketing activities and increased strategic focus in KSA by the new leadership.

### Gulf revenue

Gulf revenue increased SAR38.7m in the six-month period ended 30 June 2021G to SAR51.1m in the six-month period ended 30 June 2022G driven by the increase in UAE revenue (+SAR18.4m), partially offset by the decrease in Kuwait and Bahrain revenue (-SAR2.1m and -SAR2.2m, respectively).

### Iraq revenue

Iraq revenue increased from SAR27.8m in the six-month period ended 30 June 2021G to SAR44.4m in the six-month period ended 30 June 2022G driven by increased marketing activities.

### North Africa & other export countries

North Africa & other export countries revenue increased from SAR26.4m in the six-month period ended 30 June 2021G to SAR30.9m in the six-month period ended 30 June 2022G driven by the increase in Sudan revenue from SAR1.6m in the six-month period ended 30 June 2021G to SAR6.1m in the six-month period ended 30 June 2022G on the back of increased marketing activities.

### Local Egypt revenue

Local Egypt revenue increased from SAR30.3m in the six-month period ended 30 June 2021G to SAR31.5m in the six-month period ended 30 June 2022G on the back of the Company investing in marketing activities and organizing seminars and events.

### 6.8.1.3 Cost of sales

**Table (6.48): Cost of sales for the six-month period ended 30 June 2021G and 2022G**

SAR in 000s	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G	Variance 30 June 2021G – 30 June 2022G
Raw materials and consumables	57,663	103,042	78.7%
Salaries and employee related costs	32,578	38,983	19.7%
Depreciation	8,605	8,549	(0.7%)
Traveling and communication	292	462	57.9%
Depreciation on right-of-use asset	110	605	450.1%
Amortization	64	64	0.0%
Others	13,445	12,991	(3.4%)
<b>Total</b>	<b>112,758</b>	<b>164,697</b>	<b>46.1%</b>
<b>As a % of revenue</b>			
Raw materials and consumables	18.3%	21.4%	3.1
Salaries and employee related costs	10.3%	8.1%	(2.3)
Depreciation	2.7%	1.8%	(1.0)
Traveling and communication	0.1%	0.1%	0.0
Depreciation on right-of-use asset	0.0%	0.1%	0.1
Amortization	0.0%	0.0%	(0.0)
Others	4.3%	2.7%	(1.6)
<b>Total</b>	<b>35.8%</b>	<b>34.2%</b>	<b>(1.6)</b>

Source: Management information for the six-month period ended 30 June 2021G and 2022G

#### Raw material and consumables

Raw materials and consumables increased from SAR57.7m in the six-month period ended 30 June 2021G to SAR103.0m in the six-month period ended 30 June 2022G (+SAR45.3m) mainly in line with revenue growth over the same period. As a % of revenue raw materials and consumables increased from 18.3% in six-month period ended 30 June 2021G to 21.4% in six-month period ended 30 June 2022G mainly due to the change in sales mix (higher revenue contribution from low margin products).

#### Salaries and employee related costs

Salaries and employee related costs increased from SAR32.6m in the six-month period ended 30 June 2021G to SAR39.0m in the six-month period ended 30 June 2022G (+SAR6.4m) mainly driven by the increase in bonus from SAR1.1m in the six-month period ended 30 June 2021G to SAR4.4m in the six-month period ended 30 June 2022G (+SAR3.3m) coupled with the increase in employee salary packages from SAR21.7m in the six-month period ended 30 June 2021G to SAR23.2m in the six-month period ended 30 June 2022G (+SAR1.5m) driven by the increase in headcount (+11) over the same period.

#### Depreciation

Depreciation slightly decreased from SAR8.6m in the six-month period ended 30 June 2021G to SAR8.5m in the six-month period ended 30 June 2022G.

#### Travelling and communications

Travelling and communications increased from SAR292k in the six-month period ended 30 June 2021G to SAR462k in the six-month period ended 30 June 2022G (+SAR170k) in line with the increase in travel activities over the same period.

## Depreciation on right-of-use assets

Depreciation of right-of-use assets increased from SAR110k in the six-month period ended 30 June 2021G to SAR605k in the six-month period ended 30 June 2022G mainly driven by adjustment made in right-of-use asset in the six-month period ended 30 June 2022G (Please refer to section 6.8.2.1.2 for more details).

## Amortization

Amortization remained relatively stable at approximately SAR64k over the six-month periods ended 30 June 2021G and 30 June 2022G.

## Others

Others decreased from SAR13.4m in the six-month period ended 30 June 2021G to SAR13.0m in the six-month period ended 30 June 2022G (-SAR454k) mainly driven by the decrease in repair and maintenance expenses (-SAR323k) and cleaning expenses (-SAR152k).

### 6.8.1.4 Selling and distribution expenses

**Table (6.49): Selling and distribution expenses for the six-month period ended 30 June 2021G and 2022G**

SAR in 000s	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G	Variance 30 June 2021G – 30 June 2022G
Salaries and employee related costs	38,130	50,235	31.7%
Distribution expenses	28,981	45,203	56.0%
Brand reminders, free medical samples and promotion	24,951	36,152	44.9%
Travelling and communication	2,697	5,107	89.3%
Depreciation	571	459	(19.5%)
Amortization	-	7	N/A
Others	1,869	2,696	44.2%
<b>Total</b>	<b>97,200</b>	<b>139,860</b>	<b>43.9%</b>
<b>As a % of revenue</b>			<b>Percentage points</b>
Salaries and employee related costs	12.1%	10.4%	(1.7)
Distribution expenses	9.2%	9.4%	0.2
Brand reminders, free medical samples and promotion	7.9%	7.5%	(0.4)
Travelling and communication	0.9%	1.1%	0.2
Depreciation	0.2%	0.1%	(0.1)
Amortization	0.0%	0.0%	0.0
Others	0.6%	0.6%	(0.0)
<b>Total</b>	<b>30.9%</b>	<b>29.0%</b>	<b>(1.9)</b>

Source: Management information for the six-month period ended 30 June 2021G and 2022G

## Salaries and employee related costs

Salaries and employee related costs increased from SAR38.1m in the six-month period ended 30 June 2021G to SAR50.2m in the six-month period ended 30 June 2022G (+SAR12.1m) mainly driven by the increase in headcount from 354 to 421 employees over the same period, coupled with the increase in employee incentives (+SAR5.1m) on the back of achievement of sales targets.

## Distribution expenses

Distribution expenses increased from SAR29.0m in the six-month period ended 30 June 2021G to SAR45.2m in the six-month period ended 30 June 2022G (+SAR16.2m) mainly driven by the increase in distributors' commission (+SAR14.9m) mainly due to the increase in JMS and Tamer Group commission in line with the increase in revenue.

## Brand reminders, free medical samples and promotion

Brand reminders, free medical samples and promotion increased from SAR25.0m in the six-month period ended 30 June 2021G to SAR36.2m in the six-month period ended 30 June 2022G (+SAR11.2m) mainly due to the increase in hospital / polyclinic scientific (+SAR6.9m), and sponsorship fees (+SAR6.2m) due to higher promotional activities during the six-month period ended 30 June 2022G.

## Travelling and communication

Travelling and communication increased from SAR2.7m in the six-month period ended 30 June 2021G to SAR5.1m in the six-month period ended 30 June 2022G (+SAR2.4m) mainly driven by the increase in travel expenses (+SAR1,1m) and annual meeting expenses (+SAR1.8m).

## Depreciation

Depreciation decreased from SAR571k in the six-month period ended 30 June 2021G to SAR459k in the six-month period ended 30 June 2022G.

## Amortization

Amortization was nil in the six-month period ended 30 June 2021G and amounted to SAR7k in the six-month period ended 30 June 2022G.

## Others

Others slightly increased from SAR1.9m in the six-month period ended 30 June 2021G to SAR2.7m in the six-month period ended 30 June 2022G (+SAR827k).

### 6.8.1.5 General and administrative expenses

**Table (6.50): General and administrative expenses for the six-month period ended 30 June 2021G and 2022G**

SAR in 000s	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G	Variance 30 June 2021G – 30 June 2022G
Salaries and employee related costs	14,589	17,732	21.5%
Depreciation	889	968	8.9%
Depreciation on right of use asset	20	-	N/A
Travelling and communication	485	782	61.2%
Amortization	60	61	1.8%
Allowance for expected credit losses	1,444	493	(65.9%)
Others	2,703	5,874	117.3%
<b>Total</b>	<b>20,190</b>	<b>25,910</b>	<b>28.3%</b>
<b>As a % of revenue</b>			<b>Percentage points</b>
Salaries and employee related costs	4.6%	3.7%	(1.0)
Depreciation	0.3%	0.2%	(0.1)
Depreciation on right of use asset	0.0%	0.0%	(0.0)
Travelling and communication	0.2%	0.2%	0.0
Amortization	0.0%	0.0%	(0.0)
Allowance for expected credit losses	0.5%	0.1%	(0.4)
Others	0.9%	1.2%	0.4
<b>Total</b>	<b>6.4%</b>	<b>5.4%</b>	<b>(1.0)</b>

Source: Management information for the six-month period ended 30 June 2021G and 2022G

## Salaries and employee related costs

Salaries and employee related costs increased from SAR14.6m in the six-month period ended 30 June 2021G to SAR17.7m in the six-month period ended 30 June 2022G mainly driven by the addition of senior management personnel, coupled with the increase in bonuses from SAR583k in the six-month period ended 30 June 2021G to SAR2.3m in the six-month period ended 30 June 2022G in light of the sales achieved meeting the budget.

## Depreciation

Depreciation expenses increased from SAR889k in the six-month period ended 30 June 2021G to SAR968k in the six-month period ended 30 June 2022G.

## Depreciation on right of use assets

Depreciation on right of use assets under general and administrative expenses decreased from SAR20k in the six-month period ended 30 June 2021G to nil in the six-month period ended 30 June 2022G due to the reclassification of certain rent expenses from general and administrative expenses to cost of sales.

## Travelling and communication

Travelling and communication increased from SAR485k in the six-month period ended 30 June 2021G to SAR782k in the six-month period ended 30 June 2022G mainly driven by higher travel activities during the six-month period ended 30 June 2022G.

## Amortization

Amortization charges remained relatively stable over the six-month periods ended 30 June 2021G and 30 June 2022G at the SAR60k level.

## Allowance for expected credit losses

Allowance for expected credit losses decreased from SAR1.4m in the six-month period ended 30 June 2021G to SAR493k in the six-month period ended 30 June 2022G.

## Others

Other expenses increased from SAR2.7m in the six-month period ended 30 June 2021G to SAR5.9m in the six-month period ended 30 June 2022G mainly driven by the increase in supplies and consumables (+SAR1.1m), higher consultancy fees (+SAR699k), and higher repair and maintenance expenses (+SAR374k).

### 6.8.1.6 Research and development expenses

**Table (6.51): Research and development expenses for the six-month period ended 30 June 2021G and 2022G**

SAR in 000s	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G	Variance 30 June 2021G – 30 June 2022G
Salaries and employee related costs	10,219	10,657	4.3%
Depreciation	1,263	1,232	(2.5%)
Travelling and communication	83	107	28.9%
Amortization	11	11	0.0%
Others	8,689	4,575	(47.3%)
<b>Total</b>	<b>20,264</b>	<b>16,581</b>	<b>(18.2%)</b>
<b>As a % of revenue</b>			
Salaries and employee related costs	3.2%	2.2%	(1.0)
Depreciation	0.4%	0.3%	(0.1)
Travelling and communication	0.0%	0.0%	(0.0)
Amortization	0.0%	0.0%	(0.0)
Others	2.8%	0.9%	(1.8)
<b>Total</b>	<b>6.4%</b>	<b>3.4%</b>	<b>(3.0)</b>

Source: Management information for the six-month period ended 30 June 2021G and 2022G

#### Salaries and employee related costs

Salaries and employee related costs slightly increased from SAR10.2m in the six-month period ended 30 June 2021G to SAR10.7m in the six-month period ended 30 June 2022G, due to an increase in bonuses from SAR370k in the six-month period ended 30 June 2021G to SAR1.3m in the six-month period ended 30 June 2022G attributable to the six-month period ended 30 June 2022G sales achievement whereby the company met its target for the period. This was partly offset by the decrease in basic salaries (-SAR388k) and housing allowance and transportation allowance (-SAR242k) in line with the decrease in headcount.

The average monthly cost per employee increased from SAR15.5k in the six-month period ended 30 June 2021G to SAR19.1k in the six-month period ended 30 June 2022G mainly driven by an increase in salary payrolls backed by a drop in headcount.

#### Depreciation

Depreciation remained relatively stable at c. SAR1.2m over the six-month periods ended 30 June 2021G and 30 June 2022G.

#### Travelling and communication

Travelling and communication increased from SAR83k in the six-month period ended 30 June 2021G to SAR107k in the six-month period ended 30 June 2022G mainly driven by the increase in travel expenses (+SAR6k) and internet expenses (+SAR17k).

#### Amortization

Amortization remained relatively stable at approximately SAR11k over the six-month periods ended 30 June 2021G and 30 June 2022G.

#### Others

Others decreased from SAR8.7m in the six-month period ended 30 June 2021G to SAR4.6m in the six-month period ended 30 June 2022G mainly driven by the decrease in bioequivalence expenses (-SAR1.3m) and a decrease in cost of exhibit batches (-SAR2.2m).



## 6.8.2 Consolidated balance sheets

**Table (6.52): Consolidated statement of financial position as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
<b>Assets</b>		
<b>Non-current assets:</b>		
Property, plant and equipment	711,903	729,754
Right-of-use asset	1,967	2,256
Intangible assets	14,786	14,032
Equity-accounted investees	3,941	3,813
Investment at fair value through profit or loss	20	20
<b>Total non-current assets</b>	<b>732,616</b>	<b>749,874</b>
<b>Current assets:</b>		
Inventories	135,165	140,922
Trade receivables	366,903	447,183
Prepayments and other receivables	46,870	63,135
Other investments	38,110	6,759
Cash and cash equivalents	112,630	99,652
<b>Total current assets</b>	<b>699,677</b>	<b>757,652</b>
<b>Total assets</b>	<b>1,432,293</b>	<b>1,507,526</b>
<b>Equity</b>		
Share capital	100,000	100,000
Proposed increase in share capital	-	600,000
Statutory reserve	50,000	50,000
Foreign currency translation reserve	(37,875)	(40,345)
Retained earnings	1,119,510	552,298
<b>Total equity</b>	<b>1,231,635</b>	<b>1,261,953</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Lease liabilities	1,718	2,404
Employees' benefits	60,576	62,658
<b>Total non-current liabilities</b>	<b>62,294</b>	<b>65,062</b>
<b>Current liabilities</b>		
Lease liabilities	249	221
Trade payables and other current liabilities	118,371	168,930
Zakat and income-tax payable	19,744	11,359
<b>Total current liabilities</b>	<b>138,364</b>	<b>180,511</b>
<b>Total liabilities</b>	<b>200,658</b>	<b>245,573</b>
<b>Total equity and liabilities</b>	<b>1,432,293</b>	<b>1,507,526</b>

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
<b>KPIS</b>		
DSO	195	165
DIO*	185	161
DPO*	54	51
ROA**	11.9%	14.1%
ROE**	13.9%	16.8%
Assets-to-liabilities ratio	0.14	0.16
Debt-to-equity ratio	N/A	N/A
<b>Current ratio</b>	<b>5.06</b>	<b>4.20</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

KPIS: The company's management information for the six-month periods ended 30 June 2021G and 2022G

\* DIO and DPO were calculated based on the total cost of sales

\*\* ROA and ROE for the six-month period ended on 30 June 2022G were calculated based on LTM22 net profit

It is worth noting that the audited financial statements for the year ended 31 December 2021G were based on the Management classification for that year. Upon issuance of the 30 June 2022G reviewed financial statements however, Management reclassified certain balance sheet accounts as of 31 December 2021G, with no impact of equity. Accordingly, the 31 December 2021G figures found in the reviewed financial statements were used and analyzed in this section. The below table summarizes the balance sheet reclassifications for the year ended 31 December 2021G between the audited and the reviewed statements:

SAR in 000s	Classification of accounts for the fiscal period ended on 31 December 2021G reported in the audited financial statements of 31 December 2021G	Reclassification	Classification of accounts for the fiscal period ended on 31 December 2021G in the reviewed financial statements of 30 June 2022G
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	711,903	-	711,903
Right of use asset	1,967	-	1,967
Intangible assets	14,786	-	14,786
Investments	3,973	(31)	3,941
Investment at fair value through profit or loss	-	20	20
<b>Total non-current assets</b>	<b>732,628</b>	<b>(12)</b>	<b>732,616</b>
<b>Current assets:</b>			
Inventories	135,165	-	135,165
Trade receivables	366,903	-	366,903
Prepayments and other receivables	46,858	12	46,870
Short-term investments	38,110	-	38,110
Cash and cash equivalents	112,630	-	112,630
<b>Total current assets</b>	<b>699,665</b>	<b>12</b>	<b>699,677</b>
Total assets	1,432,293	-	1,432,293
<b>Equity</b>			
Share capital	100,000	-	100,000

SAR in 000s	Classification of accounts for the fiscal period ended on 31 December 2021G reported in the audited financial statements of 31 December 2021G	Reclassification	Classification of accounts for the fiscal period ended on 31 December 2021G in the reviewed financial statements of 30 June 2022G
Statutory reserve	50,000	-	50,000
Foreign currency translation reserve	(37,875)	-	(37,875)
Retained earnings	1,119,510	-	1,119,510
<b>Total equity</b>	<b>1,231,635</b>	<b>-</b>	<b>1,231,635</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	1,718	-	1,718
Employees benefits	60,576	-	60,576
<b>Total non-current liabilities</b>	<b>62,294</b>	<b>-</b>	<b>62,294</b>
<b>Current liabilities</b>			
Lease liabilities	249	-	249
Trade payables and other current liabilities	118,371	-	118,371
Zakat and income-tax payable	19,744	-	19,744
<b>Total current liabilities</b>	<b>138,364</b>	<b>-</b>	<b>138,364</b>
<b>Total liabilities</b>	<b>200,658</b>	<b>-</b>	<b>200,658</b>
<b>Total equity and liabilities</b>	<b>1,432,293</b>	<b>-</b>	<b>1,432,293</b>

### 6.8.2.1 Non-current assets

**Table (6.53): Non-current assets as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Property, plant and equipment	711,903	729,754
Right-of-use asset	1,967	2,256
Intangible assets	14,786	14,032
Equity-accounted investees	3,941	3,813
Investment at fair value through profit or loss	20	20
<b>Total</b>	<b>732,616</b>	<b>749,874</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

### 6.8.2.1.1 Property, plant, and equipment

**Table (6.54): Net book value of property, plant, and equipment as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Plant and machinery	179,504	173,940
Buildings	134,117	132,767
Land	62,595	61,656
Furniture and fixtures	7,675	7,274
Computers	1,613	2,089
Office equipment	769	783
Motor vehicles	509	675
Capital work in progress	325,120	350,570
<b>Total</b>	<b>711,903</b>	<b>729,754</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

#### Plant and machinery

Plant and machinery decreased from SAR179.5m as at 31 December 2021G to SAR173.9m as at 30 June 2022G majorly driven by depreciation charges for the period (-SAR7.3m) with low additions (+SAR1.8m).

#### Buildings

Buildings decreased from SAR134.1m as at 31 December 2021G to SAR132.8m as at 30 June 2022G due to depreciation charges (-SAR2.7m) with low additions (+SAR1.3m).

#### Land

Land amounted to SAR61.7m as at 30 June 2022G and mainly comprised lands in Jeddah (SAR46.9m) in connection with head office, and factories, along with Riyadh (SAR2.4m), and Khobar (SAR2.4m) offices amongst others.

Fluctuations over the period in the Land account (-SAR939k) were mainly attributed to foreign currency translation differences for lands located in Egypt.

#### Furniture and fixtures

Furniture and fixtures have decreased from SAR7.7m as at 31 December 2021G to SAR7.3m as at 30 June 2022G mainly driven by depreciation charges over the period relative to low additions made.

#### Computers

Computers increased from SAR1.6m as at 31 December 2021G to SAR2.1m as at 30 June 2022G driven by additions (+SAR809K) during the latest six-month period ended 30 June 2022G.

#### Office equipment

Office equipment remained stable at SAR769K-SAR783K over the period between 31 December 2021G and 30 June 2022G.

#### Motor vehicles

Motor vehicles increased from SAR509K as at 31 December 2021G to SAR675K as at 30 June 2022G mainly driven by additions made over the period (+SAR284K) partially offset by depreciation charges amounting SAR84K.

## Capital work in progress (“CWIP”)

CWIP increased from SAR325.1m as at 31 December 2021G to SAR350.6m as at 30 June 2022G mainly driven by additions of SAR54.8m related to the Jeddah sterile facility.

## Planned material fixed assets

The Company’s planned material fixed assets amounted to SAR46.3m as at 30 June 2022G and mainly comprised of machinery and equipment (SAR30.0m) and capital work in progress (SAR10.0m) related to the Jeddah sterile facility and the expansion of the Jeddah main facility.

**Table (6.55): Property plant and equipment additions as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Plant and machinery	4,942	1,765
Computers	901	809
Furniture and fixtures	226	304
Office equipment	93	169
Buildings	11	1,313
Motor vehicle		284
Capital work in progress	116,575	54,817
<b>Total</b>	<b>122,747</b>	<b>59,461</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

Total additions to property plant and equipment amounted to SAR59m as at 30 June 2022G, split into additions totaling SAR53m for expansionary purposes and SAR6m for maintenance and replacement purposes. It should be noted that expansionary activities are mainly related to the Egypt main facility and the Jeddah sterile facility.

### 6.8.2.1.2 Right-of-use assets

**Table (6.56): Right-of-use assets as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G
<b>Cost</b>		
Balance as at beginning of the period	2,785	2,785
Adjustment	-	1,072
<b>At the end of the period</b>	<b>2,785</b>	<b>3,857</b>
<b>Accumulated depreciation</b>		
Balance as at the beginning of the period	(558)	(818)
Adjustment	-	(666)
Charge for the year	(261)	(118)
<b>At the end of the period</b>	<b>(818)</b>	<b>(1,602)</b>
<b>Net book value</b>	<b>1,967</b>	<b>2,256</b>

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G

Right-of-use assets subsequently increased from SAR2.0m as at 31 December 2021G to SAR2.3m as at 30 June 2022G mainly driven by the adjustments made over the six-month period (+SAR666K which included the lease from Modon related to the Jeddah sterile facility that has a remaining lease term of 17 years).

### 6.8.2.1.3 Intangible assets

**Table (6.57): Intangible assets as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G
Software and licenses	14,786	14,032
<b>Total</b>	<b>14,786</b>	<b>14,032</b>

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G

Intangible assets decreased from SAR14.8m as at 31 December 2021G to SAR14.0m as at 30 June 2022G due to amortization charges incurred (-SAR892K) and low additions (+SAR138K) during the six-month period ended 30 June 2022G.

### 6.8.2.1.4 Equity-accounted investments

**Table (6.58): Equity-accounted investments as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Jamjoom Hupp Pharma LLC	3,390	3,363
Jamjoom Algeria Lildawa	551	450
<b>Total</b>	<b>3,941</b>	<b>3,813</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

Equity-accounted investments primarily related to international investments in Algeria (SAR3.9m) recorded as an investment in associates decreased from SAR3.9m as at 31 December 2021G to SAR3.8m as at 30 June 2022G mainly driven by share losses over the period (-SAR128K).

### 6.8.2.2 Current assets

**Table (6.59): Current assets as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Inventories	135,165	140,922
Trade receivables	366,903	447,183
Prepayments and other receivables	46,870	63,135
Other investments	38,110	6,759
Cash and cash equivalents	112,630	99,652
<b>Total</b>	<b>699,677</b>	<b>757,652</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

### 6.8.2.2.1 Inventories

**Table (6.60): Inventories as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Raw materials	62,312	62,725
Packing materials	32,746	35,515
Work in process	1,896	6,704
Finished goods	41,745	30,731
Goods in transit	3,530	9,939
Stores and spares, net	10,968	11,183
Gross inventory	153,197	156,797
Provision for inventories	(18,032)	(15,875)
<b>Total</b>	<b>135,165</b>	<b>140,922</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

#### Raw materials

Raw materials remained relatively stable ranging between SAR62.3m-SAR62.7m as at 31 December 2021G and 30 June 2022G.

#### Packing materials

Packing materials increased from SAR32.7m as at 31 December 2021G to SAR35.5m as at 30 June 2022G mainly driven by higher production activities.

#### Work in process

Work in process increased from SAR1.9m as at 31 December 2021G to SAR6.7m as at 30 June 2022G mainly driven by higher production activities.

#### Finished goods

Finished goods decreased from SAR41.7m as at 31 December 2021G to SAR30.7m as at 30 June 2022G due to better inventory controls implemented on finished goods.

#### Goods in transit

Goods in transit increased from SAR3.5m as at 31 December 2021G to SAR9.9m as at 30 June 2022G mainly due to an increase in high value material in transit and higher sales.

#### Stores and spares, net

Stores and spares, net remained relatively stable ranging between SAR11.0m-SAR11.2m as at 31 December 2021G and 30 June 2022G.

#### Provision for inventories

Provision for inventories decreased from SAR18.0m as at 31 December 2021G to SAR15.9m as at 30 June 2022G due to the decrease in provision for obsolete inventory.

### 6.8.2.2.2 Trade receivables

**Table (6.61): Trade receivables as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Trade receivables – Related parties	233,537	269,584
Trade receivables – Others	153,218	197,947
Gross receivable	386,755	467,531
Less: Allowance for expected credit losses	(19,853)	(20,348)
Net receivable	366,903	447,183

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

#### Trade receivables – related parties

JMS's trade receivables increased from SAR233.5m as at 31 December 2021G to SAR269.6m as at 30 June 2022G driven by an increase in sales over the period.

#### Trade receivables – others

Trade receivables - others increased from SAR153.2m as at 31 December 2021G to SAR197.9m as at 30 June 2022G mainly due to the increase in the receivable balance from a local distributor (+SAR30.0m) and another regional distributor (+SAR10.3m) mainly driven by delays in payments, partially offset by other collections made over the period.

#### Allowance for expected loss

Allowance for expected loss increased from SAR19.9m as at 31 December 2021G to SAR20.3m as at 30 June 2022G mainly due to additions made over the period (-SAR404K) as per the Company's provisioning policy.

### 6.8.2.2.3 Prepayments and other receivables

**Table (6.62): Prepayments and other receivables as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G
Prepayments and other current assets	29,223	45,488
Due from related parties	17,647	17,647
<b>Total</b>	<b>46,870</b>	<b>63,135</b>

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G

**Table (6.63): Prepayments and other current assets as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G
VAT receivable	11,712	12,646
Employees' receivables	8,866	10,756
Advance to suppliers	2,865	11,834
Prepayments	3,093	8,378
Deposits	1,254	1,171
Others	1,434	703
<b>Total</b>	<b>29,223</b>	<b>45,488</b>

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G



## VAT receivables

VAT receivable increased from SAR11.7m as at 31 December 2021G to SAR12.6m as at 30 June 2022G due to an increase in VAT-input tax related to delays from ZATCA for completion of VAT audits and reimbursement of VAT claims.

## Employees' receivables

Employee receivables mainly comprised of advances paid for the employees' house rent and vehicle loans. Employee receivables increased from SAR8.9m as at 31 December 2021G to SAR10.8m as at 30 June 2022G mainly driven by an increase in vehicle loans (+SAR339K).

## Advance to suppliers

Advance to suppliers increased from SAR2.9m as at 31 December 2021G to SAR11.8m as at 30 June 2022G mainly due to an increase in advances for services and non-trade of (+SAR6.1m) and (+SAR2.7m), respectively.

## Prepayments

Prepayments increased from SAR3.1m as at 31 December 2021G to SAR8.4m as at 30 June 2022G mainly due to prepaid medical insurance (+SAR3.9m) in line with the increase in headcount.

## Deposits

Deposits has remained relatively stable over the period between 31 December 2021G and the six-month period ended 30 June 2022G and mainly related to fixed deposits for acquiring services of postal, courier, and freight companies.

## Others

Other prepayments dropped from SAR1.4m as at 31 December 2021G to SAR703K as at 30 June 2022G mainly driven by a decrease in prepaid expenses – Physician samples (-SAR269K) and Advance – Other (-SAR449K).

**Table (6.64): Due from related parties as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Jamjoom HUPP Pharma LLC	17,452	17,452
Jamjoom Medicine Stores	195	195
<b>Total</b>	<b>17,647</b>	<b>17,647</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

Due from related parties remained relatively stable between 31 December 2021G and 30 June 2022G amounting to SAR17.7m.

### 6.8.2.2.4 Other investments

**Table (6.65): Other investments as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Investment at amortized cost	37,500	5,951
Aramco	610	727
Nahdi	-	81
<b>Total</b>	<b>38,110</b>	<b>6,759</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

Other investments mainly comprised of investment at amortized cost, which represented the investment made with an asset management company. Other investments remained stable between 31 December 2021G and 30 June 2022G.

### 6.8.2.2.5 Cash and cash equivalents

**Table (6.66): Cash and cash equivalents as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Reviewed)	As at 30 June 2022G
Cash at banks - current accounts	112,593	99,633
Cash on hand	37	19
<b>Total</b>	<b>112,630</b>	<b>99,652</b>

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G

### 6.8.2.3 Non-current liabilities

**Table (6.67): Non-current liabilities as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Reviewed)	As at 30 June 2022G (Reviewed)
Employees' benefits	60,576	62,658
Lease liabilities	1,718	2,404
<b>Total</b>	<b>62,294</b>	<b>65,062</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

As of the date of this Prospectus, the Company did not have any outstanding loan balances. On 4 September 2022, the Company secured a new loan from the Saudi Industrial Development Fund (SIDF) amounting to SAR113.5m. As per the loan agreement, the loan is secured with personal guarantees and mortgages on the Company's building, machinery and equipment and other related fixed assets in case any portion of the loan is withdrawn. As of the date of this Prospectus, no loan withdrawals have taken place, and as such the aforementioned assets are not yet pledged. Please refer to Section 12.9 ("Credit Facilities and Loans") of this Prospectus for further details.

#### 6.8.2.3.1 Lease liabilities

**Table (6.68): Lease liabilities as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Reviewed)	As at 30 June 2022G
At the beginning of the period	2,228	1,967
Adjustment	-	894
Add: Interest	108	63
Less: Payments	(369)	(299)
At the end of the period	1,967	2,625

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G

Lease liabilities (current and non-current portions) subsequently increased from SAR2.0m as at 31 December 2021G to SAR2.6m as at 30 June 2022G due to an increase in adjustments made during the six-month period ended 30 June 2022G.

#### 6.8.2.3.2 Employees' benefits

**Table (6.69): Employees' benefits as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G
Balance at the beginning of the period	75,553	60,576
<b>Included in statement of profit or loss</b>		
Current service cost	8,569	8,651
Interest cost	1,891	-
<b>Included in other comprehensive income</b>		
<b>Re-measurement loss / (gain):</b>		

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G
Actuarial loss arising from changes in assumptions	646	-
Loan against EOSB	(12,540)	-
Benefits paid	(13,543)	(6,569)
<b>Balance at the end of the period</b>	<b>60,576</b>	<b>62,658</b>

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G

Employees' benefits increased from SAR60.6m as at 31 December 2021G to SAR62.7m as at 30 June 2022G in line with the increase in salaries.

## 6.8.2.4 Current liabilities

**Table (6.70): Current liabilities as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Lease liabilities	249	221
Trade payables and other current liabilities	118,371	168,930
Zakat and income-tax payable	19,744	11,359
<b>Total</b>	<b>138,364</b>	<b>180,511</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

### 6.8.2.4.1 Trade payables and other current liabilities

**Table (6.71): Trade payables and other current liabilities as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Reviewed)	As at 30 June 2022G
Accrued expenses and other current liabilities	76,301	115,508
Trade payables	36,899	49,955
Due to related parties	5,171	3,467
<b>Total</b>	<b>118,371</b>	<b>168,930</b>

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G

### Accrued expenses and other current liabilities

Accrued expenses and other current liabilities increased from SAR76.3m as at 31 December 2021 to SAR115.5m as at 30 June 2022G mainly due to an increase in accrued sales and marketing expense (+SAR17.7m) in line with the increase in marketing activities.

### Trade payables

Trade payables increased from SAR36.9m as at 31 December 2021G to SAR49.9m as at 30 June 2022G due to delays in payments.

## Due to related parties

Due to related parties are associated with payable balances to related parties. Please refer to the below analysis on due to related parties' balances.

**Table (6.72): Accrued expenses and other current liabilities as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Reviewed)	As at 30 June 2022G
Accrued commission and discount payable	13,855	20,760
Employee related accruals	28,480	33,761
Local expenses accrual	13,774	-
Accrued sales and marketing expenses	2,605	20,350
Provision – Finished goods expiry	8,307	-
Retention payable	6,114	5,825
Customer advances	244	655
Accrued Utilities bills	601	616
Others	2,321	33,542
<b>Total</b>	<b>76,301</b>	<b>115,508</b>

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G

## Accrued commission and discount payable

Accrued commission and discount increased from SAR13.9m as at 31 December 2021G to SAR20.8m as at 30 June 2022G given that deals are typically closed by the year-end and as such the accrued balance for commission and discount payable increased throughout the year.

## Employee related accruals

Employee related accruals increased from SAR28.5m as at 31 December 2021G to SAR33.8m as at 30 June 2022G mainly driven by increases in accruals for sales incentives.

## Local expenses accruals

Local expenses accruals decreased to nil as at 30 June 2022G due to a reclassification made to "Other accruals".

## Accrued sales and marketing expenses

Accrued sales and marketing expenses increased from SAR2.6m as at 31 December 2021G to SAR20.4m as at 30 June 2022G driven by the resumption of sales and marketing activities post removal of COVID-19 restrictions.

## Provision – finished goods expiry

Provision – Finished goods expiry decreased to nil as at 30 June 2022G due to a reclassification made to "Other accruals".

## Retention payable

Retention payable decreased from SAR6.1m as at 31 December 2021G to SAR5.8m as at 30 June 2022G driven by payments to the contractors due to the completion of some projects in 2021G and payments made in the six-month period ended 30 June 2022G.

## Customer advances

Customer advances are mainly related to advance payments received from customers. Customer advances increased from SAR244K as at 31 December 2021 to SAR655K as at 30 June 2022G due to the increase in export advances.

**Table (6.73): Due to related parties as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Tegan Al Fateh Factory Co Ltd	3,018	2,387
Dar Jamjoom Printing	1,783	785
Dream Sky Travel & Tourism Agency	121	284
Jamjoom General Agencies	109	11
Jamjoom Consult	113	-
Hamza Mahmoud Est.	27	-
<b>Total</b>	<b>5,171</b>	<b>3,467</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

Due to related parties decreased from SAR5.2m as at 31 December 2021G to SAR3.5m as at 30 June 2022G, mostly driven by settlements made for Dar Jamjoom Printing amounting to SAR998K and Tegan Al Fateh Factory Co Ltd amounting to -SAR631K in connection with purchased packing materials.

## Zakat and income-tax payable

**Table (6.74): Zakat and income-tax payable as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G
At the beginning of the period	22,093	19,744
Charge of the year	16,884	8,493
Adjustment	508	(149)
Paid during the year	(19,741)	(16,729)
At the end of the period	19,744	11,359

Source: Consolidated audited financial statements for the period ended 31 December 2021G and management information for the six-month period ended 30 June 2022G

Zakat and income tax payable decreased from SAR19.7m as at 31 December 2021G to SAR11.4m as at 30 June 2022G driven by payments made during the six-month period (SAR16.7m) partially offset by charges made over the period (SAR8.5m).

### 6.8.2.5 Shareholders' equity

**Table (6.75): List of changes in shareholder's equity for the periods ended 31 December 2021G and 30 June 2022G**

SAR in 000s	Capital	Proposed increase in capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total
<b>Six-month period 2022G (reviewed)</b>						
Balance at 1 January 2022G	100,000		50,000	(37,875)	1,119,510	1,231,635
Comprehensive income:						
Net profit for the year	-		-	-	93,954	93,954
Other comprehensive income / (loss)	-		-	(2,470)	-	(2,470)
Total comprehensive income	-		-	-	-	-
Proposed increase in share capital	-	600,000			(600,000)	-
Transaction with owners:						
Dividends	-	-	-	-	(61,167)	(61,167)
<b>Balance at 30 June 2022G (reviewed)</b>	<b>100,000</b>	<b>600,000</b>	<b>50,000</b>	<b>(40,345)</b>	<b>552,298</b>	<b>1,261,953</b>

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

Shareholders' equity amounted to SAR1.3bn as at 30 June 2022G due to an increase in net profits of SAR93.9m partially offset by dividends paid of SAR61.2m (dividends represented 65.1% of net profit) in addition to other comprehensive loss of SAR2.5m.

The Board of Directors passed a resolution dated 22 June 2022G, to increase the share capital of the Company by SAR 600.0 m. As such, the same amount has been presented as proposed increase in share capital until the completion of legal formalities.

In the 4th quarter of 2022G, the Company's Board of Directors resolved to fully convert the Company's loan granted to its subsidiary in Egypt into a "Subordinated Perpetual Instrument". The full amount of the outstanding loan will thus be converted into an investment in equity repayable at a discretionary future date. As a result, future exchange gains or losses on this financial instrument will be recorded in the Statement of Comprehensive Income (which were previously recorded in the Statement of Profit or Loss). The impact of this change in accounting treatment on shareholders' equity will be nil. (For further information, please refer to sub-section ("Non-current liabilities") from section 6.9.5 ("ALJP balance sheets as of 31 December 2021G and 30 June 2022G")) of this Prospectus.

### 6.8.2.6 Consolidated cash flow statement

**Table (6.76): Statement of cash flows for the six-month period ended 30 June 2021G and 2022G**

SAR in 000s	As at 30 June 2021G (Reviewed)	As at 30 June 2022G (Reviewed)
<b>Cash flows from operating activities:</b>		
Profit before Zakat and income-tax	60,322	102,447
<b>Adjustments for:</b>		
Depreciation	11,328	11,209
Amortization	884	892
Depreciation on right to use assets	130	118
Net finance cost / (income)	4,562	33,464
Unamortized portion of SIDF loan fee paid	521	-
(Gain)/loss on investments at FVTPL	1,093	(133)
Share of results from equity-accounted investees	27	128
Allowance for expected credit losses	1,444	495
Provision for obsolescence / slow moving inventories	640	2,513

SAR in 000s	As at 30 June 2021G (Reviewed)	As at 30 June 2022G (Reviewed)
Provision for employees' benefits	6,643	8,651
Loss/ (gain) on disposal of property and equipment	(72)	(27)
<b>Changes in:</b>		
Trade and other receivables	7,005	(102,856)
Inventories	(12,732)	(10,003)
Trade payables and other current liabilities	(6,886)	53,333
Cash generated from operating activities	74,909	100,232
Employees' benefits paid	(5,533)	(6,569)
Finance cost paid	(1,140)	(387)
Zakat and income-tax paid	(18,530)	(16,729)
Net cash from operating activities	49,706	76,547
Additions to property, plant and equipment	(45,531)	(59,461)
Additions to intangible assets	(0)	(138)
Proceeds from disposal of property, plant and equipment	72	57
Acquisition of other Investments	(38,063)	31,483
Net cash used in investing activities	(83,522)	(28,059)
Dividends paid	(46,667)	(61,167)
SIDF loan payment	(18,900)	-
Payments of lease liabilities	(314)	(299)
Net cash used in financing activities	(65,881)	(61,466)
Net change in cash and cash equivalents	(99,696)	(12,978)
Cash and cash equivalents at the beginning of the year	235,546	112,630
Cash and cash equivalents at the end of the year	135,850	99,652

Source: Reviewed interim financial statements for the six-month period ended 30 June 2022G

## Net cash generated from operating activities

Net cash generated from operating activities increased from SAR49.7m in the six-month period ended 30 June 2021G to SAR76.5m in the six-month period ended 30 June 2022G mainly due to the growth in profit before zakat and income tax (+SAR42.1m) in line with the increase in revenue in the same year.

## Net cash used in investing activities

Net cash used in investing activities decreased from SAR83.5m in the six-month period ended 30 June 2021G to SAR28.0m in the six-month period ended 30 June 2022G driven by the decrease in spending related to investments, partly offset by the increase in additions to property, plant and equipment (+SAR13.9m) mainly relating to the expansion project for the Egypt factory.

## Net cash used in financing activities

Net cash used in financing activities decreased from SAR65.9m in the six-month period ended 30 June 2021G to SAR61.5m in the six-month period ended 30 June 2022G driven by the effect of the SIDF loan payment made during the 2021G period.

## 6.9 Management's Discussion and Analysis of Financial Position and Results of Operations of Al Jamjoom Pharma for Pharmaceuticals Industries ("ALJP")

### 6.9.1 ALJP income statements for the periods ended 31 December 2019G, 2020G and 2021G

Table (6.77): Statement of profit or loss for the financial years ended 31 December 2019G, 2020G and 2021G.

SAR in 000s	Financial year 2019G	Financial year 2020G	Financial year 2021G	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Sales	51,685	59,041	67,043	14.2%	13.6%	13.9%
Cost of sales	(46,293)	(49,638)	(57,663)	7.2%	16.2%	11.6%
<b>Gross profit</b>	<b>5,392</b>	<b>9,403</b>	<b>9,380</b>	<b>74.4%</b>	<b>(0.2%)</b>	<b>31.9%</b>
Selling and marketing expenses	(4,454)	(5,879)	(10,476)	32.0%	78.2%	53.4%
General & administrative expenses	(1,185)	(1,578)	(2,540)	33.1%	60.9%	46.4%
Other income	-	5	151	Na	2724.1%	0.0%
Foreign exchange gain	5,149	4,144	3,608	(19.5%)	(12.9%)	(16.3%)
Provisions	(25)	(92)	(39)	262.5%	(57.5%)	24.1%
Finance expense	(799)	-	-	(100.0%)	N/A	0.0%
Profit before income taxes	4,077	6,004	84	47.2%	(98.6%)	(85.7%)
Income tax	(409)	(701)	-	71.2%	(100.0%)	0.0%
Deferred income tax	(775)	58	(106)	(107.5%)	(282.7%)	(63.1%)
(Loss) / profit for the year	2,893	5,361	(22)	85.3%	(100.4%)	N/A
<b>As a % of revenue</b>	<b>Percentage points</b>					
<b>Gross profit</b>	<b>10.4%</b>	<b>15.9%</b>	<b>14.0%</b>	<b>5.5</b>	<b>(1.9)</b>	<b>3.6</b>
Selling and marketing expenses	(8.6%)	(10.0%)	(15.6%)	(1.4)	(5.6)	(7.0)
General & administrative expenses	(2.3%)	(2.7%)	(3.8%)	(0.4)	(1.1)	(1.5)
<b>Profit / (loss) for the year</b>	<b>5.6%</b>	<b>9.1%</b>	<b>(0.0%)</b>	<b>3.5</b>	<b>(9.1)</b>	<b>(5.6)</b>

Source: The audited financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the financial years ended 31 December 2019G, 2020G and 2021G as disclosed in Egyptian Pounds and converted to Saudi Riyals, for the purpose of facilitation, using the exchange rates of 4.528455, 4.23615, and 4.19262 Egyptian Pounds = 1 SAR for the financial information of the financial years 2019G, 2020G, and 2021G, respectively.

#### Sales

Sales mainly comprised of Ophthalmic products (c. 77% of total sales over the 2019G-2021G period), Dermal products (c. 17%), and General medicine products (c.5%). Sales increased from SAR51.7m in 2019G to SAR59.0m in 2020G driven by the increase in General medicine products (+SAR2.8m), Ophthalmic products (+SAR2.4m), and Dermal products (+SAR2.1m) in line with market growth as sales in Egypt were not affected by the restrictions imposed on exports given sales occurred from the already existing inventory.

Sales subsequently increased from SAR59.0m in 2020G to SAR67.0m in 2021G due to further increase in sales of Ophthalmic products (+SAR4.7m), Dermal products (+SAR2.0m) and General medicine products (+SAR1.2m) in line with market growth coupled with the increase in marketing activity and the enhancement of the salesforce's presence.



## Cost of sales

Cost of sales mainly related to costs in connection with cost of goods sold (c. 99% of total cost of sales over the 2019G-2021G period). Cost of sales increased from SAR46.3m in 2019G to SAR49.6m in 2020G in line with the increase in revenue.

Cost of sales increased from SAR49.6m in 2020G to SAR57.7m in 2021G in line with the increase in revenue and the change in sales mix towards high cost, low margin products for the ophthalmic category.

## Gross profit

Gross profit increased from SAR5.4m in 2019G to SAR9.4m in 2020G in line with the increase in sales.

Gross profit remained relatively stable between 2020G and 2021G and averaged SAR9.4m over that period mainly driven by the change in sales mix towards low margin products for the ophthalmic category. It should be noted upon consolidation, an adjustment was recorded on gross profit in FY21 (-SAR5.9m) and related to the elimination of unrealized profit on unsold inventory available in ALJ.

## Selling and marketing expenses

**Table (6.78): Selling and marketing expenses for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G	Financial year 2020G	Financial year 2021G	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Wages and salaries	2,448	3,973	4,239	62.3%	6.7%	31.6%
Market research conferences	-	-	3,549	N/A	N/A	0.0%
Samples	1,894	1,628	670	(14.1%)	(58.8%)	(40.5%)
Advertising expenses	-	-	412	N/A	N/A	0.0%
Transportation expenses	-	-	386	N/A	N/A	0.0%
Social insurance expenses	-	-	376	N/A	N/A	0.0%
Employee incentives	-	92	286	N/A	210.9%	0.0%
Medical insurance	-	-	168	N/A	N/A	0.0%
Travel	87	136	133	56.5%	(2.3%)	23.7%
Distribution expenses	-	-	85	N/A	N/A	0.0%
Depreciation expense	2	9	16	348.4%	83.6%	186.9%
Others	23	42	157	79.6%	274.1%	159.2%
<b>Total</b>	<b>4,454</b>	<b>5,879</b>	<b>10,476</b>	<b>32.0%</b>	<b>78.2%</b>	<b>53.4%</b>
<b>As a % of revenue</b>					<b>Percentage points</b>	
Wages and salaries	4.7%	6.7%	6.3%	2.0	(0.4)	1.6
Market Research Conferences	0.0%	0.0%	5.3%	0.0	5.3	5.3
Samples	3.7%	2.8%	1.0%	(0.9)	(1.8)	(2.7)
<b>Total</b>	<b>8.6%</b>	<b>10.0%</b>	<b>15.6%</b>	<b>1.3</b>	<b>5.7</b>	<b>7.0</b>

Source: The audited financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the financial years ended 31 December 2019G, 2020G and 2021G as disclosed in Egyptian Pounds and converted to Saudi Riyals, for the purpose of facilitation, using the exchange rates of 4.528455, 4.23615, and 4.19262 Egyptian Pounds = 1 SAR for the financial information of the financial years 2019G, 2020G, and 2021G, respectively.

Selling and marketing expenses mainly comprised wages and salaries (c. 51% of total selling & marketing expenses over the 2019G-2021G period), samples (c. 20%), and market research conferences (c. 17%) among others. Selling & marketing expenses increased from SAR4.5m in 2019G to SAR5.9m in 2020G mainly driven by the increase in wages and salaries (+SAR1.5m) on the back of an increase in the number of employees hired due to expanded presence in the Egypt market, partially offset by the decrease in samples expenses (-SAR266k).

Selling & marketing expenses increased from SAR5.9m in 2020G to SAR10.5m in 2021G mainly due to the increase in market research conferences (+SAR3.5m) following due to increased commercial presence in the Egypt market, partially offset by the decrease in samples (-SAR958k) due to excess samples received from KSA in middle of 2019G and were distributed to customers during 2019G & 2020G. Since customers already had accumulated a significant number of samples in the prior years, they did not require additional samples in 2021G.

## General and administrative expenses

**Table (6.79): General and administrative expenses for the financial years ended 31 December 2019G, 2020G and 2021G**

SAR in 000s	Financial year 2019G	Financial year 2020G	Financial year 2021G	Annual Variance 2019G - 2020G	Annual Variance 2020G - 2021G	CAGR 2019G - 2021G
Wages and salaries	480	796	1,045	66.0%	31.2%	47.6%
Professional fees	-	197	352	N/A	78.6%	0.0%
Contribution health insurance	-	-	168	N/A	N/A	0.0%
Electricity	-	-	122	N/A	N/A	0.0%
Machinery insurance	-	-	118	N/A	N/A	0.0%
Bonus	-	37	98	N/A	164.8%	0.0%
Product registration fees	289	172	88	(40.3%)	(49.2%)	(44.9%)
Clean and guard	-	1	70	N/A	7159.3%	0.0%
Travel	26	18	1	(31.7%)	(95.8%)	(83.1%)
Depreciation expense	18	-	-	(100.0%)	N/A	0.0%
Others	373	357	479	(4.4%)	34.3%	13.3%
<b>Total</b>	<b>1,185</b>	<b>1,578</b>	<b>2,540</b>	<b>33.1%</b>	<b>61.0%</b>	<b>46.4%</b>
<b>As a % of revenue</b>					<b>Percentage points</b>	
Wages and salaries	0.9%	1.3%	1.6%	0.4	0.2	0.6
Professional fees	N/A	0.3%	0.5%	N/A	0.2	N/A
Others	0.8%	0.6%	0.7%	(0.2)	0.1	(0.0)
<b>Total</b>	<b>2.3%</b>	<b>2.7%</b>	<b>3.8%</b>	<b>0.4</b>	<b>1.1</b>	<b>1.5</b>

Source: The Audited financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the financial years ended 31 December 2019G, 2020G and 2021G as disclosed in Egyptian Pounds and converted to Saudi riyals, for the purpose of facilitation, using the exchange rates of 4.528455, 4.23615, and 4.19262 Egyptian pounds = 1 SAR for the financial information for the years 2019G, 2020G, and 2021G, respectively.

General and administrative expenses mainly comprised wages and salaries (c. 44% of total general & administrative expenses over the 2019G-2021G period), professional fees (c. 10%), among others. General & administrative expenses increased from SAR1.2m in 2019G to SAR1.6m in 2020G mainly driven by (i) the increase in wages and salaries (+SAR317k) on the back of additional hires in response to the increased presence in the Egyptian market, and (ii) the increase in professional fees (+SAR197k) related to audit fees and change of name for the company, partially offset by the decrease in product registration fees (-SAR116k) due to fewer products remaining for registration as per the registration plan due to a significant number of KSA products already registered in Egypt in the prior years, hence reducing the number of products left to register as per the registration plan reflected in by the year-on-year decline in the fees.

General & administrative expenses increased from SAR1.6m in 2020G to SAR2.5m in 2021G mainly driven by the increase in (i) wages and salaries (+SAR249k), (ii) contribution health insurance (+SAR168k), (iii) bonus (+SAR61k) all due to the increase in number of employees from 6 employees in 2020G to 9 employees in 2021G, and (iv) professional fees (+SAR155k) due to an increase in audit fees following inflation adjustments in addition to appointment of a tax adviser to file tax returns.

## Other income

Other income in 2020G and 2021G related to production scrap sales. Other income increased from SAR5k in 2020G to SAR151k in 2021G driven by the increase in scrap sales.

## Foreign exchange gain

Foreign exchange gain mainly related to foreign currency translations on (i) vendor payments, (ii) related party transactions, and the exchange rate fluctuation on the loan payable due to the parent Company. Foreign exchange gain decreased from SAR5.1m in 2019G to SAR4.1m in 2020G and subsequently decreased to SAR3.6m in 2021G mainly driven by the change in foreign exchange rates.

## Provisions

Provisions related to provision for expected claims mainly related to tax. Provisions increased from SAR25k in 2019G to SAR92k in 2020G and subsequently decreased to SAR39k in 2021G driven by the change in provisions booked.

## Finance expense

Finance expense amounted to SAR799k in 2019G and related to the expenses incurred in acquiring the loan from the parent Company.

## Income tax

Income tax increased from SAR409k in 2019G to SAR701k in 2020G in line with the growth in income tax base following the increase in activity. Income tax subsequently decreased to nil in 2021G with the decrease in earnings before tax.

## Deferred income tax

Deferred income tax related to a charge/reversal to calculate movement in the liability for deferred tax which is calculated as a tax on taxable temporary differences (TTD) that arise between taxable profit and accounting profit. Deferred income tax increased from -SAR775k in 2019G to +SAR58k in 2020G and subsequently decreased to -SAR106k in 2021G.

## 6.9.2 ALJP balance sheets as of 31 December 2019G, 2020G and 2021G

**Table (6.80): Statement of financial position for the years ended 31 December, 2019G, 2020G, 2021G.**

SAR in 000s	As at 31 December 2019G	As at 31 December 2020G	As at 31 December 2021G
Total non-current assets	29,250	119,983	174,099
Total current assets	27,591	45,933	55,828
Total assets	56,840	165,915	229,926
Total non-current liabilities	29,345	84,697	134,053
Total current liabilities	17,788	45,626	46,835
Total liabilities	47,133	130,323	180,888
Total equity	9,707	35,592	49,038
Total equity and liabilities	56,840	165,915	229,926

Source: The Audited financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the financial years ended 31 December 2019G, 2020G and 2021G as disclosed in Egyptian Pounds and converted to Saudi riyals, for the purpose of facilitation, using the exchange rates of 4.27546, 4.19684, and 4.1884 Egyptian pounds = 1 SAR for the financial information for the years 2019G, 2020G, and 2021G, respectively.

## Non-current assets

Non-current assets amounted to SAR174.1m as at 31 December 2021G and mainly comprised of Projects under construction (SAR17.6m) and Fixed assets (SAR1.5m).

Non-current assets increased from SAR29.3m as at 31 December 2019G to SAR120.0m as at 31 December 2020G mainly driven by an increase in projects under construction (+SAR90.6m) (refer to Section 4 for more details), whereby increases were mostly related to Tools and equipment (+SAR50.6m), buildings (+SAR35.0m) and finance related expenses (+SAR3.9m).

Non-current assets increased from SAR120.0m as at 31 December 2020G to SAR174.1m as at 31 December 2021G mainly driven by further progress made in projects under construction (+SAR54.1m) whereby additions were mostly related to buildings (+SAR30.1m), tools and equipment (+SAR16.9m) and finance related expenses (+SAR5.7m).

## Fixed assets and projects under construction

**Table (6.81): Net book value of fixed assets as of 31 December 2019G, 2020G and 2021G.**

SAR in 000s	As at 31 December 2019G (Audited)	As at 31 December 2020G (Audited)	As at 31 December 2021G (Audited)
Land	1,132	1,153	1,155
Office equipment	17	27	30
Furniture and fixture	67	64	70
Computers and software	105	162	202
Projects under construction	27,930	118,577	172,641
<b>Total</b>	<b>29,250</b>	<b>119,983</b>	<b>174,099</b>

Source: The Audited financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the financial years ended 31 December 2019G, 2020G and 2021G as disclosed in Egyptian Pounds and converted to Saudi riyals, for the purpose of facilitation, using the exchange rates of 4.27546, 4.19684, and 4.1884 Egyptian pounds = 1 SAR for the financial information for the years 2019G, 2020G, and 2021G, respectively.

### Land

Land amounted to SAR1.2m as at 31 December 2021G and mainly related to land in connection with the Egypt plant. Fluctuation over the period were mainly attributed to foreign currency translation differences.

### Computers and software

Computers and software amounted to SAR202k as at 31 December 2021G and mainly related to personal computers provided for employees, computer servers and tablets. Computers and software increased from SAR105k as at 31 December 2019G to SAR162k as at 31 December 2020G mainly due to additions during the period. Computers increased from SAR162k as at 31 December 2020G to SAR202k as at 31 December 2021G due to additions of (+SAR98k), partially offset by the depreciation charge of (-SAR38k) during the period.

### Furniture and fixture

Furniture and fixture amounted to SAR70k as at 31 December 2021G and remained relatively stable over the period between 31 December 2019G and 31 December 2021G.

### Office equipment

Office equipment amounted to 30k as at 31 December 2021G and slightly increased from SAR17k as at 31 December 2019G to SAR27k as at 31 December 2020G driven by additions relating to the plant expansion.

Office equipment remained relatively stable between the period 31 December 2020G and 31 December 2021G.

### Capital work in progress

Capital work in progress amounted to SAR172.6m as at 31 December 2021G and mainly related to the new plant being constructed in Egypt, expected to meet the market needs in Egypt and other key African markets.

Capital work in progress increased from SAR27.9m as at 31 December 2019G to SAR118.6m as at 31 December 2020G driven by additions to Buildings (+SAR35.6m), plant and machinery (+SAR51.5m) and the capitalization of the loan (+SAR1.9m) granted from the parent company to Al-Jamjoom Pharma to finance the construction of Egypt's plant. Capital work in progress increased from SAR118.6m as at 31 December 2020G to SAR 172.6m as at 31 December 2021G driven by the increase in additions for plant and machinery (+SAR17.2m) relating to the plant expansion, buildings (+SAR 30.8m) and the capitalized loan (+SAR7.9m).

## Current assets

Current assets amounted to SAR55.8m as at 31 December 2021G and mainly comprised of inventories (SAR20.6m), Cash and cash equivalents (SAR20.1m), Trade receivables (SAR11.4m), and prepayment and other current assets (SAR3.6m).

Current assets increased from SAR27.6m as at 31 December 2019G to SAR45.9m as at 31 December 2020G due to an increase in inventories (+SAR14.0m) mainly the increase in finished goods driven by management's measures taken to expand commercial presence in the market, and inventories are comprised of finished goods as the Egypt factory has not yet commenced operations and currently is importing products manufactured in the Kingdom of Saudi Arabia, in addition to an increase in account receivables (+SAR4.2m) whereby sales and related accounts receivable balances are mainly related to Egyptian distributors, in line with the increase in sales over the period, backed by an increase in due from related parties of (+SAR172k).

Current assets increased from SAR45.9m as at 31 December 2020G to SAR55.8m as at 31 December 2021G mainly due to an increase in cash and cash equivalents (+SAR12.0m) in addition to an increase in inventories (+SAR2.5m) along with prepayments and other receivables of (+SAR810.7k), partially offset by a decrease in trade receivables (-SAR5.3m) in line with collections made over the period.

## Non-current liabilities

Non-current liabilities amounted to SAR134.1m as at 31 December 2021G and comprised of loans due to related parties (SAR133.1m) and deferred tax liabilities (SAR904.0K).

Non-current liabilities increased from SAR29.3m as at 31 December 2019G to SAR84.7m as at 31 December 2020G as a result of an increase in loan received from parent company (+SAR55.4m) whereby in December 2016, Jamjoom Pharmaceuticals Factory Company (the parent company based in Saudi Arabia), which is the main shareholder with 99.94%, granted the Egypt entity an interest-free loan amounting to USD6.7m that is to be repaid in three years in connection with the factory project in Egypt.

Non-current liabilities increased further from SAR84.7m as at 31 December 2020G to SAR134.1m as at 31 December 2021G due to a further increase in loan from parent company (+SAR49.2m) whereby in July 2020, Jamjoom Pharmaceuticals Factory Company renewed the company's loan with an additional amount of USD57.0m to be repaid starting January 2025, over a period of five years in 20 equal installments.

## Current liabilities

Current liabilities amounted to SAR46.8m as at 31 December 2021G and mainly comprised of Due to related parties (SAR35.1m) and accounts payables (SAR10.3m) amongst others (SAR1.5m).

Current liabilities increased from SAR17.8m as at 31 December 2019G to SAR45.6m as at 31 December 2020G driven by the increase in Due to related parties of (+SAR14.6m) relating to the parent company supplying finished goods products to ALJP to sell in the Egyptian market, in addition to an increase in Trade payable (+SAR13.1m) mainly related to non-trade payables (+SAR9.0m) and service payable (+SAR2.1m) in connection with the progress made in the plant expansionary project under construction.

Current liabilities increased from SAR45.6m as at 31 December 2020G to SAR46.8m as at 31 December 2021G due to further increase in Due to related parties (+SAR5.7m) and accrued expenses and other payables (+SAR517k), partially offset by a decrease in accounts payables (-SAR4.3m) and income tax payable (-SAR433.5K).

## Total shareholder's equity

Total shareholder's equity increased from SAR9.7m as at 31 December 2019G to SAR35.6m as at 31 December 2020G mainly driven by an increase in the present value adjustment related to the loan received from the parent company amounting (+SAR20.7m) related to the ongoing expansionary project in Egypt, backed by a decrease in accumulated losses over the period (SAR5.4m) in line with the net profit made during the year.

Total shareholder's equity increased from SAR35.6m as at 31 December 2020G to SAR49.0m as at 31 December 2021G due to a further increase in the present value adjustment for loan from parent company (+SAR13.5m).

It is worth noting that the shareholder's equity include the present value adjustment for loan from parent company, which amounted to the equivalent of SAR53.3m as of 31 December 2021G. According to the accounting policies applied in the financial statements, the present value of the loans granted by the parent company is calculated without interest, and the difference in the present value is recognized within shareholder's equity, provided that the interest is consumed when it becomes due in the profit or loss statement.

### 6.9.3 ALJP cash flow statements for the periods ended 31 December 2019G, 2020G and 2021G

Table (6.82): Statement of cash flows for the years ended 31 December, 2019G, 31 December, 2020G, 31 December 2021G.

SAR in 000s	As at 31 December 2019G	As at 31 December 2020G	As at 31 December 2021G
<b>Cash flows from operating activities:</b>			
Net profit before income tax	4,077	6,004	84
Depreciation	20	36	58
Provisions	25	92	39
Financial charges	799	2,984	5,843
Foreign exchange (gain) /Loss	(3,466)	(4,144)	(3,608)
Changes In:			
Trade receivable	(5,687)	(3,937)	5,278
Inventory	17,995	(13,753)	(2,446)
Prepayments and other debit balances	(1,861)	(121)	(805)
Trade payables	1,084	12,903	(4,321)
Accrued and other credit balances	719	(232)	515
Due from related parties	-	(275)	113
Due to related parties	(9,122)	14,223	5,594
<b>Cash flows provided from operating activities</b>	<b>4,584</b>	<b>13,781</b>	<b>6,344</b>
Income tax paid	(3)	(438)	(708)
<b>Net cash flow provided from operating activities</b>	<b>4,581</b>	<b>13,343</b>	<b>5,636</b>
<b>Cash flows used in investing activities</b>			
Payments to acquire fixed assets	(48)	(96)	(119)
Payments to acquire projects under construction	(19,735)	(89,288)	(53,771)
<b>Net cash flow used in investing activities</b>	<b>(19,783)</b>	<b>(89,384)</b>	<b>(53,890)</b>
Cash flows from financing activities			
Net proceeds from loan from parent company	18,862	74,870	60,472
Minority interest share of subsidiary's capital	-	-	-
<b>Net cash flow from financing activities</b>	<b>18,862</b>	<b>74,870</b>	<b>60,472</b>
Net change in cash and cash equivalents during the year	3,660	(1,171)	12,218
Cash and cash equivalents - beginning of the year	4,487	8,388	8,090
Foreign exchange	216	873	(254)
<b>Cash and cash equivalents - end of the year</b>	<b>8363</b>	<b>8090</b>	<b>20,054</b>

Source: The audited financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the financial years ended 31 December 2019G, 2020G and 2021G as disclosed in Egyptian Pounds and converted to Saudi Riyals, for the purpose of facilitation, using the exchange rates of 4.528455, 4.23615, and 4.19262 Egyptian Pounds = 1 SAR for the financial information of the financial years 2019G, 2020G, and 2021G, respectively.

#### Net cash flow provided from operating activities

Net cash flow provided from operating activities increased from SAR4.6m as at 31 December 2019G to SAR13.3m as at 31 December 2020G due to an increase in due to related parties (+SAR14.2m) and trade payables (+SAR12.9m), partially offset by a significant increase in inventory (-SAR13.8m) and trade receivables (-SAR3.9m).

Net cash from operating activities has subsequently decreased from SAR13.3m as at 31 December 2020G to SAR5.6m as at 31 December 2021G mainly due to:

- i. Drop in profits before income taxes by (-SAR5.9m),
- ii. Foreign exchange loss (-SAR3.6m)
- iii. Drop in trade payables (-SAR4.3m) and;
- iv. increase in inventory (-SAR2.5m)

Partially offset by an increase in due to related parties (+SAR5.6m) and collections of trade receivables (+SAR5.3m).

### Net cash flow used in investing activities

Net cash flow used in investing activities increased from SAR19.8m as at 31 December 2019G to SAR89.4m as at 31 December 2020G mainly due to investments made in equipment and buildings of (+SAR89.3m) relating to the Egypt plant expansion.

Net cash flows used in investing amounted to SAR53.9m as at 31 December 2021G due to further investment made over the course of the plant construction.

### Net cash flow from financing activities

Net cash flow from financing activities increased from SAR18.9m as at 31 December 2019G to SAR74.9m as at 31 December 2020G mainly due to additional loans taken from Jamjoom Pharmaceuticals (Parent company).

Net cash flows from financing amounted to SAR60.5m as at 31 December 2021G.

## 6.9.4 ALJP income statements for the six-month periods ended 30 June 2021G and 2022G

**Table (6.83): Statement of profit or loss for the six-month ended in 30 June 2021G and 30 June 2022G.**

SAR in 000s	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G	Variance 30 June 2021G- 2022G
Sales	30,317	31,463	3.8%
Cost of Sales	(25,796)	(27,147)	5.2%
<b>Gross Profit</b>	<b>4,521</b>	<b>4,316</b>	<b>(4.5%)</b>
Selling and marketing expenses	(3,366)	(5,185)	54.0%
General & administrative Expenses	(963)	(4,320)	348.8%
Operating profit	192	(5,189)	(2798.7%)
Other income	7	3	(56.7%)
Foreign exchange gain /(Loss)	(2,781)	(3,103)	11.5%
Provisions	(14)	(20)	43.8%
<b>Profit before income taxes</b>	<b>(2,596)</b>	<b>(8,309)</b>	<b>220.0%</b>
Deferred Tax	736	756	2.8%
Income Tax	(143)	-	N/A
<b>Profit for the year</b>	<b>(2,004)</b>	<b>(7,553)</b>	<b>277.0%</b>
Other comprehensive income	-	2,490	-
<b>Total comprehensive income</b>	<b>(2,004)</b>	<b>(5,063)</b>	<b>152.7%</b>
<b>As a % of revenue</b>			<b>Percentage points</b>
Gross Profit	14.9%	13.7%	(1.2)
Selling and marketing expenses	(11.1%)	(16.5%)	(5.4)
General & administrative Expenses	(3.2%)	(13.7%)	(10.6)
Profit for the year	(6.6%)	(24.0%)	(17.4)

Source: The reviewed financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G as disclosed in Egyptian Pounds and converted to Saudi Riyals, for the purpose of facilitation, using the exchange rates of 4.1811 and 4.686686 Egyptian Pounds = 1 SAR for the financial information of the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G, respectively

It should be noted that in the financial statements for the six-month period ended 30 June 2022G (under "Emphasis of Matter"), the accumulated losses of Al Jamjoom Pharma for Pharmaceuticals Industries - an Egyptian joint stock company in the six-month period ended 30 June 2022G amounted to EGP88.3m and has exceeded the issued capital, which resulted in a potential risk of the company to continue to operate as a going concern. But the Group has given assurances of its commitment to support its subsidiaries in the next 12 months. Please refer to Section 2 of this Prospectus for more details.

## Sales

Sales increased from SAR30.3m in the six-month period ended 30 June 2021G to SAR31.5m in the six-month period ended 30 June 2022G mainly driven by the increase in Ophtha sales (+SAR3.4m), in line with the increase in demand over the period, partially offset by a decrease in Dermal sales (-SAR1.2m) and General sales (-SAR1.1m).

## Cost of sales

Cost of sales mainly comprised of raw materials and consumables (c.99% of total) in over the six-month period ended 30 June 2022G. Cost of sales increased from SAR25.8m during the six-month period ended 30 June 2021G to SAR27.1m during the six-month period ended 30 June 2022G in line with the increase in revenue over the period.

## Gross profit

Gross profit remained relatively stable between SAR4.5m-SAR4.3m over the six-month period ended 30 June 2021G and 2022G.

**Table (6.84): Selling and marketing expenses for the six-month period ended 30 June 2021G and 2022G**

SAR in 000s	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G	Variance 30 June 2021G- 30 June 2022G
Wages and salaries	2,730	3,009	10.2%
Brand reminders, free medical samples and promotion	543	1,794	230.4%
Travel	55	291	427.2%
Distribution expenses	-	55	Na
Depreciation expense	6	8	29.8%
Others	32	28	(13.2%)
<b>Total</b>	<b>3,366</b>	<b>5,185</b>	<b>54.0%</b>
<b>As a % of revenue</b>			<b>Percentage points</b>
Wages and salaries	9.0%	9.6%	0.6
Brand reminders, free medical samples and promotion	1.8%	5.7%	3.9
<b>Total</b>	<b>11.1%</b>	<b>16.5%</b>	<b>(5.4)</b>

Source: The Reviewed financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022 as disclosed in Egyptian Pounds and converted to Saudi Riyals, for the purpose of facilitation, using the exchange rates of 4.1811 and 4.686686 Egyptian Pounds = 1 SAR for the financial information for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G, respectively



Selling and marketing expenses predominantly comprised of wages and salaries (c. 69% of total) and Samples (c. 25% of total) over the six-month period ended 30 June 2022G. Selling and marketing expenses increased from SAR3.4m in the six-month period ended 30 June 2021G to SAR5.2m in the six-month period ended 30 June 2022G driven by the increase in wages and salaries (+SAR279k) relating to increased hiring in the factory in line with the Egypt expansion and strengthening the market presence, an increase in samples (+SAR1.3m) relating to an increase in marketing activities to grow the market presence and an increase in travel expenses (+SAR236K).

**Table (6.85): General and administrative expenses for the six-month period ended 30 June 2021G and 2022G.**

SAR in 000s	Six-month period ended 30 June 2021G	Six-month period ended 30 June 2022G	Variance 30 June 2021G-30 June 2022G
Wages and salaries	631	1,802	185.4%
Travel	19	159	753.4%
Others	313	2,359	654.1%
<b>Total</b>	<b>963</b>	<b>4,320</b>	<b>348.7%</b>
<b>As a % of revenue</b>			<b>Percentage points</b>
Wages and salaries	2.1%	5.7%	3.6
Travel	0.1%	0.5%	0.4
Others	1.0%	7.5%	6.5
<b>Total</b>	<b>3.2%</b>	<b>13.7%</b>	<b>10.6</b>

Source: The Reviewed financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G as disclosed in Egyptian Pounds and converted to Saudi Riyals, for the purpose of facilitation, using the exchange rates of 4.1811 and 4.686686 Egyptian Pounds = 1 SAR for the financial information for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G, respectively

General and administrative expenses amounted to SAR4.3m in the six-month period ended 30 June 2022G and mainly comprised of wages and salaries (c. 56% of total). General and administrative expenses increased from SAR963k in the six-month period ended 30 June 2021G to SAR4.3m in the six-month period ended 30 June 2022G driven by the increase in wages and salaries (+SAR1.2m) relating to the increase in the number of employees from 6 to 13.

## Other income

Other income amounted SAR7k in the six-month period ended 30 June 2021G and SAR3k in the six-month period ended 30 June 2022G mainly related to production scrap sales.

## Foreign exchange gain/(loss)

Foreign exchange gain/ (loss) decreased from SAR2.8m in the six-month period ended 30 June 2021G to SAR3.1m during the six-month period ended 30 June 2022G due to the depreciation of the Egyptian pound over the mentioned period.

## 6.9.5 ALJP balance sheets as of 31 December 2021G and 30 June 2022G

**Table (6.86): Statement of financial position for the year ended 31 December 2021G and six-month period ended 30 June 2022G.**

SAR in 000s	As at 31 December 2021G	As at 30 June 2022G
Total non-current assets	174,099	194,646
Total current assets	55,828	44,090
Total assets	229,926	238,737
Total non-current liabilities	134,053	161,097
Total current liabilities	46,835	37,683
Total liabilities	180,888	198,779
Total Equity	49,038	39,957
<b>Total equity and liabilities</b>	<b>229,926</b>	<b>238,737</b>

Source: The Reviewed financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the financial year ended 31 December 2021G and the six-month period ended 30 June 2022G as disclosed in Egyptian Pounds and converted to Saudi Riyals, for the purpose of facilitation, using the exchange rates of 4.1884 and 4.99101 Egyptian Pounds = 1 SAR for the financial information for the year 2021G and the six-month period ended 30 June 2022G, respectively

### Non-current assets

Non-current assets increased from SAR174.1m as at 31 December 2021G to SAR194.7m as at 30 June 2022G driven by the increase in projects under construction (+SAR20.5m) relating to the expansion of the Egypt plant.

**Table (6.87): Net book value of property, plant, and equipment as of 31 December 2021G and 30 June 2022G**

SAR in 000s	As at 31 December 2021G (Audited)	As at 30 June 2022G (Reviewed)
Land	1,155	969
Plant and machinery	-	52
Office equipment	30	125
Motor vehicles	-	68
Furniture and fixture	70	79
Computers and software	202	304
Projects under construction	172,641	193,047
<b>Total</b>	<b>174,099</b>	<b>194,646</b>

Source: The Reviewed financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the financial year ended 31 December 2021G and the six-month period ended 30 June 2022G as disclosed in Egyptian Pounds and converted to Saudi Riyals, for the purpose of facilitation, using the exchange rates of 4.1884 and 4.99101 Egyptian Pounds = 1 SAR for the financial information for the year 2021G and the six-month period ended 30 June 2022G, respectively

### Land

Land amounted to SAR969k as at 30 June 2022G and mainly comprised of lands relating to the Egypt plant expansion.

Land Decreased from SAR1.2m as at 31 December 2021G to SAR969k due to foreign currency translation losses.

### Plant and machinery

Plant and machinery increased from nil as at 31 December 2021G to 52k as at 30 June 2022G driven by the increase in additions relating to the plant expansion.

## Office equipment

Office equipment increased from SAR30k as at 31 December 2021G to SAR125k as at 30 June 2022G driven by additions made over the period.

## Motor vehicles

Motor vehicles amounted to SAR68k as at 30 June 2022G relating to vehicles owned by the company for business and management use.

## Furniture and fixture

Furniture and fixture remained relatively stable between 31 December 2021G and 30 June 2022G.

## Computers and software

Computers and software increased from SAR202k as at 31 December 2021G to SAR304k as at 30 June 2022G driven by additions over the period in line with the plant expansion.

## Projects under construction

Projects under construction increased from SAR172.6m as at 31 December 2021G to SAR193.0m mainly driven by additions to buildings (+SAR 15.9m) and Capitalized interest on the loan from the parent company (+SAR3.6m) relating to the plant expansion.

## Current assets

Current assets decreased from SAR55.8m as at 31 December 2021G to SAR44.1m as at 30 June 2022G mainly driven by a decrease in inventories (-SAR16.5m) due to sales activities coupled with the depreciation of the Egyptian Pound, partially offset by an increase in trade receivables (+SAR5.8m) in line with the increase in sales over the period.

## Non-current liabilities

Non-current liabilities increased from SAR134.1m as at 31 December 2021G to SAR161.1m as at 30 June 2022G due to additional loans acquired from the parent company related to further investment in the Egypt plant expansion.

In 2019 the Company signed an agreement with its fully owned Subsidiary for an interest free loan facility of USD 57 million to finance the payment of construction costs, purchase and installation of machines and equipment and any other cost or expense incurred for the completion of the Factory in Egypt. As of 30th September 2022, the outstanding loan amount under this agreement stood at USD 55.4 million. The repayment under this agreement was due to begin from 1 January 2025 in 20 equal quarterly installments in USD.

On the 2nd of October 2022, the Company entered into an agreement to convert the loan balance into "Subordinated Perpetual Instrument" with the option of paying back at the discretion of the Subsidiary. Any repayment by the Subsidiary to the Company shall be made in US Dollars. The instrument is deeply subordinated (junior to all debt, payables, and claims; rank ahead of common equity only). The instrument is classified under equity in the books of the Subsidiary as per International Financial Reporting Standards.

## Current liabilities

Current liabilities decreased from SAR46.8m as at 31 December 2021G to SAR37.7m as at 30 June 2022G mainly due to a decrease in due to related parties (-SAR12.6m) related to settlements made over the period and the impact of the depreciation of the Egyptian Pound over the six-month period ended 30 June 2022G, partially offset by an increase in trade payables (SAR3.3m) related to foreign suppliers.

## Total shareholder's equity

Total shareholder's equity decreased from SAR49.0m as at 31 December 2021G to SAR40.0m as at 30 June 2022G driven by the significant depreciation of the Egyptian Pound over the six-month period ended 30 June 2022G resulting in the increase in accumulated losses (-SAR7.6m), and a decrease in the present value adjustment for the loan from the parent company (-SAR2.7m) and a decrease in issued and paid up capital (-SAR1.3m), partially offset by an increase in the foreign currency translation reserve (+SAR2.5m).

## 6.9.6 ALJP cash flow statements for the periods ended 30 June 2021G and 30 June 2022G

Table (6.88): Statement of cash flows for the six-month period ended 30 June 2021G and 30 June 2022G.

SAR in 000s	As at 30 June 2021G	As at 30 June 2022G
<b>Cash flows from operating activities:</b>		
Net profit before income tax	(2,596)	(8,309)
Depreciation	31	43
Provisions	14	20
Foreign exchange (gain) /Loss	2,781	3,103
<b>Changes In:</b>		
Trade receivable	(1,536)	(8,076)
Inventory	11,316	14,081
Prepayments and other debit balances	(1,098)	(5,078)
Trade payables	(3,600)	5,233
Accrued and other credit balances	925	472
Due from related parties	100	146
Due to related parties	(12,348)	(7,453)
Cash flows provided from operating activities	(6,011)	(5,819)
Income tax paid	(853)	-
Net cash flow provided from operating activities	(6,864)	(5,819)
<b>Cash flows used in investing activities</b>		
Payments to acquire fixed assets	(631)	(432)
Payments to acquire projects under construction	(21,020)	(18,594)
Net cash flow used in investing activities	(21,652)	(19,026)
<b>Cash flows from financing activities</b>		
Net proceeds from loan from parent company	33,637	24,367
Minority interest share of subsidiary's capital	-	-
Net cash flow from financing activities	33,637	24,367
Net change in cash and cash equivalents during the year	5,122	(478)
Cash and cash equivalents - beginning of the year	8,090	20,054
Foreign exchange	(160)	(4,500)
Cash and cash equivalents - end of the year	13,051	15,075

Source: The Reviewed financial statements of Al Jamjoom Pharma for Pharmaceuticals Industries for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G as disclosed in Egyptian Pounds and converted to Saudi Riyals, for the purpose of facilitation, using the exchange rates of 4.1811 and 4.686686 Egyptian Pounds = 1 SAR for the financial information for the six-month period ended 30 June 2021G and the six-month period ended 30 June 2022G, respectively.

## Net cash flows from operating activities

Net cashflow from operating activities increased from (-SAR6.9m) as at 30 June 2021G to (-SAR5.8m) as at 30 June 2022G mainly driven by:

- i. Decrease in trade payables (+SAR8.8m);
- ii. Decrease in inventory (+SAR2.8m); and
- iii. Decrease in due to related parties (+SAR4.9m).
- iv. Net cash flow used in investing activities

Net cash flow used in investing activities decreased from SAR21.7m as at 30 June 2021G to SAR19.0m as at 30 June 2022G mainly due to the Egypt expansion reaching its final stages and requiring less investment.

## Net cash flows from financing activities

Net cash flows from financing decreased from SAR33.6m as at 30 June 2021G to SAR24.4m as at 30 June 2022G due a decrease in the net loan proceeds acquired from the parent company relating to the funding of the Egypt expansion.

## 7. Dividend Distribution Policy

Under Article 110 of the Companies Law, a Shareholder is vested with all rights attached to Shares, which include in particular the right to receive a share in the dividends declared for distribution. The Board of Directors shall recommend declaring and paying any dividends before approval by the Shareholders at the meeting of the General Assembly. Any decision to declare dividends will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, market and general economic conditions, the Company's Zakat position, and legal and regulatory considerations. For example, Shares give their holders the right to receive the dividends announced by the Company from the date of this Prospectus and in the following financial years. Despite the Company's intention to distribute annual dividends to its shareholders, there are no guarantees that such dividends will be actually distributed, nor is there any guarantee regarding the amounts of dividends paid in any year.

Dividend distribution is also subject to the restrictions set out in the Company's Bylaws. Dividends shall be distributed in Saudi Riyals.

After deducting all general expenses and other costs, the Company's annual net profits shall be allocated as follows:

1. 10% of the net profits shall be set aside to form the Company's statutory reserve and the Ordinary General Assembly may discontinue said deductions when the statutory reserve amounts to 30% of the Company's share capital.
2. The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside 10% of the net profits to form a contractual reserve allocated for a specific purpose or for specific purposes.
3. The Ordinary General Assembly may resolve to set aside other reserves, to the extent that doing so serves the interest of the Company or ensures the distribution of as stable a dividend as possible to shareholders.
4. The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside not more than 10% of the net profits to form a contractual reserve allocated for a specific purpose or for specific purposes.
5. The Ordinary General Assembly may also deduct from the net profits amounts for the establishment of social institutions for the Company's employees or to help existing institutions.
6. The rest of the profits shall then be distributed to the Shareholders at 1% of the Company's paid-up Capital.
7. The Company may distribute dividends quarterly and semi-annually after complying with the requirements of the Related Parties and subject to the following conditions:
  - a. The Ordinary General Assembly shall authorize the Board of Directors to distribute such dividends by virtue of a resolution to be renewed annually; and
  - b. The Company shall have distributable profits.

The following is a summary of share dividends declared and distributed by the Company during the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively:

**Table (7.1): Dividends declared and distributed by the Company during the financial years 2019, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively**

Thousands of Saudi Riyals	2019G	2020G	2021G	Six-Month Period Ended 30 June 2022G
Declared Dividends	86,000	90,667	113,333	61,166
Dividends Paid for the period	86,000	90,667	113,333	61,166
Net Profit for the period	156,931	206,860	170,695	93,954
% of declared dividends to the Company's net income	54.8%	43.8%	66.4%	65.1%

Source: The Company

On 11/12/1444H (corresponding to 07/09/2022G), the Company's Board of Directors decided to distribute interim dividends to the Shareholders holding all the cash shares in the Company's capital, from the dividends of the first quarter of 2022G, at a value of twenty-three million eight hundred thirty three thousand three hundred and thirty three Saudi riyals (SAR 23,833,333), in proportion to each Shareholder's participation in the Company's capital.

On 22/04/1444H (corresponding to 16/11/2022G), the Company's Board of Directors decided to distribute interim dividends to the Shareholders holding all the cash shares in the Company's capital, from the retained earnings account, at a value of thirty-three million seven hundred eighty thousand five hundred thirty-two Saudi Riyals (SAR 33,780,532), in proportion to each Shareholder's participation in the Company's capital.

On 21/05/1444H (corresponding to 15/12/2022G), the Company's Board of Directors decided to distribute interim dividends to the Shareholders holding all the cash shares in the Company's capital, from the retained earnings account, at a value of thirty million Saudi Riyals (SAR 30,000,000), in proportion to each Shareholder's participation in the Company's capital.

## 8. Use Of Proceeds

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Total proceeds from the Offering are estimated at around SAR (1,260,000,000) of which approximately SAR (51,500,000) will be applied towards the Offering expenses, which include the fees of the Financial Advisors, the Lead Manager, the Underwriters, the Legal Advisor, the Auditor, the Receiving Agent, and the Market Consultant, as well as marketing, printing, distribution and translation fees, and other costs and expenses related to the Offering.

The Net Proceeds from the Offering of approximately SAR (1,208,500,000) will be distributed to the Selling Shareholders on a pro-rata basis based on each Selling Shareholder's percentage ownership in the Offer Shares being sold. The Company will not receive any part of the net proceeds from the Offering. The Selling Shareholders shall bear all the fees, expenses and costs related to the Offering.

## 9. Capitalization And Indebtedness

Prior to the Offering, the Current Shareholders owned the entire share capital of the Company and, following the completion of the Offering, the Current Shareholders will collectively own 70% of the share capital of the Company.

The table below sets out the capitalization of the Company as derived from the audited financial statements for the financial years ended 31 December 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G respectively. The following table should be read in conjunction with the relevant Financial Statements, including the notes thereto, which are set out in Section 20 (“**Financial Statements and Independent Auditor’s Report**”) hereof.

**Table (9.1): Capitalization and Indebtedness of the Company**

SAR in 000s	31 Dec 2019G	31 Dec 2020G	31 Dec 2021G	Six Month Period Ended 30 June 2022G
Total loans	33,746	95,016	-	
<b>Property Rights</b>				
Share capital <sup>1</sup>	100,000	100,000	100,000	100,000
Proposed capital increase	-	-	-	600,000
Statutory reserve	50,000	50,000	50,000	50,000
Foreign currency translation reserve	30,340	33,726	37,875	40,345
Retained earnings	949,856	1,062,794	1,119,510	552,298
Total equity	1,069,515	1,179,068	1,231,635	1,261,953
<b>Total capitalization (Total loans + Total equity)</b>	<b>1,103,261</b>	<b>1,274,084</b>	<b>1,231,635</b>	<b>1,261,953</b>

Source: The Company, and financial information for financial years 2019G, 2020G, 2021G, which has been extracted from the comparative financial information contained in the financial statements for financial years 2019G, 2020G, and 2021G, and for the Six Month Period Ended 30 June 2022G, together with the notes thereto, in each case prepared in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia (IFRS-KSA) and other standards and pronouncements that are endorsed by SOCPA.

The Directors confirm that:

- As the date of this Prospectus, none of the Company’s share capital is under option.
- As the date of this Prospectus, the Company does not have any debt instruments.

They believe that its existing cash balances and cash flows will be sufficient to meet its anticipated cash needs for working capital and capital expenditure for at least 12 months following the date of this Prospectus, subject to no material adverse change affecting the Company’s business.



## 10. Experts' Statement

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As at the date hereof, the Advisors and Auditor listed on pages (v), (vi), (vii) and (viii) have given and not withdrawn their written consent to the publication of their names, addresses, logos and statements attributed to them in form and in text as contained in this Prospectus as presented herein. Neither they nor any of their employees (forming part of the team serving the Company), or relatives have any shareholding or interest of any kind in the Company or any of its subsidiaries as at the date of this Prospectus, which would impair their independence.

## 11. Declarations

The Directors declare the following:

1. The Offering does not constitute a breach of the relevant laws and regulations in Saudi Arabia.
2. The Offering does not constitute a breach of any contract/agreement entered into by the Issuer or its Subsidiaries.
3. All material legal issues concerning the Issuer or its Subsidiaries have been disclosed in the Prospectus.
4. The Issuer is not subject to any claims, or any type of legal proceedings that could individually or collectively have a material effect on its business or financial position.
5. The Directors of the Issuer are not subject to any claims or any type of legal proceedings that could individually or collectively have a material effect on the Issuer's business or financial position.
6. Except as described in Section 5.1 ("**Board Members and Secretary**") hereof, none of the members of the Board of Directors nor any member of the Senior Executives nor the Secretary nor any of their relatives nor dependents have a direct or indirect interest whatsoever in the Company's or its Subsidiaries' Shares, nor any interest in any other matter which may impact the Company's businesses.
7. Except as described in Section 5.7 ("**Conflict of Interest**") hereof, they do not themselves, nor do any of the Senior Executives, Secretary, or their relatives or affiliates, have any interest in any written or verbal contract or arrangement contemplated or expected to be conducted with the Company or its Subsidiaries.
8. Except as described in Section 12.8 ("**Related Party Transactions**") hereof, as at the date of this Prospectus, there is no conflict of interest related to the Directors with respect to contracts or transactions entered into with the Company.
9. All related parties transactions described in Section 12.8 ("**Related Party Transactions**") of this Prospectus have been carried out in a legal manner and on arm's length and fair commercial basis such as those that take place with other third parties.
10. As at the date of this Prospectus, there are no material contracts or transactions with related parties that have a significant impact on the Company's business, and the Company has no intention of entering into any new agreements with related parties, except as described in Section 12.8 ("**Related Party Transactions**") of this Prospectus.
11. Except as described in Section 4.7 ("**Overview of the Shareholders**") and Section 5.7 ("**Conflict of Interest**") of this Prospectus, neither they nor any of their relatives or affiliates have any Shares or interest of any kind in the Company or its Subsidiaries, until the date of this Prospectus.
12. The Company possesses the necessary regulations and policies needed to prepare the annual financial statements in conformity with full IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA, and within the deadlines set in the OSCOs. Furthermore, the Company possesses the necessary regulations and policies to prepare all the other financial and non-financial reports, as required by the OSCOs and within the timeframes set out in the OSCOs.
13. There are no material changes in the Issuer's accounting policies, as the Company has adopted the IFRS-KSA.
14. The Company, individually or jointly with its Subsidiaries, has sufficient working capital for at least 12 months immediately following the date of this Prospectus.
15. The Company has not issued any debt instruments, nor does it have any term loans or any other material outstanding borrowings or indebtedness (including bank overdrafts, liabilities under acceptance, acceptance credits or hire purchase commitments).
16. As at the date of this Prospectus, there is no intention to materially change the nature of the Company's business, and there has been no interruption in the business of the Company or that of its Subsidiaries that may significantly affect or have affected their financial position in the last 12 months.
17. No commissions, discounts, brokerages or other non-cash compensations were granted to any of the Directors by the Company or its Subsidiaries within the three years immediately preceding application for registration and offer of securities in connection with the issue or sale of any securities.
18. There has been no material adverse change in the financial or trading position of the Company or its Subsidiaries in the three years immediately preceding the date of filing the application for registration and offering of securities subject to this Prospectus, in addition to the period since the end of the period covered by the accountant's report and until the date of this Prospectus.
19. The internal control measures and regulations were soundly prepared by the Company to establish a written policy that regulates present or potential conflicts of interest, including the misuse of the Company's assets and misfeasance resulting from transactions with Related Parties. In addition, the Company has ensured safeguarding the security of financial and operational systems and the implementation of appropriate supervisory measures to manage the risks in accordance with Part Five (5) of the Corporate Governance Regulations. Furthermore, the Board shall conduct annual reviews of the Company' internal control measures.

20. The audited financial statements for the years ending on 2019G, 2020G, and 2021G and the Six Month Period Ended 30 June 2022G have been prepared in accordance with full IFRS-KSA, and with other standards and pronouncements that are endorsed by SOCPA. The financial data in this Prospectus has been extracted without any material deviation from the Financial Statements and are presented in a manner consistent with the Financial Statements.
21. None of the Directors or the CEO will vote on General Assembly resolutions that relate to any transaction or contract in which the Directors or the CEO have a direct or indirect interest.
22. The Directors have developed procedures, controls and systems that would enable the Company to meet all the requirements of the relevant laws and regulations, including Companies Law, Capital Market Law and its implementing regulations, Rules on the Offer of securities and Continuing Obligations and Listing Rules.
23. There is no pledge, mortgage or financial burden on any of the Company' assets.
24. As at the date of this Prospectus, the Company does not have any employee share schemes in place for its employees or any other arrangement involving the employees in the capital of the Company.
25. All employees of the Company are under its sponsorship.
26. Unless otherwise approved by the General Assembly, the Directors may not have a direct or indirect interest in the transactions and contracts entered into by the Company.
27. The Directors will notify the Board of any direct or indirect interest they may have in the transactions and contracts entered into by the Company, and this notification will be recorded in the minutes of the Board of Directors meeting.
28. No Shares of the Company are under option, as at the date of this Prospectus.
29. The Directors, Senior Executives and Board Secretary have not at any time been declared bankrupt or been subject to bankruptcy proceedings.
30. None of the companies in which any of the Directors, Senior Executives or Secretary was employed in a managerial or supervisory capacity, was declared insolvent or bankrupt during the past 5 years preceding the date of this Prospectus.
31. No powers exist giving any of the Directors the right to borrow money from the Company.

The Directors further declare complying with the provisions of Articles 71, 72, 73, 74 and 75 of the Companies Law and Article 46 of the Corporate Governance Regulations with respect to contracts with related parties as follows:

1. All transactions entered into by the Company with Related Parties shall be entered into on a commercial basis, and all works and contracts with Related Parties shall be subject to vote in meetings of the Board of Directors, and if required by the Law, the Ordinary General Assembly. Directors may not vote on any decision related to transactions or contracts with the Company in which they have a direct or indirect interest, whether in the Board of Directors or the Ordinary General Assembly in accordance with Article 71 of the Companies Law and Chapter Six (6) of Part Three (3) of the Corporate Governance Regulations.
2. As at the date of this Prospectus, the members of the Board of Directors have not participated, jointly or severally, in any activities similar or competitive with the activities of the Company. The Directors further undertake to fulfil this requirement in accordance with Article 72 of the Companies Law and Chapter Six (6) of Part Three (3) of the Corporate Governance Regulations.
3. The Directors shall obtain a loan from the Company, and the Company shall not guarantee any loan entered into by a Director.

In addition to the declarations described above, the Directors and the CEO declare that:

1. The Directors, Managing Director and the CEO shall not have the right to vote on decisions relating to their fees and remuneration.
2. The Directors and CEO may not vote on or propose a contract in which they have an interest in accordance with the relevant regulations.

The Directors also declare:

1. That the internal control, accounting and IT systems of the Company are sufficient and adequate.
2. This Prospectus contains all the information to be included under the OSCOs requirements, and does not omit any other fact that would have any impact on the registration application and the Offer.
3. Third party information and data included in this Prospectus, including the information obtained or derived from the market research conducted by the Market Consultant, is reliable and the Company has no reason to believe that such information is materially inaccurate.
4. That all terms and conditions that may affect the decisions of the Subscribers to invest in Offer Shares have been disclosed.
5. The direct and indirect legal and beneficial ownership of the shares in the Company as at the date of this Prospectus, belongs to those whose names appear in Table 4.2 ("**The Company's ownership structure pre and post-Offering**") of this Prospectus.
6. That all increases in the capital of the Company are in compliance with the laws and regulations applicable in Saudi Arabia.

7. The Company does not have any securities (contractual or otherwise) or any assets whose value is subject to fluctuation which would adversely and materially affect the evaluation of the financial position.
8. As at the date of this Prospectus, there are no mortgages, rights or encumbrances on the Company's properties.
9. Except as disclosed in Section 2 ("**Risk Factors**") hereof, the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (directly or indirectly) its operations.
10. Except as disclosed in Section 2 ("**Risk Factors**") hereof, the Company is not aware of any seasonal information or business cycles related to its business that would affect the Company's operations or financial position.
11. The Company has insurance policies with sufficient insurance coverage to carry out its activities. The Company renews its insurance policies regularly, to ensure continued insurance coverage and it took all reasonable security measures as per applicable industry practices.
12. All agreements which the Company considers to be material or important or which have an impact on a Subscriber's decision to invest in the Offer Shares have been disclosed. There are no other material agreements or contracts that have not been disclosed.
13. Except as disclosed in Section 2 ("**Risk Factors**") hereof, and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares.
14. Except as disclosed in Section 2.1.5 ("**Risks associated with permits, licenses and approvals necessary for the Company's business**") and Section 12.5 ("**Governmental Approvals, Licenses and Certificates**") hereof, as at the date of this Prospectus, the Company has obtained all necessary licenses and permits to carry out its business activities.
15. The Company is not a party to any litigation, claims, lawsuits or current investigations that could materially affect its business operations or financial position, except as disclosed in Section 12.12 ("**Litigation**") of this Prospectus.
16. The audited financial statements for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, together with the notes thereto, have been prepared in accordance with full IFRS-KSA, and with other standards and pronouncements that are endorsed by SOCPA. No material amendments have been made thereto except for financial and statistical information which have been subject to rounding.
17. All necessary approvals have been obtained from to offer 30% of the Company shares in order for the Company to be a public joint-stock company.
18. The Company is in compliance with all terms and conditions under the agreements with lenders granting loans, facilities and financing.
19. As at the date of this Prospectus, there is no breach of the contractual terms and conditions under the agreements with lenders for all loans, facilities and financing, and the Company is committed to all those terms and conditions.
20. The Company has submitted and will submit to the CMA all the documents required by the Capital Market Law and the Rules for Offering Securities and Continuing Obligations.
21. The Directors undertake that:
  - They shall record all Board of Directors resolutions by means of written minutes of meetings, which shall be signed by the Directors.
  - They shall disclose the details of any Related Party transactions in accordance with the Companies Law, the Corporate Governance Regulations and the Capital Market regulations.
  - They shall comply with the provisions of Articles 71, 72 and 73 of the Companies Law and Chapter 6 of Part 3 of the Corporate Governance Regulations.

## 12. Legal Information

### 12.1 Declarations Related to Legal Information

The Board of Directors declare that:

- The Offering does not violate the applicable laws and regulations in the Kingdom.
- The Offering does not prejudice any contracts or agreements to which the Company is a party.
- All material legal information relating to the Company has been disclosed in the Prospectus.
- The Company and its subsidiaries are not involved in any legal proceedings that may, individually or collectively, have a material effect on the business of the Company or its subsidiaries or the financial position of the Company.
- The Directors are not subject to any lawsuits or legal proceedings that may, individually or collectively, have a material effect on the business of the Company or its subsidiaries or the financial position of the Company.
- Except as disclosed in Section 5.8 (“**Direct and Indirect interest of the Board of Directors, the Secretary of the Board of Directors and the Executive Management**”) of this prospectus, the members of the Board and Executive Management declare that they have not been involved, individually or collectively, in any activities that are similar to, or competing with, the Company’s or its subsidiaries’, and pledge to abide by the requirements of the Companies Law.

### 12.2 The Company

Jamjoom Pharmaceuticals Factory Company is a closed joint-stock company established under commercial registration no. 4030154596 dated 18/02/1426H (corresponding to 28/03/2005G), and pursuant to ministerial resolution no. 202/S issued from Jeddah, Saudi Arabia, dated 19/08/1435H (corresponding to 17/06/2014G) approving its conversion into a joint-stock company. The Company’s head office is located, as in the Commercial Register, at the industrial zone, phase five, block 3 MI, Jeddah, P.O. Box 17129 (Postal Code 21442). The current fully paid up share capital of the Company is seven hundred million SAR (700,000,000), divided into seventy million (70,000,000) Ordinary Shares with a nominal value of SAR 10 per share, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash. Its main activities, as indicated in its commercial registration certificate, include manufacture of medical laboratory reagents and pharmaceutical products for human use. For further details, please refer to Section 4.1 (“**Overview of the Company and its Business Activities**”).

### 12.3 Company’s Ownership Structure

The following table shows the Company’s shareholding structure before and after the Offering.

**Table (12.1): Company’s Ownership Structure Before and After the Offering**

Shareholder	Pre-Offering			Post-Offering		
	No. of Shares	Par Value (SAR)	Ownership (%)	No. of Shares	Par Value (SAR)	Ownership (%)
Yousuf Mohammed Salah Abdulaziz Jamjoom	41,650,000	416,500,000	59.50%	29,155,000	291,550,000	41.65%
Mahmoud Yousuf Mohammed Salah Jamjoom	5,600,000	56,000,000	8.00%	3,920,000	39,200,000	5.60%
Walid Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Mohammed Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Ahmed Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Alaa Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Sanaa Yousuf Mohammed Salah Jamjoom	4,550,000	45,500,000	6.50%	3,185,000	31,850,000	4.55%
Public	-	-	-	21,000,000	210,000,000	30%
<b>Total</b>	<b>70,000,000</b>	<b>700,000,000</b>	<b>100.00%</b>	<b>70,000,000</b>	<b>700,000,000</b>	<b>100%</b>

Source: The Company

Details regarding the ownership of each founding shareholder are provided in Section 4.7 (“**Overview of the Shareholders**”) of this Prospectus.

## 12.4 Subsidiaries

The Company holds direct and indirect ownership interests in three subsidiaries in Egypt. During the FY 2021G, the subsidiaries in Egypt have generated approximately 9.1% of the Company's total revenue for the financial year 2021G. Additionally, it should be noted that the Company has a subsidiary in Turkey that is currently being liquidated, which is known as Jamjoom Pharmaceutical Industry and Commerce Company Limited.

The following is a summary of the direct and indirect shares owned by the Company in its active subsidiaries during FY21G, which have generated approximately 9.1% of the Company's total revenue for the FY21G.

**Table (12.2): List of Subsidiaries**

	Name of the Subsidiary	Country of Incorporation	Direct Interest (%)	Indirect Interest (%)
1	Al Jamjoom Pharma for Pharmaceutical Industries	Cairo, Egypt	99.94%	0.06%
2	Jamjoom Pharma Limited	Cairo, Egypt	-	99.9%
3	Al Jamjoom Pharma for Commercial Agencies	Cairo, Egypt	-	99.9%

Source: The Company

For more details on the subsidiaries and their ownership, please see Section 4.8 ("Subsidiaries") of this Prospectus.

## 12.5 Governmental Approvals, Licenses and Certificates

The Company and its subsidiaries (including all branches thereof) obtained a number of legal and operational licenses and certificates from the competent authorities. Such licenses and certificates are periodically renewed. The Board Members declare that the Company has obtained all such licenses and approvals as necessary for practicing its activities. The following tables show the current licenses and certificates obtained by the Company or its subsidiaries as at the date of this Prospectus.

**Table (12.3): Details of Commercial Registration Certificates Obtained by the Company and its Subsidiaries**

5No.	Company	Type of Legal Entity	Location	Commercial Registration	Registration Date	Expiration Date
1	Jamjoom Pharmaceuticals Factory Company	Closed Joint Stock Company	Jeddah, Saudi Arabia	4030154596	18/02/1426H (corresponding to 28 March 2005G)	01/11/1445H (corresponding to 9 May 2024G)
2	Al Jamjoom Pharma for Pharmaceutical Industries	Joint Stock Company	Cairo, Egypt	29843	26 July 2018G	20 January 2033G
3	Jamjoom Pharma Limited	Limited Liability Company	Cairo, Egypt	60878	1 October 2012G	30 September 2027G
4	Al Jamjoom Pharma for Commercial Agencies	Limited Liability Company	Cairo, Egypt	166694	31 May 2021G	30 May 2026G

Source: The Company

**Table (12.4): Details of Commercial Registration Certificates of the Company's branches\***

No.	Company	Location	Commercial Registration	Registration Date	Expiration Date
1	Jamjoom Pharma Academy Training Institute	Jeddah, Saudi Arabia	4030318590	25/04/1440H (corresponding to 1 January 2019G)	25/04/1445H (corresponding to 9 November 2023G)
2	Jamjoom Pharmaceuticals Factory Company Branch	Jeddah, Saudi Arabia	4030416562	13/10/1442H (corresponding to 25 May 2021G)	13/10/1447H (corresponding to 1 April 2026G)
3	Jamjoom Pharmaceuticals Factory Company Branch	Riyadh, Saudi Arabia	1010283686	23/03/1431H (corresponding to 20 November 2019G)	09/03/1445H (corresponding to 24 September 2023G)
4	Jamjoom Pharmaceuticals Factory Company (Qassim)	Qassim, Saudi Arabia	113132367	28/02/1444H (corresponding to 24 September 2022G)	28/02/1445H (corresponding to 13 September 2023G)
5	Jamjoom Pharmaceuticals Factory Company Branch*	Al Khobar, Saudi Arabia	-	-	-
6	Jamjoom Pharmaceuticals Factory Company Branch*	Khamis Mushait, Saudi Arabia	-	-	-
7	Jamjoom Pharmaceuticals Factory Company Branch*	Al Ehsaa, Saudi Arabia	-	-	-
8	Jamjoom Pharmaceuticals Factory Company Branch*	Jizan, Saudi Arabia	-	-	-
9	Jamjoom Pharmaceuticals Factory Company Branch*	Makkah Al Mukaramma, Saudi Arabia	-	-	-
10	Jamjoom Pharmaceuticals Factory Company Branch*	Al Madinah Al Munawwarah, Saudi Arabia	-	-	-

Source: The Company

\* The Company is in the process of obtaining the commercial registration certificates for these branches.

**Table (12.5): Details of scientific offices licenses**

No.	Issuing Authority	Location	License Number	Issuance Date	Expiry Date
1	Saudi Food and Drug Authority	Riyadh, Saudi Arabia	SO-2021-DR-0029	3 August 2021G	28 July 2026G
2	Ministry of Trade and Industry	Cairo, Egypt	400000022	15 August 2021G	14 August 2026G

Source: The Company

**Table (12.6): Details of the statutory licenses of the Company's facilities**

No.	Type of License	License Number	Issuance Date	Expiry Date	Issuer
1	Industrial Facility License	411102103246	07/07/1441H (corresponding to 2 March 2020G)	06/07/1444H (corresponding to 28 January 2023G)	Ministry of Industry and Mineral Resources
2	Industrial Facility License	431102117577	05/08/1443H (corresponding to 8 March 2022G)	19/10/1444H (corresponding to 9 May 2023G)	Ministry of Industry and Mineral Resources
3	Pharmaceutical Products Factory License	01-02-00003	24/06/1441H (corresponding to 18 February 2020G)	24/06/1446H (corresponding to 25 December 2024G)	Saudi Food and Drug Authority
4	Good Manufacturing Practice (GMP)	-	19 October 2020G	19 October 2023G	Saudi Food and Drug Authority
5	Operation Permit	587144262020015536	01/07/1443H (corresponding to 2 February 2022G)	01/07/1443H (corresponding to 8 February 2023G)	Saudi Authority for Industrial Cities and Technology Zones

Source: The Company

**Table (12.7): Details of the certificates of membership in the chamber of commerce obtained by the Company**

The Company	Issue	Membership Number	Issuance Date	Expiry Date
Jamjoom Pharmaceuticals Factory Company	Jeddah Chamber	7001491492	20/02/1426H (corresponding to 30 March 2005G)	01/11/1445H (corresponding to 9 May 2024G)

Source: The Company

**Table (12.8): Details of municipality licenses obtained by the Company's branches\***

No.	Type of License	Location	License Number	Issuance Date	Expiry Date
1	Jamjoom Pharma Academy Training Institute	Jeddah, Saudi Arabia	-	-	-
2	Jamjoom Pharmaceuticals Factory Company Branch	Jeddah, Saudi Arabia	-	-	-
3	Jamjoom Pharmaceuticals Factory Company Branch	Riyadh, Saudi Arabia	-	-	-
4	Jamjoom Pharmaceuticals Factory Company	Qassim, Saudi Arabia	-	-	-
5	Jamjoom Pharmaceuticals Factory Company Branch	Al Khobar, Saudi Arabia	-	-	-
6	Jamjoom Pharmaceuticals Factory Company Branch (Khamis Mushait)	Khamis Mushait, Saudi Arabia	-	-	-
7	Jamjoom Pharmaceuticals Factory Company Branch	Al Ehsaa, Saudi Arabia	-	-	-
8	Jamjoom Pharmaceuticals Factory Company Branch	Jizan, Saudi Arabia	-	-	-
9	Jamjoom Pharmaceuticals Factory Company Branch (Makkah Al Mukaramma)	Makkah Al Mukaramma, Saudi Arabia	-	-	-
10	Jamjoom Pharmaceuticals Factory Company Branch (	Al Madinah Al Munawwarah, Saudi Arabia	-	-	-

Source: The Company

\* The Company is in the process of obtaining the municipality licenses for its branches.

**Table (12.9): Details of civil defence permits obtained by the Company's branches\***

No.	Company	License No.	Issuance Date	Expiration Date
1	Jamjoom Pharma Academy Training Institute	-	-	-
2	Jamjoom Pharmaceuticals Factory Company Branch (Jeddah)	-	-	-
3	Jamjoom Pharmaceuticals Factory Company Branch (Riyadh)	-	-	-
4	Jamjoom Pharmaceuticals Factory Company (Qassim)	-	-	-
5	Jamjoom Pharmaceuticals Factory Company Branch (Al Khobar)	-	-	-
6	Jamjoom Pharmaceuticals Factory Company Branch (Khamis Mushait)	-	-	-
7	Jamjoom Pharmaceuticals Factory Company Branch (Al Ehsaa)	-	-	-
8	Jamjoom Pharmaceuticals Factory Company Branch (Jizan)	-	-	-
9	Jamjoom Pharmaceuticals Factory Company Branch (Makkah)	-	-	-
10	Jamjoom Pharmaceuticals Factory Company Branch (Al Madinah Al Munawwarah)	-	-	-

Source: The Company

\* The Company is in the process of obtaining the civil defence permits for its branches.



**Table (12.10): Details of Environmental, Safety and Health licenses obtained by the Company**

No.	Company	Location	Issuer	License Number	Issuance Date	Expiry Date
1	Jamjoom Pharmaceuticals Factory Company	Jeddah, Saudi Arabia	National Center for Environmental Compliance	3178	08/02/1443H (corresponding to 15 September 2021G)	04/01/1446H (corresponding to 10 July 2024G)

Source: The Company

**Table (12.11): Details of training and educational licenses for the Academy**

No.	Company	Location	Issuer	License Number	Issuance Date	Expiry Date
1	Jamjoom Pharma Academy Training Institute	Jeddah, Saudi Arabia	Saudi Commission for Health Specialties	1/20231	29/10/1442H (corresponding to 10 June 2021G)	29/10/1447H (corresponding to 17 April 2026G)

Source: The Company

**Table (12.12): Details of the SFDA Registration Certificates for the Company's Key Products**

No.	Product's Trade Name	Certificate Number	Issuance Date
1	Acretin 0.05% Cream	2021/90	8 February 2021G
2	Azi-Once 250mg CAP	2018/404	29 July 2018G
3	Brimo Ophthalmic Solution 0.2%	2021/551	18 August 2021G
4	Dompy 10mg Tablet	2019/604	22 August 2019G
5	Duracan	0000015561	27 March 2022G
6	Elica*	0000013830	21 November 2021G
7	Elica-M	0000013828	21 November 2021G
8	Fluca Ophthalmic Susp	2013/378	15 June 2022G
9	Fusibact-B Cream	2019/373	19 May 2019G
10	HyFresh	0000012447	25 October 2021G
11	HyFresh Eye Gel UD	2018/157	13 March 2018G
12	JP Omega 3 Softgel Capsules	2019/121	9 July 2019G
13	JP Vitamin D3	2021/014	24 July 1442H
14	Olopat	0000009145	8 January 2021G
15	Optidex-T Sterile Ophthalmic Susp	2014/127	15 June 2022G
16	Prima D3 50000IU Softgel Capsule	2018/514	2 September 2018G
17	Relaxon CAP	2019/601	22 August 2019G
18	Tymer 0.3% Ophthalmic Solution	2020/24	6 January 2020G
19	Xolamol	0000011165	10 August 2021G
20	Zoron 4mg Tablet	2017/733	26 December 2017G

Source: The Company

\* Company is currently in the process of renewing the registration certificate for Elica.

## 12.6 Material Agreements

The Company has entered into a number of material agreements and contracts with multiple parties. This section sets out summaries of agreements and contracts which may, in the knowledge of the Board, be material and significant with respect to the Company's business and its subsidiaries, or which may impact the investors' decision to subscribe for the Offer Shares. The summaries of agreements and contracts referred to below do not include all terms and conditions and cannot be considered a substitute for the terms and conditions of these agreements, but the summaries include the terms and conditions that may be material or important in relation with the Company's business or may affect the investor's decision to subscribe to the Offer Shares.

### 12.6.1 Key Distribution Agreements

As of 30 June 2022G, the Company has ten Key Distributors (in terms of total revenue) that specialize in the distribution of the Company's products in the Kingdom and abroad. The contracts entered into between the Company and the Key Distributors accounted for approximately 69.2%, 86.0%, 81.3% and 89.5% of the Company's total income for the financial years 2019, 2020, 2021 and the Six Month Period Ended 30 June 2022G respectively.

The Company negotiates the terms of the transaction with the key distributors and concludes the contracts with each one upon agreement.

The tables below summarize the main provisions of the contracts made with the key distributors:

**Table (12.13): Non-Exclusive Distributor Agreement entered into between the Company and Jamjoom Medicine Store on 1 April 2018G and as amended by the addendum dated 7 August 2022G**

<b>Term</b>	Three Gregorian years starting from 7 August 2022G
<b>Product Categories</b>	Dermatology products
<b>Payment Terms</b>	Payment to be made within 90 days from the date of receipt of the invoice by the distributor to the Company.
<b>Renewal</b>	Automatic renewal for similar periods unless terminated by the Company or Jamjoom Medicine Store giving not less than six months prior written notice.
<b>Termination Rights</b>	<ul style="list-style-type: none"> <li>- The agreement can be terminated by either party giving six month's previous notice in writing before its expiry date.</li> <li>- The Company may immediately terminate the agreement if either party or any of its affiliates commits fraud or criminal offence, maintains false or misleading books or records, submits false or misleading reports to the other party, breaches its obligations with respect to confidential information, breaches any covenant or representation or warranty of the agreement.</li> <li>- The Company may immediately terminate the agreement (1) if either party becomes or is declared bankrupt or has a receiver appointed over a substantial part of its assets, enters into an arrangement with its creditors in order to avoid insolvency or suffers any other similar act; or (2) if either party fails to pay any amounts due and payable under the agreement and does not correct such failure within 30 days after the other party delivers a written notice of such failure; or (3) if either party breaches any covenant or representation or warranty of the agreement and does not cure such breach or failure within any cure period specified in the agreement.</li> </ul>
<b>Rights of Return</b>	<ul style="list-style-type: none"> <li>- The Company is required to withdraw and replace expired products.</li> <li>- If the Company withdraws a product from scope of the agreement, the Company shall purchase the remaining stock of such products from Jamjoom Medicine Store at Ex-Factory prices.</li> <li>- If the agreement is terminated by the Company, the unsold stocks shall be taken over and reimbursed by the Company at Ex-Factory price plus a margin if all the outstanding dues have already been paid for such products</li> </ul>

Source: The Company

**Table (12.14): Non-Exclusive Distributor Agreement entered into by and between the Company and Farouk, Maamoun, Tamer Company on 1 May 2018G and as amended by the addendum dated 3 October 2020G**

<b>Term</b>	Three years starting from 1 May 2018G
<b>Product Categories</b>	Ophthalmic and Central Nerves System products
<b>Payment Terms</b>	Payment to be made within 90 days from the date of receipt of the invoice by Farouk, Maamoun, Tamer and Company from the Company
<b>Renewal</b>	Automatic renewal for similar periods unless terminated by either party by providing not less than six months prior written notice to the other party prior to the end of either term or any renewed term.
<b>Termination Rights</b>	<ul style="list-style-type: none"> <li>- The agreement can be terminated by either party by providing not less than six months' prior written notice to the other party prior to the end of either term or any renewed period.</li> <li>- Either party may terminate the agreement by giving reasonable prior written notice to the other party if either party or any of its affiliates commits fraud or criminal offence, maintains false or misleading books or records, submits false or misleading reports to the other party, breaches its obligations with respect to confidential information or breaches any covenant or representation or warranty of the agreement.</li> <li>- Either party may terminate the agreement by giving reasonable prior written notice to the other party if either party is declared bankrupt or has a receiver appointed over a substantial part of its assets, enters into an arrangement with its creditors in order to avoid insolvency or suffers any other similar act, fails to pay any amounts due and payable under the agreement and does not correct such failure within 30 days after the other party delivers a written notice of such failure or breaches any provision of, or fails to fulfil any other obligation under, the agreement and does not cure such breach or failure within any cure period specified in the agreement.</li> <li>- The agreement may be terminated in case of change of ownership in either party</li> </ul>
<b>Rights of Return</b>	<ul style="list-style-type: none"> <li>- In case the Company deletes from its active promotional line products handled by Farouk, Maamoun, Tamer and Company, the Company shall repurchase Farouk, Maamoun, Tamer and Company's inventory at Ex-factory price/invoice value plus a margin.</li> <li>- The Company is required to withdraw and replace expired products.</li> <li>- If the agreement is terminated by either party, the Company shall repurchase all stocks at hand at Ex-Factory price paid plus a margin.</li> </ul>

Source: The Company

**Table (12.15): Distributor Agreement entered into by and between the Company and Meena Health Care<sup>11</sup>**

<b>Term</b>	Three years from signing the agreement
<b>Product Categories</b>	Pharmaceutical products of the Company
<b>Payment Terms</b>	<ul style="list-style-type: none"> <li>- Payment shall be made before product's shipment by direct bank transfers or by an irrevocable 90 days letter of credit from a reputable bank approved by the Company at enough time prior to the requested shipment date.</li> <li>- In case of tenders, the payment shall be made by letter of credit arranged in accordance with the agreed price and delivery terms.</li> </ul>
<b>Renewal</b>	Renewed in writing for another period unless either party terminates giving three months written notice prior to termination date
<b>Termination Rights</b>	Either party may terminate the agreement by giving three months written notice prior to termination date
<b>Rights of Return</b>	If the agreement is terminated by the Company, the remaining stock held unsold by Meena Health Care shall be taken over or reimbursed by the Company at agreed invoice cost.

Source: The Company

<sup>11</sup> The agreement between the Company and Meena Health Care is not dated.

**Table (12.16): Distributor Agreement entered into by and between the Company and Alaq Al-Mamorah Scientific Bureau<sup>12</sup>**

<b>Term</b>	One year from signing the agreement
<b>Product Categories</b>	The list of products referred to in the agreement is not attached thereto.
<b>Payment Terms</b>	Payment shall be made before product's shipment by direct bank transfers or by a 90 days confirmed irrevocable letter of credit from a reputable bank approved by the Company established timely to meet the desired shipment date.
<b>Renewal</b>	Renewed if approved by the Company in writing.
<b>Termination Rights</b>	<ul style="list-style-type: none"> <li>- Either party may terminate the agreement by giving three months written notice prior to termination date.</li> <li>- The Company is entitled to terminate the agreement giving the termination notice three months or less if Alaq Al-Mamorah Scientific Bureau or of its affiliates commits fraud or criminal offence, maintains false books or records, submits false reports to the Company, breaches any of the Company's confidential information or contest the Company's ownership right to any of the trade marks.</li> <li>- The Company is entitled to terminate the agreement giving the termination notice three months or less if Alaq Al-Mamorah Scientific Bureau fails to distribute products in accordance with the agreed plan and applicable laws or regulations or supplies products outside the designated territory, is declared bankrupt or has a receiver appointed over a substantial part of its assets, fails to pay any amounts due and payable under the agreement and does not correct such failure within ten days after the Company delivers written notice of such failure, breaches any provision of, fails to fulfil any other obligation under, the agreement and does not cure such breach or failure within ten days or fails to fulfil any other obligation under the agreement and does not cure such breach or failure within any cure period specified in the agreement or if not specified within 30 days of notice to Alaq Al-Mamorah Scientific Bureau.</li> <li>- The Company is entitled to terminate the agreement giving the termination notice three months or less if there is a change of ownership or change of management control of Alaq Al-Mamorah Scientific Bureau.</li> </ul>
<b>Rights of Return</b>	If the agreement is terminated by the Company, the remaining stock held unsold by Meena Health Care shall be taken over or reimbursed by the Company at agreed invoice cost.

Source: The Company

**Table (12.17): Non- Exclusive Distributor Agreement entered into by and between the Company and Unicare Medical Trading LLC on 15 July 2020G as amended by Amendment no 1 dated 15 December 2021G**

<b>Term</b>	Five years starting from 15 July 2020G
<b>Product Categories</b>	Pharmaceutical, nutraceutical and cosmeceutical products
<b>Payment Terms</b>	<ul style="list-style-type: none"> <li>- Payment shall be made with 90 days confirmed irrevocable letter of credit from a reputable bank approved by the Company established to meet the desired shipment date.</li> <li>- In case of tenders, payments shall be made by irrevocable letter of credit of six months.</li> </ul>
<b>Renewal</b>	The agreement is renewed automatically unless either party gives prior written notice at least six months before expiry of the renewal period.
<b>Termination Rights</b>	<ul style="list-style-type: none"> <li>- Each party may immediately terminate the agreement if in relation to the agreement if either party or any of its affiliates commits fraud or criminal offence, maintains false or misleading books or records, submits false or misleading reports to the other party, breaches its obligations with respect to confidential information, breaches any material covenant or representation or warranty of the agreement provided that any of these acts are recognized by a final court decision not being subject to appeal.</li> <li>- Each party may immediately terminate the agreement, if in relation to the agreement, if either party becomes or is declared bankrupt or has a receiver appointed over a substantial part of its assets, enters into an arrangement with its creditors in order to avoid insolvency or suffers any other similar act or event or if the either party fails to pay any amounts due and payable under the agreement and does not correct such failure with 90 days after delivery of a written notice of such failure.</li> </ul>
<b>Rights of Return</b>	If the agreement is terminated or not renewed the remaining stock held unsold by Unicare Medical Trading LLC shall be taken over or reimbursed at an invoiced cost and the actual cost of such charges as paid.

Source: The Company

<sup>12</sup> The agreement between the Company and Alaq Al-Momarah Scientific Bureau is not dated.

**Table (12.18): Distributor Agreement entered into by and between the Company and Mohammed N. Al-Hajery & Sons LTD on 11 November 2013G**

<b>Term</b>	Five years starting from 11 November 2013G
<b>Product Categories</b>	Ophthalmology, dermatology, cardiovascular, general medicine, gastro-intestinal tract products and cosmeceuticals
<b>Payment Terms</b>	Payment shall be made by direct bank transfers before goods shipment or by a 90 days confirmed irrevocable letter of credit from a reputable bank approved by the Company established timely to meet the desired shipment date. In case of tenders, the payment shall be made by letter of credit arranged in accordance with the agreed price and delivery terms
<b>Renewal</b>	The agreement is renewed automatically for another period unless either party terminates gives prior written notice at least three months prior to termination date.
<b>Termination Rights</b>	N/A
<b>Rights of Return</b>	If the agreement is terminated by the Company, the remaining stock held unsold by Mohammed N. Al-Hajery & Sons LTD shall be taken over or reimbursed by the Company at agreed invoice cost. The Company has to replace the expired unsold goods at Mohammed N. Al-Hajery & Sons LTD's warehouse.

Source: The Company

**Table (12.19): Sole Distributor Agreement entered into by and between the Company and Ibn Sina Pharmacy L.L.C**

<b>Term</b>	Three years from signing (the agreement is not dated)
<b>Product Categories</b>	Eye and skincare products
<b>Payment Terms</b>	Outstanding invoices to be settled within 90 days of its issuance.
<b>Renewal</b>	Automatic Renewal for a similar period until terminated by either party given six months previous notice in writing before its expiry date.
<b>Termination Rights</b>	N/A
<b>Rights of Return</b>	If the Agreement is terminated by the Company, the remaining stock held unsold by Ibn Sina Pharmacy L.L.C shall be taken over or reimbursed by the Company at cost. Expired products not covered under special deals with pharmacies, will be withdrawn and replaced by the Company

Source: The Company

**Table (12.20): Distribution and Promotion Agreement entered into by and between the Company and Bait Al Dawa Scientific Bureau on 1 December 2018G**

<b>Term</b>	Three years from 10/10/2018G
<b>Product Categories</b>	Pharmaceutical products
<b>Payment Terms</b>	Payment shall be made by a 90 days confirmed irrevocable letter of credit from a reputable bank approved by the Company.
<b>Renewal</b>	The parties may renew the agreement by mutual agreement in writing.
<b>Termination Rights</b>	The agreement can be terminated by either party giving three months' prior notice in writing before the expiry date. The Company may terminate the agreement if Bait Al Dawa Scientific Bureau or any of its subsidiaries breaches its obligations with regard to the confidential information of the company or breaches any covenant, representation or warranty under the agreement. In the event that Bait Al Dawa Scientific Bureau becomes or declared bankrupt or has a receiver appointed over all or a substantial part of its assets, enters into an arrangement with its creditors in order to avoid insolvency or suffers any other similar act or event. In the event that Bait Al Dawa Scientific Bureau fails to pay amounts due and payable under the agreement and does not correct such failure within thirty(30) days after the Company delivers written notice of such failure. In the event that Bait Al Dawa Scientific Bureau breaches any provision of, or fails to fulfil any other obligation under, the agreement and does not cure such breach or failure within any cure period specified in the agreement of, if not specified, within thirty (30) days of notice thereof to the Company. The agreement can be terminated in case of change of ownership in either party.
<b>Rights of Return</b>	Upon termination of the agreement, Bait Al Dawa Scientific Bureau shall return all marketing and promotional materials to the Company or any person authorized by the Company.

Source: The Company

**Table (12.21): Distribution Agreement entered into by and between the Company and Ibn Sina Pharma Company on 19 October 2017G**

<b>Term</b>	One year from 1 March 2021G
<b>Product Categories</b>	Pharmaceutical products.
<b>Payment Terms</b>	Payment shall be made during 45 days after receiving the shipment.
<b>Renewal</b>	Automatic Renewal unless either party notifies the other of their desire not to renew at least 60 days before the expiration of the agreement's duration.
<b>Termination Rights</b>	N/A
<b>Rights of Return</b>	The Company has the right to return products that have a manufacturing defect or violate specifications.

Source: The Company

## Contracts entered into with or through the National Company for the Unified Procurement of Medicines, Devices and Medical Supplies (NUPCO).

The National Company for the Unified Procurement of Medicines, Devices and Medical Supplies ("NUPCO") is the largest company specializing in healthcare procurement, re-export, warehouse management and distribution of medicines, equipment and medical supplies in Saudi Arabia. The Company's relationship with NUPCO is governed by the terms of the tenders in which the Company chooses to participate.

NUPCO announces its tenders through its official website inviting various companies to receive the tender documents and submit their offers with the aim of supplying products to NUPCO or the government entities subject to the tender. Further to the submission of the financial offer by each company, NUPCO awards the contract to the winning bidder in accordance with the terms stipulated in the tender. Thereafter, the contract is signed either between the company and NUPCO or between the company and the government entity subject to the tender. It should be noted that the contracts concluded as a result of the tender generally include the following essential terms: the quantity of products to be delivered, their value, delivery terms, duration and terms of contract renewal.

### 12.6.2 Key Supply Agreements

As of 30 June 2022G, the Company has ten Key Suppliers (in terms of total purchase value) that supply the Company with multiple products. The value of the transactions with the Key Suppliers accounted for approximately 28.2%, 27.8%, 42.0% and 32.4% of the Company's total purchase for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. Additionally, the total value of the contracts concluded with the Key Suppliers amounted to SAR 113.7 million, SAR 192.5 million, 150.0 million and SAR 108.7 million for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively.

The Company negotiates with the Key Suppliers the quantity and price of the products. Upon agreement, the Company submits its orders to the Key Suppliers through purchase orders and e-mails that include certain terms and conditions. These purchase orders and e-mails are limited to the quantity of imported goods, the price, the date of arrival of goods and the payment method.

As of the date of this Prospectus, the Company has entered into formal supply contracts with eight Key Suppliers. As for the remaining Key Suppliers, the Company did not enter into formal supply contracts with them. (For further details, please refer to Section 2.1.1 ("Risks relating to the Company's supply chain") of this Prospectus).

It should be noted that, the following two Key Suppliers do not have signed contracts that include general conditions:

- Jubilant Generics.
- Dr.Reddy's Laboratories Ltd.

These two commercial arrangements are based on purchase orders and electronic messages and are limited to certain terms and conditions.

The table below summarizes the main provisions of the contracts made with the Key Suppliers:

**Table (12.22): The supply agreement entered into by and between the Company and Tegan Al Fateh Factory Co. Ltd (Jamjoom for Printing and Packaging) on 27 January 2021G**

<b>Term</b>	Five years from 27 January 2021G
<b>Product Categories</b>	Packaging material
<b>Payment Terms</b>	60 days from the date of receipt of consignment
<b>Renewal</b>	After the initial term, the agreement is automatically renewed for a period of two years.
<b>Termination Rights</b>	The agreement may be terminated before the expiry of the term by a 12 months written notice or by mutual agreement in the event any regulatory authorities have prohibited or restricted the manufacturing of the packaging material. Either party may terminate the agreement (i) in the event of material breach not remedied by the other party for 30 days after notice; (ii) in the event of material breach not capable of remedy; and (iii) in case of bankruptcy, insolvency or reorganization or appointment of a receiver or trustee for the other party.
<b>Rights of Return</b>	After inspection of the products, the Company has the right to reject any whole batch containing defective packaging material and Tegan Al Fateh Factory Co. Ltd. shall replace such batch as soon as possible but in no event later than thirty days after the Company has given notice of the defect.

Source: The Company

**Table (12.23): The supply agreement entered into by and between the Company and Contipro A.S. on 12 December 2018G as amended by Amendment no. 1 dated 25 November 2019G and Amendment no. 2 dated 16 November 2021G**

<b>Term</b>	Until 31 December 2024G.
<b>Product Categories</b>	Sodium Hyaluronate - pharmaceutical grade (Hyaluronic acid)
<b>Payment Terms</b>	Payment shall be made in advance against each order at the time determined by the proforma invoice
<b>Renewal</b>	Agreement is renewed by written agreement upon the expiry of the term.
<b>Termination Rights</b>	The agreement may be terminated before the expiry of the term in accordance with the "Terms". The term "Terms" is not defined in the agreement.
<b>Rights of Return</b>	N/A

Source: The Company

**Table (12.24): The supply agreement entered into by and between the Company and Jia Tian International Limited on 15 August 2022G**

<b>Term</b>	Five years from 15 August 2022G
<b>Product Categories</b>	Packaging material
<b>Payment Terms</b>	30 days from the date of confirmation of shipment to the specification.
<b>Renewal</b>	N/A
<b>Termination Rights</b>	The agreement may be terminated before the expiry of the term in the event that any regulatory authorities have prohibited or restricted the manufacturing of the packaging material. Either party may terminate the agreement (i) in the event of material breach not remedied by the other party for 30 days after notice; (ii) in the event of material breach not capable of remedy; and (iii) in case of bankruptcy, insolvency or reorganization or appointment of a receiver or trustee for the other party.
<b>Rights of Return</b>	After inspection of the products, the Company has the right to reject any whole batch containing defective packaging material by notifying the supplier within 30 days and Jia Tian International Limited shall replace such batch as soon as possible but in no event later than fifteen days after the Company has given notice of the defect.

Source: The Company

**Table (12.25): The supply agreement entered into by and between the Company and Syn-Tech Chem. & Pharm. Co. Limited on 1 June 2022G**

<b>Term</b>	Five years from 1 June 2022G
<b>Product Categories</b>	Active pharmaceutical ingredients
<b>Payment Terms</b>	Payment upon acceptance and receipt of the original invoice duly signed and stamped and any other documents required by the Company.
<b>Renewal</b>	N/A
<b>Termination Rights</b>	The agreement may be terminated before the expiry of the term in the event any regulatory authorities have prohibited or restricted the manufacturing of the Active pharmaceutical ingredients. Either party may terminate the agreement (i) in the event of material breach not remedied by the other party for 30 days after notice; (ii) in the event of material breach not capable of remedy; and (iii) in case of bankruptcy, insolvency or reorganization or appointment of a receiver or trustee for the other party.
<b>Rights of Return</b>	After inspection of the products, the Company has the right to reject any whole batch containing defective active pharmaceutical ingredients by notifying the supplier within thirty days and Syn-Tech Chem. & Pharm. Co. Limited shall replace such batch as soon as possible but in no event later than thirty days after the Company has given notice of the defect.

Source: The Company

**Table (12.26): The supply agreement entered into by and between the Company and International Printing Company on 1 April 2022G**

<b>Term</b>	Five years from 1 April 2022G
<b>Product Categories</b>	Packaging materials
<b>Payment Terms</b>	90 days from the date of confirmation of shipment to the specification.
<b>Renewal</b>	N/A
<b>Termination Rights</b>	The agreement may be terminated before the expiry of the term in the event any regulatory authorities have prohibited or restricted the manufacturing of the packaging material. Either party may terminate the agreement (i) in the event of material breach not remedied by the other party for 30 days after notice; (ii) in the event of material breach not capable of remedy; and (iii) in case of bankruptcy, insolvency or reorganization or appointment of a receiver or trustee for the other party.
<b>Rights of Return</b>	After inspection of the products, the Company has the right to reject any whole batch containing defective packaging materials by notifying the supplier within 30 days and International Printing Company shall replace such batch as soon as possible but in no event later than fifteen days after the Company has given notice of the defect.

Source: The Company

**Table (12.27): The supply agreement entered into by and between the Company and Mohannad Tabuk for Trading Est. on 1 April 2022G**

<b>Term</b>	Five years from 1 April 2022G
<b>Product Categories</b>	Packaging materials
<b>Payment Terms</b>	60 days from the date of confirmation of shipment to the specification.
<b>Renewal</b>	N/A
<b>Termination Rights</b>	The agreement may be terminated before the expiry of the term in the event any regulatory authorities have prohibited or restricted the manufacturing of the packaging material. Either party may terminate the agreement (i) in the event of material breach not remedied by the other party for 30 days after notice; (ii) in the event of material breach not capable of remedy; and (iii) in case of bankruptcy, insolvency or reorganization or appointment of a receiver or trustee for the other party.
<b>Rights of Return</b>	After inspection of the products, the Company has the right to reject any whole batch containing defective packaging materials by notifying the supplier within 30 days and Mohannad Tabuk for Trading Est. shall replace such batch as soon as possible but in no event later than fifteen days after the Company has given notice of the defect.

Source: The Company



**Table (12.28): The supply agreement entered into by and between the Company and CHEMIFINE DMCC on 20 June 2022G**

<b>Term</b>	Three years from 20 June 2022G
<b>Product Categories</b>	Active pharmaceutical ingredients
<b>Payment Terms</b>	60 days from the date of invoice.
<b>Renewal</b>	N/A
<b>Termination Rights</b>	The agreement may be terminated before the expiry of the term in the event any regulatory authorities have prohibited or restricted the manufacturing of the active pharmaceutical ingredients. Either party may terminate the agreement (i) in the event of material breach not remedied by the other party for 30 days after notice; (ii) in the event of material breach not capable of remedy; and (iii) in case of bankruptcy, insolvency or reorganization or appointment of a receiver or trustee for the other party.
<b>Rights of Return</b>	After inspection of the products, the Company has the right to reject any whole batch containing defective active pharmaceutical ingredients by notifying the supplier within 30 days. Additionally, in the case of hidden defects which cannot be identified during the visual inspection, the Company shall inform CHEMIFINE DMCC within seven days from the discovery of such defect.

Source: The Company

**Table (12.29): The supply agreement entered into by and between the Company and Ercros S. A. Limited on 1 June 2022G**

<b>Term</b>	Three years from 1 June 2022G
<b>Product Categories</b>	Active pharmaceutical ingredients
<b>Payment Terms</b>	Payment upon the acceptance and receipt of the original invoice duly signed and stamped and any other documents required by the Company.
<b>Renewal</b>	N/A
<b>Termination Rights</b>	The agreement may be terminated before the expiry of the term in the event any regulatory authorities have prohibited or restricted the manufacturing of the active pharmaceutical ingredients. Either party may terminate the agreement (i) in the event of material breach not remedied by the other party for 30 days after notice; (ii) in the event of material breach not capable of remedy; and (iii) in case of bankruptcy, insolvency or reorganization or appointment of a receiver or trustee for the other party.
<b>Rights of Return</b>	After inspection of the products, the Company has the right to reject any whole batch containing defective active pharmaceutical ingredients by notifying the supplier within 30 days and Ercros S. A. Limited shall replace such batch as soon as possible but in no event later than thirty days after the Company has given notice of the defect.

Source: The Company

## 12.6.3 Lease Contracts

### 12.6.3.1 Lease Contracts of the Company's Facilities

**Table (12.30): Facilities Lease Agreement**

No	The number of the total area (m2)	Location	Lessor	Commencement Date of Contract	Term of Contract
<b>Jeddah Main Facility</b>					
1	4,000 m2	Jeddah, Saudi Arabia	The Saudi Authority for Industrial Cities and Technology Zones	11/08/1432H (corresponding to 12 July 2011G)	20 years
2	5,671 m2	Jeddah, Saudi Arabia	The Saudi Authority for Industrial Cities and Technology Zones	15/03/1441H (corresponding to 12 November 2019G)	20 years
3	40,160 m2	Jeddah, Saudi Arabia	The Saudi Authority for Industrial Cities and Technology Zones	27/06/1436H (corresponding to 16 April 2015G)	16 years
<b>Jeddah Sterile Facility</b>					
4	7,502 m2	Jeddah, Saudi Arabia	The Saudi Authority for Industrial Cities and Technology Zones	26/12/1442H (corresponding to 5 August 2021G)	13 years
<b>Jamjoom Pharma Academy</b>					
5	2,020 m2	Jeddah, Saudi Arabia	The Saudi Authority for Industrial Cities and Technology Zones	13/06/1439H (corresponding to 01 March 2018G)	15 years

Source: The Company

### 12.6.3.2 Lease Agreements of the Company's Branches

**Table (12.31): Lease Agreements of the Company's Branches**

No.	Description of Leased Premises	Location	Lessor	Commencement Date	Duration	Termination Provisions	Renewal
1	Office	Jizan <sup>13</sup> , Saudi Arabia	Ibrahim Mohammed Abdu Abu Sharha	1 January 2021G	365 days	<p>Either party may terminate upon breach by the other party if the defaulting party has not fulfilled its obligations within fifteen (15) days of receiving notice of such breach from the harmed party.</p> <p>The lease automatically terminates upon the lessee's bankruptcy or insolvency.</p>	Renewable by mutual agreement between the parties by signing a new lease.
2	Office	Qassim, Saudi Arabia	Nawal Ali Abdulaziz AlSaid	01/04/2022G	1095 days	<p>Either party may terminate upon breach by the other party if the defaulting party has not fulfilled its obligations within fifteen (15) days of receiving notice of such breach from the harmed party.</p> <p>The lease automatically terminates upon the lessee's bankruptcy or insolvency.</p>	Renewable by mutual agreement between the parties by signing a new lease.

<sup>13</sup> Subject to renewal by the parties.

No.	Description of Leased Premises	Location	Lessor	Commencement Date	Duration	Termination Provisions	Renewal
3	Office	Makkah, Saudi Arabia	Abd Alghafour Ali Zain Habh	19 June 2020G	1095 days	<p>Either party may terminate upon breach by the other party if the defaulting party has not fulfilled its obligations within fifteen (15) days of receiving notice of such breach from the harmed party.</p> <p>The lease automatically terminates upon the lessee's bankruptcy or insolvency.</p>	Renewable by mutual agreement between the parties by signing a new lease.
4	Office	Al Ehsaa, Saudi Arabia	Hisham Bin Abdullatif Bin Hamad Aljabr	20 September 2021G	364 days	<p>Either party may terminate upon breach by the other party if the defaulting party has not fulfilled its obligations within fifteen (15) days of receiving notice of such breach from the harmed party.</p> <p>The lease automatically terminates upon the lessee's bankruptcy or insolvency.</p>	Renewable by mutual agreement between the parties by signing a new lease.

Source: The Company

## 12.7 Properties owned by the Company and its Subsidiaries

The table below sets out a summary of the properties owned by the Company and its Subsidiaries as at the date of this Prospectus:

**Table (12.32): Property owned by the Company and its Subsidiaries**

No.	Location	Title Deed No.	Title Deed Date	Owner (Commercial Registration No.)
1	Jeddah, the Kingdom of Saudi Arabia	398402000143	8/10/1443H (Corresponding to 9 May 2022G)	Jamjoom Pharmaceuticals Factory Company (commercial registration No. 4030154596)
2	Khamis Mushait, the Kingdom of Saudi Arabia	998402000142	8/10/1443H (Corresponding to 9 May 2022G)	Jamjoom Pharmaceuticals Factory Company (commercial registration No. 4030154596)
3	Jeddah, the Kingdom of Saudi Arabia	N/A (Old title deed)	N/A (Old title deed)	Jamjoom Pharmaceuticals Factory Company (commercial registration No. 4030154596)
4	Al Madinah Al Munawwarah, the Kingdom of Saudi Arabia	394377000141	22/10/1443H (Corresponding to 23 May 2022G)	Jamjoom Pharmaceuticals Factory Company (commercial registration No. 4030154596)
5	Jeddah, the Kingdom of Saudi Arabia	398402000144	14/10/1443H (Corresponding to 15 May 2022G)	Jamjoom Pharmaceuticals Factory Company (commercial registration No. 4030154596)
6	Riyadh, the Kingdom of Saudi Arabia	410114016232	1/3/1431H (Corresponding to 14 February 2010)	Jamjoom Pharmaceuticals Factory Company (commercial registration No. 4030154596)
7	Khobar, the Kingdom of Saudi Arabia	330208006620	7/3/1438H (Corresponding to 6 December 2016G)	Jamjoom Pharmaceuticals Factory Company (commercial registration No. 4030154596)
8	Cairo, Egypt*	-	-	Al Jamjoom Pharma for Pharmaceutical Industries (a Subsidiary of the Company in Egypt with commercial registration No. 29843)

Source: The Company

\* The Company does not currently hold a title to this land. The Company is in the process of applying for the title deed..

## 12.8 Related Party Transactions

The Directors confirm that none of the agreements with Related Parties described under this section contain preferential conditions, and have been concluded in accordance with laws and regulations on an arm's length basis. The Company's agreement with Jamjoom Medicine Store (branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company) previously contained certain terms relating to commissions and payment which, in the Company's view, did not reflect arm's length terms and accordingly the Company addressed this through an amendment to the terms of the agreement. Accordingly, the members of the Board of Directors have confirmed that following the amendment made on 7 August 2022G and the agreement does not include any preferential conditions and is considered to be on arm's length terms. Except as disclosed in this section of this Prospectus, the Directors confirm that the Company is not bound by any transactions, agreements, commercial relations or real estate transactions with a Related Party, including the Financial Advisors and the Legal Advisor in respect of the Offering.

Moreover, the Directors acknowledge their intention to comply with Articles 71 and 72 of the Companies Law and Article 46 of the Corporate Governance Regulations issued in relation to contracts with the Related Parties. The General Assembly has approved all dealings and contracts with related parties.

The total value of the transactions with Related Parties to the Company amounted to SAR 395.6 million, SAR 487.9 million, SAR 427.4 million and SAR 289.0 million for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. As it represents 54.1%, 60.6%, 58.1% and 59.9% of the Company's total revenue as at 31 December 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively.

As at the date of this Prospectus, all transactions and contracts with the Company's Related Parties for the financial year 2021G, have been approved at the Extra Ordinary General Assembly meeting that was held on 18/12/1443H (corresponding to 17/07/2022G) and in accordance with the requirements of Article 71 of the Companies' Law.

The following transactions are subject to formal contracts:

- **Non-Exclusive Distributor Agreement entered into between the Company and Jamjoom Medicine Store** (a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company) dated 1 April 2018G and as amended by the addendum dated 7 August 2022, for the distribution of the Company's products throughout Saudi Arabia. The following members of the Board of Directors are deemed to have an interest in this agreement; in which Yousuf Mohammed Salah Jamjoom has direct interest and which has a direct interest and Mohammed Yousuf Mohammed Salah Jamjoom, Ahmed Yousuf Mohammed Salah Jamjoom, Mahmoud Yousuf Mohammed Salah Jamjoom and Alaa Yousuf Mohammed Salah Jamjoom, each of whom have an indirect interest in Abdullatif Mohammed Salah Jamjoom and Brothers Company, For further details, please refer to Section 12.6.1 (**Key Distribution Agreements**) of this Prospectus.
- **Supply agreement entered into by and between the Company and Tegan Al Fateh Factory Co. Ltd (Jamjoom Printing Press)** for the purchase of cartons for packaging. The following members of the Board of Directors are deemed to have an interest in this agreement; Mohammed Yousuf Mohammed Salah Jamjoom, Ahmed Yousuf Mohammed Salah Jamjoom, Mahmoud Yousuf Mohammed Salah Jamjoom and Alaa Yousuf Mohammed Salah Jamjoom, each of whom have an indirect interests in Tegan Al Fateh Factory Co. Ltd (Jamjoom Printing Press), For further details, please refer to Section 12.6.2 (**Key Supply Agreements**) of this Prospectus.
- **Supply agreement entered into by and between the Company and Jamjoom Printing Press** to provide the Company with packaging materials. The following members of the Board of Directors are deemed to have a direct interest in this agreement; Yousuf Mohammed Salah Jamjoom and Ahmed Yousuf Mohammed Salah Jamjoom. Whereas, Mohammed Yousuf Mohammed Salah Jamjoom, Mahmoud Yousuf Mohammed Salah Jamjoom and Alaa Yousuf Mohammed Salah Jamjoom, each of whom have an indirect interests in Jamjoom Printing Press, For further details, please refer to Section 12.6.2 (**Key Supply Agreements**) of this Prospectus.

There are a number of Related Party transactions that have not been subject to official contracts between the Company and each of the following: Jamjoom General Agencies, Jeddah Trident Hotel, Dream Sky Travel Tourism Agency, Jafaar Mohammed Salah Jamjoom and Partner for Engineering Consulting and Hamza Mahmoud Yousuf Jamjoom Contracting Corporation. Given the nature of these transactions and in accordance with common market practice, the undocumented transactions are conducted on a purchase order basis. These undocumented related party transactions represent 2.7%, 0.8%, 1.9% and 1.1% of the total amount of transactions with related parties for the financial years 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively.

The following table shows the details of the Company's dealings (transactions) with the undocumented Related Parties Transactions.

**Table (12.33): Details of the Company's dealings (transactions) with the undocumented Related Parties Transactions**

Related Party	Nature of Transaction	Party of Interest	Transaction Value During the Financial Year ended 31 December (SAR)			Transaction Value During the Six Month Period Ended 30 June 2022G (SAR)
			2019G	2020G	2021G	
Jamjoom General Agencies	Supply of gifts for Brand Promotion	Yousuf Mohammed Salah Jamjoom				
		Mohammed Yousuf Mohammed Salah Jamjoom				
		Ahmed Yousuf Mohammed Salah Jamjoom	1,083,822	843,031	1,092,842	141,809
		Mahmoud Yousuf Mohammed Salah Jamjoom				
		Alaa Yousuf Mohammed Salah Jamjoom				
Jeddah Trident Hotel	Booking of Hotel Reservations	Yousuf Mohammed Salah Jamjoom				
		Mohammed Yousuf Mohammed Salah Jamjoom				
		Ahmed Yousuf Mohammed Salah Jamjoom	155,744	223,097	862,532	56,129
		Mahmoud Yousuf Mohammed Salah Jamjoom				
		Alaa Yousuf Mohammed Salah Jamjoom				
Dream Sky Travel and Tourism Agency	Travel reservations	Yousuf Mohammed Salah Jamjoom				
		Mohammed Yousuf Mohammed Salah Jamjoom				
		Ahmed Yousuf Mohammed Salah Jamjoom	7,687,641	888,063	4,667,006	2,310,050
		Mahmoud Yousuf Mohammed Salah Jamjoom				
		Alaa Yousuf Mohammed Salah Jamjoom				
Jafaar Mohammed Salah Jamjoom and Partner for Engineering Consulting.	Professional Services for Construction	Yousuf Mohammed Salah Jamjoom				
		Mohammed Yousuf Mohammed Salah Jamjoom				
		Ahmed Yousuf Mohammed Salah Jamjoom	1,999,350	1,424,850	1,293,600	563,500
		Mahmoud Yousuf Mohammed Salah Jamjoom				
		Alaa Yousuf Mohammed Salah Jamjoom				
Hamza Mahmoud Yousuf Jamjoom Contracting Corporation	Construction Services	Yousuf Mohammed Salah Jamjoom				
		Mohammed Yousuf Mohammed Salah Jamjoom				
		Ahmed Yousuf Mohammed Salah Jamjoom	1,214	389,332	204,755	155,590
		Mahmoud Yousuf Mohammed Salah Jamjoom				
		Alaa Yousuf Mohammed Salah Jamjoom				

Source: The Company

## 12.9 Credit Facilities and Loans

**Table (12.34): Loan agreement number 4908, between the Saudi Industrial Development Fund (SIDF) and the Company, dated 04/09/2022G, for a total amount of SAR 113,500,000**

<b>Type of Facility / Purpose / Amount</b>	Loan from the Saudi Industrial Development Fund Limit: SAR 113,500,000 Drawdown termination date: 19 May 2023G. Purpose: To produce multi-dose bottle eye drops used to treat allergies, infections BFS eye drops are used to treat allergies and injections with multiple uses. Repayment: Repaid over 12 instalments ending 3 August 2031G.
<b>Outstanding Obligations</b>	NIL
<b>Security</b>	The agreement stipulates that the Company undertakes to submit a mortgage over the assets, buildings, machinery and equipment related to the financed project in the event any amounts are withdrawn from the facility. As of the date of this Prospectus, no amounts have been withdrawn from the facility and as such no mortgage has been provided over buildings, assets, machinery and equipment of the Company. However, the following guarantees were given: Personal guarantee from each of: (1) Yousuf Mohammed Salah Jamjoom, (2) Walid Yousuf Mohammed Salah Jamjoom, (3) Mohammed Yousuf Mohammed Salah Jamjoom, (4) Ahmed Yousuf Mohammed Salah Jamjoom and (5) Mahmoud Yousuf Mohammed Salah Jamjoom, with a total amount of 113,500,000 Saudi riyals; and Promissory notes issued by the Company.

Source: The Company

## 12.10 Insurance

The Company maintains insurance policies covering different types of risks to which it may be exposed. The following table sets out the key particulars of the insurance policies held by the Company:

**Table (12.35): Details of Insurance Policies**

Type	Company	Policy Number	Insurer	Duration	Sum Insured (in SAR)	Coverage
Property All Risk Insurance policy	Jamjoom Pharmaceuticals Factory Company	11CHB2 0411/22-05	Chubb Arabia Cooperative Insurance Company	1 June 2022 to 31 May 2023	SAR 1,008,240,725	Property All Risk (LM-7 Wording)
Money Insurance policy	Jamjoom Pharmaceuticals Factory Company	34CHB2 0190/22-04	Chubb Arabia Cooperative Insurance Company	1 June 2022 to 31 May 2023	SAR 2,000,000	Money for wages and salaries or other earnings in course of direct transit between the bank and Company's premises, cash in safe and cash in transit.
Electronic Equipment and Data Processing policy	Jamjoom Pharmaceuticals Factory Company	73CHB2 0011/22-05	Chubb Arabia Cooperative Insurance Company	1 June 2022 to 31 May 2023	SAR 5,265,736.75	Equipment, Data and Media, Extra Expense, Valuable Papers and Records, Accounts Receivable and Business Interruptions.
Good in Transit Open Insurance policy	Jamjoom Pharmaceuticals Factory Company	82CHB2 0020/22-01	Chubb Arabia Cooperative Insurance Company	1 June 2022 to 31 May 2023	SAR 20,000,000	Shipment and merchandise of Pharmaceutical Products, Medicines and other goods related to the Company's trade.
Marine open Cargo Insurance policy	Jamjoom Pharmaceuticals Factory Company	87CHB2 0021/22-01	Chubb Arabia Cooperative Insurance Company	1 June 2022 to 31 May 2023	SAR 375,000,000	Shipments of Pharmaceuticals and Consumer Products related to the Company's including Finished products, Raw Material, Packaging Material, Plant Machinery and Spare Parts or Property.
Motor Comprehensive Insurance policy	Jamjoom Pharmaceuticals Factory Company	P-01-2021-4-411-035369	Wataniya Insurance Company	1 May 2022 to 30 April 2023.	SAR 2,522,770	Comprehensive personal accidents, passenger cover personal accidents and driver cover natural hazards

Type	Company	Policy Number	Insurer	Duration	Sum Insured (in SAR)	Coverage
Group Medical Expenses Insurance	Jamjoom Pharmaceuticals Factory Company	19486870	The Company for Cooperative Insurance	1 March 2022 to 28 February 2023.	N/A	In / Out-Patient

Source: The Company

## 12.11 Intellectual Property











### 12.11.1 Trademarks

The Company registered the brand “Jamjoom Pharma” along with 39 pharmaceutical products brands in relation to the Company’s top 20 products in terms of the revenue for the financial year 2021G in the Kingdom and other countries where the Company sells its products. The Company relies on these brands for the success of its business and to support its competitive position in the market. Therefore, the Company’s inability to register trademarks for all products or to successfully protect its trademarks from illegal use could negatively and materially affect its ability to use them, which will affect its business and results of its operations. For more details, please see Section 2.1.16 (“Risks related to protecting certain trademarks on which the Company relies”) of this Prospectus.

The following table sets out the main details of Company’s registered trademarks in relation to the “Jamjoom Pharma” brand and its top 20 products in terms of revenue for the FY21G in The Kingdom and other countries where the Company sells its products. The Company currently uses a number of such trademarks, and has plans to use some of such trademarks in future.

**Table (12.36): Details of Registered Trademarks**

Product’s Name	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
Acretin 0.05% Cream	Sudan	49523	5 January 2024G	5	
	O.A.P.I.	7761	20 November 2023G		
	Nigeria	RTM 9167	2 October 2021G		
Azi-Once 250mg CAP	The Kingdom	1434000727	6 July 2023G	5	
	Sudan	49527	5 January 2024G		
	Nigeria	RTM 1162	2 October 2021		
Brimo Ophthalmic Solution 0.2%	O.A.P.I.	77466	22 November 2023G	5	
	Nigeria	RTM 11672	2 October 2021G		
	The Kingdom	1434000732	11 July 2023G		
Dompy 10mg Tablet	O.A.P.I.	77467	20 November 2023G	5	
	Sudan	49522	5 January 2024G		
	Nigeria	RTM 11673	2 October 2021G		
	The Kingdom	1434000733	11 July 2023G		
Duracan	O.A.P.I.	77469	20 November 2023G	5	
	The Kingdom	1434000735	11 July 2023G		
Elica	O.A.P.I.	77470	20 November 2023G	5	
	The Kingdom	1434000735	11 July 2023G		
Elica-M	O.A.P.I.	77471	20 November 2023G	5	
	Nigeria	RTM 11675	2 October 2021G		
	The Kingdom	1434000735	11 July 2023G		

Product's Name	Country of Registration	Trademark Number	Expiry Date	Classification	Logo
Fluca Ophthalmic Susp	The Kingdom	1434000740	6 July 2023G	5	
	O.A.P.I.	77491	22 November 2023G		
Fusibact-B Cream	Sudan	49535	6 July 2023G	5	
HyFresh	The Kingdom	1434000742	6 July 2023G	5	
	Sudan	49536	5 January 2024G		
	O.A.P.I.	77494	22 November 2024G		
	Nigeria	RTM 11670	2 October 2021G		
HyFresh Eye Gel UD	The Kingdom	1434000742	6 July 2023G	5	
JP Omega 3 Softgel Capsules	-	-	-	-	-
JP Vitamin D3	-	-	-	-	-
Olopat	Sudan	49540	5 January 2024G	5	
	O.A.P.I.	77498	22 November 2023G		
	South Africa	2013/30477	31 October 2023G		
Optidex-T Sterile Ophthalmic Susp	The Kingdom	1434000755	6 July 2023G	5	
	O.A.P.I.	77501	22 November 2023G		
	South Africa	2013/30476	31 October 2023G		
Prima D3 50000IU Softgel Capsule	-	-	-	-	-
Relaxon CAP	O.A.P.I.	77507	22 November 2023G	5	
Tymer 0.3% Ophthalmic Solution	The Kingdom	1434000765	6 July 2023G	5	
	O.A.P.I.	77510	22 November 2023G		
	Nigeria	RTM 11674	20 October 2021G		
Xolamol	O.A.P.I.	77511	22 November 2023G	5	
	Nigeria	RTM 11676	20 October 2021G		
	South Africa	2013/30468	31 October 2023G		
Zoron 4mg Tablet	-	-	-	-	-
<b>Company's Logo</b>					
Jamjoom Logo	The Kingdom	1434000743	23/12/1444H (corresponding to 11 July 2023G)	5	
Jamjoom Pharma's Logo	Egypt	410253	7 March 2030G	3	

Source: The Company



## 12.11.2 Other Intellectual Property Rights:

The Company has registered several internet domains in its name. The following table shows the details of the internet domains registered in the name of the Company:

**Table (12.37): Details of the Internet Domain Names**

Internet Domain Name	Expiry Date
www.jamjoompharma.com	15 April 2024G

Source: The Company

## 12.12 Litigation

In the context of a general campaign run by the GAC in relation to entities operating in the pharmaceutical sector and all related entities in the Kingdom of Saudi Arabia on the basis of suspected violations of the Competition Law, a team of officials from the GAC visited the head office of the Company to conduct an inspection of its activities on 08/03/1444H (corresponding to 04/10/2022G). As at the date of this Prospectus, the Company has not been notified of any violation, fine or decision issued by the General Authority for Competition as a result of this visit.

With the exception of the aforementioned, as at the date of this Prospectus, the Company is not involved in any litigation, lawsuits, actual or possible complaints, or existing investigations, which would, individually or collectively, have a material effect on the Company, nor is it aware of any threatened or pending material litigation, or any facts which may, individually or collectively, give rise to a material effect on the Company.

## 12.13 Zakat and VAT Status

### 12.13.1 Zakat

From its formation until the financial year 2021G, the Company and its subsidiary filed their Zakat declarations on a consolidated basis and paid related liabilities when due. The Company obtained the final Zakat assessments from ZATCA for the date of its formation to 2018G, and obtained as well the final Zakat certifications for the years 2019G, 2020G, and 2021G. Apart from the abovementioned Zakat assessments, ZATCA has not issued the Company any Zakat assessments for the years 2019G to 2021G, which are currently still under review.

Additionally, in accordance with accounting laws, the Company has set aside a Zakat provision to cover in Zakat assessments issued by ZATCA. This provision has been set aside in accordance with ZATCA's laws and directives, and amounted to SAR 17.1 million, SAR 20.4 million, SAR 18.7 million and SAR 11.1 million as at the financial years ended 2019G, 2020G, 2021G and the Six Month Period Ended 30 June 2022G, respectively. If the Zakat provision is not sufficient to meet any additional Zakat liabilities that may be imposed by the Zakat, Tax and Customs Authority, that would have a material adverse effect on the Company's business, results of operations, financial condition and prospects.

For further details, please refer to Section 2.1.26 ("**Risks related to Zakat**") of this Prospectus and section 2.2.9 ("**Risks related to changes in the calculation of Zakat and income tax**") of this Prospectus.

### 12.13.2 VAT

The Company has submitted all its VAT declarations since its registration (since January 2918 until the date of this Prospectus, all by the statutory deadlines. The Company also paid all liabilities owed to the Zakat, Tax and Customs Authority by the statutory deadlines.

The Zakat, Tax and Customs Authority has provided confirmation of acceptance for all the VAT returns filed since inception up until the month of September 2022G. Hence, There is no need to make any amendments to these declarations.

For further details, please refer to Section 2.2.10 ("**Risks related to VAT**") of this Prospectus.

## 12.14 Summary of the Bylaws

### 12.14.1 Establishment of the Company

In accordance with the provisions of this Law and the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437H and its regulations, it has been converted into a Saudi joint stock company.

### 12.14.2 Company's Name

The Company's name is Jamjoom Pharmaceuticals Factory Company (Saudi Closed Joint Stock Company).

### 12.14.3 Objectives of the Company

The Company carries out the following activities:

<b>First:</b>	Manufacture of cosmetics
<b>Second:</b>	Manufacture of hand and foot care products
<b>Third:</b>	Manufacture of mouth and teeth cleaning products
<b>Fourth:</b>	Manufacture of medical laboratory reagents
<b>Fifth:</b>	Manufacture of pharmaceutical products for human use
<b>Sixth:</b>	Manufacture of pharmaceutical products for veterinary use
<b>Seventh:</b>	Manufacture of pharmaceutical products used in making medicines
<b>Eighth:</b>	Manufacture of pharmaceutical materials used in making vitamins
<b>Ninth:</b>	Manufacture of chemical products used in manufacturing pharmaceutical products including (medicine, vitamins, hormonal products, pure chemical sugar ... etc)
<b>Tenth:</b>	Manufacture of respirators and anesthesia machine
<b>Eleventh:</b>	Permanent exhibitions of factory products
<b>Twelfth:</b>	Export and import activities
<b>Thirteenth:</b>	Export activities
<b>Fourteenth:</b>	Import activities
<b>Fifteenth:</b>	Import of radioactive pharmaceutical products
<b>Sixteenth:</b>	Wholesale of pharmaceutical products
<b>Seventeenth:</b>	Non-academic rehabilitation and development training institutes and centers
<b>Eighteenth:</b>	Private health training centers activities
<b>Nineteenth:</b>	Public Hospitals
<b>Twentieth:</b>	Specialized medical complex
<b>Twenty-first</b>	Primary healthcare centers
<b>Twenty-second:</b>	Private clinics
<b>Twenty-third:</b>	Public medical complex
<b>Twenty-fourth:</b>	Medical analysis centers
<b>Twenty-fifth:</b>	Radiation medical treatment
<b>Twenty-sixth:</b>	Legal representation of medical products and devices' manufacturers
<b>Twenty-seventh:</b>	Activities of head offices
<b>Twenty-eighth:</b>	Provision of marketing services on behalf of others
<b>Twenty-ninth:</b>	Pharmaceutical consulting centers
<b>Thirtieth:</b>	Activities of scientific offices of pharmaceuticals

The Company conducts its activities in accordance with applicable laws and after obtaining all requisite licenses from competent authorities, if any.

#### 12.14.4 Participation and Interest in Companies

The Company may establish companies on its own (limited liability or closed joint stock), provided that the capital thereof is not less than (SAR 5,000,000) five million Saudi Riyals. It may own interests and shares in other existing companies or merge therewith and participate with others in establishing joint stock or limited liability companies (within the Kingdom or abroad), after meeting the requirements of applicable laws and directives in that regard. The Company may also dispose of such shares or stocks, provided that this does not include any brokerage.

#### 12.14.5 Duration of the Company

The duration of the Company shall be ninety-nine (99) Gregorian years, commencing as at the date on which the Minister of Commerce announces its establishment. The Company's term may always be extended by a resolution of the Extraordinary General Assembly at least one (1) year prior to the expiration of the Company's term.

#### 12.14.6 Head Office of the Company

The Company's head office is located in the city of Jeddah. The Board of Directors may establish branches, agencies or offices for the Company within or outside Saudi Arabia, after obtaining approval from relevant regulatory bodies.

#### 12.14.7 Capital of the Company

The capital of the Company shall be 700,000,000 Saudi Riyals, divided into 70,000,000 shares of equal value, and the nominal value of each share shall be ten (10) Saudi Riyals, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash.

#### 12.14.8 Share Subscription

Shareholders subscribed to the entire capital shares amounting to seventy million (70,000,000) shares, with a total value of seven hundred million (700,000,000) Saudi riyals.

#### 12.14.9 Preferred Shares

The Company's extraordinary general assembly may, according to the principles set by the competent authority, issue or decide to purchase preferred shares, convert ordinary shares into preferred shares or convert preferred shares into ordinary shares. All shares shall be deemed as Ordinary Shares. Preferred shares do not give the right to vote in the general assemblies of shareholders, but enables their owner the right to receive more from the net profit of the Company after setting the statutory reserve aside in comparison to the than the ordinary shareholders percentage.

#### 12.14.10 Sale of Non-Paid up Shares

Each Shareholder undertakes to pay the value of the shares on the dates set for such payment. Should a Shareholder fail to pay at the due time, the Board of Directors may, after notifying of the Shareholder via registered mail, sell the share at public auction or through the stock market, as the case may be, in accordance with controls set by the competent authority.

The Company shall collect the amounts due thereto from the proceeds of the sale and return the remaining to the Shareholder. If the proceeds of the sale fall short of the amounts due, the Company shall have a claim on the entire fortune of the Shareholder for the unpaid balance.

However, a defaulting Shareholder may, up to the date of sale, pay the amount owed thereby plus the expenses incurred by the Company in this regard.

The Company shall cancel the shares sold in accordance with this Article, and issue to the purchaser new shares bearing the serial numbers of the cancelled shares, and make a note to this effect in the Shares Register specifying the name of new holder.

#### 12.14.11 Issuance of Shares

Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

#### 12.14.12 Share Trading

Shares subscribed for by the Shareholders may only be traded after publishing the financial statements for two fiscal years, each covering a period of at least 12 months from the date of the Company's conversion. A notation shall be made on the respective share certificates, indicating their class, the date of incorporation of the Company, and the period during which their trading shall be suspended.

### 12.14.13 Shareholders' Register

The share certificates are issued so that they have serial numbers and are signed by the Chairman of the Board of Directors or whomever he delegates from among the Board members and stamped with the Company's seal. The share shall include the number and date of ministerial decision approving the incorporation of the Company, the number and date of ministerial decision announcing the incorporation of the Company the capital, the nominal value of the share, the amount paid out of it, the Company's objective in short, its head office, and its period. Shares may have coupons with serial numbers and include the share number attached to it.

### 12.14.14 Capital Increase

- The Extraordinary General Assembly may adopt a resolution to increase the Company's capital, provided that the original capital shall have been paid up in full. Said paid up provision shall not apply when the unpaid portion of capital is due to shares issued in exchange for the conversion of financing or debt instruments into shares, and the prescribed period for such conversion has not yet expired.
- In any case, the Extraordinary General Assembly shall allocate capital increase shares or portions thereof to the employees of the Company and to the employees of all, some or none of its affiliates. Shareholders may not exercise pre-emptive rights upon the Company's issuance of shares allotted to employees.
- Holders of shares at the time of the Extraordinary General Assembly's adoption of a resolution to increase the capital shall have pre-emptive rights to subscribe for the new shares, in exchange for cash shares. Shareholders shall be notified of their pre-emptive rights by publication in a daily newspaper, by registered mail, or by any electronic means stating the adoption of the resolution to increase capital, the terms of the offering, its duration, start and end dates.
- The Extraordinary General Assembly may revoke the pre-emptive rights of shareholders to subscribe for the capital increase in exchange for cash shares, or vest said pre-emptive rights in non-shareholders when it deems that doing so is in the Company's best interest.
- Shareholders may sell or assign their pre-emptive rights in the period that extends from the date upon which the General Assembly resolution is adopted to increase the capital until the last day open for subscription for the new shares associated with those rights, in accordance with the guidelines established by the competent authority.
- Without prejudice to the provisions of paragraph 4 hereof, new shares shall be allotted to the holders of pre-emptive rights who have expressed interest to subscribe thereto, in proportion to their pre-emptive rights resulting from the capital increase; provided that their allotment does not exceed the number of new shares they have applied for. Remaining new shares shall be allotted to pre-emptive right holders who have asked for more than their proportionate stake, in proportion to their pre-emptive rights resulting from the capital increase, provided that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription, unless the Extraordinary General Assembly decides, or the Capital Market Law provides, otherwise.

### 12.14.15 Capital Decrease

The Extraordinary General Assembly may resolve to reduce the Company's capital, if it proves to be in excess of the Company's needs, or if the Company sustains losses. In the latter case only, the Company's capital may be reduced below five hundred thousand riyals. A capital decrease resolution shall be issued, only after reading the auditor's special report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations.

If the capital reduction is due to it being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the area where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

### 12.14.16 Issuance of Bonds

The General Assembly may decide to issue any type of debt instrument, instrument or bond either inside or outside the Kingdom of Saudi Arabia after the approval of the competent authority, In accordance with the regulations and instructions, the general assembly's decision shall determine the value and terms of such bonds and instruments and the possibility of converting them into shares.

### 12.14.17 Composition of the Board of Directors

The Company shall be managed by a Board of Directors composed of seven (9) members appointed by the Ordinary General Assembly for a term not exceeding three (3) years, except for the first board which shall be appointed for (5) five years.

### 12.14.18 Board Membership Termination

Board membership shall expire by the expiration of its term, or the expiration of Board member's term, in accordance with any law or instructions applicable in the Kingdom. Notwithstanding the foregoing, the General Assembly may, at any time, dismiss one or all of the Directors, without prejudice to the terminated member's right to seek compensation from the Company, if dismissal were not properly justified or occurred at an inappropriate time. The Board member may also tender his resignation, provided that such resignation occurs at an appropriate time, otherwise, said member shall be held liable for any damage affecting the Company as a result of his resignation.

### 12.14.19 Membership Vacancy in the Board

If the position of a Board of Director's member becomes vacant, the Board of Directors may appoint a member to the vacant position temporarily, based on the number of votes received thereby at the Assembly meeting that elected the Board, to be selected from among experienced and competent candidates. Such appointment shall be notified to the Ministry of Commerce and any other competent authorities within five (5) working days from the date of appointment, and shall be submitted to the Ordinary General Assembly at its first meeting. The new member shall complete the term of his predecessor. In case the number of board members becomes less than the quorum stipulated by the Companies' Law or these Bylaws, remaining Board members shall call the Ordinary General Assembly to convene within sixty days to elect the required number of members.

### 12.14.20 Powers of the Board of Directors

Without prejudice to the powers conferred on the General Assembly, the Board of Directors shall be vested with full powers to manage the Company and deal with the Company's local and international affairs, supervise the Company's business, financials and all its transactions, including making decisions, concluding contracts, entering into any investment for the benefit of the Company, purchasing real estate, lands and all the Company's immovable and movable assets, selling and mortgaging them, accepting and releasing mortgages, transferring, receiving, delivering, renting, leasing, receiving payments, releasing, assigning and all other actions necessary to achieve the Company's objectives. The Board of Directors is, by way of example and without limitation, empowered to:

- Represent the Company in its relationship with third parties and before all governmental and private entities including, without limitation, the chambers of commerce and industry, private bodies, companies, and establishments of all kinds, as well as before public treasuries, and all government financing funds and institutions irrespective of their name and competence, and before financial institutions of all types;
- Participate in tenders and sign on behalf of the Company on all kinds of contracts, agreements, documents, and instruments including, without limitation, the articles of association of companies in which the Company participates and any amendments thereof; and execute, before the notary public and the official authorities, the resolutions under which such agreements, articles of association and documents are amended;
- Execute all loans agreements, waive the pre-emptive rights to pay off the Company's debts; issue guarantees regarding third parties' obligations; grant all guarantees and compensations; and issue powers of attorneys on behalf of the Company;
- Sell or mortgage the intellectual property rights attached to the Company's pharmaceutical products after obtaining the approval of the majority of shareholders present or represented at the General Assembly;
- Purchase, rent, and lease properties;
- Open, manage, operate and close bank accounts; open letters of credit, collect money, pay the same, withdraw and deposit before banks and issue bank guarantees; and sign all kinds of papers, documents, checks, banking transactions including e-transactions;
- Appoint and dismiss employees and workers, and recruit manpower from outside the Kingdom in addition to entering into contracts with them and determining their duties and remunerations;
- Adopt the Company's business plan and approve its operational plans, and annual budget;
- Sell or mortgage the Company's assets and properties, as per the conditions determined by the Board;
- Discharge the Company's debtors from their debt obligations
- Sign contracts for credit facilities and loans from government funds and financing institutions irrespective of the term thereof, and sign commercial contracts provided that the term thereof shall not exceed the Company's term; and
- Delegate one or more of the Board members or third parties to carry out certain task(s) that fall within the powers thereof.

### 12.14.21 Remuneration of Board Members

The remuneration of the Board of Directors shall be set within the limits of the Companies Law' and Regulations thereof. The report of the Board of Directors to the Ordinary General Assembly shall include a comprehensive statement of all remuneration, expenses and other benefits received by Board members during the Fiscal Year. It shall as well contain a statement of payments made to members in their capacity as employees or executives, or in consideration for technical, administrative or consultancy assignments. The report shall also include the number of meetings held, and the number of meetings attended by each member from the date of the last Ordinary Assembly meeting.

### 12.14.22 Powers of the Chairman, Vice Chairman, Managing Directors and Secretary

- The Board shall appoint from among its members a Chairman and a Vice Chairman. It shall not be permissible to simultaneously occupy both the office of the Chairman and any executive position in the Company.
- The Chairman shall have the power to represent the Company before the judiciary, arbitration committees and vis-a-vis any third parties. The Chairman of the Board of Directors shall have the power to receive, deliver and sign forms, claims and commercial registrations, file claims and terminations, plead, defend, litigate, release, reconcile, acknowledge,

arbitrate, accept and appeal judgements, accept appeals against judgements, demand enforcement of judgements and collect what is obtained from the enforcement of judgments, collect and pay. The Chairman of the Board of Directors has as well the power to invite the members of the Board to a meeting, preside over the Board's meetings and the general assemblies of the Company, and represent the Company before all governmental and judicial bodies. The Chairman of the Board of Directors has the power to delegate to others the powers to plead and defend the Company before courts of all levels and types, the board of grievances, the supreme court, enforcement courts, committees and judicial bodies including, but not limited to, the Resolution of Tax Violations and Disputes Committee, the Appeal of Tax Violations and Disputes Committee, the Commercial Papers and Securities Committees, the settlement committees for banking and disputes, and arbitral authorities. In addition, the Chairman of the Board of Directors has the power to plead, defend, litigate, reconcile, acknowledge, deny, waive, exonerate, request an application for adjoining, request an oath, reject oaths and abstain from taking an oath, summon and question witnesses and evidence and appeal them, request the removal of judges, accept judgments, object and challenge them by all means, request enforcement of judgments, seize, challenge for forgery, seek reconsideration, answer, object and amend, challenge handwritings, stamps and signatures, request a travel ban or removal of the same, request arbitration, appoint experts and arbitrators, challenge reports of experts and arbitrators, as well as reject and replace the same. As for the government bodies, the Chairman has the power to represent the Company before all ministries and government bodies inside or outside the Kingdom, including, but not limited to, the Ministry of Health, the Ministry of Commerce, the Ministry of Investment, the Ministry of Industry and Mineral Resources, the Ministry of Municipal, Rural Affairs and Housing, the Ministry of Human Resources and Social Development, the Ministry of Interior, the Public Prosecution, principalities, governorates, secretariats, and municipalities, the Saudi Food and Drug Authority, the Saudi Standards, Metrology and Quality Organization, and other government bodies and public benefit institutions, which includes to attend, make statements, hand over, receive, sign, report, submit requests and complaints, request settlements, enter into tenders, receive forms, sign contracts for the Company with third parties, use and implement all electronic services of the Ministry of Justice. With regard to real estate, the Chairman has the power to sell, purchase, transfer, collect amounts, accept gifts, mortgage, release mortgage, accept mortgage and merge and divide title deeds, sort real estate, update and amend title deeds in any necessary form, whether through the electronic real estate discharge service or through public notaries, sign, cancel and terminate lease contracts, and collect rents, whether through Ejar's platform or any other means. As for the companies, subsidiaries and branches, the Chairman has the power to sign on the articles of association and its amendments, sign agreements, register the Company, register the agencies and trademarks, attend general assemblies and open branches for the Company. As for the banks, the Chairman has the power to open accounts, approve signatures, deposit and withdraw from accounts, transfer and issue credit cards issue certified checks, participate in funds, request bank loans, request the rescheduling of installments, request and receive credit or bank guarantee and manage investment portfolios, with any of the local or international banks and institutions. With regards to the Industrial Development Fund, the Chairman has the power to conclude contracts with the fund, present guarantors and associate with them, receive and waive the loan, request exemption from it, and sign before the notary public with respect to the industrial mortgage and has the power to delegate all or some of the aforementioned. The Chairman has the power to delegate certain or all the powers conferred to him to a member of the Board of Directors or a third party to carry out a specific work or action by a written resolution.

- The Board of Directors shall determine the remuneration for each of the Chairman, Managing Director and members of the Board of Directors.
- The Chief Executive Officer shall, in accordance with the powers conferred upon him by the Board, be responsible for implementing the Company's policies and shall supervise its day-to-day operations and direct the Executive Management to fully accomplish its functions. In accordance with the authority matrix approved by the Board, the Chief Executive Officer shall have the right to represent the Company with others and the right to sign on behalf of the Company commercial contracts, procurement and supply contracts with third parties inside or outside the Kingdom related to the conduct of the Company's daily business and sign in all chambers of commerce and industry in Saudi Arabia and abroad and shall have the right to appoint and dismiss employees and workers and the right to dispense their regular rights and to take the necessary disciplinary measures according to the law. The Chief Executive Officer has the power to enter into contracts and mandate advisory bodies such as law firms, financial and tax advisors, marketing and investment consultants. The Chief Executive Officer also undertakes the acts and duties conferred upon him by the Board of Directors or as stipulated by the Company's policies without prejudice to the Board of Directors' right to withhold all or some of the powers whenever it deems it appropriate or necessary. The Chief Executive Officer may also delegate some or all of the abovementioned powers as necessary.
- The Board of Directors shall appoint a Secretary and determine the powers and responsibilities of the Secretary by a separate board resolution.
- The Board of Directors shall appoint a Secretary to be selected from among its members or from others, who shall be responsible for recording Board meeting minutes, and decisions issued during said meetings, keeping them in a special register that shall be updated, and performing any tasks entrusted thereto by the Board of Directors.
- The term of office of the Chairman, Deputy-Chairman, Managing Director and Secretary of the Board of Directors shall not exceed the term of their membership on the Board. They may be re-elected, and the Board may at any time dismiss all or any of them without prejudice to the right of the dismissed to compensation if dismissal occurred for an unlawful reason or at an inappropriate time.

### 12.14.23 Meetings of the Board of Directors

The Board of Directors shall meet two times a year, upon an invitation from the Chairman, which shall be made in writing and include a meeting agenda. The Chairman shall call the Board to convene a meeting whenever two members so request. The invitation shall be sent to each board member by way of telegraph or by fax or by any electronic means at least two weeks before the meeting. All members must sign the minutes of each meeting.

### 12.14.24 Meeting Quorum and Resolutions

A Board meeting shall be quorate only if attended by at least (4) four members. Any member of the Board may authorize another member of the Board to attend the board meeting, in accordance with the following controls:

- A member of the Board of Directors may not act on behalf of more than one Board member during the same meeting;
- A proxy shall be made in writing and specific to a meeting;
- A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting;
- Board resolutions shall be adopted by a majority vote of members present or represented therein, with the Chairman or, in his absence, the meeting chairperson, casting the deciding vote in case of a tie.

### 12.14.25 Board Deliberations

Deliberations and resolutions of the Board shall be recorded in minutes to be signed by the Chairman, attending members and the Secretary. Such minutes shall be entered in a special register to be signed by the Chairman and the Secretary.

### 12.14.26 Shareholder Assemblies

#### 12.14.26.1 Assembly Attendance

Subscribers, regardless of the number of shares held, shall have the right to attend the Conversion Assembly, and each shareholder shall have the right to attend General Assembly meetings. They may also authorize a third party, other than Board members or Company employees, to attend the General Assembly on his/its behalf.

#### 12.14.26.2 Constituent Assembly

The Shareholders shall call subscribers to convene a Conversion Assembly within forty five (45) days from the date of the Ministry of Commerce's decision to approve the incorporation of the Company. The meeting shall be valid if attended by a number of subscribers representing at least half of the capital. If such quorum is not reached, then a second meeting shall be held one hour after the expiry of the period specified for the first meeting, provided that the invitation of the first meeting so stipulates.

In all cases, the second meeting shall be valid regardless of the number of subscribers represented thereat.

### 12.14.27 Responsibilities of the Constituent Assembly (conversion)

The Constituent General Assembly shall be competent to deal with the matters set out in Article 63 of the Companies Law.

### 12.14.28 Responsibilities of the Ordinary General Assembly

Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be competent to deal with all Company matters. The Ordinary General Assembly shall be convened at least once a year, within six (6) months following the end of the Company's fiscal year. Additional Ordinary General Assembly meetings may be convened, whenever needed.

### 12.14.29 Convening Assemblies

General or Special Shareholder Assemblies shall be convened by the Board of Directors. The Board of Directors shall convene a General Assembly, if requested to do so by the auditor, the Audit Committee, or a number of shareholders representing at least five percent (5%) of the Company's capital. The auditor may call for an assembly to be convened, when the Board fails to call for such a meeting within thirty (30) days of the auditor's request to do so.

The summons shall be published in a daily newspaper circulated in the area where the Company's head office is located, at least twenty one (21) days prior to the time set for such meeting. However, notice may be given to all shareholders via registered letters or by electronic means within the timeframe set above. A copy of the notice and the agenda shall be sent to the Ministry of Commerce and any other competent authorities, within the period set for publication.

### 12.14.30 Assembly Record of Attendance

Shareholders who wish to attend Ordinary or Extraordinary General Assembly meetings shall register their names at the Company's head office before the time specified for the Assembly.

### 12.14.31 Ordinary General Assembly Quorum

Ordinary General Assembly meetings shall be quorate only if attended by shareholders representing at least half of the Company's capital (The Companies Law requires one quarter only, and the Company may agree on a higher number as long as it does not exceed half). If such quorum is not reached, then an invitation as described in Article 30 of the Bylaws will be circulated after thirty (30) days. In all cases, the second meeting shall be valid regardless of the number of subscribers represented thereat.

### 12.14.32 Responsibilities of the Extraordinary General Assembly

The Extraordinary General Assembly shall have the power to amend the Bylaws, except for such provisions as may be impermissible to be amended under the law. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly, under the same rules and conditions applicable thereto.

### 12.14.33 Extraordinary General Assembly Quorum

Extraordinary General Assembly meetings shall be quorate only if attended by shareholders representing at least one half of the Company's capital. If such quorum is not reached, then a second meeting shall be called to convene under the same conditions set forth in Article 30 of the Bylaws. In all cases, the second meeting shall be valid if attended by a number of shareholders representing at least one quarter of the capital.

If the second meeting is inquorate, then a third meeting shall be called to convene under the same conditions set forth in Article 30 of the Bylaws. With the consent of the competent authority, the third meeting shall be valid irrespective of the number of shares represented thereat.

### 12.14.34 Voting at the Assemblies

Each subscriber shall have one vote for each share he represents at the Constituent Assembly; and each shareholder shall have one vote for each share he represents at General Assembly meetings. Cumulative voting shall be employed in the election of the Board of Directors.

### 12.14.35 Assembly Resolutions

Resolutions of the Constituent Assembly shall be adopted by an absolute majority of the shares represented thereat. Ordinary General Assembly resolutions shall be issued by an absolute majority of the shares represented at the meeting. Whereas, Extraordinary General Assembly resolutions shall be adopted by a majority of two-thirds of the shares represented at the meeting, unless the resolution to be adopted is related to increasing or reducing the capital, extending the Company's term, dissolving the Company prior to the expiry of the term specified therefor in these Bylaws or merging the Company with another company; in which case, such resolution shall be valid only if adopted by a majority of three-quarters (3/4) of the shares represented at the meeting.

### 12.14.36 Assembly Deliberations

Each shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to direct questions in respect thereof to the members of the Board and the auditor. The Board or the auditor shall answer the shareholder's questions to the extent that is not detrimental to the Company's interests. If the shareholder deems the answer to the question unsatisfactory, then he/it may refer the issue to the General Assembly and the latter's decision in this regard shall be binding.

### 12.14.37 Presiding over Assemblies and the Keeping of Minutes

The General Assembly of shareholders shall be presided over by the Chairman of the Board of Directors or, in his absence, the Vice-Chairman or, in their absence, the Board designated member. Meeting minutes shall be drafted indicating the number of attending shareholders or representatives, the number of shares represented in person or by proxy, the number of votes associated therewith, the resolutions passed, the number of votes in favor and against, as well as a comprehensive summary of the discussions that took place during the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary, and the Canvasser.



### 12.14.38 The Company's Buy-Back of its Shares

- a. The Company may buy-back its Ordinary or Preferred Shares, in accordance with the following rules:
  - i. The purpose of the buy-back is the reduction of the Company capital or the retention of Ordinary Shares as Treasury Shares;
  - ii. The Treasury Shares shall not exceed at any time ten percent 10% of the class of shares subject to the purchase;
  - iii. The debit balance of the Treasury Shares shall not exceed the value of retained profits;
  - iv. The value of Shares subject of buy-back shall be paid up in full; and
  - v. The Extraordinary General Assembly shall approve the Share buy-back transaction and shall determine its purpose and the maximum number of Shares subject to the buy-back. The Extraordinary General Assembly shall also authorize the Board to finalize the buy-back transaction, in one or several phases, and within a maximum period of twelve (12) months from the date of the issuance of the abovementioned approval. The Company shall announce the approval of the buy-back and the conditions thereof immediately after the relevant resolution of the Extraordinary General Assembly is issued. The Extraordinary General Assembly may at any time issue a resolution to change the purposes of the Shares buy-backs.
- b. The Company may not buy-back its Shares to be used as Treasury Shares unless for the following purposes:
  - i. If they are meant to fulfil debt instruments that are convertible into shares, in accordance with the terms and conditions of those instruments.
  - ii. In return for the acquisition of shares or interests, or for an asset purchase.
  - iii. To allocate them to the Employees Shares Plan; or
  - iv. For any other purpose determined by the competent authority.
- c. The Company shall provide the shareholders with sufficient information about the offer and the duration of buy-back and shall give them an equal opportunity to offer their shares for purchase.
- d. If the purpose of a Company's buy-back of its Shares is to decrease its share capital, the provisions of the Companies Law shall be taken into consideration.
- e. Any Preferred Shares bought back by the Company shall be deemed cancelled at the end of the buy-back. The Company shall take the necessary and legal procedures accordingly.
- f. If the Company is buying-back its Shares for the purpose of allocating them to its Employees under an Employees Shares Plan, the Company shall comply with the following rules:
  - i. To obtain the Extraordinary General Assembly's approval on the Employees Shares Plan. The General Assembly may authorize the Board to determine the terms of said Plan including the allocation price for each Share offered to employees if offered for consideration; and
  - ii. Non-executive Board members shall not participate in the Employees Shares Plan.
- g. Unless the Treasury Shares are allocated to the Company's Employees as part of the Employees Shares Plan, the Company may not increase its share capital through a rights issue if it retains Treasury Shares or if the Extraordinary General Assembly approved a share buy-back transaction, and did not cancel such approval.
- h. If the Company which retains Treasury Shares increases its share capital through capitalization, such Treasury Shares shall have the same rights as those associated with other Shares.

### 12.14.39 Pledge of Company's Shares

A shareholder of the Company may pledge the Company's Shares, in accordance with the following rules:

- a. Such pledge shall be used to secure the pledge.
- b. Such pledge shall be in the interest of the Company and its Shareholders, as determined by the Board of Directors.
- c. The pledge shall be approved by the Ordinary General Assembly. A prior approval may be obtained for more than one transaction.

The pledge shall not entail a violation of the Companies Law and other relevant laws or regulations.

### 12.14.40 Sale of the Company's Shares

A Company may sell its Treasury Shares pursuant to a resolution of the Board of Directors, in one or several steps, provided that the Board of Directors' resolution shall not conflict with the resolution of the Extraordinary General Assembly approving the purchase of such shares.

## 12.14.41 Committees

The Board of Directors may form committees, delegate powers that the Board deems appropriate and coordinate between the committees in order to expedite decisions of matters presented to the committees. The composition of the committees, powers, duties, responsibilities and work arrangements shall be set out by a board resolution.

## 12.14.42 Audit Committee

### 12.14.42.1 Formation of the Audit Committee

An audit committee shall be formed pursuant to a resolution passed by the Ordinary General Assembly and shall consist of three (3) members, other than executive Board members, whether from among the shareholders or others. The resolution shall specify the Committee's responsibilities, the rules governing its activities, and the remuneration of its members.

### 12.14.42.2 Audit Committee Quorum

Committee meetings shall be quorate if attended by the majority of its members. Its resolutions shall be adopted by a majority vote of attending members; ties shall be decided by the vote of the Committee Chairman.

## 12.14.43 Audit Committee Responsibilities

The Audit Committee shall be responsible for overseeing the Company's business, and, towards that end, shall have access to Company records and documents. It shall also be entitled to request that Board members or executive directors provide it with clarifications or statements, as well as be entitled to request that the Board of Directors calls for the convening of the Company's General Assembly, if the Board hinders the performance of the Committee's duties, or when the Company suffers material damages or losses.

## 12.14.44 Audit Committee Reports

The Audit Committee shall be responsible for reviewing the Company's financial statements, as well as the reports and notes submitted by the auditor, and provide an opinion in their regard, if any. It shall also draft an opinion concerning the adequacy of the Company's internal oversight control systems, and submit reports relating to other duties that fall within its purview. The Board of Directors shall ensure that a sufficient number of copies of said report be made available at the Company's head office at least twenty one (21) days prior to the General Assembly meeting date, in order to provide desirous shareholders with a copy thereof. Said report shall be read during the Assembly meeting.

## 12.14.45 Auditor

### 12.14.45.1 Appointment of the Auditor

The Company shall have one or more auditors to be selected from among those licensed to work in Saudi Arabia. Such auditor shall be appointed annually and the compensation term of office thereof shall be fixed by the Ordinary General Assembly. The Assembly may, at any time, replace said auditor without prejudice to the latter's right for compensation, if the replacement decision were unlawful or occurred at an inappropriate time.

## 12.14.46 Responsibilities of the Auditor

The auditor shall, at all times, have access to the Company's books, records and any other documents. It may also request information and clarification, as it deems necessary, to verify the Company's assets, liabilities and other matters that may pertain to the scope of its activities. The Chairman of the Board of Directors shall enable the auditor to perform its duties; and when the auditor encounters difficulties in that regard, the latter shall document the same in a report to be submitted to the Board of Directors. Failure of the Board to facilitate the work of the auditor shall result in the latter requesting that the Board calls for a meeting of the Ordinary General Assembly to examine the matter.

## 12.14.47 Company Accounts and Distribution of Profits

### 12.14.47.1 Fiscal Year

The Company's Fiscal Year shall commence as on the 1st of January and expire on the 31st of December of each year. The Company's first Fiscal Year shall commence as at the date on which the Minister of Commerce's resolution approving the incorporation of the Company and expire on 31 December of the same year.

#### 12.14.47.2 Financial Documents

- At the end of each Fiscal Year, the Board of Directors shall prepare the Company's financial statements together with a report on its business and financial position for the ended Fiscal Year. This report shall include the proposed method for distributing profits. The Board of Directors shall place such documents at the disposal of the auditor at least forty-five (45) days prior to the date set for convening the General Assembly.
- The Chairman of the Board, CEO and CFO shall sign the documents referred to above. A copy thereof shall be placed at the Company's Head Office at the disposal of Shareholders at least twenty one (21) days prior to the date set for the General Assembly meeting.
- The Chairman shall provide Shareholders with the Company's financial statements, Board of Directors' report and auditor's report unless they are published in a daily newspaper distributed at the Company's Head Office. The Chairman shall also send a copy thereof to the Ministry of Commerce and any other competent authorities at least fifteen (15) days prior to the date set for the General Assembly meeting.

#### 12.14.48 Distribution of Dividends

The Company's annual net profits shall be allocated as follows:

- Ten percent (10%) of the net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the Ordinary General Assembly when said reserve totals thirty percent (30%) of the Company's capital.
- The Ordinary General Assembly may, upon recommendation of the Board of Directors, set aside ten percent (10%) of the net profits to form a contractual reserve to be allocated to serve the interests of the Company.
- The Ordinary General Assembly may decide to form other reserves to the extent that achieves the interests of the Company or guarantees steady distribution of profits to shareholders. Said Assembly may also deduct certain amounts from the net profits to set up social institutions for the Company's employees or to support any existing institutions.
- The remaining shall be distributed to shareholders in an amount that represent (1%) of the company's paid-up capital.
- The Company may distribute interim dividends to its shareholders after adhering to the requirements of the competent authorities and the following conditions:
  - a. The General Assembly shall authorize the board of directors to distribute these profits by an annual renewal resolution.
  - b. The Company has distributable profits.

#### 12.14.49 Entitlement to Profits

Shareholders shall be eligible to receive dividends pursuant to a General Assembly resolution adopted in that regard and indicating the entitlement and distribution dates. Shareholders eligible to receive dividends shall be those whose names appear on Shareholder Registers at the end of the entitlement date.

#### 12.14.50 Dividend Distribution for Preferred Shares

- If dividends are not distributed for any specific fiscal year, dividends for the following years may only be distributed following the payment of the percentage specified under the Companies Law to the holders of Preferred Shares for such year.
- If the Company fails to pay holders of Preferred Shares the percentage of dividends specified under Article 114 of the Companies Law for three consecutive years, the Special Assembly of holders of Preferred Shares, held in accordance with the provisions of the Companies Law, may resolve either to allow them to attend the Company's General Assembly and participate in voting, or to appoint representatives in the Board in proportion to the value of their Shares in the share capital, until the Company is able to pay all profits allocated to holders of such Shares from all previous years.

#### 12.14.51 Company Losses

- If, at any time during the fiscal year, the Company's losses total half of its paid-up capital, then any Company official or auditor, upon becoming aware thereof, must inform the Chairman of the Board of Directors, who shall immediately inform the members of the Board, which, within fifteen (15) days of being informed thereof, shall call for an Extraordinary General Assembly meeting to be convened within forty five (45) days of being informed of the losses, to consider whether to increase or decrease the Company's capital, in accordance with the provisions of the Companies' Law, in order to render losses equal to less than half of the paid-up capital, or dissolve the Company prior to the end of its term, as defined in the Companies' Law.
- The Company shall be deemed dissolved under the Companies' Law, when its General Assembly fails to convene within the period specified above; or if it does convene, but fails to reach a decision in that regard; or when it resolves to increase the capital as per the conditions set forth in this article, but the capital increase is not subscribed to in full within ninety (90) days of the Assembly's resolution to increase the capital.

## 12.14.52 Disputes

### 12.14.52.1 Liability Action

Each shareholder shall have the right to file a liability action, vested in the Company, against members of the Board who have committed a mistake that caused said shareholder to suffer damages. Such liability action may only be filed by the shareholder, if the Company's right to file such action remains valid. The shareholder shall notify the Company of his/its intention to file such action.

## 12.14.53 Dissolution and Liquidation of the Company

### 12.14.53.1 Expiry of the Company

Upon its expiry, the Company shall enter liquidation and retain its legal personality to the extent necessary for liquidation. The Extraordinary General Assembly shall adopt a resolution to voluntarily liquidate the Company, with said resolution appointing a liquidator, and defining the latter's powers, compensation, and restrictions imposed on said powers, as well as the timeframe to conclude liquidation, which, in cases of voluntary liquidation must not exceed five (5) years that cannot be extended except by court order. The powers of the Board of Directors shall cease upon the Company's dissolution. However, the Board of Directors shall remain responsible for the management of the Company and take on the capacity of liquidator, until the latter is appointed. During liquidation, shareholder assemblies shall retain such responsibilities vested in them that do not conflict with those of the liquidator.

## 12.14.54 Final Provisions

### 12.14.54.1 Companies Law

The Companies Law' and Regulations thereof shall apply to all matters not provided for in these Bylaws.

### 12.14.54.2 Publication

These Bylaws shall be filed and published in accordance with the provisions of the Companies' Law and Regulations thereof.

## 12.15 Description of Shares

### 12.15.1 Capital of the Company

The nominal capital of the Company shall be seven hundred million SAR (700,000,000), divided into seventy million (70,000,000) Ordinary Shares Ordinary Shares of equal value with a nominal value of SAR 10 per share, consisting of ten million (10,000,000) ordinary shares paid in-kind and sixty million (60,000,000) ordinary shares paid in cash.

### 12.15.2 Preferred Shares

The Company's extraordinary general assembly may, according to the principles set by the competent authority, issue or decide to purchase preferred shares, convert ordinary shares into preferred shares or convert preferred shares into ordinary shares. All shares shall be deemed as Ordinary Shares. Preferred shares do not give the right to vote in the general assemblies of shareholders, but enables their owner the right to receive more from the net profit of the Company after setting the statutory reserve aside in comparison to the than the ordinary shareholders percentage.

### 12.15.3 Issuance of Shares

Company shares shall be nominal shares, and may not be issued at less than their nominal value, but may be issued at a value higher than said nominal value; in which case, the difference in value shall be added as a separate article relating to shareholder rights and may not be distributed as a shareholder dividend. A share shall be indivisible vis-à-vis the Company. In the event that a share is owned by several persons, they shall select one person amongst them to exercise, on their behalf, the rights pertaining to said share, and they shall be jointly responsible for the obligations arising from ownership of said share.

### 12.15.4 Rights of the Holders of Ordinary Shares

Pursuant to Article 110 of the Companies Law, shares confer on the shareholder all the rights attached to the shares, which include in particular the right to receive a share in the profits declared for distribution; the right to a share in the Company's assets upon liquidation; the right to attend general assemblies and participate in the deliberations; voting on the resolutions proposed at such meetings; the right to dispose of shares; the right to have an access to the Company's records and documents; the right to supervise acts of the Board of Directors; the right to institute proceedings against Board members; and the right to contest the validity of the resolutions adopted at General Assemblies, in accordance with the conditions and restrictions specified in the Companies Law or in the Company's Bylaws.

Each Shareholder shall have the right to discuss the subjects listed in the General Assembly's agenda and to direct questions in respect thereof to the Board of Directors and the Auditor. The Board or Auditor shall answer the Shareholders' questions in a manner that does not prejudice the Company's interest. If a Shareholder deems the answer to the question unsatisfactory, then he may refer the issue to the General Assembly and its decision in this regard shall be conclusive and binding.

### 12.15.5 The Company's Buy-Back of its Shares

- a. The Company may buy-back its Ordinary or Preferred Shares, in accordance with the following rules:
  - i. The purpose of the buy-back is the reduction of the Company capital or the retention of Ordinary Shares as Treasury Shares;
  - ii. The Treasury Shares shall not exceed at any time ten percent 10% of the class of shares subject to the purchase;
  - iii. The debit balance of the Treasury Shares shall not exceed the value of retained profits;
  - iv. The value of Shares subject of buy-back shall be paid up in full; and
  - v. The Extraordinary General Assembly shall approve the Share buy-back transaction and shall determine its purpose and the maximum number of Shares subject to the buy-back. The Extraordinary General Assembly shall also authorize the Board to finalize the buy-back transaction, in one or several phases, and within a maximum period of twelve (12) months from the date of the issuance of the abovementioned approval. The Company shall announce the approval of the buy-back and the conditions thereof immediately after the relevant resolution of the Extraordinary General Assembly is issued. The Extraordinary General Assembly may at any time issue a resolution to change the purposes of the Shares buy-backs.
- b. The Company may not buy-back its Shares to be used as Treasury Shares unless for the following purposes:
  - i. If they are meant to fulfil debt instruments that are convertible into shares, in accordance with the terms and conditions of those instruments.
  - ii. In return for the acquisition of shares or interests, or for an asset purchase.
  - iii. To allocate them to the Employees Shares Plan; or
  - iv. For any other purpose determined by the competent authority.
- c. The Company shall provide the shareholders with sufficient information about the offer and the duration of buy-back and shall give them an equal opportunity to offer their shares for purchase.
- d. If the purpose of a Company's buy-back of its Shares is to decrease its share capital, the provisions of the Companies Law shall be taken into consideration.
- e. Any Preferred Shares bought back by the Company shall be deemed cancelled at the end of the buy-back. The Company shall take the necessary and legal procedures accordingly.
- f. If the Company is buying-back its Shares for the purpose of allocating them to its Employees under an Employees Shares Plan, the Company shall comply with the following rules:
  - g. To obtain the Extraordinary General Assembly's approval on the Employees Shares Plan. The General Assembly may authorize the Board to determine the terms of said Plan including the allocation price for each Share offered to employees if offered for consideration; and
  - h. Non-executive Board members shall not participate in the Employees Shares Plan.
  - i. Unless the Treasury Shares are allocated to the Company's Employees as part of the Employees Shares Plan, the Company may not increase its share capital through a rights issue if it retains Treasury Shares or if the Extraordinary General Assembly approved a share buy-back transaction, and did not cancel such approval.
  - j. If the Company which retains Treasury Shares increases its share capital through capitalization, such Treasury Shares shall have the same rights as those associated with other Shares.

### 12.15.6 Pledge of Company's Shares

A shareholder of the Company may pledge the Company's Shares, in accordance with the following rules:

- a. Such pledge shall be used to secure the pledge.
- b. Such pledge shall be in the interest of the Company and its Shareholders, as determined by the Board of Directors.
- c. The pledge shall be approved by the Ordinary General Assembly. A prior approval may be obtained for more than one transaction.

The pledge shall not entail a violation of the Companies Law and other relevant laws or regulations.

### 12.15.7 Sale of the Company's Shares

A Company may sell its Treasury Shares pursuant to a resolution of the Board of Directors, in one or several steps, provided that the Board of Directors' resolution shall not conflict with the resolution of the Extraordinary General Assembly approving the purchase of such shares.

### 12.15.8 General Assemblies

The duly convened Shareholders' General Assemblies shall represent all the Shareholders, and shall be held in the city where the Company's head office is located.

Except for matters falling within the jurisdiction of an Extraordinary General Assembly, an Ordinary General Assembly shall be competent to deal with all other matters related to the Company and shall be convened at least once a year during the first six (6) months following the end of the Company's fiscal year. Other Ordinary General Assembly meetings may be called where necessary.

An Extraordinary General Assembly of Shareholders shall be competent to amend the provisions of the Company's Bylaws, within the scope permitted by law. Furthermore, an Extraordinary General Assembly shall be empowered to adopt resolutions in matters within the jurisdiction of the Ordinary General Assembly under the same conditions and manners as prescribed for the latter.

The invitation to the Ordinary General Assembly should be published in a daily newspaper distributed in the Company's headquarters at least twenty-one (21) days prior to the meeting date. A copy of the invitation and agenda shall be sent to the Ministry of Commerce within the period specified for publication. A meeting of the Ordinary General Assembly shall not be valid unless attended by Shareholders representing at least 25% of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting shall be called to be held one hour after the end of the period specified for the first meeting. The invitation to the first meeting shall stipulate the possibility of holding such meeting or a second one within thirty days (30) after the first meeting. The notice shall be sent in the manner prescribed for the first meeting. The second meeting shall be deemed valid irrespective of the number of Shares represented therein. The meeting of Extraordinary General Assembly shall be valid only if attended by a number of Shareholders representing at least half of the Company's share capital. If such quorum cannot be attained at the first meeting, a second meeting of the Extraordinary General Assembly shall be called to be held one hour after the end of the period specified for the first meeting, and the invitation shall maintain the possibility of holding such meeting or another one within the following thirty (30) days. The second meeting shall be valid if it is attended by Shareholders representing at least (25%) of the Company's share capital. If this quorum is not attained at the second meeting, notice shall be sent for a third meeting to be held. The third meeting shall be valid regardless of the number of Shares represented therein and is contingent upon the competent authority's approval. General Assembly meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by the Vice Chairman of the Board of Directors. Minutes shall be written for the meeting which shall include the number of attending or represented Shareholders, the number of Shares held by each, the number of votes attached to such Shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions, and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman of the Assembly, the Secretary and the canvasser.

### 12.15.9 Voting Rights

Each Subscriber, regardless of the number of his Shares, shall have one vote per share represented thereby in the Conversion Assembly and the General Assemblies of the Shareholders. A Shareholder may appoint another person who is not a member of the Board of Directors or a company employee to attend the General Assembly on his behalf. Each Subscriber shall have one vote per Share represented thereby at the Conversion Assembly, and each Shareholder shall have a vote for each Share at the General Assemblies. Cumulative voting shall be used in the elections of the Board of Directors. Votes at the meetings of the General Assembly shall be counted on the basis of one vote per Share represented at the meeting. Resolutions of the General Assembly shall be passed if supported by a majority of the Shares represented at the meeting.

### 12.15.10 Dissolution and Liquidation of the Company

Upon the expiry of the Company's term, or if it is dissolved prior to the term set for the expiry thereof, the Extraordinary General Assembly shall, based on a proposal by the Board of Directors, decide the method of the liquidation, appoint one or more liquidators and specify their powers and fees. The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for managing the Company until the liquidator is appointed. The Company's administrative departments shall maintain their powers to the extent that they do not conflict with the powers of the liquidators.

### 12.15.11 Change of Shareholders' Rights

The rights of the Shareholders to receive a share in the Company's profits declared for distribution, receive a share in the Company's asset surplus upon liquidation, attend General Assembly meetings, participate in the deliberations and vote on its resolutions, dispose of the Shares, access the Company's books and documents, supervise the acts of the Board of Directors, bring a liability claim against the Board members and contest the validity of the resolutions adopted at General Assembly meetings (in accordance with the conditions and restrictions set out in the Companies Law and the Bylaws) shall be granted pursuant to the Companies Law. Accordingly, they may not be changed.

## 13. Underwriting

### 13.1 Underwriters

The Company, the Selling Shareholders and the Underwriters have entered into an Underwriting Agreement dated 05/11/1444H, corresponding to 25/05/2023G (the “Underwriting Agreement”) pursuant to which the Underwriters have agreed, subject to certain conditions contained in the Underwriting Agreement, to fully underwrite the Offering of twenty-one million (21,000,000) Ordinary Shares. The name and address of the Underwriters are set out below:

#### Underwriters

##### Al Rajhi Capital

Kind Fahad Road  
P.O. Box 5561  
Riyadh 11432  
Kingdom of Saudi Arabia  
Tel: +966 11 92000 5856  
Fax: +966 114600625  
Website: www.alrajhi-capital.com  
Email: IPO\_jamjoom@alrajhi-capital.sa



##### J.P. Morgan Saudi Arabia Company

Al Faisaliah Tower  
King Fahd Road  
P.O. Box 51907, Riyadh 11553  
Kingdom Saudi Arabia  
Tel: +966 11 2993854  
Fax: +966 11 2993840  
Website: www.jporgansaudi Arabia.com  
Email: JP\_IPO@jpmorgan.com

J.P.Morgan

##### Saudi Fransi Capital

King Fahd Road 8092  
P.O. Box 23454  
Riyadh 3735 - 12313  
Kingdom of Saudi Arabia  
Tel: +966 11 282 6666  
Fax: +966 11 282 6823  
Website: www.sfc.sa  
Email: Jamjoom.IPO@Fransicapital.com.sa



The agreed principal terms of the Underwriting Agreement are set out below:

## 13.2 Summary of the Underwriting Agreement

- The Selling Shareholders undertake to the Underwriters that, on the first Business Day after the allocation of the Offer Shares following the end of the Offering Period, that they shall:
  - Sell and allocate the Offer Shares to Participating Parties or Individual Investors whose applications for Offer Shares have been accepted by the Receiving Agents.
  - Sell and allocate to the Underwriters the Offer Shares that are not purchased by Participating Parties or Individual Investors pursuant to the Offering.
- The Underwriters undertake to the Company and the Selling Shareholders that they will purchase any Offer Shares that are not subscribed for by Participating Parties or Individual Investors, as stated below:

**Table (13.1): Underwritten Shares**

Underwriter	No. of Offer Shares Underwritten	Percentage of Offer Shares Underwritten
Saudi Fransi Capital Company	8,925,000	42.5%
J.P. Morgan Saudi Arabia	8,925,000	42.5%
Al Rajhi Capital	3,150,000	15%

The Company and the Selling Shareholders undertake to observe all the terms and conditions of the Underwriting Agreement.



## 14. Underwriting Costs

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The Selling Shareholders will pay to the Underwriters, on a pro-rata basis to the number of Offer Shares sold, an underwriting fee based on the total value of the Offering and pay the Underwriters' costs and expenses in connection with the Offering on behalf of the Company, as per the relevant contract.

## 15. Expenses

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The Selling Shareholders shall be responsible for all expenses and costs associated with the Offering, excluding certain costs which shall be paid directly by the Company. The costs to be paid by the Selling Shareholders are estimated at around SAR 51.5 million, which shall be deducted from the Offering proceeds, and include the fees of the Financial Advisors, Underwriters, Issuer's Legal Advisors, the Financial Due Diligence and Working Capital Advisors, Auditors, Market Consultant, and other Advisors, in addition to the fees of the Receiving Agents, marketing, printing and distribution expenses, as well as other related expenses. The costs to be paid by the Company are estimated at around SAR 3.5 million and include fees payable to the Saudi Exchange and the Securities Depository Centre Company (Edaa) and other expenses relating to the listing of the Shares on the Saudi Exchange.

## 16. Company's Post-Listing Undertakings

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Post-Offering, the Company undertakes to:

- Fill out form 8 (regarding the observance of Corporate Governance Regulations). The Company shall provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Inform the Capital Market Authority at the date of the first post-listing General Assembly meeting, so that representatives thereof may attend said meeting.
- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Comply with the provisions of the Listing Rules regarding the Company's ongoing obligations immediately after listing.
- Submit to the General Assembly for approval, all works and contracts in which any Director has a direct or indirect interest (in accordance with the Companies Law and the Corporate Governance Regulations); provided that the Director with such interest shall be prohibited from participating in voting on decisions issued in this regard by the Board of Directors and General Assembly.

Accordingly, once listing is approved, Directors undertake to:

- Record all resolutions and deliberations in written meeting minutes signed by the Board Chairman and Secretary.
- Disclose the details pertaining to any Related Party transactions in accordance with the Companies Law and Corporate Governance Regulations.

## 17. Waivers

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The Company has not applied to the CMA in order to obtain any waivers from any legal requirements.

## 18. Subscription Terms And Conditions

The Company has made an application to the CMA for the registration and offer of the Offer Shares and an application for listing of the Shares on the Exchange in accordance with the OSCOs and Listing Rules.

All Subscribers must carefully read the Subscription Terms and Conditions before completing their Subscription Application Form. Execution and submission of a Subscription Application Form to any of the Receiving Agents is deemed as an acceptance and approval of the Subscription Terms and Conditions.

### 18.1 Subscription to Offer Shares

The Offering will consist of twenty-one million (21,000,000) Ordinary Shares with a fully paid nominal value of SAR 10 per Share, at an Offer Price of SAR (60) per Share. The Offer Shares represent 30.0% of the Company's capital with the total value of the Offering amounting to SAR (1,260,000,000). Note that the Offering to Individual Investors and listing of the Shares thereafter is subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed for during this period. The CMA also has the right to suspend the Offering if, at any time after its approval of this Prospectus and before admission to listing of the Shares on the Exchange, a material adverse change has occurred in respect of the Company's operations.

The Offering is restricted to the following two groups of investors:

#### Tranche (A): Participating Parties:

This tranche comprises investors eligible to participate in the book-building process in accordance with the Book-Building Instructions. The number of Offer Shares to be initially allocated to Participating Parties is twenty-one million (21,000,000) Offer Shares representing one hundred percent (100%) of the total Offer Shares. In the event there is sufficient demand by Individual Investors for the Offer Shares, then the Lead Manager has the right to reduce the number of Shares initially allocated to Participating Parties to eighteen million nine hundred thousand (18,900,000) Shares, representing ninety percent (90%) of the total Offer Shares. The number and percentage of Offer Shares to be allocated to Participating Parties shall be determined as deemed fit by the Financial Advisors, in coordination with the Issuer.

#### Tranche (B): Individual Investors:

This tranche includes Saudi natural persons, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit in her name or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the Kingdom and any GCC national, in each case who has a bank account with a Receiving Agents and having the right to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if a transaction of this nature has been proved to have occurred, then the regulations shall be enforced against such person. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of two million and one hundred thousand (2,100,000) Offer Shares representing ten percent (10%) of the Offer Shares shall be allocated to Individual Investors. In the event that Individual Investors do not subscribe in full for the Offer Shares allocated thereto, the Lead Manager may reduce the number of Offer Shares allocated to Individual Investors in proportion to the number of Offer Shares subscribed for by them.

### 18.2 Book-building and Subscription by Participating Parties

- a. The number and percentage of Offer Shares to be allocated to Participating Parties shall be determined as deemed fit by the Financial Advisors, in coordination with the Issuer, using the voluntary share allocation method.
- b. Participating Parties must submit requests to participate in the book-building process by filling out Bid/Subscription Orders. Participating Parties may amend or cancel their bids at any time during the Book-Building Period, provided that said bids are amended by submitting a modified bid form or an appendix Bid Form (where applicable) before the Offer price determination process that will take place before the Offering Period begins. The number of Offer Shares for each of the Participating Parties shall not be less than one hundred thousand (100,000) Share, and no more than three million, four hundred and ninety-nine thousand, nine hundred and ninety-nine (3,499,999) Shares, and in relation to public funds only, not exceeding the maximum limit for each participating public fund that is determined in accordance with the Book-Building Instructions, and the number of requested shares must be allocatable. The Lead Manager shall notify the Participating Parties regarding the Offer Price and the number of Offer Shares initially allocated thereto. Subscription by Participating Parties must begin during the Offering Period, which also includes Individual Investors, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Applications Forms.

- c. Once the bookbuilding process for Participating Parties is completed, the Bookrunners shall announce the subscription percentage by Participating Parties.
- d. The Bookrunners and the Company shall have the authority to determine the Offer Price as dictated by supply and demand, provided that it does not exceed the price specified in the Underwriting Agreement, and that the subscription price be aligned with the price change units applied by Tadawul.

### 18.3 Subscription by Individual Investors




Each Individual Investor must submit an Application Form and must subscribe in multiples of 10 (with a minimum subscription of ten (10) Offer Shares and a maximum subscription of two hundred and fifty thousand (250,000) Offer Shares for Individual Investors). Changes to or withdrawal of the Application Form shall not be permitted once submitted.

Subscription Application Forms will be made available during the Retail Offering Period by Receiving Agents. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Investors who have recently participated in recent initial public offerings can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents that offer any or all such services to its customers, provided that the following requirements are satisfied:

- a. the Individual Investor must have a bank account at a Receiving Agent which offers such services; and
- b. there have been no changes to the personal information or data of the Individual Investor since his subscription in a recent Offering.

Upon signing and submitting the Subscription Application Form to any of the Receiving Agents, it shall be deemed a legally binding agreement between the Selling Shareholders and the relevant Individual Investor.

Individual Investors may obtain a copy of this Prospectus through the websites of CMA and the Financial Advisors:

Receiving Agents	
<p><b>AlRajhi Bank</b> King Fahd Road - Al Muruj District - Al Rajhi Bank Tower Riyadh 11411 Kingdom of Saudi Arabia Tel: +966 (11) 828 2515 Fax: +966 (11) 279 8190 Website: www.alrajhibank.com.sa Email: contactcenter1@alrajhibank.com.sa</p>	
<p><b>Saudi Fransi Bank</b> King Saud Road P.O. Box: 56006 Riyadh 11554 Kingdom of Saudi Arabia Tel: +966 920000579 Fax: +966 114027261 Website: www.alfransi.com.sa Email: Fransiplusadmin@alfransi.com.sa</p>	
<p><b>Saudi National Bank</b> King Fahad Road - Al Aqeeq District - King Abdullah Financial District P.O. Box: 3208 unit number 778 Kingdom of Saudi Arabia Tel: +966 920001000 Fax: +966 114060052 Website: www.alahli.com Email: contactus@alahli.com</p>	

The Receiving Agents will commence receiving Subscription Application Forms throughout the Kingdom beginning on Tuesday 10/11/1444H (corresponding to 30/05/2023G) until Thursday 12/11/1444H (corresponding to 01/06/2023G). Once the Subscription Application Form is signed and submitted, the relevant Receiving Agent receiving it, if it offers such services to its clients, will stamp it and provide the Individual Investor with a copy of the completed Subscription Application Form. In the event that the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Receiving Agent, the Subscription Application Form will be considered void. The Individual Investors do not have the right to claim any compensation for the damages incurred due to such cancellation.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in his/her Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR (60) per Offer Share.

Subscriptions by Individual Investors for less than ten (10) Offer Shares or fractions of Offer Shares will not be accepted, noting that the maximum subscription is two hundred and fifty thousand (250,000) Offer Shares for Individual Investors. Increments are to be made in multiples of 10.

Subscription Application Forms should be submitted during the Offering Period and accompanied (where applicable) with the following documents (the Receiving Agents will verify all copies against the originals and will return the originals to the relevant Individual Investor):

1. the original and copy of the national civil identification card or residency identification card (in case of non-Saudi Individual Investors and foreign residents, as applicable);
2. the original and copy of the national civil identification card (in case of Individual Investors who are GCC nationals);
3. the original and copy of the family civil identification card (when subscribing on behalf of family members);
4. the original and copy of a power of attorney (when subscribing on behalf of others);
5. the original and copy of certificate of guardianship (when subscribing on behalf of orphans);
6. the original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman);
7. the original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman); and
8. the original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

In the event an application is made on behalf of an Individual Investor (parents and children only), the name of the person signing on behalf of the Individual Investor should be stated in the Subscription Application Form. The power of attorney must be notarized by a notary public for the Individual Investors residing in the Kingdom, and must be legalized through a Saudi embassy or consulate in the relevant country for Individual Investors residing outside the Kingdom. The concerned official of the Receiving Agent shall match the copy with the original version and return the original version to the Individual Investor.

One Subscription Application Form should be completed for each primary Individual Investor applying for himself and members appearing on his family identification card, if the family members apply for the same number of Offer Shares as the primary Individual Investor. In this case:

- All Offer Shares allocated to the primary Individual Investor and dependent Individual Investors will be registered in the primary Individual Investor's name;
- The primary Individual Investor will receive any refund in respect of amounts not allocated and paid for by himself or dependent Individual Investors; and
- The primary Individual Investor will receive all dividends distributed in respect of the Offer Shares allocated to themselves and dependent Individual Investors (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

- The Offer Shares to be allocated are to be registered in a name other than the name of the primary Individual Investor;
- Dependent Individual Investors intend to apply for a different number of Offer Shares than the primary Individual Investor; and
- The wife subscribes in her name adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the Subscription Application Form completed by the relevant primary Individual Investor). In such case, applications made by the husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Receiving Agent.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband can subscribe on behalf of those children, provided she submits proof of motherhood. A subscription for Offer Shares made by a person in the name of his divorced wife shall be deemed invalid and the applicant shall be subject to the sanctions prescribed by law.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non-Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as primary Individual Investors. The maximum age for non-Saudi dependents to be included with their mother is 18. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Individual Investor agrees to subscribe for and purchase the number of Offer Shares specified in its Subscription Application Form, multiplied by the Offer Price of SAR (60) per share. Each Individual Investor shall acquire the number of Offer Shares allocated to him/her upon:

- Delivery by the Individual Investor of the Subscription Application Form to any of the Receiving Agents; and
- Payment in full by the Individual Investor to the Receiving Agent of the number of the Offer Shares subscribed for in the Subscription Application Form.

The total value of the Offer Shares shall be paid in full to the Receiving Agents, by debiting the account of the Individual Investor at the Receiving Agent where the Subscription Application Form was submitted. If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offer, then such an application may be rejected altogether. The Individual Investor shall accept any number of Offer Shares allocated to him/her, unless the allocated shares exceed the number of Offer Shares he has applied for.

## 18.4 Allocation and Refunds

The Lead Manager shall open and operate escrow accounts, for the purpose of depositing and keeping subscription monies collected from Participating Parties and Receiving Agents (on behalf of Individual Investors). Subscription monies shall be transferred to the Selling Shareholders only after listing, and following the deduction of certain fees and expenses. Details of the escrow account shall be specified in the subscription forms. In addition, Receiving Agents shall deposit all amounts received from the Individual Investors into the escrow accounts, the details of which account shall be specified in the Retail Subscription Form.

The Lead Manager and Receiving Agents, as applicable, shall notify Subscribers informing them of the final number of Offer Shares allocated, together with the amounts to be refunded.

Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' account as specified in the Subscription Application Form.

The announcement of the final allocation will be made on Wednesday 18/11/1444H (corresponding to 07/06/2023G) and the refund process shall be made no later than Sunday 22/11/1444H (corresponding to 11/06/2023G) (for further details, see page (xv) ("**Key Dates and Subscription Procedures**") herein. Subscribers should communicate with the Lead Manager or the Receiving Agents where they submitted their Subscription Form, as applicable, for any further information.

### 18.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisors, in coordination with the Company, shall determine the allocation of Offer Shares for the Participating Parties, after the allocation of Offer Shares to Individual Investors is completed, provided that the initial number of Offer Shares initially allocated to Participating Parties shall not be less than twenty-one million (21,000,000) Offer Shares representing one hundred percent (100%) of the total Offer Shares, and provided that the final allocation for Participating Parties shall not be less than eighteen million nine hundred thousand (18,900,000) Offer Shares representing (90%) of the Offer Shares. The allocation of Offer Shares for the Participating Parties will be made using the voluntary share allocation method.

### 18.4.2 Allocation of Offer Shares to Individual Investors

The Financial Advisors, in coordination with the Company, shall determine the allocation of Offer Shares to be allocated to Individual Investors. There will be an allocation of a maximum of two million and one hundred thousand (2,100,000) Offer Shares representing ten percent (10%) of the total Offer Shares, to Individual Investors. The minimum allocation per Individual Investor is ten (10) Offer Shares. The balance of the Offer Shares (if any) will be allocated on a pro-rata basis of each Individual Investor's application in proportion to the total number of requested Shares. In the event that the number of Individual Investors exceeds ten (10) Individual Investors, the Company will not guarantee the minimum allocation of Offer Shares, and the allocation will be made as determined by the Company and Financial Advisors. The surplus, if any, would be refunded to Individual Investors without any commissions or deductions by the Receiving Agents.

## 18.5 Circumstances where Listing may be Suspended or Cancelled

### 18.5.1 Power to Suspend or Cancel Listing

- The CMA may suspend stock trading or cancel the listing at any time as it deems fit, in any of the following circumstances:
  - The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
  - The Company fails, in a manner which the CMA considers material, to comply with the Capital Market Law, its implementing regulations or market rules.
  - The Company does not pay any fees due to the CMA or the Exchange, or penalties due to the CMA on time.
  - If it considers that the Company or its business, the level of its operations or its assets is no longer suitable to warrant the continued listing of shares in the Exchange.
  - When the reverse takeover announcement does not contain sufficient information about the proposed transaction. In the event that the source has given sufficient information regarding the target entity and the CMA is satisfied, following the announcement of the Company, that sufficient public information is available on the proposed transaction or the reverse takeover, the CMA may decide not to suspend trading at this stage.
  - When information about the proposed transaction of reverse takeover is leaked and the Company cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
  - Upon filing a request for commencing financial reorganization procedures before the court under the Bankruptcy Law, for an Issuer whose accumulated losses amounted to 50% or more of the capital thereof.



- Upon filing a request for commencing Issuer liquidation procedures or administrative liquidation procedure before the court under the Bankruptcy Law.
- Upon issuance of a final court ruling to end Issuer financial reorganization procedures and initiation of liquidation procedures or the administrative liquidation procedures under the Bankruptcy Law.
- Upon issuance of a final court ruling to commence Issuer liquidation procedures or administrative liquidation procedures under the Bankruptcy Law.
- The Exchange shall suspend the trading of the securities of the Company in any of the following cases:
  - When the Company does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the requirements of the OSCOs until its disclosure.
  - When the auditor's report on the financial statements of the Company contains an opposing opinion or an abstention from expressing opinion, until such opinion or abstention is removed.
  - If the liquidity requirements of Chapters 2 and 8 of the Listing Rules are not met after the time limit set by the Exchange for the Company to rectify its conditions, unless the CMA agrees otherwise.
  - The issuance of a decision by an Extraordinary General Assembly of the Company to reduce its capital for the two trading days following the issuance of the decision.

## 18.5.2 Voluntary Cancellation of Listing

- a. The Company, after it is listed on the Exchange, may not cancel the listing of its securities without the prior approval of the CMA. To obtain the CMA approval, the Company must provide the cancellation application to the CMA along with a simultaneous notice to Exchange. The application has to include the following:
  - Specific reasons for the cancellation request;
  - A copy of the disclosure referred to in Paragraph (D) below.
  - A copy of the relevant documentation and a copy of each related communication to shareholders, if the cancellation is to take place as a result of an acquisition or other corporate action by the Company; and
  - Names and contact information of the Financial Advisors and legal advisor appointed according to the relevant implementing regulations.
- b. The CMA may, at its discretion, approve or reject the cancellation request
- c. Once approval from the CMA has been obtained for the cancellation of listing, the Company must obtain the consent of its Extraordinary General Assembly.
- d. Where cancellation is made at the Company's request, the Company must disclose that to the public as soon as possible. The disclosure has to include the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the issuer's activities.

## 18.5.3 Temporary Trading Suspension

- a. The Company may request the Exchange to implement a temporary trading suspension upon the occurrence of an event that occurs during trading hours which requires immediate disclosure under the Capital Market Law, its implementing regulations or the Exchange rules, where the Company cannot maintain the confidentiality of this information until the end of the trading period. In such a case, the Exchange suspends trading of the securities of the Company as soon as it receives the request.
- b. Where a temporary trading suspension is made at the Company's request, the Company must announce as soon as possible the reason for the trading suspension, the anticipated period of the trading suspension, the event leading thereto and the extent it affects the Company's activities.
- c. The CMA may impose a temporary trading suspension without a request from the Company, where the CMA becomes aware of information or circumstances affecting the Company's activities which the CMA considers would be likely to interrupt the operation of the Exchange or the protection of investors. The Company, once its securities are subject to temporary trading suspension, must continue to comply with the Capital Market Law, its implementing regulations and Exchange rules.
- d. The Exchange may recommend to the CMA to practice its powers in accordance with the above Paragraph (C), if it discovers any information or circumstances that might affect the Company's activities which might affect the market's activities or investors' protection.

A temporary trading suspension will be lifted following the elapse of the disclosure period referred to in the above Paragraph (B), unless the CMA or the Saudi Exchange decide otherwise.

## 18.5.4 Lifting of Suspension

Lifting of trading suspension, as per Paragraph (A) of Section 18.5.1 (“Power to Suspend or Cancel Listing”) of this Prospectus, is subject to the following:

- a. Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension for the protection of investors;
- b. Lifting the suspension is unlikely to affect the normal activity of the Exchange.
- c. The Company complies with any other conditions that the CMA may require.
- d. In the event that the suspension is due to the fact the Company's accumulated losses equal 50% or more of its capital as per the Bankruptcy Law, then the suspension shall be lifted upon the issuance of the final court ruling on the commencement of a financial restructuring procedure for the issuer in accordance with the law issued by the competent authority and governing the issuer's activities.
- e. In the event that the suspension was due to an issuer liquidation procedure or administrative liquidation procedure before the court under the Bankruptcy Law, the suspension shall be lifted upon the issuance of the final court ruling rejecting the commencement of liquidation procedures or administrative liquidation procedures under the Bankruptcy Law, unless suspended from the practice of its activities by the relevant competent authority.

In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Company to correct such suspension, the CMA may cancel the listing of Company.

## 18.5.5 Re-registering and Listing of Cancelled Securities

If the Company wishes to re-list its shares after the cancellation thereof, it must submit a new application to list its shares in accordance with the Listing Rules, and fulfil the relevant requirements stipulated in the OSCOs.

## 18.6 Approvals and Decisions under which the Offer Shares are Offered and Listed

The following are the decisions and approvals under which the Offer Shares are publicly offered and listed:

1. the Company's Board of Directors resolution approving the Offering dated 11/01/1444H (corresponding to 09/08/2022G);
2. the CMA's announcement on the approval of the Offering dated 04/06/1444H (corresponding to 28/12/2022G); and
3. The Saudi Stock Exchange Tadawul's conditional listing approval.

## 18.7 Lock-up Period

The Substantial Shareholders referred to on page (xi) of this Prospectus may not dispose of any of their Shares, for a period of six (6) months from the date on which trading of the Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders are not restricted from disposing of their Shares without prior CMA approval.

## 18.8 Acknowledgments by Subscribers

By completing and delivering the Retail Subscription Application, each Subscriber:

1. agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form;
2. warrants that he has read and carefully examined this Prospectus and understood all its content;
3. accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus, the Subscription Application Form, and Electronic Subscription Application, and subscribes in the Offer Shares accordingly;
4. declares that neither himself/herself nor any of his/her family members included in the Subscription Application Form have previously subscribed to the Company's shares and accepts that the Company has the right to reject any or all duplicate applications;
5. accepts the number of Offer Shares allocated to him (to the maximum of the amount subscribed for) as per the Subscription Application Form; and
6. warrants not to cancel or amend the Subscription Application Form, after submitting it to the Lead Manager or the Receiving Agents.

For further details about the allocation process and surplus refund, please refer to Section 18.4 (“Allocation and Refunds”) hereof.

## 18.9 Shares' Record and Trading Arrangements

The Saudi Exchange shall keep a shareholders' record containing their names, nationalities, addresses, professions, the Shares held by them and the amounts paid for these Shares.

## 18.10 Saudi Stock Exchange

In 1990G, full electronic trading in the Kingdom equities was introduced. The Saudi Exchange (formerly "Tadawul") was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each Business Day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. However, during other than those times, orders can be entered, amended or cancelled from 9:30 a.m. to 10:00 a.m. The said times are subject to change during the month of Ramadan or in other months, and they are announced by the Saudi Exchange Management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry. The Saudi Exchange distributes a comprehensive range of information through various channels, including in particular the Saudi Exchange website (Tadawul) and the Saudi Exchange Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that shares ownership transfer takes two working days after the trade transaction is executed.

Companies are required to disclose all material decisions and information that are important for the investors via the Saudi Exchange. Surveillance and monitoring is the responsibility of the Saudi Exchange as the operator of the market to ensure fair trading and an orderly market.

### Securities Depository Center (Edaa)

Securities Depository Center Company (Edaa) was established in 2016G, in accordance with the Saudi Companies Law issued by Royal Decree No. M/3 dated 28/01/1437H. It is a closed joint-stock company fully owned by the Saudi Exchange (Tadawul) Group, with a capital of SAR 400,000,000 divided into 40,000,000 shares, with a nominal value of SAR 10 per share. The establishment was based on CMA approval of Tadawul's Board of Directors request in relation to conversion of the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law issued by Royal Decree No. M/30 dated 02/06/1424H.

The activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, and recording any ownership restrictions on the deposited securities. Further, it deposits and manages the records of the issuers of securities, and organizes issuers' general assemblies, including the remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may provide in accordance with CML and its implementing regulations.

## 18.11 Trading in the Shares

It is expected that trading in the Shares will commence after the final allocation of shares and the Saudi Exchange announcement of the start date of trading of the Shares. Saudi nationals, KSA residents holding valid residency permits, GCC nationals, as well as Saudi and GCC companies, banks, and investment funds will be permitted to trade in the Offer Shares once they are traded on the Exchange. Moreover, QFIs will be permitted to trade in the Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Securities. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the Shares, by entering into swap agreements with a Capital Market Institution licensed by the CMA, and to acquire, hold and trade in the Shares on the Exchange on behalf of a Foreign Investor. The Capital Market Institution shall be deemed the legal owners of the shares under the swap agreements.

Furthermore, Shares can only be traded after allocated Offer Shares have been credited to Participating Parties' accounts at the Saudi Exchange, the Company has been registered and its Shares listed on the Exchange. Pre-trading in Shares is strictly prohibited and Participating Parties entering into any pre-trading activities will be acting at their own risk. The Company and the Current Shareholders shall have no legal responsibility in connection with pre-trading activities.

## 18.12 Miscellaneous

The Subscription Application Form and all related terms, conditions, provisions, covenants and undertakings shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription, without the prior written consent of the other party.

These instructions, the conditions and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom.

The distribution of this Prospectus and the sale of the Offer Shares in any country other than the Kingdom are expressly prohibited, except for foreign Participating Parties, taking into account the relevant rules and instructions. The Company, Selling Shareholders, Financial Advisors, Lead Manager and Underwriters require all recipients of this Prospectus to inform themselves of any regulatory restrictions on the Offer Shares and the sale of Offer Shares and to observe all such restrictions.

## 19. Documents Available For Inspection

The following documents will be available for inspection at the Company's head office between 9 a.m. and 5 p.m. from 21/101444H (corresponding to 11/05/2023G) until 12/11/1444H (corresponding to 01/06/2023G) for a period of no less than 20 days prior to the end of the Offering Period:

- Copy of the CMA's announcement of the approval of the Offering.
- The Board of Directors resolution dated 11/01/1444H (corresponding to 09/08/2022G) approving the Offering.
- Company's Bylaws, amendments thereto, and other constitutional documents.
- Company's commercial registration certificate issued by MOC.
- Company's consolidated financial statements for the financial years 2019G, 2020G, 2021G, 2022G and notes thereto, as well as Company's condensed consolidated interim financial statements for the Six Month Period Ended 30 June 2022G.
- Market study prepared by the Market Consultant.
- Letters of consent from each of:
  - The Financial Advisors, Lead Manager, Bookrunners and Underwriters (being the Saudi Fransi Capital Company and J.P. Morgan Saudi Arabia) for the inclusion of their respective name, logo and declarations, if any, in this Prospectus.
  - Al Rajhi Capital for the inclusion in this Prospectus, of its name, logo, and declarations as a Bookrunner and Underwriter
  - KPMG, for the inclusion in this Prospectus, of its name, logo, and declarations, or financial statements as auditor of the Company for the audited financial statements for the financial years 2019G, 2020G, 2021G, 2022G and the consolidated interim financial statements for the Six Month Period Ending on 30 June 2022, which were prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA.
  - The Financial Due Diligence Advisor (PwC) for the inclusion of its name, logo and declarations, if any, in this Prospectus.
  - The Market Consultant (Euromonitor International Ltd.) for the inclusion of its name, logo and declarations in this Prospectus.
  - The Legal Advisors ((1) Legal Advisors - Abdulaziz Al Ajlan and Partners, Advocates and Legal Consultants; (2) Baker & McKenzie Ltd; (3) The Law Office of Megren M. Al-Shaalan; and (4) White & Case LLP), for the inclusion of their respective name, logo and declarations, if any, in this Prospectus.
- Contracts and agreements disclosed in Section 12.8 ("Related Party Transactions") hereof.
- Underwriting Agreement.
- All reports, letters, and other documents, valuations and data prepared by any expert wholly or partly included or referred to herein.
- Document clarifying the mechanism relied upon to determine the price range used in the bookbuilding process.
- Document containing certain forward-looking statements in relation to the expected financial performance of the Company in the future.
- Document summarizing the update to the financial and commercial information of the Company for the financial year 2022G.

## 20. Financial Statements and Independent Auditor's Report

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This section contains the financial statements for the financial years 2019G, 2020G, 2021G, 2022G and notes regarding the consolidated financial statements, including a summary of the major accounting policies, which were prepared in accordance with IFRS-KSA and other standards and pronouncements that are endorsed by SOCPA. It also contains the audited condensed consolidated interim financial statements for the Six Month Period Ended 30 June 2022G, which were prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2022G  
with  
INDEPENDENT AUDITOR'S REPORT



### KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P. O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 403029792

Headquarters in Riyadh

### كي بي إم جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص. ب. 55078  
جده 21534  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

## Independent Auditor's Report

To the Shareholders of Jamjoom Pharmaceuticals Factory

### Opinion

We have audited the consolidated financial statements of Jamjoom Pharmaceuticals Factory ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## Independent Auditor's Report

To the Shareholders of Jamjoom Pharmaceuticals Factory (continued)

### Revenue recognition

Refer to note 3(j) and note 23 of the consolidated financial statements.

#### Key audit matter

Revenue from sale of pharmaceutical and consumer health products for the year ended 31 December 2022 amounted to SR 916.6 million (2021: SR 735.6 million). Revenue from contracts with customers is recognised at a point in time when control of the product is transferred to the customer, generally on delivery of the goods.

We have identified revenue recognition as a key audit matter since significant auditor attention was devoted to it during the current year, and its correlation with the possible inherent risk that revenue may be intentionally overstated, resulting from the pressure on local management to achieve performance and financial targets. The Group also focuses on revenue as a key performance measure, which could create an incentive for revenue to be recognised before the control has been transferred. We have specifically focused as to whether sales are valid, with higher risk in recording revenue for sales transactions where the revenue from the sold good has not been collected by the year end.

#### How the matter was addressed in our audit

Our key audit procedures in this area, amongst others, included the following:

- We evaluated the appropriateness of the Group's revenue recognition accounting policy in accordance with applicable financial reporting standards.
- We obtained an understanding of management's internal controls over the revenue recognition process and assessed design, implementation and operating effectiveness of controls relevant to such process.
- We performed testing of sales transactions on a sample basis to ensure that the related revenues are recorded at the correct quantity and price when control of goods has been transferred to the customer.
- We tested on a sample basis, specific revenue transactions not collected by year end with supporting documentation to assess whether valid revenue has been recognized.
- We considered the adequacy of the disclosures in respect of revenues in accordance with the applicable financial reporting standards.

### Expected credit loss on trade receivables

Refer to note 3(b)(vi) and note 11 of the consolidated financial statements.

#### Key audit matter

As at 31 December 2022, the gross carrying value of trade receivables amounted to SR 361.4 million (2021: SR 386.8 million) against which the Group has determined an Impairment loss allowance (expected credit loss) amounting to SR 9 million (2021: 19.9 million) in accordance with the requirements applicable financial reporting framework.

The Group has applied a simplified approach in measuring its expected credit loss. The loss allowance is based on assumptions related to risk of default and expected loss rates. Based on Group's historical credit loss experience, current market conditions as well as forward looking macro-economic factors affecting the ability of the customers to settle the receivables, the Group uses judgement in making assumptions and selecting inputs to calculate expected credit loss.

#### How the matter was addressed in our audit

Our key audit procedures in this area, amongst others, included the following:

- We assessed the appropriateness of the Group's accounting policy for determining expected credit loss on trade receivables in accordance with the applicable financial reporting framework.
- We obtained an understanding of the procedures followed by the Group in establishing the expected credit loss including the model and assumptions used in developing the accounting estimate.
- We engaged our internal specialist to challenge the suitability of the expected credit loss model and assumption used in determination of the loss allowance by developing our own expectation based on our knowledge of the client, experience of the industry in which it operates and specified external data sources.





## Independent Auditor's Report

To the Shareholders of Jamjoom Pharmaceuticals Factory (continued)

### Expected credit loss on trade receivables (continued)

#### Key audit matter

We have considered this as a key audit matter due to the due to the significant judgment and key assumptions required in developing the accounting estimate.

#### How the matter was addressed in our audit

- We considered the adequacy of the disclosures in respect of expected credit loss over trade receivables in accordance with the applicable financial reporting standards
- We tested the mathematical accuracy of the expected credit loss calculation.

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

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

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

Those charged with governance, the Audit Committee, is responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## Independent Auditor's Report

To the Shareholders of Jamjoom Pharmaceuticals Factory (continued)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 **Jamjoom Pharmaceuticals Factory** ("the Company") and its subsidiaries ("the Group").

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### KPMG Professional Services



Nasser Ahmed Al Shutairy  
License No. 454

Jeddah, 18 April 2023  
Corresponding to: 27 Ramadan, 1444H



**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 As at 31 December 2022G  
 (Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	2022G	2021G
<b>ASSETS</b>			
Property, plant and equipment	5	702,717,960	711,902,778
Right-of-use asset	6	2,331,686	1,967,012
Intangible assets	7	14,434,716	14,785,577
Equity-accounted investees	8	250,901	3,941,232
<b>Non-current assets</b>		<b>719,735,263</b>	<b>732,596,599</b>
Inventories	10	131,861,298	135,165,483
Trade receivables	11	352,361,492	366,902,586
Prepayments and other current assets	12	56,262,432	46,869,686
Investments	9	5,115,913	38,129,312
Cash and cash equivalents	13	141,181,833	112,629,736
Asset held for sale	14	1,298,894	--
<b>Current assets</b>		<b>688,081,862</b>	<b>699,696,803</b>
<b>Total assets</b>		<b>1,407,817,125</b>	<b>1,432,293,402</b>
<b>EQUITY</b>			
Share capital	15	700,000,000	100,000,000
Statutory reserve	16	67,131,416	50,000,000
Foreign currency translation reserve		(75,083,354)	(37,875,273)
Retained earnings		524,215,264	1,119,510,376
<b>Total equity</b>		<b>1,216,263,326</b>	<b>1,231,635,103</b>
<b>LIABILITIES</b>			
Lease liabilities	17	2,401,203	1,717,953
Employees' benefits	18	62,162,117	60,576,185
<b>Non-current liabilities</b>		<b>64,563,320</b>	<b>62,294,138</b>
Lease liabilities – current portion	17	235,167	249,059
Trade payables and other current liabilities	19	109,033,453	118,370,750
Zakat and income-tax payable	20	17,721,859	19,744,352
<b>Current liabilities</b>		<b>126,990,479</b>	<b>138,364,161</b>
<b>Total liabilities</b>		<b>191,553,799</b>	<b>200,658,299</b>
<b>Total equity and liabilities</b>		<b>1,407,817,125</b>	<b>1,432,293,402</b>



Vice Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 through 37 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
(A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**

For the year ended 31 December 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

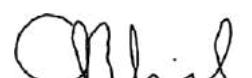
	Note	2022G	2021G
Revenue	23	916,672,111	735,682,864
Costs of revenue	24	(322,749,375)	(260,988,984)
<b>Gross profit</b>		<b>593,922,736</b>	<b>474,693,880</b>
Selling and distribution expenses	25	(261,062,783)	(208,953,648)
General and administration expenses	26	(55,371,462)	(40,687,475)
Research and development expenses	27	(32,680,485)	(37,000,236)
Impairment loss on financial assets	28	(11,483,450)	(3,287,747)
<b>Operating profit</b>		<b>233,324,556</b>	<b>184,764,774</b>
Finance costs	31	(48,810,626)	(4,208,005)
Finance income	31	9,712	2,006,190
Share of results in equity-accounted investees, net of tax	8	(318,657)	(54,090)
Other expense	29	(2,752,498)	(1,499,887)
Other income	30	4,862,301	7,078,157
<b>Profit before zakat and income tax</b>		<b>186,314,788</b>	<b>188,087,139</b>
Zakat and income tax	20	(15,000,626)	(17,391,832)
<b>Net profit for the year</b>		<b>171,314,162</b>	<b>170,695,307</b>
<b>Other comprehensive loss:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement of employees' benefits	18	(697,328)	(645,673)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign operations – foreign currency translation differences	31	(37,208,081)	(4,149,421)
<b>Other comprehensive loss for the year</b>		<b>(37,905,409)</b>	<b>(4,795,094)</b>
<b>Total comprehensive income for the year</b>		<b>133,408,753</b>	<b>165,900,213</b>
<b>Earnings per share:</b>			
Basic and diluted earnings per share (restated)	32	2.45	2.44



Vice Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 through 37 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 For the year ended 31 December 2022G  
 (Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2021G	100,000,000	50,000,000	(33,725,852)	1,062,794,074	1,179,068,222
<b>Total comprehensive income:</b>					
Net profit for the year	--	--	--	170,695,307	170,695,307
Other comprehensive loss for the year	--	--	(4,149,421)	(645,673)	(4,795,094)
	--	--	(4,149,421)	170,049,634	165,900,213
<b>Transaction with owners of the Company:</b>					
Dividends (note 15)	--	--	--	(113,333,332)	(113,333,332)
Balance at 31 December 2021G	100,000,000	50,000,000	(37,875,273)	1,119,510,376	1,231,635,103
<b>Total comprehensive income:</b>					
Net profit for the year	--	--	--	171,314,162	171,314,162
Other comprehensive loss for the year	--	--	(37,208,081)	(697,328)	(37,905,409)
	--	--	(37,208,081)	170,616,834	133,408,753
Transfer to statutory reserve	--	17,131,416	--	(17,131,416)	--
<b>Transaction with owners of the Company:</b>					
Increase in share capital (note 15)	600,000,000	--	--	(600,000,000)	--
Dividends (note 15)	--	--	--	(148,780,530)	(148,780,530)
<b>Balance at 31 December 2022G</b>	<b>700,000,000</b>	<b>67,131,416</b>	<b>(75,083,354)</b>	<b>524,215,264</b>	<b>1,216,263,326</b>



Vice Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 through 37 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
(A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	2022G	2021G
<b>Cash flows from operating activities:</b>			
Profit before zakat and income tax		186,314,788	188,087,139
<b>Adjustments for:</b>			
Depreciation	5	22,615,013	22,323,079
Amortisation	7	1,855,103	1,769,063
Depreciation on right-of-use assets	6	256,346	260,512
Finance cost	31	48,810,626	4,208,005
Finance income	31	(9,712)	(2,006,190)
Share of results from equity-accounted investees	8	318,657	54,090
Impairment loss on financial assets	28	11,483,450	3,287,747
Provision – finished goods expiry		7,349,698	3,493,517
Provision for obsolescence / slow moving inventories	10	10,820,079	10,742,237
Impairment loss on asset held for sale	29	1,252,498	--
Provision for employees' benefits	18	10,676,759	10,460,047
Gain on disposal of property and equipment	30	(30,759)	(88,940)
		301,712,546	242,590,306
<b>Changes in:</b>			
Trade receivables		12,191,101	49,070,671
Prepayment and other current assets		(18,528,001)	(3,333,465)
Inventories		(7,515,894)	(16,710,277)
Trade payables and other current liabilities		(18,887,315)	(6,958,442)
<b>Cash generated from operating activities</b>		<b>268,972,437</b>	<b>264,658,793</b>
Employees' benefits paid		(9,788,155)	(11,059,190)
Finance cost paid		(13,234,033)	(4,935,102)
Zakat and income tax paid	20	(16,746,688)	(19,740,692)
<b>Net cash generated from operating activities</b>		<b>229,203,561</b>	<b>228,923,809</b>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	5	(86,123,686)	(122,747,173)
Additions to intangible assets	7	(1,527,142)	(17,800)
Proceeds from disposal of property, plant and equipment		148,365	138,877
Investments – net		33,023,111	(20,145,138)
<b>Net cash used in investing activities</b>		<b>(54,479,352)</b>	<b>(142,771,234)</b>
<b>Cash flows from financing activities:</b>			
Loan paid during the year		--	(95,016,067)
Dividends paid	15	(148,780,530)	(113,333,332)
Payment of lease liabilities	17	(224,995)	(260,512)
<b>Net cash used in financing activities</b>		<b>(149,005,525)</b>	<b>(208,609,911)</b>
Net change in cash and cash equivalents		25,718,684	(122,457,336)
Net foreign exchange difference		2,833,413	(458,759)
Cash and cash equivalents at beginning of the year	13	112,629,736	235,545,831
<b>Cash and cash equivalents at end of the year</b>	13	<b>141,181,833</b>	<b>112,629,736</b>
<b>Major Non-Cash Supplemental Information:</b>			
Increase in share capital	15	600,000,000	--



Vice Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 through 37 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 For the year ended 31 December 2022G  
 (Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 1. REPORTING ENTITY

Jamjoom Pharmaceuticals Factory ("the Company") or the ("Parent Company") was a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 4030154596 dated 18 Safar 1426 H (corresponding to 28 March 2005). During 2013, the Company's shareholders resolved to change the legal status of the Company from a limited liability company to a closed Saudi joint stock company. The Ministry of Commerce and Investment announced the conversion to closed joint stock company by Ministerial Resolution on 19 Shaban 1435H (corresponding to 17 June 2014).

The Company and its subsidiaries (collectively referred as the "Group") are collectively involved to produce human medicines, nutraceuticals, antibiotics, general analgesics, medicines for treatment of cough, allergy, asthma, heart diseases, blood pressure, diarrhea, vomiting, ulcer and acidity, treatment of various skin infections, cancer diseases, eye drops and ointments and cosmeceuticals.

On 17 July 2022G, the shareholders of the Company passed a resolution to go for listing in Saudi Stock Exchange (Tadawul). On 28 December 2022G, the Capital Market Authority (CMA) approved the Registration and the Initial Public Offering of the Company's shares. All the related pre-requisites and legal formalities are under progress.

Further, the Company has registered the following branches and scientific support office:

- The Company registered its branch in Riyadh on 23 Rabi Al Awal 1431H (corresponding to 9 March 2010), commercial registration number 1010283686.
- The Company registered its branch in Jeddah on 25 Rabi Al Thani 1440H (corresponding to 3 November 2018G), commercial registration number 4030318590.
- The Company registered a scientific support office in Egypt on 18 Ramadan 1430H (corresponding to 8 September 2010) based on a resolution number 481 issued by the Ministry of Health in Egypt.
- The Company registered a branch in Jeddah for the upcoming Sterile Manufacturing Facility on 13 Shawwal 1442H (corresponding to 25 May 2021G), commercial registration number 4030416562.
- The Company registered a branch in U.A.E., Dubai on 1 Dhul Hijjah 1438H (corresponding to 23 August 2017G), commercial license number 94284 issued by Dubai Development Authority in U.A.E.
- The Company registered its branch in Qassim on 28 Safi 1444H (corresponding to 24 September 2022G), commercial registration number 113132367.
- The Company registered its branch in Jizan on 13 Rabi Al Thani 1444H (corresponding to 7 November 2022G), commercial registration number 5900137576.
- The Company registered its branch in Hafouf on 14 Rabi Al Thani 1444H (corresponding to 8 November 2022G), commercial registration number 2251502524.

The Company has the following subsidiaries up to 31 December 2022G:

Name	Country of incorporation	Principal activity	Effective shareholding	
			2022G	2021G
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	100%	100%
Jamjoom Pharmaceutical Industry and Commerce Company Limited*	Turkey	Manufacture and distribution of pharmaceuticals	100%	100%

\* The subsidiary is immaterial both alone and in aggregate to the financial position, performance and cash flows of the group and therefore not consolidated in these financial statements.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 1. REPORTING ENTITY (continued)

The Board of Directors resolved to liquidate the Jamjoom Pharmaceutical Industry and Commerce Company Limited dated 20 May 2019G and the process of liquidation is in progress.

The registered address of the Company is as follows:

P.O. Box 6267,  
Jeddah-21442,  
Kingdom of Saudi Arabia

## 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

### a) Statement of compliance

The accompanying consolidated financial statements 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 Chartered and Professional Accountants (SOCPA).

### b) Basis of measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for employees' benefit, which are measured at the the present value of future obligation using the Projected Unit Credit Method, and investments at fair value through profit and loss, which are measured at fair values. Certain figures for the prior year have been reclassified to conform to the presentation in the current year. Further details have been mentioned in note 35.

### c) Functional and presentation currency

The accompanying consolidated financial statements are presented in Saudi Arabian Riyals (SR) which is also the Company's functional and presentational currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. All amounts have been rounded off to the nearest Riyals, unless otherwise stated.

### d) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.



JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, is included in the following:

- Consolidation: whether the Group exercises control over an investee (Note 3 (a)(i)).
- Going concern: the Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.
- Allocation of common cost between sale of shares and listing of shares: the Group's management allocates the common cost between sale of shares and listing of shares in proportion to their respective directly attributable costs for the period in which these are incurred.

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

##### i) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss is recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 amortisation, if no impairment loss had been recognised.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Assumptions and estimation uncertainties (continued)

##### ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

##### iii) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging, current condition, and future expectations with respect to its consumption. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in the pattern of consumption and sale of pharmaceutical products.

##### iv) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

##### v) Employee benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 18 to these consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Measurement of fair values

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 liability.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy, if any, at the end of the reporting period during which the change has occurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

### a) Basis of consolidation

#### i) Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### i) Business combinations (continued)

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### Entities under common control

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entity are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

##### ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interests without change in control".

##### iii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### iv) Non-controlling interests

Non-controlling interests represent the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

##### v) Investments in equity accounted investees

The Group's interest in equity-accounted investees comprise interests in joint ventures. A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's investment in joint venture is accounted for using the equity method. Under the equity method, the investment in joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in Other Comprehensive Income (OCI) of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the Group's interest in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of profit or loss and other comprehensive income. Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in joint venture, the carrying amount of that interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transactions gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### b) Financial instruments

##### i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

##### ii) Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

##### ii) Classification and measurement of financial assets and financial liabilities (continued)

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

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

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

<b>Financial assets at Fair Value Through Profit and Loss (FVTPL)</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

##### iii) Financial Liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

##### iv) Derecognition

###### Financial assets

The management derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

###### Financial liabilities

The management derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The management also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

##### v) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### vi) Impairment of financial assets

The management recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost and contract assets. The management measures loss allowances at an amount equal to lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECL: these are ECL that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.



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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

##### vi) Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the management considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The management assumes that the credit risk on a financial asset has increased significantly if it is more than 730 days past due from government and 365 days past due from non-government parties.

The management considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### Measurement of ECL

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

ECLs are discounted at the effective interest rate of the financial asset.

In respect of trade receivables, the management applies a simplified approach in measuring the expected credit losses. Therefore, the management does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country of sales/customers to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

#### Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 990 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

##### vi) Impairment of financial assets (continued)

###### Presentation of allowance for ECL

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Financial assets are written off when there are no reasonable expectations of recovery. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the profit or loss.

#### c) Impairment

##### Non-financial assets

The management assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the management estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the management estimates the asset's or CGUs' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the consolidated statement of profit or loss and other comprehensive income.

The cost of replacing a part of an item of property, plant 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 Group, 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, plant and equipment are recognized in profit or loss as incurred.

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Land is not depreciated.

The estimated useful lives of assets are as follow:

	Years
Buildings	33
Plant and machinery	4-20
Furniture and fixtures	10
Office equipment	6
Computer equipment	4-8
Motor vehicles	4

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer policy on impairment of non-financial assets note 3(c).

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Property, plant and equipment (continued)

##### Capital work-in-progress

Capital work-in-progress are carried at cost less any recognised impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted for in accordance with the Group's policies.

#### e) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

##### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets are amortised over their useful economic lives of 8-10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

#### g) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognized in consolidated statement of profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

#### h) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) Provisions and contingent liabilities

##### Provisions

A provision is recognized if, as a result of a past event, the Group has a present, legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions expected to be settled after 12 months of the reporting date are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost in statement of profit or loss and other comprehensive income.

A provision for finished goods expiry is recognized when the underlying goods are sold, based on historical replacement data and a weighting of possible outcomes against their associated probabilities.

##### Onerous contracts

A provision for onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

##### Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Contingent liabilities are based on the judgment of management / independent experts and are not recognized in these consolidated financial statements but disclosed in the notes to these consolidated financial statements. These are reviewed at the end of each reporting period and are adjusted as appropriate.

#### j) Employees' benefits

##### Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in consolidated statement of profit or loss.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### j) Employees' benefits (continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in consolidated statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### Other long-term employee benefits

The Group's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value if the impact is material. Remeasurements are recognized in consolidated statement of profit or loss in the period in which they arise.

#### Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring.

#### Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### k) Revenues

The Group mainly generates revenue from manufacturing and delivery of pharmaceutical products. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group acts as the principal in its revenue arrangements because it controls the goods before transferring them to the customer.

Revenue from the sale of goods is recognised at the point in time when the control of the asset is transferred to the customer, generally on delivery or shipment of products. The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of products, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### k) Revenues (continued)

The Group estimates the amount of variable consideration by using either of the following methods, depending on which method is expected to better predict the amount of consideration to which it will be entitled:

- a) The expected value—the expected value is the sum of probability-weighted amounts in a range of possible consideration amounts and is generally applied when the Group has a large number of contracts with similar characteristics.
- b) The most likely amount—the most likely amount is the single most likely amount in a range of possible consideration amounts (i.e. the single most likely outcome of the contract). The most likely amount is generally appropriate if the contract has only two possible outcomes.

The Group applies the above methods consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which the Group will be entitled. In addition, the Group considers all the information (historical, current and forecast) that is reasonably available and identifies a reasonable number of possible consideration amounts.

Consideration payable to a customer includes cash amounts that the Group pays or expects to pay to the customers for the purchase of Group's goods. Consideration payable to a customer is treated as a reduction of the transaction price, unless the payment to the customer is in exchange for a distinct good that the customer transfers to the Group. If consideration payable to a customer is accounted for as a reduction in the transaction price, then the Group recognises a reduction of revenue when (or as) the later of the following events occurs: (i) the Group recognises revenue for the transfer of the related goods to the customer; and, (ii) the Group pays or promises to pay the consideration; this promise is implied by the Group's customary business practices. The Group applies judgement in respect of the above.

#### l) Zakat and income tax

The Company is subject to Zakat in accordance with the regulations of Zakat and Tax Customs Authority ("ZATCA"). Foreign subsidiaries are subject to the relevant income tax regulations in their countries of domicile. The Company's Zakat and its share in the foreign subsidiaries income tax are accrued and charged to the consolidated statement of profit or loss. Additional Zakat and foreign income tax liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized. The Group withholds taxes on transactions with non-resident parties.

#### m) Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, 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, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.



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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### n) Borrowings

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss and other comprehensive income using the effective interest method.

#### o) Cash dividend

The Group recognises a liability to make distribution to equity holders of the Parent Company when the distribution is authorised and the distribution is no longer at the discretion of the Group. Distribution authorization is assessed in line with the Companies' By-laws, of which a distribution is authorised when approved by the shareholders. A corresponding amount is recognised directly in equity. Interim dividends, if any, are recorded when approved by the Board of Directors.

#### p) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and in hand which are subject to an insignificant risk of changes in value.

#### q) Operating expenses

Costs of revenue represent all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to raw materials and supplies, attributable employee-related costs, depreciation of property and equipment, etc. All other expenses are classified as general and administrative expenses, selling and distribution expenses and research and development expenses. Allocation of common expenses between costs of revenue, selling and distribution expense, general and administrative expenses and research and development expenses where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses

#### r) Trade date accounting of financial instruments

Financial liabilities are initially recognised on trade date i.e. date on which the Group becomes party to the respective contractual provisions. All regular way purchases and sales of financial assets are recognized and derecognized on the trade date, i.e. the date on which the Group commits to purchase or sell the asset.

#### s) Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### t) Earnings per share

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

The calculation of diluted EPS is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

#### u) Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

##### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Saudi Arabian Riyal at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Saudi Arabian Riyal at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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## 4. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS

### a) Standards, interpretations, and amendments issued

This table lists the recent changes to the Standards that are required to be applied for an annual period beginning after 1 January 2022G and that are available for early adoption in annual periods beginning on 1 January 2022G; the Group has not early adopted them in preparing these consolidated financial statements:

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022G
Annual Improvements	Annual Improvements to IFRS Standards 2018G–2020G	1 January 2022G
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022G
IFRS 3	Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022G

### b) Standards, interpretations and amendments issued but not yet effective

The standards, interpretations and amendments issued, but not yet effective up to the date of issuance of the consolidated financial statements are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective.

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IFRS 17	Insurance contracts	1 January 2023G
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	1 January 2023G
IAS 8	Definition to accounting estimates	1 January 2023G
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction`	1 January 2023G
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023G
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations, and amendments with an effective date of 1 January 2022G will not have any material impact on the Group's consolidated financial statements, whereas, for other above-mentioned standards, interpretations, and amendments, the Group is currently assessing the implications on the Group's financial statements on adoption.

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## 5. PROPERTY, PLANT AND EQUIPMENT

The movement in property and equipment during the year ended 31 December 2022G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2022G	62,594,759	176,669,203	476,136,367	19,700,160	3,414,890	7,751,215	3,475,195	325,120,474	1,074,862,263
Additions during the year	--	1,312,500	5,151,361	787,444	469,275	1,381,847	276,980	76,744,279	86,123,686
Transferred from capital work in progress	--	--	915,547	--	--	954,950	--	(1,870,497)	--
Disposals during the year	--	--	(2,635,541)	(11,683)	(49,449)	(290,003)	(1,499,200)	--	(4,485,876)
Foreign currency translation differences	(2,136,420)	--	(163,925)	(140,607)	(52,767)	(151,259)	(14,750)	(70,053,064)	(72,712,792)
<b>Balance as at 31 December 2022G</b>	<b>60,458,339</b>	<b>177,981,703</b>	<b>479,403,809</b>	<b>20,335,314</b>	<b>3,781,949</b>	<b>9,646,750</b>	<b>2,238,225</b>	<b>329,941,192</b>	<b>1,083,787,281</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2022G	--	42,552,325	296,632,310	12,024,692	2,646,196	6,138,142	2,965,820	--	362,959,485
Charge for the year	--	5,340,508	14,693,825	1,392,297	299,517	712,839	176,027	--	22,615,013
Disposals during the year	--	--	(2,607,799)	(11,411)	(48,424)	(281,447)	(1,419,189)	--	(4,368,270)
Foreign currency translation differences	--	--	(2,607)	(47,955)	(10,296)	(73,898)	(2,151)	--	(136,907)
<b>Balance as at 31 December 2022G</b>	<b>--</b>	<b>47,892,833</b>	<b>308,715,729</b>	<b>13,357,623</b>	<b>2,886,993</b>	<b>6,495,636</b>	<b>1,720,507</b>	<b>--</b>	<b>381,069,321</b>
<b>Carrying value:</b>									
<b>At 31 December 2022G</b>	<b>60,458,339</b>	<b>130,088,870</b>	<b>170,688,080</b>	<b>6,977,691</b>	<b>894,956</b>	<b>3,151,114</b>	<b>517,718</b>	<b>329,941,192</b>	<b>702,717,960</b>

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement in property and equipment during the year ended 31 December 2021G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2021G	62,584,476	153,835,217	453,815,691	18,849,275	3,157,376	7,150,391	5,597,035	249,459,658	954,449,119
Additions during the year	--	10,870	4,941,756	226,055	92,933	901,049	--	116,574,510	122,747,173
Transferred from capital work in progress	--	22,826,803	17,470,622	636,280	166,468	--	--	(41,100,173)	--
Disposals during the year	--	--	(5,600)	(12,776)	(2,158)	(308,948)	(2,121,840)	--	(2,451,322)
Foreign currency translation differences	10,283	(3,687)	(86,102)	1,326	271	8,723	--	186,479	117,293
<b>Balance as at 31 December 2021G</b>	<b>62,594,759</b>	<b>176,669,203</b>	<b>476,136,367</b>	<b>19,700,160</b>	<b>3,414,890</b>	<b>7,751,215</b>	<b>3,475,195</b>	<b>325,120,474</b>	<b>1,074,862,263</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2021G	--	37,292,352	282,295,242	10,459,002	2,386,827	5,936,285	4,748,935	--	343,118,643
Charge for the year	--	5,259,973	14,431,674	1,576,074	261,879	497,181	296,298	--	22,323,079
Disposals during the year	--	--	(5,487)	(12,336)	(1,971)	(299,776)	(2,081,815)	--	(2,401,385)
Foreign currency translation differences	--	--	(89,119)	1,952	(539)	4,452	2,402	--	(80,852)
<b>Balance as at 31 December 2021G</b>	<b>--</b>	<b>42,552,325</b>	<b>296,632,310</b>	<b>12,024,692</b>	<b>2,646,196</b>	<b>6,138,142</b>	<b>2,965,820</b>	<b>--</b>	<b>362,959,485</b>
<b>Carrying value:</b>									
<b>At 31 December 2021G</b>	<b>62,594,759</b>	<b>134,116,878</b>	<b>179,504,057</b>	<b>7,675,468</b>	<b>768,694</b>	<b>1,613,073</b>	<b>509,375</b>	<b>325,120,474</b>	<b>711,902,778</b>

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

### 5.1 Depreciation charge for the year ended 31 December has been allocated as follows:

	2022G	2021G
Costs of revenue (Note 24)	17,156,801	17,008,926
Selling and distribution expenses (Note 25)	939,728	1,035,858
General and administration expenses (Note 26)	2,057,336	1,758,519
Research and development expenses (Note 27)	2,461,148	2,519,776
	22,615,013	22,323,079

### 5.2 Capital work in progress represents cost incurred on the construction of expansion of factory. It also includes cost incurred on the construction of manufacturing facility in Egypt subsidiary amounting to SR 154.7 million. The construction is expected to be completed by the end of 2023G.

Capital work-in-progress as at 31 December, comprises the following:

	2022G	2021G
Equipment	151,890,365	170,509,066
Civil works	161,306,093	129,091,009
Advances for civil work	16,094,942	25,519,643
Advances for equipment	649,792	--
	329,941,192	325,119,718

## 6. RIGHT-OF-USE ASSET

The Group leases warehouse and factory facilities as a lessee. The movement in right-of-use asset during the year ended December 31 is analysed as under:

	2022G	2021G
<b>Cost</b>		
Balance as at 1 January	2,785,065	2,785,065
Modifications	621,020	--
Balance as at 31 December	3,406,085	2,785,065
<b>Accumulated depreciation</b>		
Balance as at 1 January	(818,053)	(557,541)
Charge for the year	(256,346)	(260,512)
Balance as at 31 December	(1,074,399)	(818,053)
<b>Carrying value:</b>		
At December 31	2,331,686	1,967,012

Depreciation charge on right-of-use asset is allocated to costs of revenue.

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## 6. RIGHT-OF-USE ASSET (continued)

The following are the amounts recognised in profit or loss:

	2022G	2021G
Depreciation on right-of-use assets	256,346	260,512
Interest expense on lease liabilities	122,260	108,067
Expense relating to short-term leases (note 6.1)	1,010,086	1,010,109
<b>Total amount recognised in profit or loss</b>	<b>1,388,692</b>	<b>1,378,688</b>

- 6.1 These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.
- 6.2 Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances.

## 7. INTANGIBLE ASSETS

Intangible assets include the following:

	2022G	2021G
Software and trademark (Note 7.1)		
	14,434,716	14,785,577

### 7.1 Software and trademark

The movement during the year, is analysed below:

	Software	Trademark	Total
<b>Cost:</b>			
Balance as at 1 January	7,845,974	15,000,000	22,845,974
Additions during the year	1,527,142	--	1,527,142
Foreign currency translation	(27,631)	--	(27,631)
<b>Balance as at 31 December 2022G</b>	<b>9,345,485</b>	<b>15,000,000</b>	<b>24,345,485</b>
<b>Accumulated amortisation:</b>			
Balance as at 1 January 2022G	6,310,397	1,750,000	8,060,397
Charge for the year	355,103	1,500,000	1,855,103
Foreign currency translation	(4,731)	--	(4,731)
<b>Balance as at 31 December 2022G</b>	<b>6,660,769</b>	<b>3,250,000</b>	<b>9,910,769</b>
<b>Carrying value:</b>			
<b>As at 31 December 2022G</b>	<b>2,684,716</b>	<b>11,750,000</b>	<b>14,434,716</b>
As at 31 December 2021G	1,535,577	13,250,000	14,785,577

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## 7. INTANGIBLE ASSETS (continued)

Amortisation charge for the year ended 31 December has been allocated as follows:

	2022G	2021G
Costs of revenue (note 24)	128,064	128,064
Selling and distribution expenses (note 25)	15,975	185
General and administrative expenses (note 26)	189,937	119,800
Research and development expenses (note 27)	21,127	21,127
Other expense (note 29)	1,500,000	1,499,887
	<b>1,855,103</b>	<b>1,769,063</b>

## 8. EQUITY-ACCOUNTED INVESTEE

The Group has interest in the following:

Name	Principal place of business	Ownership interest (%)		Amount	
		2022G	2021G	2022G	2021G
Jamjoom Hupp Pharma LLC (note 14)	Algeria	49%	49%	--	3,389,870
Jamjoom Algeria Lildawa	Algeria	49%	49%	250,901	551,362
				<b>250,901</b>	<b>3,941,232</b>

The movement of equity-accounted investees is as follows:

	2022G	2021G
Opening balance	3,941,232	2,769,136
Additions	--	551,362
Share of loss from equity accounted investee	(318,657)	(54,090)
Other adjustments	(820,282)	674,824
Transferred to asset held for sale (note 14)	(2,551,392)	--
Closing balance	<b>250,901</b>	<b>3,941,232</b>

The following table summarizes the latest available financial information of Jamjoom Algeria Lildawa as of 31 December and for the year then ended:

	2022G	2021G
Total assets	775,511	1,065,181
Total liabilities	263,468	100,988
Total equity	512,042	964,193
Loss for the year	457,662	103,578



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## 9. INVESTMENTS

Investments as at December 31 comprised of the following:

	2022G	2021G
Investments at amortised cost (note 9.1)	4,411,521	37,500,000
Investments at fair value through profit or loss (note 9.2)	704,392	629,312
	<b>5,115,913</b>	<b>38,129,312</b>

9.1 This represents Murabaha investments made with an Investment Company at prevailing market rates.

9.2 Investments at fair value through profit or loss

	Country of incorporation	Number of shares		Amount (SAR)	
		2022G	2021G	2022G	2021G
Biothera (common units held)	United States of America	2,173,913	2,173,913	19,566	19,566
Nahdi	Kingdom of Saudi Arabia	499	--	83,433	--
Aramco	Kingdom of Saudi Arabia	18,735	17,032	601,393	609,746
				<b>704,392</b>	<b>629,312</b>

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## 10. INVENTORIES

Inventories include the following:

	2022G	2021G
Raw materials	55,819,068	62,311,942
Packing materials	34,284,786	32,746,344
Work in process	10,044,747	1,895,787
Finished goods	33,015,374	41,745,371
Goods in transit	2,820,530	3,529,853
Stores and spares	11,788,640	10,967,846
	<b>147,773,145</b>	<b>153,197,143</b>
Provision for inventories (note 10.1)	(15,911,847)	(18,031,660)
	<b>131,861,298</b>	<b>135,165,483</b>

### 10.1 Movement of provision for slow moving and obsolete inventories is as follows:

	2022G	2021G
Balance as at 1 January	18,031,660	14,838,101
Provision during the year	10,820,079	10,742,237
Write off during the year	(12,918,374)	(7,548,678)
Foreign currency translation	(21,518)	--
Balance as at 31 December	15,911,847	18,031,660

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## 11. TRADE RECEIVABLES

	2022G	2021G
Trade receivables, net (Note 11.1)	352,361,492	366,902,586

### 11.1 Trade receivables include the following:

	2022G	2021G
Trade receivables – others	166,469,672	153,218,210
Trade receivables – related parties (note 21)	194,929,555	233,537,259
	361,399,227	386,755,469
Less: Allowance for expected credit losses (note 11.2)	(9,037,735)	(19,852,883)
	352,361,492	366,902,586

### 11.2 The movement in allowance for expected credit losses (ECLs) is as follows:

	2022G	2021G
Balance at 1 January	19,852,883	17,676,757
Provision during the year	2,348,195	2,249,773
Write off during the year	(13,163,343)	(73,647)
Balance at 31 December	9,037,735	19,852,883

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December.

31 December 2022G	Total	Neither past due nor impaired	Past due but not impaired			
			0-90 days	90-180 days	180-360 days	361 days and above
Gross carrying amount	361,399,227	195,278,250	89,619,528	13,934,317	17,895,254	44,671,878
Loss allowance	9,037,735	427,869	530,563	299,587	758,560	7,021,156
Weighted average loss rate	2.50%	0.22%	0.59%	2.15%	4.24%	15.72%

31 December 2021G	Total	Neither past due nor impaired	Past due but not impaired			
			0-90 days	90-180 days	180-360 days	361 days and above
Gross carrying amount	386,755,469	210,849,293	103,560,685	17,337,063	19,339,140	35,669,288
Loss allowance	19,852,883	939,885	1,165,470	658,093	1,666,303	15,423,132
Weighted average loss rate	5.13%	0.45%	1.13%	3.80%	8.62%	43.24%

The Group does not have any collateral over receivables and accordingly are unsecured. Unimpaired trade receivables are expected, on the basis of past experience to be fully recoverable.

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 34.

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## 12. PREPAYMENTS AND OTHER CURRENT ASSETS

	2022G	2021G
Prepayments and other current assets (note 12.1)	47,748,955	29,222,973
Due from related parties (note 21)	8,513,477	17,646,713
	56,262,432	46,869,686

### 12.1 Prepayments and other current assets

	2022G	2021G
Employees' receivables	9,765,889	8,866,258
VAT receivable	10,937,448	11,711,689
Advance to suppliers	10,962,043	2,864,903
Due from shareholders (note 12.1)	7,886,574	--
Prepayments	4,516,253	3,092,850
Deposits	1,062,520	1,253,541
Others	2,618,228	1,433,732
	47,748,955	29,222,973

12.2 This represents amount to be indemnified by the shareholders to the Company in relation to the cost borne by the Company on their behalf for the sale of their existing shares to the public in proportion to their existing interest in the Company and the shareholders have agreed to indemnify the Company for the entire amount paid in this respect. Refer note 15 for the details of shareholders along with the percentage of their shareholding.

## 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	2022G	2021G
Cash in hand	37,135	36,740
Cash at banks – current accounts	141,144,698	112,592,996
	141,181,833	112,629,736

## 14. ASSET HELD FOR SALE

During the year ended 31 December 2022G, management committed to a plan to sell its investment in Jamjoom Hupp Pharma LLC. Accordingly, the Group's investment in joint venture is presented as an asset held for sale. Efforts to sell the investment have started and a sale is expected during 2023G.

Impairment loss of SR 1,252,498 for write-down of the asset to the lower of its carrying amount and its fair value less costs to sell have been included in 'other expense' (see note 29).

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## 15. SHARE CAPITAL

As at December 31, the share capital is divided into 70,000,000 shares (2021G: 10,000,000 shares) of SR 10 each held and owned by:

	Percentage of Ownership	31 December 2022G		31 December 2021G	
		No. of shares	Amount	No. of shares	Amount
Mr. Yousef Mohammad Salah Jamjoom	59.5%	41,650,000	416,500,000	5,950,000	59,500,000
Mr. Mahmood Yousef Mohammed Salah Jamjoom	8.0%	5,600,000	56,000,000	800,000	8,000,000
Mr. Walid Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000	650,000	6,500,000
Mr. Mohammed Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000	650,000	6,500,000
Mr. Ahmed Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000	650,000	6,500,000
Ms. Sana Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000	650,000	6,500,000
Ms. Ala'a Yousef Mohammed Salah Jamjoom	6.5%	4,550,000	45,500,000	650,000	6,500,000
	100%	70,000,000	700,000,000	10,000,000	100,000,000

The details of interim dividends approved by Board of the directors during the current year are as follows:

	For the year	2022G	2021G
1st Quarter		37,333,333	23,333,333
2nd Quarter		23,833,333	23,333,333
3rd Quarter		23,833,333	23,333,333
4th Quarter		63,780,531	43,333,333
Total		148,780,530	113,333,332

On 17 July 2022G, the shareholders of the Company passed a resolution to increase the share capital of the Company from SAR 100 million to SAR 700 million. All the related pre-requisites and legal formalities were completed on 24 August 2022G.

## 16. STATUTORY RESERVE

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to statutory reserve until such reserve equals 30% of its share capital. This reserve is not available for distribution to the shareholders of the Company.

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## 17. LEASE LIABILITES

	2022G	2021G
Lease liabilities	2,636,370	1,967,012

17.1 As at December 31 the movement in the net present value of the finance lease liabilities is as follows:

	2022G	2021G
As at 1 January	1,967,012	2,227,524
Modifications during the year	894,353	--
Add: Interest expense for the year	122,260	108,067
Less: Payments during the year	(347,255)	(368,579)
As at 31 December	2,636,370	1,967,012

17.2 The lease liabilities have been presented in statement of financial position is as follows:

	2022G	2021G
Current liability	235,167	249,059
Non-current liability	2,401,203	1,717,953
Lease liabilities	2,636,370	1,967,012

## 18. EMPLOYEES' BENEFITS

The Company operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by Saudi Arabian Labour and Workmen Law. The benefit is based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Kingdom of Saudi Arabia. An independent actuarial exercise has been conducted as at 31 December 2022G and 31 December 2021G to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labour Law by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

The amount recognized in the statement of financial position is determined as follows:

	2022G	2021G
Employees' benefits	62,162,117	60,576,185

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## 18. EMPLOYEES' BENEFITS (continued)

### a) Movement in defined benefit obligation

Movement in the present value of defined benefit obligation recognized in statement of financial position:

	2022G	2021G
Balance at 1 January	60,576,185	75,553,455
<b>Included in statement of profit or loss</b>		
Current service cost	8,856,383	8,569,243
Interest cost	1,820,376	1,890,804
	10,676,759	10,460,047
<b>Included in other comprehensive income</b>		
Actuarial loss arising from experience adjustment	697,328	645,673
Loan against employees' benefits	-	(12,540,000)
Benefits paid	(9,788,155)	(13,542,990)
Balance at 31 December	62,162,117	60,576,185

### b) Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	2022G	2021G
Discount rate	4.44%	3.27%
Future salary growth / Expected rate of salary increase	4.44%	3.27%
Retirement age	60 years	60 years
Number of employees	1,013	999
Mortality rate	0.75 to 7.52	to 7.52

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in amounts below.

	2022G	2021G
Discount rate (+0.5% movement)	62,150,468	56,963,003
Discount rate (-0.5% movement)	58,956,441	64,471,334
Salary increase rate (+0.5% movement)	65,588,704	64,451,506
Salary increase rate (-0.5% movement)	58,941,665	56,946,023

The sensitivity analyses have been determined based on a method that extrapolates the impact on the end of service benefit as a result of changes in key assumptions occurring at the end of the reporting period, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the end of service benefit as it is unlikely that changes in assumptions would occur in isolation of one another. The weighted average duration of the end of service benefit at the end of the reporting period is 9.95 years (31 December 2021G: 9.95 years).

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## 19. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities include the following:

	2022G	2021G
Trade payables	34,452,124	36,898,578
Accruals and other current liabilities (note 19.1)	69,166,576	76,300,690
Due to related parties (note 21)	5,414,753	5,171,482
	<b>109,033,453</b>	<b>118,370,750</b>

### 19.1 Accruals and other current liabilities

	2022G	2021G
Employee related accruals	38,983,706	28,480,116
Accrued commission and discount payable	710,088	13,855,041
Retention payable	4,931,668	6,114,134
Contract liabilities	50,348	243,559
Accrued sales and marketing expenses	1,675,041	2,605,338
Accrued utilities bills	1,298,777	600,515
Provision – finished goods expiry (19.2)	9,014,591	8,307,105
Local expenses accrual	9,263,452	13,773,752
Others	3,238,905	2,321,130
	<b>69,166,576</b>	<b>76,300,690</b>

19.2 The provision relates to items sold during 2022G. The provision has been estimated based on historical replacement data associated with similar products.

## 20. ZAKAT AND INCOME-TAX PAYABLE

### a) Parent Company

#### Zakat base

The significant components of Zakat base for the year ended 31 December comprise of the following:

	2022G	2021G
Equity	1,120,729,846	1,099,460,742
Provisions	62,590,856	81,911,676
Other addition	6,650,728	3,973,107
Book value of non-current assets	(726,515,371)	(735,256,374)
Zakat base	463,456,059	450,089,151
Zakat Base (365)	477,857,236	464,074,972
Net adjusted income	220,424,843	205,084,607
Zakat base	698,282,079	669,159,579
Zakat charge for the year	17,457,052	16,728,989



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## 20. ZAKAT AND INCOME TAX PAYABLE (continued)

	2022G		
	Zakat	Income tax	Total
Balance at 1 January	18,662,603	1,081,749	19,744,352
Charge for the year	15,523,438	(522,812)	15,000,626
Paid during the year	(16,728,989)	(17,699)	(16,746,688)
Foreign currency translation	--	(276,431)	(276,431)
Balance at 31 December	17,457,052	264,807	17,721,859

	2021G		
	Zakat	Income tax	Total
Balance at 1 January	20,448,987	1,644,225	22,093,212
Charge for the year	16,728,989	155,029	16,884,018
Prior year adjustment	507,814	--	507,814
Total charge for the year	17,236,803	155,029	17,391,832
Paid during the year	(19,023,187)	(717,505)	(19,740,692)
Balance at 31 December	18,662,603	1,081,749	19,744,352

### b) Status of assessments

The Zakat assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 31 December 2018G and the Company has not received any assessments for the years ended 31 December 2019G, 2020G, and 2021G. The Company is in the process of filing its Zakat return for the year ended 31 December 2022G.

### c) Income tax

Income tax is calculated in accordance with the applicable tax laws of the foreign subsidiary.

## 21. RELATED PARTY TRANSACTIONS AND BALANCES

- a. The Group in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in IAS-24.
- b. Transaction with related parties mainly relate to expenses incurred by the related parties on behalf of the Group and sales processed through affiliated companies (parties related to the Group or shareholders of the Company) in accordance with the agreement mutually entered into. Transactions with related parties are undertaken at mutually agreed prices.

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## 21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c. Significant related party balances arising from transactions are described as under:

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance		
			2022G	2021G	2022G	2021G	
<b>Due from related parties under trade receivables:</b>							
Jamjoom Medicine Stores	Affiliate	Sale of products	<b>467,286,947</b>	373,807,334			
		Distribution commission	<b>17,820,244</b>	17,759,777	<b>194,929,555</b>	233,537,259	
<b>Due from related parties under prepayment and other current assets:</b>							
Jamjoom Medicine Stores	Affiliate	Expenses paid	--	69,605	--	194,685	
Jamjoom HUPP Pharma LLC	Equity accounted investee	Loan receivable*	--	1,037,974	<b>17,452,028</b>	17,452,028	
Dan International for trading & Industries	Affiliate	Expenses paid	<b>31,436</b>	--	--	--	
New Jamjoom Healthcare Hospital	Affiliate	Expenses paid	<b>62,944</b>	40,667	--	--	
Jamjoom Algeria Lildawa	Equity accounted investee	Expenses paid	<b>196,704</b>	--	<b>196,704</b>	--	
					<b>17,648,732</b>	17,646,713	
Less: Provision for impairment loss on due from related party (note 21.1)						<b>(9,135,255)</b>	--
						<b>8,513,477</b>	17,646,713

\* The balance represents interest free loan provided by the Company to Jamjoom Hupp Pharma LLC.

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance		
			2022G	2021G	2022G	2021G	
<b>Due to related parties under trade payables and other current liabilities:</b>							
Jamjoom General Agencies	Affiliate	Purchases and services rendered	<b>957,692</b>	1,092,842	<b>480,768</b>	109,087	
Jamjoom Printing Press	Affiliate	Purchases and services rendered	<b>3,274,699</b>	8,813,119	<b>1,076,482</b>	1,783,446	
Jeddah Trident Hotel	Affiliate	Purchases and services rendered	<b>56,129</b>	862,532	--	--	
Jamjoom Medicine Stores	Affiliate	Purchases and services rendered	--	410,117	--	--	
Dream Sky Travel & Tourism Agency	Affiliate	Services rendered	<b>7,432,119</b>	4,667,006	<b>46,241</b>	120,792	
Tegan Al Fateh Factory Company Limited	Affiliate	Purchases – Packing material	<b>18,658,995</b>	18,446,989	<b>3,560,552</b>	3,018,180	
Jafaar Mohammed Salah Jamjoom and Partner for Engineering Consulting	Affiliate	Services rendered	<b>1,574,350</b>	1,293,600	<b>216,950</b>	112,700	
Hamza Mahmoud Yousuf Jamjoom Contracting Corporation	Affiliate	Retention Money	<b>117,681</b>	204,755	<b>33,760</b>	27,277	
						<b>5,414,753</b>	5,171,482

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## 21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

21.1 The movement in provision for impairment loss on due from related party is as follows:

	2022G	2021G
Balance at 1 January	--	--
Provision during the year	9,135,255	1,037,974
Write off during the year	--	(1,037,974)
Balance at 31 December	9,135,255	--

### 21.2 Key management personnel remuneration and compensation

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. The following table illustrates details of remuneration and compensation paid to key management personnel:

	2022G	2021G
Short-term employee benefits	14,375,821	14,482,238
Long-term employee benefits	608,288	769,519

#### Board of Directors / Committee members' remuneration

Board of Directors remuneration and compensation comprised of the following:

	2022G	2021G
Meeting attendance fees	1,773,844	264,000

## 22. COMMITMENTS AND CONTINGENCIES

The Group has the following contingencies and commitments:

	2022G	2021G
Letter of credit	5,398,163	11,787,536
Letters of guarantee	7,612,107	10,964,621
Contractual commitments	9,425,502	36,784,154

The contractual commitments represent the Group's commitments related to construction and electromechanical contracts related to works in progress not yet completed (note 5.2).

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## 23. REVENUE

The Group generates revenue from the sale products to its customers. In the following table, revenue from customers is disaggregated by major products and primary geographical market.

	2022G	2021G
<b>Major products category</b>		
Pharmaceutical products	797,376,208	663,462,072
Consumer health products	119,295,903	72,220,792
Total	916,672,111	735,682,864
	2022G	2021G
<b>Primary geographical markets</b>		
Kingdom of Saudi Arabia	587,133,235	466,097,876
Gulf	108,695,016	73,271,532
Iraq	91,152,980	64,584,892
Egypt	64,174,480	67,042,667
North Africa and other export markets	65,516,400	64,685,897
	916,672,111	735,682,864

## 24. COSTS OF REVENUE

	2022G	2021G
Raw materials and consumables	200,691,573	148,537,652
Salaries and employee related costs	73,337,709	65,908,705
Depreciation (note 5.1)	17,156,801	17,008,926
Amortisation (note 7)	128,064	128,064
Depreciation on right-of-use assets (note 6)	256,346	260,512
Traveling and communication	1,094,679	621,149
Supplies and consumables	6,309,419	6,248,723
Repair and maintenance	5,401,209	4,813,986
Utilities	9,870,708	8,265,728
Others	8,502,867	9,195,539
	322,749,375	260,988,984

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## 25. SELLING AND DISTRIBUTION EXPENSES

	2022G	2021G
Salaries and employee related costs	102,236,299	79,903,624
Distribution expenses	78,935,720	68,902,034
Brand reminders, free medical samples and promotion	66,601,207	49,005,266
Travelling and communication	6,358,445	5,115,016
Amortisation (note 7)	15,975	185
Depreciation (note 5.1)	939,728	1,035,858
Others	5,975,409	4,991,665
	<b>261,062,783</b>	<b>208,953,648</b>

## 26. GENERAL AND ADMINISTRATION EXPENSES

	2022G	2021G
Salaries and employee related costs	37,379,130	31,404,176
Travelling and communication	1,582,639	1,296,798
Depreciation (note 5.1)	2,057,336	1,758,519
Amortisation (note 7)	189,937	119,800
Utilities	2,087,473	480,422
Repair and maintenance	2,437,367	705,220
Others	9,637,580	4,922,540
	<b>55,371,462</b>	<b>40,687,475</b>

## 27. RESEARCH AND DEVELOPMENT EXPENSES

	2022G	2021G
Salaries and employee related costs	20,123,621	20,621,555
Travelling and communication	213,285	164,771
Depreciation (note 5.1)	2,461,148	2,519,776
Amortisation (note 7)	21,127	21,127
Cost of exhibit batches	2,504,979	3,821,049
Lab scale batches	1,078,521	1,615,734
Supplies and consumables	925,958	771,574
Others	5,351,846	7,464,650
	<b>32,680,485</b>	<b>37,000,236</b>

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## 28. IMPAIRMENT LOSS ON FINANCIAL ASSETS

	2022G	2021G
Impairment loss on trade receivables (note 11)	2,348,195	2,249,773
Impairment loss on due from related party (note 21)	9,135,255	1,037,974
	<b>11,483,450</b>	<b>3,287,747</b>

## 29. OTHER EXPENSE

	2022G	2021G
Amortisation (note 7)	(1,500,000)	(1,499,887)
Impairment loss on asset held for sale (note 14)	(1,252,498)	--
	<b>(2,752,498)</b>	<b>(1,499,887)</b>

## 30. OTHER INCOME

	2022G	2021G
Gain on disposal of property, plant and equipment	30,759	88,940
Royalty income	4,067,099	4,106,190
Others	764,443	2,883,027
	<b>4,862,301</b>	<b>7,078,157</b>

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## 31. NET FINANCE COST

Net finance cost for the year comprises of the following:

Finance cost	2022G	2021G
Loan management fee on SIDF loan	--	(2,273,934)
Bank charges	(738,406)	(799,413)
Finance charge on leases	(122,260)	(108,067)
Investments at FVTPL – net change in fair values	--	(1,026,591)
Foreign currency loss (see note below)	(47,949,960)	--
<b>Total finance cost</b>	<b>(48,810,626)</b>	<b>(4,208,005)</b>

Finance income	2022G	2021G
Investments at FVTPL – net change in fair values	9,712	--
Foreign currency gain (see note below)	--	2,006,190
<b>Total finance income</b>	<b>9,712</b>	<b>2,006,190</b>

31.1 During the year ended 31 December 2022G, the Company entered a loan restructuring agreement to convert the loan balance from its Egypt subsidiary into a "Subordinated Perpetual Instrument". The Group has analysed the Subordinated Perpetual Instrument having features of an equity instrument under IAS-32 and hence classified the instrument under equity on the date of debt conversion in the books of the Subsidiary. Accordingly, all foreign currency gain /(loss) arising from translation of the equity instrument shall be recorded in the OCI in accordance with accounting policy in note 3(u).

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## 32. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the year.

	2022G	2021G (Restated)
Net profit for the year	171,314,162	170,695,307
Number of ordinary shares	70,000,000	10,000,000
Effect of increase in share capital (note 32.1)	--	60,000,000
Weighted average number of ordinary shares in issue	70,000,000	70,000,000
Basic and diluted earnings per share	2.45	2.44

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

**32.1 During the year ended 31 December 2022G, the Company increased its share capital resulting in change in the weighted average number of ordinary shared in issue this led to a retrospective adjustment to number of shares in prior period for the purpose of calculation of EPS, refer note 15.**

## 33. OPERATING SEGMENT

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different marketing strategies. The Group's Chairman, Group Chief Executive, and Chief Financial Officer (CFO) monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Group.

For each of the strategic business units, the CODM reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Pharmaceutical products – represents medicines or drugs and they are essential for the prevention and treatment of diseases, and protection of public health.
- Consumer health products – represents the products sold directly to consumers. Unlike prescription drugs, selection and use of consumer health products does not require the oversight of a health care practitioner.

No operating segments have been aggregated to form the above reportable operating segments.

Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.



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### 33. OPERATING SEGEMENT (continued)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the CODM. There are no inter segment revenue reported during the period. The following table presents segment information for the period ended 30 December:

Particulars	Pharmaceutical products		Consumer health products		Total	
	2022G	2021G	2022G	2021G	2022G	2021G
Revenue - external customers	797,376,208	663,462,072	119,295,903	72,220,792	916,672,111	735,682,864
Costs of revenue	(288,251,767)	(238,804,067)	(34,497,608)	(22,184,917)	(322,749,375)	(260,988,984)
Segment profit	509,124,441	424,658,005	84,798,295	50,035,875	593,922,736	474,693,880

#### Unallocated income / (expenses)

	2022G	2021G
Gross profit before tax for reportable segments	593,922,736	474,693,880
Selling and distribution expenses	(261,062,783)	(208,953,648)
General and administrative expenses	(55,371,462)	(40,687,475)
Research and development expenses	(32,680,485)	(37,000,236)
Impairment loss on financial assets	(11,483,450)	(3,287,747)
Finance cost	(48,810,626)	(4,208,005)
Finance income	9,712	2,006,190
Share of results in investment in equity-accounted investees, net of tax	(318,657)	(54,090)
Other expense	(2,752,498)	(1,499,887)
Other income	4,862,301	7,078,157
<b>Profit before zakat and income tax</b>	<b>186,314,788</b>	<b>188,087,139</b>

Detail of segment assets and liabilities is given below:

Particulars	Allocated		Unallocated	
	Pharmaceutical Products	Consumer Health Products	Others	Total
	SAR	SAR	SAR	SAR
<b>31 December 2022G</b>				
Segment assets	--	--	1,407,817,125	1,407,817,125
Segment liabilities	--	--	191,553,799	191,553,799
<b>31 December 2021G</b>				
Segment assets	--	--	1,432,293,402	1,432,293,402
Segment liabilities	--	--	200,658,299	200,658,299

Pharmaceutical and consumer health segment are managed on a worldwide basis, but sales are primarily in Saudi Arabia, Egypt, Iraq, Gulf countries and North Africa countries. Refer note 23 for geographical disclosure.

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### 33. OPERATING SEGEMENT (continued)

#### Major customer

Revenues from one customer of the Group's pharmaceutical products and consumer health products segments represented approximately SAR 467.29 million (2021G: SAR 373.80 million) of the Group's total revenues.

### 34. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

#### Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks in close cooperation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, trade receivables, due from related parties, investments, trade payable, due to related parties and retention payable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability are offset and net amount reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

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## 34. FINANCIAL RISK MANAGEMENT (continued)

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

### Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. As at the reporting date, the Group is not exposed to any interest risk as it does not have any interest-bearing financial instruments.

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Algerian Dinar, Egyptian Pound, Turkish Lira, UAE Dirham and Euros. The Group is exposed to foreign exchange risk. The Group's other financial liabilities are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between Saudi Riyals and Egyptian Pound. Since Saudi Riyals is pegged with US Dollars, the Group is not exposed to currency risk for the transactions denominated in US Dollars.

The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

### Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

	31 December 2022G					
	US Dollars	Euro	Algerian Dinar	Egyptian Pound	Bahraini Dinar	United Arab Emirates Dirhams
Trade receivables	14,024,115	565,358	--	--	89,280	200,465
Prepayments and other current assets	--	--	649,612,303	--	--	--
Cash and cash equivalents	11,955,089	2,190,155	--	--	--	--
	25,979,204	2,755,513	649,612,303	--	89,280	200,465
Trade payables and other current liabilities	1,889,020	1,368,518	--	118,800	--	2,018,460
Net exposure	24,090,184	1,386,995	649,612,303	(118,800)	89,280	(1,817,995)

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### 34. FINANCIAL RISK MANAGEMENT (continued)

#### Currency risk (continued)

	31 December 2021G					
	US Dollars	Euro	Algerian Dinar	Egyptian Pound	Bahraini Dinar	United Arab Emirates Dirhams
Trade receivables	9,313,839	262,704	--	--	89,280	--
Prepayments and other current assets	--	--	647,186,790	--	--	--
Cash and cash equivalents	8,084,720	4,214,906	--	--	--	--
	17,398,559	4,477,610	647,186,790	--	89,280	--
Trade payables and other current liabilities	1,688,675	1,203,890	--	138,600	7,883	3,801,706
Net exposure	<b>15,709,884</b>	<b>3,273,720</b>	<b>647,186,790</b>	<b>(138,600)</b>	<b>81,397</b>	<b>(3,801,706)</b>

Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended 31 December		For the year ended 31 December	
	2022G	2021G	2022G	2021G
<b>Foreign currency per Saudi Riyal</b>				
Euros	0.2421	0.2255	0.2487	0.2353
Algerian Dinar	36.9458	35.9712	36.8079	37.0370
Egyptian Pound	5.1508	4.1849	6.6055	4.1894
Turkish Lira	4.2668	2.3635	4.9825	3.4734
UAE Dirham	0.9793	0.9793	0.9793	0.9795

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## 34. FINANCIAL RISK MANAGEMENT (continued)

### Currency risk (continued)

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euros, US Dollars, Algerian Dinars, Egyptian Pounds, Bahraini Dinars and UAE Dirhams against all other currencies at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected profit before Zakat and income tax by the amount shown below. This analysis assumes that all other variables remain constant.

	Strengthening	Weakening
<b>31 December 2022G</b>		
Euro	(55,770)	55,770
US Dollar	(903,382)	903,382
Algerian Dinar	(176,487)	176,487
Egyptian Pound	178	(178)
UAE Dirham	17,804	(17,804)
Bahraini Dinar	(8,884)	8,884
<b>31 December 2021G</b>		
Euro	(139,130)	139,130
US Dollar	(589,121)	589,121
Algerian Dinar	(174,741)	174,741
Egyptian Pound	331	(331)
UAE Dirham	38,813	(38,813)
Bahraini Dinar	(8,096)	8,096

### Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group exposure to any price risk is not material.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery which is based on customer profile and payments history. Outstanding customer receivables are regularly monitored. The Group's maximum exposure to credit risk at the reporting date is as follows:

	2022G	2021G
<b>Financial assets</b>		
Trade receivables, gross	361,399,227	386,755,469
Due from related parties, gross	17,648,732	17,646,713
Investments	5,115,913	38,129,312
Bank balance	141,144,698	112,592,996
Total	525,308,570	555,124,490

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## 34. FINANCIAL RISK MANAGEMENT (continued)

### Credit risk (Continued)

As at 31 December 2022G, four largest customers account approximately for 75% (31 December 2021G: 75%) of gross outstanding trade receivables. However, the Group assessed the concentration of risk with respect to accounts receivable and concluded it to be low.

At 31 December 2022G, the maximum exposure to credit risk for trade receivables by geographic region is as follows:

	2022G	2021G
Kingdom of Saudi Arabia	293,492,691	338,425,630
Gulf	19,942,232	12,311,379
Iraq	18,032,490	6,300,628
Egypt	11,948,262	11,397,451
North Africa and other export markets	17,983,552	18,320,381
Total	361,399,227	386,755,469

### Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

31 December 2022G	Contractual cash flows				Total
	Carrying amount	Less than 1 year	Within 1 to 5 years	More than 5 years	
Lease liabilities	2,636,370	347,255	1,389,020	1,539,805	3,276,080
Trade Payable	34,452,124	34,452,124	--	--	34,452,124
Due to related parties	5,414,753	5,414,753	--	--	5,414,753
Retention payable	4,931,668	4,931,668	--	--	4,931,668
	47,434,915	45,145,800	1,389,020	1,539,805	48,074,625

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## 34. FINANCIAL RISK MANAGEMENT (continued)

### Liquidity (continued)

31 December 2021G	Contractual cash flows				
	Carrying amount	Less than 1 year	Within 1 to 5 years	More than 5 years	Total
Lease liabilities	1,967,012	347,255	1,389,020	1,887,060	3,623,335
Trade Payable	36,898,578	36,898,578	--	--	36,898,578
Due to related parties	5,171,482	5,171,482	--	--	5,171,482
Retention payable	6,114,133	6,114,133	--	--	6,114,133
	<b>50,151,205</b>	<b>48,531,448</b>	<b>1,389,020</b>	<b>1,887,060</b>	<b>51,807,528</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

Reconciliation of liabilities arising from financing activities is as follows:

	1 January 2022G	Non- cash changes			Cash flows <sup>*</sup>	31 December 2022G
		Dividend declared	Finance cost	Others		
Dividend	--	148,780,530	--	--	(148,780,530)	--
Lease liabilities	1,967,012	--	122,260	894,353	(347,255)	2,636,370
	<b>1,967,012</b>	<b>148,780,530</b>	<b>122,260</b>	<b>894,353</b>	<b>(149,127,785)</b>	<b>2,636,370</b>

	1 January 2021G	Non- cash changes			Cash flows <sup>*</sup>	31 December 2021G
		Dividend declared	Finance cost	Others		
Dividend	--	113,333,332	--	--	(113,333,332)	--
Lease liabilities	2,227,524	--	108,067	--	(368,579)	1,967,012
Loan	95,016,067	--	--	--	(95,016,067)	--
	<b>97,243,591</b>	<b>113,333,332</b>	<b>108,067</b>	<b>108,067</b>	<b>(208,717,978)</b>	<b>1,967,012</b>

\* This also includes interest payment made presented under the Group accounting policy as an operating cash flow.

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## 34. FINANCIAL RISK MANAGEMENT (continued)

### Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. As at the reporting date, the Group does not have any interest-bearing loans and borrowing affecting its gearing ratio.

### Fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. As at 31 December 2022G, the carrying values of the financial assets and financial liabilities is a reasonable approximation of their fair value.

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

	Carrying amount	Fair Value			
		Mandatorily at FVTPL	Level 1	Level 2	Level 3
<b>31 December 2022G</b>					
<b>Financial assets measured at fair value</b>					
Investment at fair value through profit or loss	704,392	684,826	--	19,566	704,392
<b>31 December 2021G</b>					
<b>Financial assets measured at fair value</b>					
Investment at fair value through profit or loss	629,312	609,746	--	19,566	629,312



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## 35. RECLASSIFICATION IN PRIOR YEAR

During the year ended 31 December 2022G, the Group reclassified certain amounts to conform to the current year classification. The table below summarizes the impacts on the Group's financial statements:

Consolidated statement of financial position:

As at 31 December 2021G	Note	Impact of reclassification		
		As previously reported	Adjustments	As reclassified
Equity-accounted investees	35.1	3,972,724	(31,492)	3,941,232
Non-current assets		3,972,724	(31,492)	3,941,232
Investments	35.1	38,109,746	19,566	38,129,312
Prepayments and other current assets	35.1	29,211,047	11,926	29,222,973
Current assets		67,320,793	31,492	67,352,285
Total assets		71,293,517	--	71,293,517

Consolidated statement of profit or loss and other comprehensive income:

For the year ended 31 December 2021G	Note	Impact of reclassification		
		As previously reported	Adjustments	As reclassified
Impairment loss on financial assets	35.2	--	(3,287,747)	(3,287,747)
General and administration expenses	35.2	(42,937,248)	2,249,773	(40,687,475)
Operating profit		(42,937,248)	(1,037,974)	(43,975,222)
Investments at FVTPL – net change in fair values	35.3	(1,040,217)	1,040,217	--
Finance cost	35.3, 35.4 & 35.5	(1,175,224)	(3,032,781)	(4,208,005)
Finance income	35.4	--	2,006,190	2,006,190
Other income	35.5 & 35.6	4,553,922	2,524,235	7,078,157
Other expense	35.6	--	(1,499,887)	(1,499,887)
Profit before zakat and income tax		(40,598,767)	--	(40,598,767)
Net profit for the year		(40,598,767)	--	(40,598,767)
Total comprehensive income for the year		(40,598,767)	--	(40,598,767)

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### 35. RECLASSIFICATION IN PRIOR YEAR (continued)

The reclassification do not have an impact on the net profit of the Group, hence, there is no impact on basic or diluted earnings per share and total operating, investing, or financing cashflows for the year ended 31 December 2021G.

- 35.1 This represents reclassification of certain FVTPL equity investments amounting to SR 19,566 and other balances amounting to SR 11,926 from the equity-accounted investee to investment and prepayments and other current assets, respectively.
- 35.2 Impairment loss on financial assets amounting to SR 3,287,747 for the year ended 31 December 2021G has been presented as a separate line item in these consolidated financial statements instead of showing within general and administrative expenses and other income.
- 35.3 Investments at FVTPL – net change in fair values amounting to SR 1,040,217 for the year ended 31 December 2021G has been presented within finance cost instead of showing as a separate line item in these consolidated financial statements.
- 35.4 This represents re-classification of foreign currency gain amounting to SR 2,006,190 previously presented as finance cost, to finance income and presented separately in these consolidated financial statements.
- 35.5 This represents reclassification of certain balances amounting to SR 13,626 from other income to finance cost.
- 35.6 This represents re-classification of amortization charge over trademarks amounting to SR 1,499,887 previously presented within other income to other expense, and impairment loss on due from related parties amounting to SR 1,037,974 previously presented within other income, to impairment loss on financial assets and presented as a separate line item in these consolidated financial statements.

### 36. SUBSEQUENT EVENTS

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022G) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023G). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023G). The management is in process of assessing the impact of the Law and will amend its By-Laws for any changes to align the Articles to the provisions of the Law. Consequently, the Company shall present the amended By-Laws to the shareholders in their Extraordinary General Assembly meeting for their ratification.

### 37. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 16 April 2023G, corresponding to 25 Ramadan 1444H.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
CONDENSED CONSOLIDATED INTERIM  
FINANCIAL STATEMENTS (UNAUDITED)  
For the three-month and six-month periods ended 30 June 2022G  
with  
INDEPENDENT AUDITORS' REVIEW REPORT



**KPMG Professional Services**

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

**كي بي ام جي للاستشارات المهنية**

مركز زهران للأعمال  
شارع الأمير سلطان  
ص.ب ٥٥٠٧٨  
جدة ٢١٥٣٤  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792  
المركز الرئيسي في الرياض

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

To the Shareholders of the Jamjoom Pharmaceuticals Factory

## Introduction

We have reviewed the accompanying 30 June 2022 condensed consolidated interim financial statements of Jamjoom Pharmaceuticals Factory ("the Company") and its subsidiaries ("the Group") which comprises:

- the condensed consolidated statement of financial position as at 30 June 2022,
- the condensed consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2022,
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2022,
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2022; and
- the notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

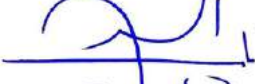
## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2022 condensed consolidated interim financial statements of Jamjoom Pharmaceuticals Factory and its subsidiaries are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

## KPMG Professional Services

  
Nasser Ahmed Al Shutairy  
License No. 454



Jeddah, 04 October 2022  
Corresponding to 08 Rabi Al Awal 1444H

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي ام جي للاستشارات المهنية شركة مهنية مساهمة منظمة مسجلة في المملكة العربية السعودية، رأس ماله (٢٥.٠٠٠.٠٠٠) ريال سعودي متفرع بالكامل، المسماة سابقاً "شركة كي بي ام جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي ام جي المستقلة والتابعة لكي بي ام جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494

**JAMJOOM PHARMACEUTICALS FACTORY**  
(A Closed Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	30 June 2022G (Unaudited)	31 December 2021G (Audited)
<b>ASSETS</b>			
Property, plant and equipment	4	729,753,870	711,902,778
Right-of-use asset		2,255,893	1,967,012
Intangible assets		14,032,027	14,785,577
Equity-accounted investees	5	3,812,946	3,941,232
Investment at fair value through profit or loss	8	19,566	19,566
Non-current assets		749,874,302	732,616,165
Inventories	6	140,922,385	135,165,483
Trade receivables	7	447,183,204	366,902,586
Prepayments and other receivables		63,135,167	46,869,686
Other investments	8	6,759,073	38,109,746
Cash and cash equivalents		99,651,671	112,629,736
Current assets		757,651,500	699,677,237
Total assets		1,507,525,802	1,432,293,402
<b>EQUITY</b>			
Share capital	9	100,000,000	100,000,000
Proposed increase in share capital	9	600,000,000	--
Statutory reserve	10	50,000,000	50,000,000
Foreign currency translation reserve		(40,345,422)	(37,875,273)
Retained earnings		552,298,163	1,119,510,376
Total equity		1,261,952,741	1,231,635,103
<b>LIABILITIES</b>			
Lease liabilities		2,404,051	1,717,953
Employees' benefits		62,658,316	60,576,185
Non-current liabilities		65,062,367	62,294,138
Lease liabilities		220,928	249,059
Trade payables and other current liabilities		168,930,408	118,370,750
Zakat and income-tax payable	11	11,359,358	19,744,352
Current liabilities		180,510,694	138,364,161
Total liabilities		245,573,061	200,658,299
Total equity and liabilities		1,507,525,802	1,432,293,402



Vice Chairman



Chief Executive Officer



Chief Financial Officer

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

**JAMJOOM PHARMACEUTICALS FACTORY**  
(A Closed Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	Three month period ended June 30		Six month period ended June 30	
		2022G	2021G	2022G	2021G
Revenue	12	<b>238,297,921</b>	193,053,622	<b>482,081,046</b>	314,877,162
Cost of revenue		<b>(85,234,609)</b>	(68,300,659)	<b>(164,696,600)</b>	(112,757,894)
Gross profit		<b>153,063,312</b>	124,752,963	<b>317,384,446</b>	202,119,268
Selling and distribution expenses		<b>(73,788,031)</b>	(51,824,462)	<b>(139,860,278)</b>	(97,199,970)
General and administrative expenses		<b>(13,497,944)</b>	(10,968,513)	<b>(25,909,780)</b>	(20,190,201)
Research and development expenses		<b>(8,164,776)</b>	(12,235,184)	<b>(16,581,455)</b>	(20,263,815)
Operating profit		<b>57,612,561</b>	49,724,804	<b>135,032,933</b>	64,465,282
Net finance cost	13	<b>(4,501,709)</b>	(4,941,286)	<b>(33,464,486)</b>	(4,562,070)
Share of results in investment in equity-accounted investees, net of tax		<b>(100,773)</b>	(17,412)	<b>(128,286)</b>	(27,045)
Other income, net		<b>1,031,453</b>	245,958	<b>1,007,187</b>	445,522
Profit before Zakat and income tax		<b>54,041,532</b>	45,012,064	<b>102,447,348</b>	60,321,689
Zakat and income tax expense	11	<b>(3,617,994)</b>	(3,821,830)	<b>(8,492,895)</b>	(8,148,624)
Net profit for the period		<b>50,423,538</b>	41,190,234	<b>93,954,453</b>	52,173,065
Other comprehensive income:					
Items that are or may be reclassified subsequently to profit or loss:					
Foreign operations - foreign currency translation differences		<b>(1,385,196)</b>	3,974,274	<b>(2,470,149)</b>	4,051,989
Other comprehensive (loss) / income for the period		<b>(1,385,196)</b>	3,974,274	<b>(2,470,149)</b>	4,051,989
Total comprehensive income for the period		<b>49,038,342</b>	45,164,508	<b>91,484,304</b>	56,225,054
Earnings per share (in Saudi Riyals):					
Basic and diluted	15	<b>5.04</b>	4.12	<b>9.40</b>	5.22



Vice Chairman



Chief Executive Officer



Chief Financial Officer

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

**JAMJOOM PHARMACEUTICALS FACTORY**  
(A Closed Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the six-month period ended 30 June 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Share capital	Proposed increase in share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total
Balance at 1 January 2021G (Audited)	100,000,000	--	50,000,000	(33,725,852)	1,062,794,072	1,179,068,221
Total comprehensive income:						
Net profit for the period	--	--	--	--	52,173,065	52,173,065
Other comprehensive income	--	--	--	4,051,989	--	4,051,989
	--	--	--	4,051,989	52,173,065	56,225,054
Transaction with shareholders:						
Dividends (Note 20)	--	--	--	--	(46,666,666)	(46,666,666)
Balance at 30 June 2021G (Unaudited)	<b>100,000,000</b>	--	<b>50,000,000</b>	<b>(29,673,863)</b>	<b>1,068,300,471</b>	<b>1,188,626,608</b>
Balance at 1 January 2022G (Audited)	100,000,000	--	50,000,000	(37,875,273)	1,119,510,376	1,231,635,103
Total comprehensive income:						
Net profit for the period	--	--	--	--	93,954,453	93,954,453
Other comprehensive loss	--	--	--	(2,470,149)	--	(2,470,149)
	--	--	--	(2,470,149)	93,954,453	91,484,304
Proposed increase in share capital (Note 9)	--	600,000,000	--	--	(600,000,000)	--
Transaction with shareholders:						
Dividends (Note 20)	--	--	--	--	(61,166,666)	(61,166,666)
<b>Balance at 30 June 2022G (Unaudited)</b>	<b>100,000,000</b>	<b>600,000,000</b>	<b>50,000,000</b>	<b>(40,345,422)</b>	<b>552,298,163</b>	<b>1,261,952,741</b>



Vice Chairman



Chief Executive Officer



Chief Financial Officer

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

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
 For the six-month period ended 30 June  
 (Expressed in Saudi Arabian Riyals, unless otherwise stated)

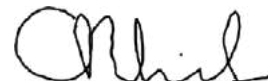
	Note	2022G	2021G
<b>Cash flows from operating activities:</b>			
Profit before Zakat and income-tax		102,447,348	60,321,689
<b>Adjustments for:</b>			
Depreciation	4	11,208,604	11,328,396
Amortization		892,017	884,147
Depreciation on right to use assets		117,501	130,256
Net finance cost / (income)	13	33,464,486	4,562,070
Unamortized portion of SIDF loan fee paid		--	520,983
(Gain) / loss on investments at FVTPL		(132,542)	1,092,676
Share of results from equity-accounted investees		128,286	27,045
Allowance for expected credit losses		494,975	1,444,425
Provision for obsolescence / slow moving inventories		2,512,541	640,435
Provision for employees' benefits		8,651,262	6,642,748
Loss / (gain) on disposal of property and equipment		(26,513)	(71,866)
		<b>159,757,965</b>	<b>87,523,004</b>
<b>Changes in:</b>			
Trade and other receivables		(102,856,266)	7,004,631
Inventories		(10,002,877)	(12,732,253)
Trade payables and other current liabilities		53,332,920	(6,886,196)
<b>Cash generated from operating activities</b>		<b>100,231,742</b>	<b>74,909,186</b>
Employees' benefits paid		(6,569,131)	(5,532,575)
Zakat and income tax expense paid	11	(16,728,989)	(18,530,173)
Finance cost paid		(386,748)	(1,139,963)
<b>Net cash from operating activities</b>		<b>76,546,874</b>	<b>49,706,475</b>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment		(59,460,640)	(45,531,133)
Additions to intangible assets		(138,470)	(74)
Proceeds from disposal of property, plant and equipment		56,524	72,040
Acquisition of other investments		31,483,213	(38,063,030)
<b>Net cash used in investing activities</b>		<b>(28,059,373)</b>	<b>(83,522,197)</b>
<b>Cash flows from financing activities:</b>			
Dividends paid	20	(61,166,666)	(46,666,666)
SIDF loan payment		--	(18,900,000)
Payments of lease liabilities		(298,900)	(313,900)
<b>Net cash used in financing activities</b>		<b>(61,465,566)</b>	<b>(65,880,566)</b>
Net change in cash and cash equivalents		(12,978,065)	(99,696,288)
Cash and cash equivalents at the beginning of the period		112,629,736	235,545,831
<b>Cash and cash equivalents at the end of the period</b>		<b>99,651,671</b>	<b>135,849,543</b>



Vice Chairman



Chief Executive Officer



Chief Financial Officer

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



**JAMJOOM PHARMACEUTICALS FACTORY**  
(A Closed Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the six-month period ended 30 June 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 1. REPORTING ENTITY

Jamjoom Pharmaceuticals Factory ("the Company") or the ("Parent Company") was a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 4030154596 dated 18 Safar 1426 H (corresponding to 28 March 2005). During 2013, the Company's shareholders resolved to change the legal status of the Company from a limited liability company to a closed Saudi joint stock company. The Ministry of Commerce and Investment announced the conversion to closed joint stock company by Ministerial Resolution on 19 Shaban 1435H (corresponding to 17 June 2014).

The Company and its subsidiaries (collectively referred as the "Group") are collectively involved to produce human medicines, nutraceuticals, antibiotics, general analgesics, medicines for treatment of cough, allergy, asthma, heart diseases, blood pressure, diarrhea, vomiting, ulcer and acidity, treatment of various skin infections, cancer diseases, eye drops and ointments and cosmeceuticals.

The Company registered its branch in Riyadh on 23 Rabi Al Awal 1431H (corresponding to 9 March 2010), commercial registration number 1010283686.

The Company registered its branch in Jeddah on 25 Rabi Al Thani 1440H (corresponding to 3 November 2018G), commercial registration number 4030318590.

The Company registered a scientific support office in Egypt on 18 Ramadan 1430H (corresponding to 8 September 2010) based on a resolution number 481 issued by the Ministry of Health in Egypt.

The Company registered a branch in Jeddah for the upcoming Sterile Manufacturing Facility on 13 Shawwal 1442H (corresponding to 25 May 2021G), commercial registration number 4030416562

The Company registered a branch in U.A.E., Dubai on 1 Dhul Hijjah 1438H (corresponding to 23 August 2017G), commercial license number 94284 issued by Dubai Development Authority in U.A.E.

These consolidated financial statements include the assets, liabilities and results of the operations of the Company and its following subsidiaries up to 30 June 2022G:

Name	Country of incorporation	Principal activity	Effective shareholding	
			2022G	2021G
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	100%	100%
Jamjoom Pharmaceutical Industry and Commerce Company Limited	Turkey	Manufacture and distribution of pharmaceuticals	100%	100%

The Board of Directors resolved to liquidate the Jamjoom Pharmaceutical Industry and Commerce Company Limited dated May 20, 2019G and the process of liquidation have been started.

The registered address of the Company is as follows:

P.O. Box 6267,  
Jeddah-21442,  
Kingdom of Saudi Arabia

**JAMJOOM PHARMACEUTICALS FACTORY**  
(A Closed Saudi Joint Stock Company)  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
For the six-month period ended 30 June 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The accompanying condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (IAS) 34 "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia and other standards and pronouncements that are issued by Saudi Organization for Chartered and Professional Accountants ("SOCPA") and should be read in conjunction with the Company's last annual financial statements as at and for the year ended 31 December 2021G ("last annual Financial Statements").

These condensed consolidated interim financial statements do not include all of the information required for a complete set of IFRS financial statements, however, accounting policies and selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since last annual financial statements.

### b) Basis of measurement

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

### c) Functional and presentation currency

The accompanying consolidated interim financial statements is presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. All amounts have been rounded off to the nearest Riyals, unless otherwise stated.

### d) Use of estimates and judgments

The preparation of these condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those described in the last annual financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's annual consolidated financial statement as at and for the year ended December 31, 2021G. A number of amendments to standards which are effective from January 1, 2022G and certain reclassifications made to the comparative amounts, do not have a material effect on these condensed consolidated interim financial statements.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the six-month period ended 30 June 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 4. PROPERTY, PLANT AND EQUIPMENT

The movement in property and equipment during the period ended 30 June 2022G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2022G	62,594,759	176,669,204	476,136,367	19,700,160	3,414,890	7,751,214	3,475,195	325,120,474	1,074,862,263
Additions during the year	--	1,312,500	1,764,823	303,788	169,149	809,451	283,613	54,817,315	59,460,639
Disposals during the year	--	--	--	--	--	--	(934,200)	--	(934,200)
Foreign currency translation differences	(938,899)	--	(3,495)	(31,929)	(14,755)	(60,840)	(4,488)	(29,367,604)	(30,422,010)
<b>Balance as at 30 June 2022G</b>	<b>61,655,860</b>	<b>177,981,704</b>	<b>477,897,695</b>	<b>19,972,019</b>	<b>3,569,284</b>	<b>8,499,825</b>	<b>2,820,120</b>	<b>350,570,185</b>	<b>1,102,966,692</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2022G	--	42,552,325	296,632,310	12,024,691	2,646,196	6,138,141	2,965,820	--	362,959,483
Charge for the year	--	2,662,031	7,325,861	692,509	143,058	301,136	84,009	--	11,208,604
Disposals during the year	--	--	--	--	--	--	(904,189)	--	(904,189)
Foreign currency translation differences	--	--	(97)	(19,372)	(3,402)	(28,113)	(92)	--	(51,076)
<b>Balance as at 30 June 2022G</b>	<b>--</b>	<b>45,214,356</b>	<b>303,958,074</b>	<b>12,697,828</b>	<b>2,785,852</b>	<b>6,411,164</b>	<b>2,145,548</b>	<b>--</b>	<b>373,212,822</b>
<b>Carrying value:</b>									
<b>At 30 June 2022G</b>	<b>61,655,860</b>	<b>132,767,348</b>	<b>173,939,621</b>	<b>7,274,191</b>	<b>783,432</b>	<b>2,088,661</b>	<b>674,572</b>	<b>350,570,185</b>	<b>729,753,870</b>

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the six-month period ended 30 June 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

#### 4. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement in property and equipment during the year ended 31 December 2021G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2021G	62,584,476	153,835,217	453,815,691	18,849,275	3,157,376	7,150,391	5,597,035	249,459,658	954,449,119
Additions during the year	--	10,870	4,941,756	226,055	92,933	901,049	--	116,574,510	122,747,173
Transferred from capital work in progress	--	22,826,803	17,470,622	636,280	166,468	--	--	(41,100,173)	--
Disposals during the year	--	--	(5,600)	(12,776)	(2,158)	(308,948)	(2,121,840)	--	(2,451,322)
Foreign currency translation differences	10,283	(3,687)	(86,102)	1,326	271	8,723	--	186,479	117,293
<b>Balance as at 31 December 2021G</b>	<b>62,594,759</b>	<b>176,669,203</b>	<b>476,136,367</b>	<b>19,700,160</b>	<b>3,414,890</b>	<b>7,751,215</b>	<b>3,475,195</b>	<b>325,120,474</b>	<b>1,074,862,263</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2021G	--	37,292,352	282,295,242	10,459,002	2,386,827	5,936,285	4,748,935	--	343,118,643
Charge for the year	--	5,259,973	14,431,674	1,576,074	261,879	497,181	296,008	--	22,322,789
Disposals during the year	--	--	(5,487)	(12,336)	(1,971)	(299,776)	(2,081,815)	--	(2,401,385)
Foreign currency translation differences	--	--	(89,119)	1,952	(539)	4,452	2,692	--	(80,562)
<b>Balance as at 31 December 2021G</b>	<b>--</b>	<b>42,552,325</b>	<b>296,632,310</b>	<b>12,024,692</b>	<b>2,646,196</b>	<b>6,138,142</b>	<b>2,965,820</b>	<b>--</b>	<b>362,959,485</b>
<b>Carrying value:</b>									
At 31 December 2021G	<b>62,594,759</b>	<b>134,116,878</b>	<b>179,504,057</b>	<b>7,675,468</b>	<b>768,694</b>	<b>1,613,073</b>	<b>509,375</b>	<b>325,120,474</b>	<b>711,902,778</b>

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the six-month period ended 30 June 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 5. EQUITY-ACCOUNTED INVESTEEES

Name	Country of incorporation	Ownership interest (%)		Amount	
		30 June 2022G (Unaudited)	31 December 2021G (Audited)	30 June 2022G (Unaudited)	31 December 2021G (Audited)
Jamjoom Hupp Pharma LLC	Algeria	49%	49%	3,362,825	3,389,870
Jamjoom Algeria Lildawa	Algeria	49%	49%	450,121	551,362
				<b>3,812,946</b>	<b>3,941,232</b>

The movement of equity-accounted investees is as follows:

	30 June 2022G (Unaudited)	31 December 2021G (Audited)
Opening balance	3,941,232	2,769,136
Additions	--	551,362
Share of loss on associate	(128,286)	(54,090)
Other adjustments	--	674,824
Closing balance	<b>3,812,946</b>	<b>3,941,232</b>

## 6. INVENTORIES

Inventories include the following:

	30 June 2022G (Unaudited)	31 December 2021G (Audited)
Raw materials	62,724,969	62,311,942
Packing materials	35,514,696	32,746,344
Work in process	6,703,835	1,895,787
Finished goods	30,731,108	41,745,371
Goods in transit	9,939,457	3,529,853
Stores and spares	11,183,201	10,967,846
	<b>156,797,266</b>	<b>153,197,143</b>
Provision for inventories (note 6.1)	(15,874,881)	(18,031,660)
	<b>140,922,385</b>	<b>135,165,483</b>

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the six-month period ended 30 June 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 6. INVENTORIES (continued)

### 6.1 Movement of provision for slow moving and obsolete inventories is as follows:

	30 June 2022G (Unaudited)	31 December 2021G (Audited)
Opening balance	18,031,660	14,838,101
Provided during the period / year	2,512,541	10,742,237
Write off during the period / year	(4,669,320)	(7,548,678)
Ending balance	15,874,881	18,031,660

## 7. TRADE RECEIVABLES

	30 June 2022G (Unaudited)	31 December 2021G (Audited)
Trade receivables, net (Note 7.1)	447,183,204	366,902,586

### 7.1 Trade receivables include the following:

	30 June 2022G (Unaudited)	31 December 2021G (Audited)
Trade receivables – others	197,947,341	153,218,210
Trade receivables – related parties (Note 15)	269,583,721	233,537,259
	467,531,062	386,755,469
Less: Allowance for expected credit losses (Note 7.2)	(20,347,858)	(19,852,883)
	447,183,204	366,902,586

### 7.2 The movement in allowance for expected credit losses is as follows:

	30 June 2022G (Unaudited)	31 December 2021G (Audited)
Opening balance	19,852,883	17,676,757
Provision during the period / year	494,975	2,249,773
Write off during the period / year	--	(73,647)
Ending balance	20,347,858	19,852,883

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
For the six-month period ended 30 June 2022G  
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

## 8. INVESTMENTS

	30 June 2022G (Unaudited)	31 December 2021G (Audited)
<b>Non-current</b>		
Investments at fair value through profit and loss (note 8.2)	19,566	19,566
<b>Current</b>		
Investments at amortised cost (note 8.1)	5,951,417	37,500,000
Investments at fair value through profit or loss (note 8.2)	807,656	609,746
	<b>6,759,073</b>	<b>38,109,746</b>

**8.1** This represents Murabaha investments made with local banks for the period ranging from four to six months at prevailing market rates

**8.2** Investments at fair value through profit or loss

	Number of shares		Amount (SAR)	
	30 June 2022G (Unaudited)	31 December 2021G (Audited)	30 June 2022G (Unaudited)	31 December 2021G (Audited)
<b>Non-current</b>				
Biothera (common units held)	2,173,913	2,173,913	19,566	19,566
<b>Current</b>				
Nahdi	499	--	80,738	--
Aramco	18,735	17,032	726,918	609,746
			<b>827,222</b>	<b>629,312</b>

## 9. SHARE CAPITAL

As at June 30, 2022G and December 31, 2021G, the share capital amounting to SAR 100,000,000 is divided into 10,000,000 shares (December 31, 2020G: 10,000,000 shares) of SR 10 each held and owned by:

	Percentage of ownership	30 June 2022G (Unaudited)		31 December 2021G (Audited)	
		No. of shares	Amount	No. of shares	Amount
Mr. Yousef Mohammad Salah Jamjoom	59.5%	5,950,000	59,500,000	5,950,000	59,500,000
Mr. Mahmood Yousef Mohammed Salah Jamjoom	8.0%	800,000	8,000,000	800,000	8,000,000
Mr. Walid Yousef Mohammed Salah Jamjoom	6.5%	650,000	6,500,000	650,000	6,500,000
Mr. Mohammed Yousef Mohammed Salah Jamjoom	6.5%	650,000	6,500,000	650,000	6,500,000
Mr. Ahmed Yousef Mohammed Salah Jamjoom	6.5%	650,000	6,500,000	650,000	6,500,000
Ms. Sana Yousef Mohammed Salah Jamjoom	6.5%	650,000	6,500,000	650,000	6,500,000
Ms. Ala'a Yousef Mohammed Salah Jamjoom	6.5%	650,000	6,500,000	650,000	6,500,000
	100%	10,000,000	100,000,000	10,000,000	100,000,000

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## 9. SHARE CAPITAL (continued)

The Board of Directors passed a resolution dated June 22, 2022G, to increase the share capital of the Company by SR 600,000,000. Accordingly, same amount has been presented as proposed increase in share capital until the completion of legal formalities.

## 10. STATUTORY RESERVE

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to statutory reserve until such reserve equals 30% of its share capital. This reserve currently is not available for distribution to the shareholders of the Company.

The statutory reserve requirement has been fulfilled and, accordingly, the Company is not required to transfer any additional amount towards this reserve.

## 11. ZAKAT AND INCOME TAX PAYABLE

### a) Status of assessments

The Zakat assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 31 December 2018G and the Company has not received any assessments for the years ended December 31, 2019G, 2020G and 2021G.

### b) Income tax

Income tax is calculated in accordance with the applicable tax laws of the foreign subsidiary and there are no open assessments.

## 12. REVENUE

The Group generates revenue from the sale products to its customers. In the following table, revenue from customers is disaggregated by major products and primary geographical market. The Group recognized all the revenue at a point in time.

	Three-month period ended June 30,		Six-month period ended June 30,	
	2022G	2021G	2022G	2021G
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Major products</b>				
Pharmaceutical Products	207,596,938	174,824,248	410,684,040	281,946,996
Consumer Health Products	30,700,983	18,229,374	71,397,006	32,930,166
<b>Total</b>	<b>238,297,921</b>	<b>193,053,622</b>	<b>482,081,046</b>	<b>314,877,162</b>



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## 12. REVENUE (continued)

	Three-month period ended June 30,		Six-month period ended June 30,	
	2022G	2021G	2022G	2021G
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Primary geographical markets				
KSA	156,439,920	126,364,443	324,199,794	191,677,586
Gulf	26,422,890	12,784,250	51,131,702	38,668,985
Iraq	23,377,776	17,739,746	44,420,192	27,809,180
Egypt	18,105,911	21,789,216	31,456,577	30,316,802
North Africa & Other export markets	13,951,424	14,375,967	30,872,781	26,404,609
	<b>238,297,921</b>	<b>193,053,622</b>	<b>482,081,046</b>	<b>314,877,162</b>

## 13. NET FINANCE COST

	Three-month period ended June 30		Six-month period ended June 30,	
	2022G	2021G	2022G	2021G
Exchange loss	4,270,496	3,981,722	33,015,225	3,368,074
Loan management fee on SIDF loan	--	672,983	--	672,983
Bank charges	201,197	259,564	386,746	466,979
Finance charges on leases	30,016	27,017	62,515	54,034
	<b>4,501,709</b>	<b>4,941,286</b>	<b>33,464,486</b>	<b>4,562,070</b>

## 14. COMMITMENTS AND CONTINGENCIES

In addition to Zakat and income tax contingency matters disclosed in Note 8, the Group has the following contingencies and commitments:

	30 June 2022G	31 December 2021G
Letter of Credit	1,748,732	11,787,536
Letters of guarantee	8,987,409	10,964,621
Contractual commitments	19,361,009	36,784,154

The contractual commitments represent the Group's commitments related to construction and electromechanical contracts related to works in progress not yet complete.

JAMJOOM PHARMACEUTICALS FACTORY  
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## 15. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	Three-month period ended June 30		Six-month period ended June 30,	
	2022G	2021G	2022G	2021G
Profit for the period	50,423,538	41,190,234	93,954,453	52,173,065
Weighted average number of ordinary shares in issue	10,000,000	10,000,000	10,000,000	10,000,000
Basic and diluted earnings per share	5.04	4.12	9.40	5.22

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

## 16. RELATED PARTIES TRANSACTIONS AND BALANCES

Related parties include the Company's shareholders and their close family members, affiliated entities controlled by the shareholders and key management personnel including directors of the Company. Details of shareholder and affiliated entities are disclosed below.

Transactions with related parties are carried out at mutually agreed terms and primarily include sales and purchase of goods and services with the following:

Significant related party balances arising from transactions are described as under:

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			June 30,		June 30	December 31,
			2022G (Unaudited)	2021G (Unaudited)	2022G (Unaudited)	2021G (Audited)
<b>Due from related parties under trade and other receivables:</b>						
Jamjoom Medicine Stores	Affiliate	Sale of products	262,485,756	137,181,325		
		Distribution commission	13,434,662	6,162,469	269,583,721	233,537,259
Jamjoom Medicine Stores	Affiliate	Expenses paid	--	69,605	194,685	194,685
Jamjoom HUPP Pharma LLC	Associate	Loan receivable *	--	--	17,452,028	17,452,028
New Jamjoom Healthcare Hospital	Affiliate	Expenses paid	22,049	37,762	--	--
Dan International for trading & Industries	Affiliate	Expenses paid	31,436	--	--	--
					17,646,713	17,646,713

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## 16. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			June 30,		June 30	December 31,
			2022G (Unaudited)	2021G (Unaudited)	2022G (Unaudited)	2021G (Audited)
<b>Due to related parties under trade payables and other current liabilities:</b>						
Jamjoom General Agencies	Affiliate	Purchases and services rendered	141,809	835,838	11,040	109,087
Dar Jamjoom Printing	Affiliate	Purchases and services rendered	870,856	3,820,457	785,066	1,783,446
Jeddah Trident Hotel	Affiliate	Purchases and services rendered	56,129	588,917	--	--
Dream Sky Travel & Tourism Agency	Affiliate	Services rendered	2,310,050	301,668	283,865	120,792
Tegan Al Fateh Factory Co Ltd	Affiliate	Purchases – Packing material	8,949,346	9,542,338	2,387,337	3,018,180
Jamjoom Consult	Affiliate	Professional Service	563,500	617,400	--	112,700
Hamza Mahmoud Est.	Affiliate	Retention Money	155,590	64,025	--	27,277
					<b>3,467,308</b>	<b>5,171,482</b>

\*The balance represents an interest free loan provided by the Company to HUPP Pharma.

### Key management personnel remuneration and compensation

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. The following table illustrates details of remuneration and compensation paid to key management personnel:

	30 June 2022G	30 June 2021G
Short-term employee benefits	7,644,558	6,929,998
Long-term employee benefits	296,419	364,349

### Board of Directors / Committee members' remuneration

Board of Directors remuneration and compensation comprised of the following:

	30 June 2022G	30 June 2021G
Meeting attendance fees	442,000	86,000

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## 17. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different marketing strategies. The Group's Chairman, Group Chief Executive, and Group Chief Financial Officer (GCFO) monitor the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. They are collectively the chief operating decision makers (CODM) for the Group.

For each of the strategic business units, the CODM reviews internal management reports on at least quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- **Pharmaceutical Products** – represents medicines or drugs and they are essential for the prevention and treatment of diseases, and protection of public health.
- **Consumer Health Products** – represents the products sold directly to consumers. Unlike prescription drugs, selection and use of consumer health products does not require the oversight of a health care practitioner.

No operating segments have been aggregated to form the above reportable operating segments.

Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the CODM. There are no inter segment revenue reported during the period. The following table presents segment information for the period ended 30 June:

Particulars	Pharmaceutical Products		Consumer Health Products		Total	
	30 June 2022G	30 June 2021G	30 June 2022G	30 June 2021G	30 June 2022G	30 June 2021G
	(Unaudited)		(Unaudited)		(Unaudited)	
Revenue - external customers	<b>410,684,040</b>	281,946,996	<b>71,397,006</b>	32,930,166	<b>482,081,046</b>	314,877,162
Cost of revenue	<b>(144,431,545)</b>	(102,775,358)	<b>(20,265,055)</b>	(9,982,536)	<b>(164,696,600)</b>	(112,757,894)
Segment profit	<b>266,252,495</b>	179,171,638	<b>51,131,951</b>	22,947,630	<b>317,384,446</b>	202,119,268

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## 17. OPERATING SEGEMENT (continued)

### Unallocated income / (expenses)

	30 June 2022G	30 June 2021G
	(Unaudited)	(Unaudited)
Gross profit before tax for reportable segments	317,384,446	202,119,268
Selling and distribution expenses	(139,860,278)	(97,199,970)
General and administrative expenses	(25,909,780)	(20,190,201)
Research and development expenses	(16,581,455)	(20,263,815)
Net finance cost	(33,464,486)	(4,562,070)
Share of results in investment in equity-accounted investees, net of tax	(128,286)	(27,045)
Other (loss) / income, net	1,007,187	445,522
<b>Net profit before zakat and tax</b>	<b>102,447,348</b>	<b>60,321,689</b>

Detail of segment assets and liabilities is given below:

Particulars	Allocated		Unallocated	
	Pharmaceutical Products	Consumer Health Products	Others	Total
	SR'000	SR'000	SR'000	SR'000
<b>30 June 2022G (Unaudited)</b>				
Segment assets	--	--	1,507,525,802	1,507,525,802
Segment liabilities	--	--	245,573,061	245,573,061
<b>31 December 2021G (Audited)</b>				
Segment assets	--	--	1,432,293,402	1,432,293,402
Segment liabilities	--	--	200,658,299	200,658,299

Pharmaceutical and consumer health segment are managed on a worldwide basis, but sales are primarily in Saudi Arabia, Egypt, Iraq, Gulf countries, North Africa and other countries.

## 18. FINANCIAL RISK MANAGEMENT

### a) Accounting classification and fair values

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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## 18. FINANCIAL RISK MANAGEMENT (continued)

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

As the Group's financial instruments are compiled under the historical cost convention, except for investments, differences can arise between the book values and fair value estimates. Management believes that the fair values of the Group's financial assets and liabilities are not materially different from their carrying values.

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

	Carrying amount	Fair Value			
	Mandatorily at FVTPL	Level 1	Level 2	Level 3	Total
<b>June 30, 2022G</b>					
<b>Financial assets measured at fair value</b>					
Investment at fair value through profit or loss	<b>6,778,639</b>	<b>6,759,073</b>	--	<b>19,566</b>	<b>6,778,639</b>
<b>December 31, 2021G</b>					
<b>Financial assets measured at fair value</b>					
Investment at fair value through profit or loss	38,129,312	38,109,746	--	19,566	38,129,312

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## 19. AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIVE

There are no new standards issued, however, the adoption of the following amendments to the existing standards had no significant financial impact on the condensed consolidated interim financial statements of the Group on the current period or prior periods and is expected to have no significant effect in future periods:

- Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract;
- Annual Improvements to IFRS Standards 2018G-2020G;
- Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IFRS 3 - Reference to the Conceptual Framework;

## PRONOUNCEMENTS ISSUED AND NOT YET EFFECTIVE

The accounting standards, amendments and revisions which have been published and are mandatory for compliance for the Group's accounting year beginning on or after January 1, 2022G are listed below. The Group has opted not to early adopt these pronouncements and they do not have a significant impact on the condensed consolidated interim financial statements of the Group.

- IFRS 17 Insurance Contracts and its Amendments;
- Definition of Accounting Estimate - Amendments to IAS 8;
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2;
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
- Amendment to IAS 1 - Classification of liabilities as current or non-current; and
- Amendment to IAS -12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

## 20. DIVIDEND

During the period ended June 30, 2022G, the Company's shareholders in their Extra Ordinary General Assembly Meeting approved dividends amounting to SR 61.17 (2021G: SAR 46.67) million representing Saudi Riyal 6.12 per share for the year ended 31 December 2021G.

## 21. SUBSEQUENT EVENTS

On 17 July 2022G, the shareholders of the Company passed a resolution to go for listing in Saudi Stock Exchange (Tadawul) and increase the share capital of the Company from SAR 100 million to SAR 700 million. All the related pre-requisites and legal formalities are under progress.

In the opinion of management, there have been no significant subsequent events except the above since the period ended 30 June 2022G which would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.

## 22. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Company's Board of Directors on 15 September 2022G, corresponding to 19 Safar 1444H.

JAMJOOM PHARMACEUTICALS FACTORY  
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CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2021G  
with  
INDEPENDENT AUDITORS' REPORT





### KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Commercial Registration No 4030290792

Headquarters in Riyadh

### كي بي ام جي للاستشارات المهنية

مركز زهران للأعمال  
شارع الأمير سلطان  
ص.ب ٥٥٠٧٨  
جدة ٢١٥٣٤  
المملكة العربية السعودية  
سجل تجاري رقم 4030290792  
المركز الرئيسي في الرياض

## Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory

### Opinion

We have audited the consolidated financial statements of Jamjoom Pharmaceuticals Factory ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance, the Audit Committee, is responsible for overseeing the Group's financial reporting process.

KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia. With the paid-up capital of (25,000,000) SAR. (Previously known as "KPMG Al Fozan & Partners Certified Public Accountants") A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي ام جي للاستشارات المهنية شركة مهنية مساهمة منظمة، مسجلة في المملكة العربية السعودية، رأس مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي ام جي الفوزان وشركاه محاسبين ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي ام جي المستقلة والتابعة لـ كي بي ام جي العالمية المحدودة، شركة الجائزة محددة بضمائم. جميع الحقوق محفوظة

Commercial Registration of the headquarters in Riyadh is 1010425494.



## Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory (continued)

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

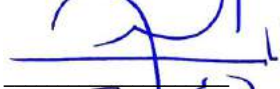
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 'Reasonable assurance' is a high level of assurance, but is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

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

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

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 **Jamjoom Pharmaceuticals Factory** ("the Company") and its subsidiaries ("the Group").

#### KPMG Professional Services

  
Nasser Ahmed Al Shufairy  
License No. 454



Jeddah, 26 May 2022  
Corresponding to 25 Shawwal 1443H

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 As at 31 December 2021G  
 (Expressed in Saudi Arabian Riyals)

	Notes	31 December 2021G	31 December 2020G
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	711,902,778	611,330,476
Right-of-use asset	6	1,967,012	2,227,524
Intangible assets	7	14,785,577	16,536,840
Investments	8	3,972,724	3,828,919
Employee receivable	18.3	--	15,023,800
<b>Total non-current assets</b>		<b>732,628,091</b>	<b>648,947,559</b>
<b>Current assets:</b>			
Inventories	9	135,165,483	129,197,443
Trade receivables	10	366,902,586	418,217,353
Prepayments and other receivables	11	46,857,760	44,574,195
Short-term investments	12	38,109,746	19,177,168
Cash and cash equivalents	13	112,629,736	235,545,831
<b>Total current assets</b>		<b>699,665,311</b>	<b>846,711,990</b>
<b>Total assets</b>		<b>1,432,293,402</b>	<b>1,495,659,549</b>
<b>EQUITY</b>			
Share capital	14	100,000,000	100,000,000
Statutory reserve	15	50,000,000	50,000,000
Foreign currency translation reserve		(37,875,273)	(33,725,852)
Retained earnings		1,119,510,376	1,062,794,074
<b>Total equity</b>		<b>1,231,635,103</b>	<b>1,179,068,222</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities:</b>			
Lease liabilities	16	1,717,953	1,967,012
Employees' benefits	18	60,576,185	75,553,455
<b>Total non-current liabilities</b>		<b>62,294,138</b>	<b>77,520,467</b>
<b>Current liabilities:</b>			
Loan - current portion	17	--	95,016,067
Lease liabilities – current portion	16	249,059	260,512
Trade payables and other current liabilities	19	118,370,750	121,701,072
Zakat and income-tax payable	20	19,744,352	22,093,209
<b>Total current liabilities</b>		<b>138,364,161</b>	<b>239,070,860</b>
<b>Total liabilities</b>		<b>200,658,299</b>	<b>316,591,327</b>
<b>Total equity and liabilities</b>		<b>1,432,293,402</b>	<b>1,495,659,549</b>



Vice Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 through 35 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
 For the year ended 31 December 2021G  
 (Expressed in Saudi Arabian Riyals)

	Notes	2021G	2020G
Revenue	23	735,682,864	805,314,275
Cost of sales	24	(260,988,984)	(292,018,696)
<b>Gross profit</b>		<b>474,693,880</b>	<b>513,295,579</b>
Selling and distribution expenses	25	(208,953,648)	(199,209,535)
General and administration expenses	26	(42,937,248)	(37,684,598)
Research and development expenses	27	(37,000,236)	(36,487,593)
<b>Operating profit</b>		<b>185,802,748</b>	<b>239,913,853</b>
Other income, net	28	4,553,922	1,069,878
Share result of equity accounted investment	8.1	(54,090)	(568,540)
Impairment loss on investment	8.2	(1,040,217)	(8,315,217)
Impairment loss on goodwill	7.1	--	(2,109,047)
Finance (charges) / income, net	29	(1,175,224)	1,752,292
<b>Profit before Zakat and income tax</b>		<b>188,087,139</b>	<b>231,743,219</b>
Zakat and income-tax	20	(17,391,832)	(24,882,949)
<b>Net profit for the year</b>		<b>170,695,307</b>	<b>206,860,270</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement of Employees' benefits liability	18	(645,673)	(3,255,307)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign operations – foreign currency translation differences		(4,149,421)	(3,385,353)
<b>Other comprehensive income / (loss) for the year</b>		<b>(4,795,094)</b>	<b>(6,640,660)</b>
<b>Total comprehensive income for the year</b>		<b>165,900,213</b>	<b>200,219,610</b>
Earnings per share from profit for the year attributable to the Shareholders' of the Parent Company	30	17.07	20.69



Vice Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 through 35 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 For the year ended 31 December 2021G  
 (Expressed in Saudi Arabian Riyals)

	Attributable to the owners of the Company					Total equity
	Share capital	Statutory Reserve	Foreign currency translation reserve	Retained earnings	Total	
Balance at 1 January 2020G	100,000,000	50,000,000	(30,340,499)	949,855,777	1,069,515,278	1,069,515,278
<b>Total comprehensive income:</b>						
Net profit for the year	--	--	--	206,860,270	206,860,270	206,860,270
Other comprehensive income / (loss)	--	--	(3,385,353)	(3,255,307)	(6,640,660)	(6,640,660)
	--	--	(3,385,353)	203,604,693	200,219,610	200,219,610
<b>Transaction with owners:</b>						
Dividends (Note 14)	--	--	--	(90,666,666)	(90,666,666)	(90,666,666)
Balance at 31 December 2020G	100,000,000	50,000,000	(33,725,852)	1,062,794,074	1,179,068,222	1,179,068,222
<b>Total comprehensive income:</b>						
Net profit for the year	--	--	--	170,695,307	170,695,307	170,695,307
Other comprehensive income / (loss)	--	--	(4,149,421)	(645,673)	(4,795,094)	(4,795,094)
	--	--	(4,149,421)	170,049,634	165,900,213	165,900,213
<b>Transaction with owners:</b>						
Dividends (Note 14)	--	--	--	(113,333,332)	(113,333,332)	(113,333,332)
<b>Balance at 31 December 2021G</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>(37,875,273)</b>	<b>1,119,510,376</b>	<b>1,231,635,103</b>	<b>1,231,635,103</b>



Vice Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 through 35 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
 For the year ended 31 December 2021G  
 (Expressed in Saudi Arabian Riyals)

	Notes	2021G	2020G
<b>Cash flows from operating activities:</b>			
Profit before Zakat and income-tax		188,087,139	231,743,219
<b>Adjustments for:</b>			
Depreciation	5 & 6	22,583,591	41,711,766
Amortisation	7	1,768,950	508,904
Unamortised portion of SIDF loan fee paid	17	2,273,933	2,083,933
Foreign currency translation adjustment		(5,263,795)	(738,726)
Reversal for allowance for expected credit losses	10.2	2,249,773	(1,052,817)
Provision for inventories	9.1	10,742,237	10,191,315
Impairment of investment		2,078,191	8,315,217
Impairment of goodwill	7.1	--	2,109,047
Provision for employees' benefits	18.1	11,105,720	9,467,293
Gain on disposal of property and equipment		(88,940)	(89,374)
		<b>235,536,799</b>	<b>304,249,777</b>
<b>Changes in:</b>			
Trade and other receivables		46,743,710	7,923,479
Inventories		(16,710,277)	(48,798,850)
Trade payables and other current liabilities		(3,590,832)	20,996,327
Cash generated from operating activities		<b>261,979,400</b>	<b>284,370,733</b>
Employees' benefits paid	18.1	(13,542,990)	(1,204,375)
Zakat and income-tax paid	20	(19,740,692)	(21,232,659)
<b>Net cash generated from operating activities</b>		<b>228,695,718</b>	<b>261,933,699</b>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	5	(126,790,907)	(148,522,308)
Additions to intangible assets	7	(17,800)	(15,089,660)
Proceeds from disposal of property, plant and Equipment		138,876	143,200
Investments	12	(19,076,383)	--
Employees receivables	18.3	2,483,800	(15,023,800)
Net cash used in investing activities		<b>(143,262,414)</b>	<b>(178,492,568)</b>
<b>Cash flows from financing activities:</b>			
SIDF loan paid during the year	17	(95,016,067)	(16,000,000)
SIDF loan obtained during the year	17	--	78,200,000
Dividends paid	14	(113,333,332)	(90,666,666)
Net cash used in financing activities		<b>(208,349,399)</b>	<b>(28,466,666)</b>
Net change in cash and cash equivalents		<b>(122,916,095)</b>	<b>54,974,465</b>
Cash and cash equivalents at the beginning of the year	13	235,545,831	180,571,366
<b>Cash and cash equivalents at the end of the year</b>	13	<b>112,629,736</b>	<b>235,545,831</b>



Vice Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes 1 through 35 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 At 31 December 2021G  
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## 1. REPORTING ENTITY

Jamjoom Pharmaceuticals Factory ("the Company") was a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 4030154596 dated 18 Safar 1426 H (corresponding to 28 March 2005). During 2013, the Company's shareholders resolved to change the legal status of the Company from a limited liability company to a closed Saudi joint stock company. The Ministry of Commerce and Investment announced the conversion to closed joint stock company by Ministerial Resolution on 19 Shaban 1435H (corresponding to 17 June 2014).

The objectives of the Company are to produce human medicines, nutraceuticals, antibiotics, general analgesics, medicines for treatment of cough, allergy, asthma, heart diseases, blood pressure, diarrhea, vomiting, ulcer and acidity, treatment of various skin infections, cancer diseases, eye drops and ointments and cosmeceuticals.

The Company registered its branch "In-life" in Jeddah on 7 Safar 1430H (corresponding to 3 February 2009) with commercial registration number 4030186183, with the objective to trade perfumes and cosmetics products.

The Company registered its branch in Riyadh on 23 Rabi Al Awal 1431H (corresponding to 9 March 2010), commercial registration number 1010283686.

The Company registered its branch in Jeddah on 25 Rabi Al Thani 1440H (corresponding to 3 November 2018G), commercial registration number 4030317590.

The Company registered a new scientific support office in Algeria on 24 Jumada Al Thani 1429H (corresponding to 28 June 2008) based on a license number 03-22/F issued by the Ministry of Commerce in Algeria.

The Company registered a new scientific support office in Egypt on 18 Ramadan 1430H (corresponding to 8 September 2010) based on a resolution number 481 issued by the Ministry of Health in Egypt.

The Company registered a new scientific support office in Kazakhstan, AlMaty, on 18 Sha'baan 1432H (corresponding to 19 July 2011) issued by Ministry of Justice in Kazakhstan.

These consolidated financial statements include the assets, liabilities and results of the operations of the Company and its following subsidiaries up to 31 December 2021G:

Name	Country of incorporation	Principal activity	Effective shareholding	
			2021G	2020G
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	100%	100%
Jamjoom Pharmaceutical Industry and Commerce Company Limited (see below)	Turkey	Manufacture and distribution of pharmaceuticals	100%	100%

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## 1. REPORTING ENTITY (continued)

On 22 December 2010, the Company established a subsidiary in Turkey, namely Jamjoom Pharmaceutical Industry and Commerce Company Limited ("JPIC"), with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding in JPIC. Therefore, JPIC has been treated as fully owned subsidiary in these consolidated financial statements. There has been no operation for the year ended 31 December 2021G. Further, the Board of Directors resolved to liquidate the company dated May 20, 2019G and the process of liquidation have been started.

The Company established a subsidiary in Egypt, namely Al Jamjoom Pharma for Pharmaceutical Industries, with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding. Therefore, Al Jamjoom Pharma for Pharmaceutical Industries has been treated as fully owned subsidiary in these consolidated financial statements.

The registered address of the Company is as follows:

P.O. Box 6267,  
Jeddah-21442,  
Kingdom of Saudi Arabia

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The accompanying financial statements 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 Chartered and Professional Accountants (SOCPA).

### b) Basis of measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for defined benefit liability, which is measured at the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 3(h).

### c) Functional and presentation currency

The accompanying consolidated financial statements is presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. All amounts have been rounded off to the nearest Riyals, unless otherwise stated.



JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, is included in the following:

- whether the Group exercises control over an investee (Note 3 (a)(i)).
- Lease term: whether the Group is reasonably ascertain to exercise extension option (Note 16)

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

### i) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

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 amortisation, if no impairment loss had been recognised.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2021G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Assumptions and estimation uncertainties (continued)

##### ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

##### iii) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging, current condition, and future expectations with respect to its consumption. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in the pattern of consumption and sale of pharmaceutical products.

##### iv) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

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## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Assumptions and estimation uncertainties (continued)

##### Change in accounting estimate

In accordance with company policy it reviews the estimated useful lives and operational efficiency of proper, plant and equipment on an ongoing basis. This review indicated that the actual useful life of plant and machinery within property, plant and equipment was more than the estimated useful lives used for depreciation purposes in the company's financial statements. As a result, with effect from January 1, 2021G, the company has changed its useful lives of some plant and machinery within property, plant and equipment to better reflect the estimated periods during which these assets will remain in service. The effect of these changes on current and projected depreciation expenditures, included in "cost of sales", is as follows:

	2021G	2022G	2023G	2024G	2025G
Decrease in depreciation expense	SAR '000				
	20,466	18,950	16,650	10,068	8,454

### v) Employee benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 18 to these consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

### vi) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### Measurement of fair values

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Group's management has overall responsibility for overseeing all significant fair value measurements.

JAMJOOM PHARMACEUTICALS FACTORY  
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At 31 December 2021G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Measurement of fair values (continued)

Group's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

### a) Basis of consolidation

#### i) Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Expressed in Saudi Arabian Riyals)

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### i) Business combinations (continued)

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### Acquisitions from entity under common control

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entity are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

##### ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases

All intra-Group balances, transactions, income and expenses resulting from intra-Group transactions are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interests without change in control".

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### iii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

##### iv) Non-controlling interests

Non-controlling interests represent the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

##### v) Investments in equity accounted investees

Associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the Group's interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

JAMJOOM PHARMACEUTICALS FACTORY  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### v) Investments in equity accounted investees (continued)

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of profit or loss and other comprehensive income. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in associate, the carrying amount of that interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

##### vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### b) Financial instruments

##### i) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

##### ii) Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

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

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

<b>Financial assets at Fair Value Through Profit and Loss (FVTPL)</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.



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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

##### iii) Financial Liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### iv) Derecognition

###### Financial assets

The management derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

###### Financial liabilities

The management derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The management also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

##### v) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

##### vi) Impairment of financial assets

The management recognises loss allowances for ECL on financial assets measured at amortised cost and contract assets. The management measures loss allowances at an amount equal to lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECL: these are ECL that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

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

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

The management assumes that the credit risk on a financial asset has increased significantly if it is more than 730 days past due from government and 365 days past due from non-government parties.

The management considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due as per terms of agreement with customers.

#### Measurement of ECL

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

#### Credit-impaired financial assets

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

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#### b) Financial instruments (continued)

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 730 / 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

#### Presentation of impairment

Allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to Trade receivables and contract assets, including contract assets and finance lease receivables, are presented separately in the statement of profit or loss. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

#### c) Impairment

##### Non-financial assets

The management assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the management estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the management estimates the asset's or CGUs' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the consolidated statement of profit or loss and other comprehensive income.

The cost of replacing a part of an item of property, plant 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 Group, 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, plant and equipment are recognized in profit or loss as incurred.

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives of assets are as follow:

	Years
Buildings	33
Plant and machinery	4-20
Furniture and fixtures	10
Office equipment	6
Computer equipment	4-8
Motor vehicles	4

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer policy on impairment of non-financial assets note 3(c).

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Property, plant and equipment (continued)

##### Capital work-in-progress

Capital work-in-progress are carried at cost less any recognised impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

##### Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

##### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

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#### e) Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss and other comprehensive income category consistent with the function. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

#### f) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

#### g) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### h) Employees' benefits

##### Defined benefit plan

Provision is made for amounts payable to employees under the Saudi Labour Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee on a going concern basis. The cost of providing benefits is determined using the projected unit credit method as amended by IAS 19. Remeasurements, comprising of actuarial gains and losses, excluding amounts included in interest on the defined benefit liability are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### h) Employees' benefits (continued)

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The management recognizes the following changes in the defined benefit obligation under 'cost of sales', and 'general and administration expenses' in the statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- interest expense or income

#### Other long-term employee benefits

The Company's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value if the impact is material. Remeasurements are recognized in profit or loss in the period in which they arise.

#### Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring.

#### Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### i) Revenues

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) Revenues (continued)

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sales is recognized upon delivery or shipment of products by which the significant risks and rewards of ownership of the goods have been transferred to the buyer and the Group has no effective control or continuing managerial involvement to the degree usually associated with ownership over the goods. Sales is recorded net of returns, trade discounts and volume rebates.

Variable consideration is estimated based on expected value method. Revenue is recorded net of trade discounts, volume rebates and deductibles. Consideration payable to a customer is recognised as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. If consideration payable to the customer is a payment for a distinct good or service from the customer, then the Group records such purchase of the good or service in the same way that it accounts for other purchases from suppliers.

#### j) Zakat and income tax

The Company is subject to Zakat in accordance with the regulations of Zakat and Tax Customs Authority ("ZATCA"). Foreign subsidiaries are subject to the relevant income tax regulations in their countries of domicile. Company's Zakat and its share in the foreign subsidiaries income tax are accrued and charged to the consolidated statement of income currently. Foreign income tax attributable to the foreign subsidiaries shareholders are charged to the minority shareholders in accompanying consolidated financial statements. Additional Zakat and foreign income tax liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized. The Company withholds taxes on Transactions with non-resident parties.



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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### k) Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, 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, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

#### l) Borrowing and finance cost

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss and other comprehensive income using the effective interest method.

#### m) Dividends

Dividends paid are recorded in the financial statements in the year in which they are approved by shareholders of the Group. Dividends are recorded as liability in the year in which they are approved by the Board of Directors.

#### n) Operating expenses

Cost of sales represent all expenses directly attributable or incidental to the core operating activities of the Company including but not limited to raw materials and supplies, attributable employee-related costs, depreciation of property and equipment, etc. All other expenses are classified as general and administrative expenses, selling and distribution. Allocation of common expenses between cost of sales and general and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses

#### o) Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expired. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost.

Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### p) Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

#### q) Earnings per share

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

The calculation of diluted EPS is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

#### r) Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available for sale equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

##### Foreign operations

The assets and liabilities of foreign operations, arising on acquisition, are translated to Saudi Riyal at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Saudi Riyal at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### s) Contingencies

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company.

### 4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

- a. Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2022G; the Company has not early adopted them in preparing these financial statements.

Effective date	New standards or amendments
1 January 2022G	Onerous contracts – cost of fulfilling a contract (amendments to IAS 37)
	Annual improvements to IFRS Standards 2018G – 2020G
	Property, plant and equipment: Proceeds before intended use (amendments to IAS 16)
	Reference to the conceptual framework (amendments to IFRS 3)
1 January 2023G	Classification of liabilities as current or non-current (amendments to IAS 1)
	IFRS 17 Insurance contracts
	Disclosure of accounting policies (amendments to IAS 1)
	Definition of accounting estimates (amendments to IAS 8)
	Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)

- b. Following are the new standards and amendments to standards which are effective for annual periods beginning after 1 January 2021G, however the amendments do not have a significant effect of the Company's financial statements.

Effective date	New standards or amendments
1 January 2021G	Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
1 April 2021G	COVID-19 Related rent concessions (amendment to IFRS 16)

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## 5. PROPERTY, PLANT AND EQUIPMENT

The movement in property and equipment during the year ended 31 December 2021G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2021G	62,584,476	153,835,217	453,815,691	18,849,275	3,157,376	7,150,391	5,597,035	249,459,658	954,449,119
Additions during the year	--	10,870	4,941,756	226,055	92,933	901,049	--	116,574,510	122,747,173
Transferred from capital work in progress	--	22,826,803	17,470,622	636,280	166,468	--	--	(41,100,173)	--
Disposals during the year	--	--	(5,600)	(12,776)	(2,158)	(308,948)	(2,121,840)	--	(2,451,322)
Foreign currency translation differences	10,283	--	(86,104)	1,326	271	8,723	--	186,479	117,291
<b>Balance as at 31 December 2021G</b>	<b>62,594,759</b>	<b>176,669,204</b>	<b>476,136,367</b>	<b>19,700,160</b>	<b>3,414,890</b>	<b>7,751,215</b>	<b>3,475,195</b>	<b>325,120,474</b>	<b>1,074,862,263</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2021G	--	37,292,352	282,295,242	10,459,002	2,386,827	5,936,285	4,748,935	--	343,118,643
Charge for the year	--	5,259,973	14,431,674	1,576,074	261,879	497,181	296,008	--	22,322,789
Transfer	--	--	--	--	--	--	--	--	--
Disposals during the year	--	--	(5,487)	(12,336)	(1,971)	(299,776)	(2,081,815)	--	(2,401,385)
Foreign currency translation differences	--	--	(88,114)	1,205	222	4,488	1,346	--	(80,852)
<b>Balance as at 31 December 2021G</b>	<b>--</b>	<b>42,552,325</b>	<b>296,632,310</b>	<b>12,024,692</b>	<b>2,646,196</b>	<b>6,138,141</b>	<b>2,965,820</b>	<b>--</b>	<b>362,959,485</b>
<b>Carrying value:</b>									
<b>At 31 December 2021G</b>	<b>62,596,218</b>	<b>134,120,565</b>	<b>179,501,040</b>	<b>7,676,222</b>	<b>767,939</b>	<b>1,609,009</b>	<b>512,067</b>	<b>325,119,718</b>	<b>711,902,778</b>

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement in property and equipment during the year ended 31 December 2020G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office Equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2020G	62,477,330	153,835,217	449,519,678	18,710,943	2,973,197	6,781,719	6,163,500	105,908,294	806,369,878
Additions during the year	--	--	3,498,721	137,075	143,614	351,508	520,755	143,870,635	148,522,308
Transferred from capital work in progress	--	--	797,292	--	40,250	15,201	--	(852,743)	--
Disposals during the year	--	--	--	--	--	--	(1,087,220)	--	(1,087,220)
Foreign currency translation differences	107,146	--	--	1,257	315	1,963	--	533,472	644,153
<b>Balance as at 31 December 2020G</b>	<b>62,584,476</b>	<b>153,835,217</b>	<b>453,815,691</b>	<b>18,849,275</b>	<b>3,157,376</b>	<b>7,150,391</b>	<b>5,597,035</b>	<b>249,459,658</b>	<b>954,449,119</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2020G	--	32,661,734	248,268,328	8,928,406	2,134,874	5,286,179	5,160,750	--	302,440,271
Charge for the year	--	4,630,618	34,026,914	1,530,596	251,953	650,106	621,579	--	41,711,766
Transfer	--	--	--	--	--	--	--	--	--
Disposals during the year	--	--	--	--	--	--	(1,033,394)	--	(1,033,394)
<b>Balance as at 31 December 2020G</b>	<b>--</b>	<b>37,292,352</b>	<b>282,295,242</b>	<b>10,459,002</b>	<b>2,386,827</b>	<b>5,936,285</b>	<b>4,748,935</b>	<b>--</b>	<b>343,118,643</b>
<b>Carrying value:</b>									
At 31 December 2020G	62,584,476	116,542,865	171,520,449	8,390,273	770,549	1,214,106	848,100	249,459,658	611,330,476

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

### 5.1 Depreciation charge for the year ended 31 December has been allocated as follows:

	2021G	2020G
Cost of sales (Note 24)	17,008,926	35,342,444
Selling and distribution expenses (Note 25)	1,035,858	1,491,503
General and administration expenses (Note 26)	1,758,229	706,950
Research and development expenses (Note 27)	2,519,776	4,170,869
	22,322,789	41,711,766

### 5.2 Capital work in progress represents cost incurred on the construction of expansion of factory. It also includes cost incurred on the construction of manufacturing facility in Egypt subsidiary. The construction is expected to be completed by the end of 2022G. Capital work-in-progress at December 31, comprises the following

	31 December 2021G	31 December 2020G
Equipment	170,509,066	51,301,725
Civil works	129,091,009	107,420,958
Advances for Civil works	25,519,643	90,736,975
	325,119,718	249,459,658

## 6. RIGHT-OF-USE ASSET

The movement in right-of-use asset during the year ended December 31 is analysed as under:

	2021G	2020G
<b>Cost</b>		
Balance as at 31 December	2,785,085	2,785,065
<b>Accumulated depreciation</b>		
Balance as at 1 January	(557,541)	(285,043)
Charge for the year	(260,512)	(272,498)
Balance as at 31 December	(818,053)	(557,541)
<b>Carrying value:</b>		
At December 31	1,967,012	2,227,524

Depreciation charge amounting to SAR 260,512 (2020G: 272,398) is allocated to cost of revenue.

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## 7. INTANGIBLE ASSETS

Intangible assets include the following:

	31 December 2021G	31 December 2020G
Goodwill (Note 7.1)	--	--
Software and licenses (Note 7.2)	14,785,577	16,536,840
	<b>14,785,577</b>	<b>16,536,840</b>

### 7.1 Goodwill

The movement in goodwill during the year, is analysed below:

	31 December 2021G	31 December 2020G
<b>Cost:</b>		
Balance at 1 January	--	2,070,264
Foreign currency translation adjustment	--	38,783
Impairment of goodwill (Note 7.1.1)	--	(2,109,047)
Balance at 31 December	--	--

7.1.1 During the year ended December 31, 2020G, the Group carried out impairment assessment and based on the assessment fully impaired the goodwill amount.

### 7.2 Software and licenses

The movement in Software during the year, is analysed below:

	Software	Trademark	Total
<b>Cost:</b>			
Balance as at 1 January	7,828,053	15,000,000	22,828,053
Additions during the year	17,800	--	17,800
<b>Balance as at 31 December 2021G</b>	<b>7,845,853</b>	<b>15,000,000</b>	<b>22,845,853</b>
<b>Accumulated amortisation:</b>			
Balance as at 1 January 2021G	6,041,213	250,000	6,291,213
Charge for the year	269,063	1,500,000	1,769,063
<b>Balance as at 31 December 2021G</b>	<b>6,310,276</b>	<b>1,750,000</b>	<b>8,060,276</b>
<b>Carrying value:</b>			
<b>As at 31 December 2021G</b>	<b>1,535,577</b>	<b>13,250,000</b>	<b>14,785,577</b>
As at 31 December 2020G	1,786,840	14,750,000	16,536,840

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## 7. INTANGIBLE ASSETS (continued)

Amortisation charge for the year ended 31 December has been allocated as follows:

	2021G	2020G
Cost of sales (Note 24)	128,064	149,691
Selling and distribution expenses (Note 25)	185	250,000
General and administrative expenses (Note 26)	119,800	109,213
Research and development expenses (Note 27)	21,127	--
Others	1,499,887	--
	<b>1,769,063</b>	<b>508,904</b>

## 8. INVESTMENTS

Investments at December 31 comprised of the following:

	31 December 2021G	31 December 2020G
Investment in associate (Note 8.1)	3,953,158	2,769,136
Investment as at FVTPL (Note 8.2)	19,566	1,059,783
	<b>3,972,724</b>	<b>3,828,919</b>

### 8.1 Investment in associate

In 2016, the Group has entered into an agreement with Hupp Pharma LLC (incorporated in Algeria) to establish a Company in Algeria, namely Jamjoom Hupp Pharma LLC. The Company owns 49% of the share capital of Jamjoom Hupp Pharma LLC ("associate"). In 2021G, the Group has entered into an agreement with DAWA INVESTMENT SARL (incorporated in Algeria) to establish a Company in Algeria, namely SPA Jamjoom Algeria Lildawa. The Company owns 49% of the share capital of Jamjoom Algeria Lildawa ("associate"). The movement in investment is as follows:

	2021G	2020G
At 1 January	2,769,136	4,012,500
Additions	563,288	--
Share of loss on associate	(54,090)	(568,540)
Foreign currency translation differences	674,824	(674,824)
At 31 December	<b>3,953,158</b>	<b>2,769,136</b>

As of December 31, Company has investment of SR: 551,363 in Jamjoom Algeria Lildawa.



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## 8. INVESTMENTS (continued)

The following table summarizes the latest available financial information of Jamjoom Hupp Pharma LLC as of 31 December and for the year then ended:

	31 December 2021G	31 December 2020G
Total assets	<b>50,329,768</b>	53,091,637
Total liabilities	<b>19,183,262</b>	20,189,931
Total shareholders' equity	<b>31,254,371</b>	32,897,765
Loss for the year	<b>110,388</b>	116,183

### 8.2 Investment as at FVTPL

During 2018G, Group purchased shares of Biothera Holding Corporation ("BHC") incorporated in United States of America on 25 April 2018G amounting to SR 9,375,000. BHC operates in the Healthcare industry focusing on Biotechnology business. BHC was founded in 2013 and is based in Eagan, Minnesota, United States of America and registered as a privately held Corporation in Minnesota with registration number 411881351. The Group has subscribed for 2,173,913 shares at offer price of US\$ 1.15 per share, equal to US\$ 2,500,000 equivalent to SR 9,375,000.

The Company signed an agreement "License Agreement" with Biothera dated April 7, 2014. As per the agreement, the Company will have the exclusive license for distribution of the product once it is successful for the GCC region. As per the terms agreed, the Company made an upfront payment of US\$ 1.5 Million. As per the agreement Biothera is liable to payback upfront fee to the Company in case the Biothera is not able to get first approval from United States Food and Drug Administration (FDA) / United States-European Medicines Agency (EMA) within five years from the date of agreement.

During the year ended December 31, 2021G, the company booked an impairment loss of SR 1,040,217 (2020G: SR 8,315,217) based on impairment assessment carried out at December 31. Biothera Holding Corporation has not commenced its operations and is currently in research phase for the development of the product. The Company believes that product research and development is long process which may take more than a year.

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## 9. INVENTORIES

Inventories include the following:

	31 December 2021G	31 December 2020G
Raw materials	62,311,942	57,044,165
Packing materials	32,746,344	27,096,657
Work in process	1,895,787	1,720,342
Finished goods	41,745,371	45,779,961
Goods in transit	3,529,853	2,369,180
Stores and spares, net	10,967,846	10,025,239
	153,197,143	144,035,544
Provision for inventories (note 9.1)	(18,031,660)	(14,838,101)
	135,165,483	129,197,443

### 9.1 Movement of provision for slow moving and obsolete inventories is as follows:

	2021G	2020G
Balance at 1 January	14,838,101	15,139,241
Provided during the year	10,742,237	10,191,315
Write off during the year	(7,548,678)	(10,492,455)
Balance at 31 December	18,031,660	14,838,101

## 10. TRADE RECEIVABLES

	31 December 2021G	31 December 2020G
Trade receivables, net (Note 10.1)	366,902,586	418,217,353

### 10.1 Trade receivables include the following:

	31 December 2021G	31 December 2020G
Trade receivables – others	153,218,210	165,864,500
Trade receivables – related parties (Note 21)	233,537,259	270,029,610
	386,755,469	435,894,110
Less: Allowance for expected credit losses (Note 10.2)	(19,852,883)	(17,676,757)
	366,902,586	418,217,353

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## 10. TRADE RECEIVABLES (continued)

### 10.2 The movement in allowance for expected credit losses is as follows:

	2021G	2020G
Balance at 1 January	17,676,757	20,704,812
Provision / (Reversal) during the year	2,249,773	(1,052,817)
Write off during the year	(73,647)	(1,975,238)
Balance at 31 December	19,852,883	17,676,757

The ageing of gross trade receivable is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			0-90 days	90-180 days	180-360 days	361 days and above
31 December 2021G	386,755,469	210,849,293	103,560,685	17,337,063	19,339,140	35,669,288
31 December 2020G	435,894,110	226,749,410	69,000,891	71,345,104	20,114,404	48,684,302

The Group does not have any collateral over receivables and accordingly are unsecured. Unimpaired trade receivables are expected, on the basis of past experience to be fully recoverable.

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 32.

## 11. PREPAYMENTS AND OTHER RECEIVABLES

	2021G	2020G
Prepayments and other current assets (Note 11.1)	29,211,047	25,550,901
Due from related parties (Note 21)	17,646,713	19,023,294
	46,857,760	44,574,195

### 11.1 Prepayments and other current assets

	31 December 2021G	31 December 2020G
Employees' receivables	8,866,258	10,237,040
VAT receivable	11,711,689	7,460,451
Advance to suppliers	2,864,903	2,835,189
Prepayments	3,092,850	2,538,299
Deposits	1,253,541	1,357,440
Others	1,421,806	1,122,482
	29,211,047	25,550,901

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## 12. SHORT-TERM INVESTMENTS

This includes Murabaha investment made with a local bank amounting to of SAR 37.5 million (2020G: SAR 19 million) for the period ranging from four to six months at prevailing market rates.

## 13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	31 December 2021G	31 December 2020G
Cash on hand	36,740	61,586
Cash at banks - current accounts	112,592,996	235,484,245
<b>Total cash balances</b>	<b>112,629,736</b>	<b>235,545,831</b>

## 14. SHARE CAPITAL

As at December 31, the share capital is divided into 10,000,000 shares (2020G: 10,000,000 shares) of SR 10 each held and owned by:

	Percentage of ownership	31 December 2021G	31 December 2020G
Mr. Yousef Mohammad Salah Jamjoom	59.5%	5,950,000	5,950,000
Mr. Mahmood Yousef Mohammed Salah Jamjoom	8.0%	800,000	800,000
Mr. Walid Yousef Mohammed Salah Jamjoom	6.5%	650,000	650,000
Mr. Mohammed Yousef Mohammed Salah Jamjoom	6.5%	650,000	650,000
Mr. Ahmed Yousef Mohammed Salah Jamjoom	6.5%	650,000	650,000
Ms. Sana Yousef Mohammed Salah Jamjoom	6.5%	650,000	650,000
Ms. Ala'a Yousef Mohammed Salah Jamjoom	6.5%	650,000	650,000
	100%	10,000,000	10,000,000

The details of interim dividends approved by Board of the directors during the current year are as follows:

Date	Amount
17-Mar-21	23,333,333
17-Jun-21	23,333,333
21-Sep-21	23,333,333
13-Dec-21	43,333,333
<b>Total</b>	<b>113,333,332</b>

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## 15. STATUTORY RESERVE

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to statutory reserve until such reserve equals 30% of its share capital. This reserve currently is not available for distribution to the shareholders of the Company.

The statutory reserve requirement has been fulfilled and, accordingly, the Company is not required to transfer any additional amount towards this reserve.

## 16. LEASE LIABILITES

Non-current liabilities	31 December 2021G	31 December 2020G
Lease liabilities (Note 16.1 and 16.2)	1,967,012	2,227,524

### 16.1 As at December 31 the net present value of the finance lease liabilities is as follows:

	31 December 2021G	31 December 2020G
As at 1st January	2,227,524	2,500,022
Add: Interest	108,067	14,357
Less: Payments	(368,579)	(286,855)
As at 31st December	1,967,012	2,227,524

### 16.2 The lease liabilities have been presented in statement of financial position is as follows:

	December 31, 2021G	December 31, 2020G
Current liability	249,059	260,512
Non-current liability	1,717,953	1,967,012
Total liability	1,967,012	2,227,524

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## 17. LOANS

	31 December 2021G	31 December 2020G
SIDF loan (Note 17.1)	-	95,016,067

### 17.1 Saudi Industrial Development Fund (SIDF) loan

	31 December 2021G	31 December 2020G
As at 1st January	95,016,067	34,900,000
Add: Loan obtained during the year	--	78,200,000
Less: Loan paid during the year	(95,016,067)	(16,000,000)
	--	97,100,000
Less: unamortised portion of fee paid	--	(2,083,933)
As at 31st December	--	95,016,067

	31 December 2021G	31 December 2020G
Year end		
Current portion	--	95,016,067
Non-current portion	--	--
	--	95,016,067

The Company signed a long-term loan agreement with Saudi Industrial Development Fund (SIDF) in 2016 for an amount of SR 72.9 million to partly finance the expansion project of the factory. During the year ended December 31, 2020G, the Company obtained additional loan amounting to SR78.2 million. The SIDF loan is secured by mortgage on the Company's existing property, plant and equipment and the new projects and the personal guarantees from the shareholders.

The loan is fully paid in 2021G.

## 18. EMPLOYEES' BENEFITS

The Company operates an approved unfunded employees' benefits scheme / plan for its permanent employees as required by the Saudi Arabian Labor law.

The amount recognized in the statement of financial position is determined as follows:

	31 December 2021G	31 December 2020G
Employee benefits	60,576,185	75,553,455

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## 18. EMPLOYEES' BENEFITS (continued)

### 1.1 Movement in net defined benefit obligation (continued)

Net defined benefit liability comprises only of defined benefit obligation. The movement in the defined benefit obligation over the year is as follows:

	2021G	2020G
Balance at 1 January	75,553,455	64,035,230
<b>Included in statement of profit or loss</b>		
Current service cost	8,569,243	7,311,490
Interest cost	1,890,804	2,155,803
	10,460,047	9,467,293
<b>Included in other comprehensive income</b>		
Re-measurement loss / (gain):		
Actuarial loss arising from changes in assumptions	645,673	3,255,307
Loan against EOSB	(12,540,000)	--
Benefits paid	(13,542,990)	(1,204,375)
Balance at 31 December	60,576,185	75,553,455

### 18.1 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	31 December 2021G	31 December 2020G
Discount rate	3.27%	2.75%
Future salary growth / Expected rate of salary increase	3.27%	2.75%
Retirement age	60 years	60 years
Number of employees	999	987
Mortality rate	0.75 to 7.52	o 7.52

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have resulted in amounts below.

	2021G	2020G
Discount rate (+0.5% movement)	56,963,003	71,808,539
Discount rate (-0.5% movement)	64,471,334	79,565,934

### 18.3 Long term employee loan:

In 2020G the Company provided interest free loan to employees. In 2021G, after obtaining a legal advisory opinion the Company decided that this loan will be fully settled from the end of service benefit.

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## 19. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade and other payables include the following:

	31 December 2021G	31 December 2020G
Trade payables	36,898,578	39,749,760
Accruals and other current liabilities (Note 19.1)	76,300,690	79,799,114
Due to related parties (Note 21)	5,171,482	2,152,198
	<b>118,370,750</b>	<b>121,701,072</b>

### 19.1 Accruals and other current liabilities

	31 December 2021G	31 December 2020G
Employee related accruals	28,480,116	36,934,400
Accrued commission and discount payable	13,855,041	6,244,187
Retention payable	6,114,134	5,253,758
Customer advances	243,559	4,343,944
Accrued sales and marketing expenses	2,605,338	2,390,320
Accrued Utilities bills	600,515	582,478
Provision – Finished goods expiry	8,307,105	7,837,125
Local expenses accrual	13,773,752	13,498,553
Others	2,321,130	2,714,349
	<b>76,300,690</b>	<b>79,799,114</b>

## 20. ZAKAT AND INCOME TAX PAYABLE

### a) Parent Company

#### Zakat base

The significant components of Zakat base for the year ended 31 December comprise of the following:

	31 December 2021G	31 December 2020G
Equity	1,099,460,742	976,138,083
Provisions	81,911,676	89,321,657
Other addition	3,973,107	--
SIDF Loan	--	95,016,067
Book value of non-current assets	(735,256,374)	(638,272,375)
Zakat base	450,089,151	522,203,432
Zakat Base (365)	464,074,972	539,905,244
Net adjusted income	205,084,607	239,920,755
Zakat base	669,159,579	779,825,999
Zakat charge for the year	16,728,989	24,221,713



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## 20. ZAKAT AND INCOME TAX PAYABLE (continued)

	31 December 2021G			31 December 2020G		
	Zakat	Income tax	Total	Zakat	Income tax	Total
Balance at 1 January	20,448,987	1,644,225	22,093,212	17,121,455	1,321,464	18,442,919
Charge for the year	16,728,989	155,029	16,884,018	24,130,014	752,935	24,882,949
Adjustment	507,814	--	507,814	--	--	--
Total charge for the year	17,236,803	155,029	17,391,832	24,130,014	752,935	24,882,949
Paid during the year	(19,023,187)	(717,505)	(19,740,692)	(20,802,482)	(430,177)	(21,232,659)
Balance at 31 December	18,662,603	1,081,749	19,744,352	20,448,987	1,644,222	22,093,209

### b) Status of assessments

The Zakat assessments have been agreed with the Zakat and Custom Tax Authority ("ZACTA") for the years up to 31 December 2018G.

### c) Income tax

Income tax is calculated in accordance with the applicable tax laws of the foreign subsidiary.

## 21. RELATED PARTY TRANSACTIONS AND BALANCES

- a. The Group in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standards 24. These transactions are carried out at terms agreed with the related parties.
- b. Transactions with related parties mainly relate to expenses incurred by the related parties on behalf of the Group and sales processed through affiliated companies in accordance with the agreement mutually entered into. Transactions with related parties are undertaken at mutually agreed prices and are approved by the Board of Directors.

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## 21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c. Significant related party balances arising from transactions are described as under:

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2021G	31 December 2020G	31 December 2021G	31 December 2020G
<b>Due from related parties under trade and other receivables:</b>						
Jamjoom Medicine Stores	Affiliate	Sale of products	373,807,334	435,299,891		
		Distribution commission	17,759,777	26,475,872	233,537,259	270,029,610
Abdul Latif and Brothers Holding	Affiliate	Expenses paid	--	--	--	--
Jamjoom Medicine Stores	Affiliate	Expenses paid	69,605	51,880	194,685	204,686
Jamjoom Vehicle and equipment	Affiliate		--	1,037,353	--	317,874
Jamjoom HUPP Pharma LLC (Note 19.1)	Associate	Loan receivable *	1,037,974	6,064,737	17,452,028	18,490,002
New Jamjoom Healthcare Hospital	Affiliate	Expenses paid	40,667	20,444	--	10,732
					17,646,713	19,023,294

\*The balance represents interest free loan provided by the Company to HUPP Pharma. During the current year the Company booked impairment loss of SR 1,037,974 (2020G: 6,064,737)

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2021G	31 December 2020G	31 December 2021G	31 December 2020G
<b>Due to related parties under trade payables and other current liabilities:</b>						
Jamjoom General Agencies	Affiliate	Purchases and services rendered	1,092,842	843,031	109,087	373,839
Dar Jamjoom Printing	Affiliate	Purchases and services rendered	8,813,119	6,636,303	1,783,446	1,697,985
Jeddah Trident Hotel	Affiliate	Purchases and services rendered	862,532	223,097	--	70,374
Jamjoom Medicine Store	Affiliate	Purchases and services rendered	410,117	1,474,645	--	10,000
Dream Sky Travel & Tourism Agency	Affiliate	Services rendered	4,667,006	--	120,792	--
Tegan Al Fateh Factory Co Ltd	Affiliate	Purchases – Packing material	18,446,989	--	3,018,180	--
Jamjoom Consult	Affiliate	Professional Service	1,293,600	--	112,700	--
Hamza Mahmoud Est.	Affiliate	Retention Money	204,755	--	27,277	--
					5,171,482	2,152,198

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## 21. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### 21.1 Key management personnel remuneration and compensation

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. The following table illustrates details of remuneration and compensation paid to key management personnel:

	2021G	2020G
Key management personnel remuneration and compensation	9,438,336	6,735,169

#### Board of Directors / Committee members' remuneration

Board of Directors remuneration and compensation comprised of the following:

	2021G	2020G
Meeting attendance fees	264,000	316,000

## 22. COMMITMENTS AND CONTINGENCIES

In addition to Zakat and income tax contingency matters disclosed in Note 18, the Group has the following contingencies and commitments:

	31 December 2021G		31 December 2020G	
	Contingent liability	Cash margins	Contingent liability	Cash margins
Letter of Credit	11,787,536	--		
Letters of guarantee	10,964,621	268	10,482,110	268
Contractual commitments	36,784,154	--	71,812,941	--

The contractual commitments represent the Company's commitments related to construction and electromechanical contracts related to works in progress not yet completed (note 5.2).

## 23. REVENUE

Revenue for the year are the following:

	31 December 2021G	31 December 2020G
Local	634,957,311	669,347,119
Export	283,210,351	274,009,155
	918,167,662	943,356,274
Trade discounts	(182,484,798)	(138,041,999)
	735,682,864	805,314,275

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## 24. COST OF SALES

Cost of sales for the year are the following:

	31 December 2021G	31 December 2020G
Raw materials and consumables	148,537,562	156,908,143
Salaries and employee related costs	65,908,705	68,343,820
Depreciation (Note 5.1)	17,008,926	35,342,444
Amortisation (Note 7)	128,064	128,564
Depreciation on right-of-use asset (Note 6)	260,512	272,498
Traveling and communication	621,149	708,317
Supplies and consumables	6,248,723	6,526,410
Others	22,275,253	23,788,500
	<b>260,988,984</b>	<b>292,018,696</b>

## 25. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year are the following:

	31 December 2021G	31 December 2020G
Salaries and employee related costs	79,903,624	71,801,110
Distribution expenses	68,902,034	75,714,524
Brand reminders, free medical samples and promotion	49,005,266	40,867,791
Travelling and communication	5,115,016	5,748,145
Amortisation (Note 7)	185	250,000
Depreciation (Note 5.1)	1,035,858	1,491,503
Others	4,991,665	3,336,462
	<b>208,953,648</b>	<b>199,209,535</b>

## 26. GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the year are the following:

	31 December 2021G	31 December 2020G
Salaries and employee related costs	31,404,176	27,204,965
Travelling and communication	1,296,798	910,831
Depreciation (Note 5.1)	1,758,519	706,950
Amortisation (Note 7)	119,800	109,213
Others	8,357,955	8,752,639
	<b>42,937,248</b>	<b>37,684,598</b>

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## 27. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses for the year are the following:

	31 December 2021G	31 December 2020G
Salaries and employee related costs	20,621,555	21,486,592
Travelling and communication	164,771	155,066
Depreciation (Note 5.1)	2,519,776	4,170,869
Amortisation (Note 7)	21,127	21,127
Cost of exhibit batches	3,821,049	--
Lab scale batches	1,656,070	1,503,567
Supplies and consumables	771,574	1,550,616
Others	7,424,314	7,599,756
	<b>37,000,236</b>	<b>36,487,593</b>

## 28. OTHER INCOME, NET

Other income, net for the year ended December 31, comprise the following:

	31 December 2021G	31 December 2020G
Gain on disposal of property, plant and equipment	88,940	89,374
Royalty income	4,106,190	2,160,050
Others	358,792	(1,179,546)
	<b>4,553,922</b>	<b>1,069,878</b>

## 29. FINANCE INCOME / (CHARGES), NET

Finance income / (charges) for the year are the following:

	31 December 2021G	31 December 2020G
Loan management fee on SIDF loan	(2,273,934)	(1,332,214)
Bank Charges	(907,480)	(1,026,183)
Foreign currency gain / (loss)	2,006,190	4,110,689
	<b>(1,175,224)</b>	<b>1,752,292</b>

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### 30. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	31 December 2021G	31 December 2020G
Profit for the period attributable to shareholders of the Parent Company	170,695,307	206,860,270
Weighted average number of ordinary shares in issue	10,000,000	10,000,000
Basic and diluted earnings per share	17.07	20.69

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

### 31. OPERATING SEGMENT

The Group's chief executive officer reviews the internal management reports of each division at least quarterly.

The group has following two strategic divisions, which are reportable segments. These divisions offer different products and are managed separately because they require different technology and marketing strategies.

- Pharmaceutical products
- Consumer health products

	2021G	2020G
<b>Segments (By Product Category)</b>		
Pharmaceutical Products	663,462,072	731,163,765
Consumer Health Products	72,220,792	74,150,510
	<b>735,682,864</b>	<b>805,314,275</b>

Pharmaceutical and consumer health segment are managed on a worldwide basis, but sales are primarily in Saudi Arabia, Egypt, Iraq, Gulf countries, North Africa and other countries.

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## 31. OPERATING SEGMENT (continued)

The geographic information analyses the Group's revenue by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on geographic location of customers.

	Sales for the year	
	2021G	2020G
<b>Segments (By Product Category)</b>		
KSA	466,097,876	538,678,474
Gulf	73,271,532	92,956,594
Egypt	67,042,667	59,040,720
Iraq	64,584,892	51,492,910
North Africa & other export countries	64,685,897	63,145,577
	<b>735,682,864</b>	<b>805,314,275</b>

## 32. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

### Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks in close cooperation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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## 32. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivables, other receivables, SIDF loan, accounts payable, accrued expenses and other financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amount reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

### Interest rate risk

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

The Group's interest rate risks arise mainly from its borrowings which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	31 December 2021G	31 December 2020G
Variable rate instruments		
Financial liabilities		
Borrowings – SIDF loan	--	97,100,000

### Sensitivity analysis for variable rate instruments

Change in 10 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 0 (31 December 2020G: SR 9,710,000).



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## 32. FINANCIAL RISK MANAGEMENT (continued)

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Algerian Dinar, Egyptian Pound, Turkish Lira, UAE Dirham and Euros. The Group is exposed to foreign exchange risk. The Group's other financial liabilities are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between Saudi Riyals and Euros. Since Saudi Riyals is pegged with US Dollars, the Group is not exposed to currency risk for the transactions denominated in US Dollars.

The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly. Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended 31 December		For the year ended 31 December	
	2021G	2020G	2021G	2020G
<b>Foreign currency per Saudi Riyal</b>				
Euros	0.2255	0.23	0.2353	0.21808
Algerian Dinar	0.0278	0.0299	0.0270	0.02834
Egyptian Pound	4.1849	4.24	4.1894	4.19649
Turkish Lira	2.3635	1.73	3.4734	1.98281
UAE Dirham	0.9793	1.02	0.9795	0.97933

### Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before Zakat and income tax for the year by SR 7,890 (31 December 2020G: SR 6,890).

### Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group exposure to any price risk is not material.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery which is based on customer profile and payments history. Outstanding customer receivables are regularly monitored. The Group's maximum exposure to credit risk at the reporting date is as follows:

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## 32. FINANCIAL RISK MANAGEMENT (continued)

### Credit risk (continued)

	31 December 2021G	31 December 2020G
<b>Financial assets</b>		
Trade receivables	<b>386,755,469</b>	435,894,110
Other receivables	<b>10,119,799</b>	10,237,040
Due from related parties	<b>17,646,714</b>	19,023,294
Investment – Murabaha	<b>38,109,746</b>	19,177,168
Bank balance	<b>112,629,736</b>	235,484,245
Total	<b>565,261,464</b>	719,815,857

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit rating.
- The Group does not a policy to obtain security / collaterals from its customers.

As at 31 December 2021G, four largest customers account approximately for 75% (31 December 2020G: 85%) of gross outstanding trade receivables. However, the Company assessed the concentration of risk with respect to accounts receivable and concluded it to be low.

### Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

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## 32. FINANCIAL RISK MANAGEMENT (continued)

Contractual cash flows						
31 December 2021G	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<b>Financial liabilities</b>						
SIDF loan	--	--	--	--	--	--
Trade payables and other current liabilities	118,370,750	118,370,750	--	--	--	--
	118,370,750	118,370,750	--	--	--	--

Contractual cash flows						
31 December 2020G	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<b>Financial liabilities</b>						
SIDF loan	97,100,000	--	97,100,000	--	--	--
Trade payables and other current liabilities	121,701,072	121,701,072	--	--	--	--
	218,801,072	121,701,072	97,100,000	--	--	--

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

### Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2021G and 31 December 2020G is as follows:

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## 32. FINANCIAL RISK MANAGEMENT (continued)

	31 December 2021G	31 December 2020G
Total liabilities	200,658,299	316,591,327
Cash and cash equivalents	(112,629,736)	(235,545,831)
Net debt	88,028,563	81,045,496
Total equity	1,231,635,103	1,179,068,222
Net debt to adjusted equity ratio (%)	7%	7%

### Fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

### Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking):
- Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

As at December 31, 2021G, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

## 33. SUBSEQUENT EVENTS

No event has occurred up to the date of the approval of these financial statements by the Board of Directors of the Company which could materially affect the financial statements and the related disclosures for year ended 31 December 2021G.

## 34. COMPARATIVE FIGURES

Certain figures for the prior year have been reclassified to conform to the presentation in the current year.

## 35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 16 Shawwal 1443H, corresponding to 17 May 2022G.

JAMJOOM PHARMACEUTICALS FACTORY  
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CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2020G  
with  
INDEPENDENT AUDITORS' REPORT



### KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Headquarter in Riyadh

Commercial Registration No 4030290792

### كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال  
شارع الأمير سلطان  
ص.ب. ٥٥٠٧٨  
جدة ٢١٥٣٤  
المملكة العربية السعودية  
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

## Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory

### Opinion

We have audited the consolidated financial statements of Jamjoom Pharmaceuticals Factory ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (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 International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of conduct and ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

Those charged with governance, the Audit Committee, is responsible for overseeing the Group's financial reporting process.

KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 15,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

كي بي إم جي للاستشارات المهنية، شركة مهنية مساهمة منقطة مسجلة في المملكة العربية السعودية رأس مالها (١٥٠٠٠٠٠٠) ريال سعودي مدفوع بالكامل وقد تم تعيين اسم الشركة من الاسم السابق "الشركة كي بي إم جي للقرآن وشركة محاسبين ومراجعين قانونيين" إلى الاسم الحالي بتاريخ ٢٠١٦/١٢/١٠. وهي شركة عضو غير شريك في شبكة شركات كي بي إم جي المسجلة والناشطة لدى كي بي إم جي العالمية شركة مسجلة في بريطانيا.

Commercial Registration of the headquarter in Riyadh is 1010425494.



## Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory (continued)

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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 **Jamjoom Pharmaceuticals Factory** ("the Company") and its subsidiaries ("the Group").

#### KPMG Professional Services



Nasser Ahmed Al Shutairy  
License No. 454



Jeddah, 6 May 2021  
Corresponding to 24 Ramadan 1442H

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 As at 31 December 2020G  
 (Expressed in Saudi Arabian Riyals)

	Notes	31 December 2020G	31 December 2019G
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	611,330,476	503,929,607
Right-of-use asset	6	2,227,524	2,500,022
Intangible assets	7	16,536,840	4,026,348
Employee receivable	16.4	15,023,800	--
Investments	8	3,828,919	13,387,500
		<b>648,947,559</b>	<b>523,843,477</b>
<b>Current assets:</b>			
Inventories	9	129,197,443	90,589,908
Trade and other receivables	10	462,791,548	469,710,330
Murabaha investment	11	19,177,168	18,919,632
Cash and cash equivalents	12	235,545,831	180,571,366
		<b>846,711,990</b>	<b>759,791,236</b>
<b>Total assets</b>		<b>1,495,659,549</b>	<b>1,283,634,713</b>
<b>EQUITY</b>			
Share capital	13	100,000,000	100,000,000
Statutory reserve	14	50,000,000	50,000,000
Foreign currency translation reserve		(33,725,852)	(30,340,499)
Retained earnings		1,062,794,074	949,855,777
<b>Total equity</b>		<b>1,179,068,222</b>	<b>1,069,515,278</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities:</b>			
SIDF loan	15	--	17,745,710
Employees' benefits	16	75,553,455	64,035,230
Lease obligation	17	1,967,012	2,227,524
		<b>77,520,467</b>	<b>84,008,464</b>
<b>Current liabilities:</b>			
Current portion of SIDF loan	15	95,016,067	16,000,000
Trade payables and other current liabilities	18	123,204,830	96,668,254
Lease obligation	17	260,512	272,498
Zakat and income-tax payable	19	20,589,451	17,170,219
		<b>239,070,860</b>	<b>130,110,971</b>
<b>Total liabilities</b>		<b>316,591,327</b>	<b>214,119,435</b>
<b>Total equity and liabilities</b>		<b>1,495,659,549</b>	<b>1,283,634,713</b>

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.



**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
 For the year ended 31 December 2020G  
 (Expressed in Saudi Arabian Riyals)

	Notes	2020G	2019G
Revenue	22	805,314,275	731,733,150
Cost of revenue	23	(328,506,289)	(309,367,432)
<b>Gross profit</b>		<b>476,807,986</b>	<b>422,365,718</b>
Selling and distribution expenses	24	(199,209,535)	(213,871,663)
General and administration expenses	25	(37,684,598)	(33,954,208)
<b>Operating profit</b>		<b>239,913,853</b>	<b>174,539,847</b>
Other income, net	26	1,069,878	1,028,181
Share result of equity accounted investment	8.1	(568,540)	--
Impairment loss on investment	8.2	(8,315,217)	--
Impairment loss on goodwill	7.1	(2,109,047)	--
Finance (charges) / income, net	27	1,752,292	102,695
<b>Profit before Zakat and income tax</b>		<b>231,743,219</b>	<b>175,670,723</b>
Zakat and income-tax	19	(24,882,949)	(18,739,585)
<b>Net profit for the year</b>		<b>206,860,270</b>	<b>156,931,138</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement of Employees' benefits liability	16	(3,255,307)	(2,180,873)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign operations – foreign currency translation differences		(3,385,353)	992,027
<b>Other comprehensive loss for the year</b>		<b>(6,640,660)</b>	<b>(1,188,846)</b>
<b>Total comprehensive income for the year</b>		<b>200,219,610</b>	<b>155,742,292</b>

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME (continued)**  
 For the year ended 31 December 2020G  
 (Expressed in Saudi Arabian Riyals)

	Note	31 December 2020G	31 December 2019G
<b>Profit for the year attributable to:</b>			
- Shareholders' of the Parent Company		<b>206,860,270</b>	156,931,138
- Non-controlling interest's share of net income in subsidiary		--	--
<b>Profit for the year</b>		<b>206,860,270</b>	156,931,138
<b>Total comprehensive income for the period attributable to:</b>			
- Shareholders' of the Parent Company		<b>200,219,610</b>	155,742,292
- Non-controlling interests' share of net income in subsidiary		--	--
<b>Total comprehensive income for the year</b>		<b>200,219,610</b>	155,742,292
<b>Earnings per share</b>			
Earnings per share from profit for the year attributable to the Shareholders' of the Parent Company	27	<b>20.69</b>	15.69

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 For the year ended 31 December 2020G  
 (Expressed in Saudi Arabian Riyals)

	Attributable to the owners of the Company					Non-controlling interest	Total equity
	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total		
Balance at 1 January 2019G	100,000,000	50,000,000	(31,332,526)	881,105,512	999,772,986	675	999,773,661
<b>Total comprehensive income:</b>							
Net profit for the year	--	--	--	156,931,138	156,931,138	(675)	156,930,463
Other comprehensive income	--	--	992,027	(2,180,873)	(1,188,846)	--	(1,188,846)
	--	--	992,027	154,750,265	155,742,292	(675)	155,741,617
<b>Transaction with owners:</b>							
Dividends (Note 13)	--	--	--	(86,000,000)	(86,000,000)	--	(86,000,000)
Balance at 31 December 2019G	100,000,000	50,000,000	(30,340,499)	949,855,777	1,069,515,278	--	1,069,515,278
<b>Total comprehensive income:</b>							
Net profit for the year	--	--	--	206,860,270	206,860,270	--	206,860,270
Other comprehensive loss	--	--	(3,385,353)	(3,255,307)	(6,640,660)	--	(6,640,660)
	--	--	(3,385,353)	203,604,963	200,219,610	--	200,219,610
<b>Transaction with owners:</b>							
Dividends (Note 13)	--	--	--	(90,666,666)	(90,666,666)	--	(90,666,666)
<b>Balance at 31 December 2020G</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>(33,725,852)</b>	<b>1,062,794,074</b>	<b>1,179,068,222</b>	<b>--</b>	<b>1,179,068,222</b>

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

	Notes	2020G	2019G
<b>Cash flows from operating activities:</b>			
Profit before Zakat and income-tax		231,743,219	175,670,723
<b>Adjustments for:</b>			
Depreciation	5	41,711,766	41,824,523
Amortisation	7	508,904	443,371
Unamortized portion of SIDF loan fee paid	15	2,083,933	1,154,290
Foreign currency translation adjustment		(738,726)	657,953
Reversal for allowance for expected credit losses	10.2	(1,052,817)	(90,019)
Provision for inventories	9.1	10,191,315	13,063,870
Impairment of investment	8.2	8,315,217	--
Impairment of goodwill	7.1	2,109,047	--
Provision for employees' benefits	16.1	9,467,293	9,353,793
Gain on disposal of property and equipment		(89,374)	(324,347)
		304,249,777	241,754,157
<b>Changes in:</b>			
Trade and other receivables		7,923,479	(57,036,916)
Inventories		(48,798,850)	31,794,646
Trade payables and other current liabilities		21,227,386	8,103,217
Cash generated from operating activities		284,601,792	224,615,104
Employees' benefits paid	16.1	(1,204,375)	(3,704,122)
Zakat and income-tax paid	19	(21,463,718)	(17,335,176)
<b>Net cash generated from operating activities</b>		<b>261,933,699</b>	<b>203,575,806</b>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	5	(148,522,308)	(70,535,988)
Additions to intangible assets	7	(15,089,660)	(460,041)
Proceeds from disposal of property, plant and Equipment		143,200	971,812
Employees receivables	20.1	(15,023,800)	--
<b>Net cash used in investing activities</b>		<b>(178,492,568)</b>	<b>(70,024,217)</b>
<b>Cash flows from financing activities:</b>			
SIDF loan paid during the year	15	(16,000,000)	(14,000,000)
SIDF loan obtained during the year	15	78,200,000	--
Dividends paid	13	(90,666,666)	(86,000,000)
<b>Net cash used in financing activities</b>		<b>(28,466,666)</b>	<b>(100,000,000)</b>
<b>Net change in cash and cash equivalents</b>		<b>54,974,465</b>	<b>33,551,589</b>
Cash and cash equivalents at the beginning of the year	12	180,571,366	147,019,777
<b>Cash and cash equivalents at the end of the year</b>	12	<b>235,545,831</b>	<b>180,571,366</b>

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 At 31 December 2020G  
 (Expressed in Saudi Arabian Riyals)

## 1. REPORTING ENTITY

Jamjoom Pharmaceuticals Factory ("the Company") was a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 4030154596 dated 18 Safar 1426 H (corresponding to 28 March 2005). During 2013, the Company's shareholders resolved to change the legal status of the Company from a limited liability company to a closed Saudi joint stock company. The Ministry of Commerce and Investment announced the conversion to closed joint stock company by Ministerial Resolution on 19 Shaban 1435H (corresponding to 17 June 2014).

The objectives of the Company are to produce human medicines, nutraceuticals, antibiotics, general analgesics, medicines for treatment of cough, allergy, asthma, heart diseases, blood pressure, diarrhea, vomiting, ulcer and acidity, treatment of various skin infections, cancer diseases, eye drops and ointments and cosmeceuticals.

The Company registered its branch "In-life" in Jeddah on 7 Safar 1430H (corresponding to 3 February 2009) with commercial registration number 4030186183, with the objective to trade perfumes and cosmetics products.

The Company registered its branch in Riyadh on 23 Rabi Al Awal 1431H (corresponding to 9 March 2010), commercial registration number 1010283686.

The Company registered its branch in Jeddah on 25 Rabi Al Thani 1440H (corresponding to 3 November 2018G), commercial registration number 4030317590.

The Company registered a new scientific support office in Algeria on 24 Jumada Al Thani 1429H (corresponding to 28 June 2008) based on a license number 03-22/F issued by the Ministry of Commerce in Algeria.

The Company registered a new scientific support office in Egypt on 18 Ramadan 1430H (corresponding to 8 September 2010) based on a resolution number 481 issued by the Ministry of Health in Egypt.

The Company registered a new scientific support office in Kazakhstan, AlMaty, on 18 Sha'baan 1432H (corresponding to 19 July 2011) issued by Ministry of Justice in Kazakhstan.

These consolidated financial statements include the assets, liabilities and results of the operations of the Company and its following subsidiaries up to 31 December 2020G:

Name	Country of incorporation	Principal activity	Effective shareholding	
			2020G	2019G
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	100%	100%
Jamjoom Pharmaceutical Industry and Commerce Company Limited (see below)	Turkey	Manufacture and distribution of pharmaceuticals	100%	100%

**JAMJOOM PHARMACEUTICALS FACTORY**  
(A Closed Saudi Joint Stock Company)  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
At 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

## 1. REPORTING ENTITY (continued)

On 22 December 2010, the Company established a subsidiary in Turkey, namely Jamjoom Pharmaceutical Industry and Commerce Company Limited ("JPIC"), with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding in JPIC. Therefore, JPIC has been treated as fully owned subsidiary in these consolidated financial statements. There has been no operation for the year ended 31 December 2020G. Further, the Board of Directors resolved to liquidate the company dated May 20, 2019G and the process of liquidation have been started.

The Company established a subsidiary in Egypt, namely Al Jamjoom Pharma for Pharmaceutical Industries, with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding. Therefore, Al Jamjoom Pharma for Pharmaceutical Industries has been treated as fully owned subsidiary in these consolidated financial statements.

The registered address of the Company is as follows:

P.O. Box # 6267,

Jeddah-21442,

Kingdom of Saudi Arabia

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The accompanying financial statements 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 Chartered and Professional Accountants (SOCPA).

### b) Basis of measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for defined benefit liability, which is measured at the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 4(g).

### c) Functional and presentation currency

The accompanying consolidated financial statements is presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. All amounts have been rounded off to the nearest Riyals, unless otherwise stated.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, is included in the following:

- whether the Group exercises control over an investee (Note 4 (a)(i)).
- Lease term: whether the Group's reasonably ascertain to exercise extension option (Note 16)

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

##### i) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

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 amortisation, if no impairment loss had been recognised.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Assumptions and estimation uncertainties (continued)

##### ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

##### iii) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging, current condition, and future expectations with respect to its consumption. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in the pattern of consumption and sale of pharmaceutical products.

##### iv) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.



JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
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At 31 December 2020G  
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## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Assumptions and estimation uncertainties (continued)

#### v) Employee benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 14 to these consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

#### vi) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### Measurement of fair values

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Group's management has overall responsibility for overseeing all significant fair value measurements.

Group's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

### a) Basis of consolidation

#### i) Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### i) Business combinations (continued)

###### Acquisitions from entity under common control

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entity are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

##### ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases

All intra-Group balances, transactions, income and expenses resulting from intra-Group transactions are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interests without change in control".

##### iii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### iv) Non-controlling interests

Non-controlling interests represent the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

##### v) Investments in equity accounted investees

Associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the Group's interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of profit or loss and other comprehensive income. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in associate, the carrying amount of that interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### b) Financial instruments

##### i) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

##### ii) Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

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

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

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

<b>Financial assets at Fair Value Through Profit and Loss (FVTPL)</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### iii) Financial Liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### iv) Derecognition

##### Financial assets

The management derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### Financial liabilities

The management derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The management also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

#### v) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### vi) Impairment of financial assets

The management recognises loss allowances for ECL on financial assets measured at amortised cost and contract assets. The management measures loss allowances at an amount equal to lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECL: these are ECL that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

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

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

The management assumes that the credit risk on a financial asset has increased significantly if it is more than 730 days past due from government and 365 days past due from non-government parties.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

The management considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due as per terms of agreement with customers.

#### Measurement of ECL

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

#### Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 730 / 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

#### Presentation of impairment

Allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to Trade receivables and contract assets, including contract assets and finance lease receivables, are presented separately in the statement of profit or loss. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

#### c) Impairment

##### Non-financial assets

The management assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the management estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Impairment (continued)

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the management estimates the asset's or CGUs' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

#### d) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the consolidated statement or profit or loss and other comprehensive income.

The cost of replacing a part of an item of property, plant 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 Group, 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, plant and equipment are recognized in profit or loss as incurred.

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Property, plant and equipment (continued)

and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives of assets is as follow:

	Years
Buildings	33
Plant and machinery	4-10
Furniture and fixtures	10
Office equipment	6
Computer equipment	4-8
Motor vehicles	4

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer policy on impairment of non-financial assets note 2(i).

#### Capital work-in-progress

Capital work-in-progress are carried at cost less any recognised impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

#### Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

#### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Property, plant and equipment (continued)

lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### e) Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss and other comprehensive income category consistent with the function. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

#### f) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### g) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### h) Employees' benefits

##### Defined benefit plan

Provision is made for amounts payable to employees under the Saudi Labour Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee on a going concern basis. The cost of providing benefits is determined using the projected unit credit method as amended by IAS 19. Remeasurements, comprising of actuarial gains and losses, excluding amounts included in interest on the defined benefit liability are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The management recognizes the following changes in the defined benefit obligation under 'cost of sales', and 'general and administration expenses' in the statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- interest expense or income

##### Other long-term employee benefits

The Company's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value if the impact is material. Remeasurements are recognized in profit or loss in the period in which they arise.

##### Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### h) Employees' benefits (continued)

##### Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### i) Revenues

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) Revenues (continued)

Revenue from sales is recognized upon delivery or shipment of products by which the significant risks and rewards of ownership of the goods have been transferred to the buyer and the Group has no effective control or continuing managerial involvement to the degree usually associated with ownership over the goods. Sales is recorded net of returns, trade discounts and volume rebates.

Variable consideration is estimated based on expected value method. Revenue is recorded net of trade discounts, volume rebates and deductibles. Consideration payable to a customer is recognised as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. If consideration payable to the customer is a payment for a distinct good or service from the customer, then the Group records such purchase of the good or service in the same way that it accounts for other purchases from suppliers.

#### j) Zakat and income tax

The Company is subject to Zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). Foreign subsidiaries are subject to the relevant income tax regulations in their countries of domicile. Company's Zakat and its share in the foreign subsidiaries income tax are accrued and charged to the consolidated statement of income currently. Foreign income tax attributable to the foreign subsidiaries shareholders are charged to the minority shareholders in accompanying consolidated financial statements. Additional Zakat and foreign income tax liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized. The Company withholds taxes on Transactions with non-resident parties.

#### k) Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, 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, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

#### l) Borrowing and finance cost

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss and other comprehensive income using the effective interest method.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### m) Dividends

Final dividends are recorded in the financial statements in the year in which they are approved by shareholders of the Group. Interim dividends are recorded as liability in the year in which they are approved by the Board of Directors.

#### n) Dividends

Cost of sales represent all expenses directly attributable or incidental to the core operating activities of the Company including but not limited to: attributable employee-related costs, depreciation of property and equipment, etc. All other expenses are classified as general and administrative expenses. Allocation of common expenses between cost of sales and general and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses

#### o) Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expired. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost.

Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

#### p) Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

#### q) Earnings per share

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

The calculation of diluted EPS is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### r) Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available for sale equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

##### Foreign operations

The assets and liabilities of foreign operations, arising on acquisition, are translated to Saudi Riyal at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Saudi Riyal at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

#### s) Contingencies

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company.



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#### 4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no new standards issued; however, the adoption of the following amendments to the existing standards had no significant financial impact on these consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in future periods:

- Amendments to references to conceptual framework in IFRS Standards
- Definition of a business (Amendment to IFRS 3)
- Definition of material (Amendment to IAS 1 and IAS 8)
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- IAS 39, IFRS 4, 7, 9 and 16 Interest rate benchmark reform – phase 1
- COVID-19 – Related rent concessions (Amendment to IFRS 16)

#### STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new pronouncements are effective for annual periods beginning on or after 01 January 2021G, and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements:

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IAS 39, IFRS 4, 7, 9 and 16	Interest rate benchmark reform – phase 2	01 January 2021G
IAS 37	Onerous contracts – cost of fulfilling a contract	01 January 2022G
IFRS Standards	Annual improvements to IFRS standards 2018G – 2020G	01 January 2022G
IAS 16	Property, plant and equipment: proceeds before intended use	01 January 2022G
IFRS 3	Reference to the conceptual framework	01 January 2022G
IFRS 17	Insurance contracts	01 January 2023G
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	01 January 2023G
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 01 January 2021G will not have any material impact on the Group's consolidated financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group's consolidated financial statements on adoption.

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## 5. PROPERTY, PLANT AND EQUIPMENT

The movement in property and equipment during the year ended 31 December 2020G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2020G	62,477,330	153,835,217	449,519,678	18,710,943	2,973,197	6,781,719	6,163,500	105,908,294	806,369,878
Additions during the year	-	-	3,498,721	137,075	143,614	351,508	520,755	143,870,635	148,522,308
Transferred from capital work in progress	-	-	797,292	-	40,250	15,201	-	(852,743)	-
Disposals during the year	-	-	-	-	-	-	(1,087,220)	-	(1,087,220)
Foreign currency translation differences	107,146	-	-	1,257	315	1,963	-	533,472	644,153
<b>Balance as at 31 December 2020G</b>	<b>62,584,476</b>	<b>153,835,217</b>	<b>453,815,691</b>	<b>18,849,275</b>	<b>3,157,376</b>	<b>7,150,391</b>	<b>5,597,035</b>	<b>249,459,658</b>	<b>954,449,119</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2020G	-	32,661,734	248,268,328	8,928,406	2,134,874	5,286,179	5,160,750	-	302,440,271
Charge for the year	-	4,630,618	34,026,914	1,530,596	251,953	650,106	621,579	-	41,711,766
Transfer	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	(1,033,394)	-	(1,033,394)
Balance as at 31 December 2020G	-	37,292,352	282,295,242	10,459,002	2,386,827	5,936,285	4,748,935	-	343,118,643
<b>Carrying value:</b>									
<b>At 31 December 2020G</b>	<b>62,584,476</b>	<b>116,542,865</b>	<b>171,520,449</b>	<b>8,390,273</b>	<b>770,549</b>	<b>1,214,106</b>	<b>848,100</b>	<b>249,459,658</b>	<b>611,330,476</b>

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement in property and equipment during the year ended 31 December 2019G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2019G	59,731,331	150,700,473	409,411,796	15,585,876	3,104,944	6,813,266	11,793,450	84,593,130	741,734,266
Additions during the year	2,138,659	37,400	1,602,567	345,490	52,183	660,274	-	65,699,415	70,535,988
Transferred from capital work in progress	-	3,097,344	39,035,503	2,932,708	-	122,570	-	(45,188,125)	-
Disposals during the year	-	-	(550,457)	(153,334)	(183,930)	(823,850)	(5,629,950)	-	(7,341,521)
Foreign currency translation differences	607,340	-	20,269	203	-	9,459	-	803,874	1,441,145
<b>Balance as at 31 December 2019G</b>	<b>62,477,330</b>	<b>153,835,217</b>	<b>449,519,678</b>	<b>18,710,943</b>	<b>2,973,197</b>	<b>6,781,719</b>	<b>6,163,500</b>	<b>105,908,294</b>	<b>806,369,878</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2019G	-	28,528,466	214,776,530	7,541,687	1,975,039	5,239,563	8,943,110	-	267,004,395
Charge for the year	-	4,133,268	33,906,148	1,392,389	288,733	779,469	1,324,516	-	41,824,523
Transfer	-	-	-	99,484	9,264	63,444	-	-	172,192
Disposals during the year	-	-	(414,350)	(105,154)	(138,162)	(796,297)	(5,106,876)	-	(6,560,839)
<b>Balance as at 31 December 2019G</b>	<b>-</b>	<b>32,661,734</b>	<b>248,268,328</b>	<b>8,928,406</b>	<b>2,134,874</b>	<b>5,286,179</b>	<b>5,160,750</b>	<b>-</b>	<b>302,440,271</b>
<b>Carrying value:</b>									
<b>At 31 December 2019G</b>	<b>62,477,330</b>	<b>121,173,483</b>	<b>201,251,350</b>	<b>9,782,537</b>	<b>838,323</b>	<b>1,495,540</b>	<b>1,002,750</b>	<b>105,908,294</b>	<b>503,929,607</b>

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

### 5.1 Depreciation charge for the year ended 31 December has been allocated as follows:

	2020G	2019G
Cost of sales (Note 22)	39,513,313	39,089,973
Selling and distribution expenses (Note 23)	1,491,503	1,924,747
General and administration expenses (Note 24)	706,950	809,803
	41,711,766	41,824,523

### 5.2 Capital work in progress represents cost incurred on the construction of expansion of factory. It also includes cost incurred on the construction of academy for technical training purposes. The construction is expected to be completed by the end of 2021G. Capital work-in-progress at December 31, comprises the following

	31 December 2020G	31 December 2019G
Equipment	51,301,725	21,921,512
Civil works	107,420,958	53,254,404
Advances for Civil works	90,736,975	30,732,378
	249,459,658	105,908,294

### 5.3 Land includes four pieces of land amounting to SR 21,673,931 which are in the name of one of the shareholders of the Company.

## 6. RIGHT-OF-USE ASSET

The movement in right-of-use asset during the year ended December 31 is analysed as under:

	2020G	2019G
<b>Cost</b>		
Balance as at January 1 and December 31	2,785,065	2,785,065
<b>Accumulated depreciation</b>		
Balance as at January 1	285,043	--
Charge for the year	272,498	285,043
Balance as at December 31	557,541	285,043
<b>Carrying value:</b>		
<b>At December 31</b>	<b>2,227,524</b>	<b>2,500,022</b>

Depreciation charge amounting to SAR 272,398 (2019G: 285,043) is allocated to cost of revenue.

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## 7. INTANGIBLE ASSETS

Intangible assets as at December 31 comprise of the following:

	31 December 2020G	31 December 2019G
Goodwill (Note 7.1)	--	2,070,264
Softwares and license (Note 7.2)	16,536,840	1,956,084
	<b>16,536,840</b>	<b>4,026,348</b>

### 7.1 Goodwill

The movement in goodwill during the year ended December 31, is analysed as under:

	31 December 2020G	31 December 2019G
<b>Cost:</b>		
Balance at 1 January	2,070,264	1,856,791
Foreign currency translation adjustment	38,783	213,473
Impairment of goodwill (Note 7.1.1)	(2,109,047)	--
Balance at 31 December	--	2,070,264

7.1.1 During the year ended December 31, 2020G, the Group booked impairment on goodwill based on the impairment assessment,

### 7.2 Softwares and license

The movement in Softwares during the year ended December 31, is analysed as under:

	Software	Trademark	Total
<b>Cost:</b>			
Balance as at 1 January	7,738,393	--	7,738,393
Additions during the year	89,660	15,000,000	15,089,660
<b>Balance as at 31 December 2020G</b>	<b>7,828,053</b>	<b>15,000,000</b>	<b>22,828,053</b>
<b>Accumulated depreciation:</b>			
Balance as at 1 January 2020G	5,782,309	--	5,782,309
Charge for the year	258,904	250,000	508,904
<b>Balance as at 31 December 2020G</b>	<b>6,041,213</b>	<b>250,000</b>	<b>6,291,213</b>
<b>Carrying value:</b>			
<b>As at 31 December 2020G</b>	<b>1,786,840</b>	<b>14,750,000</b>	<b>16,536,840</b>
<b>As at 31 December 2019G</b>	<b>1,956,084</b>	<b>--</b>	<b>1,956,084</b>

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## 7. INTANGIBLE ASSETS (continued)

Amortization charge for the year ended 31 December has been allocated as follows:

	2020G	2019G
Cost of sales (Note 22)	149,691	243,247
Selling and distribution expenses (Note 23)	250,000	--
General and administrative expenses (Note 24)	109,213	200,124
	<b>508,904</b>	<b>443,371</b>

## 8. INVESTMENTS

Investments at December 31 comprised of the following:

	31 December 2020G	31 December 2019G
Investment in an equity accounted investee (Note 8.1)	3,443,960	4,012,500
Investment as at FVTPL (Note 8.2)	1,059,783	9,375,000
	<b>4,503,743</b>	<b>13,387,500</b>

### 8.1 Investment in an associate

In 2016, the Group has entered into an agreement with Hupp Pharma LLC (incorporated in Algeria) to establish a Company in Algeria, namely Jamjoom Hupp Pharma LLC. The Company owns 49% of the share capital of Jamjoom Hupp Pharma LLC ("associate"). The movement in investment is as follows:

	2020G	2019G
At 1 January	4,012,500	4,012,500
Share of loss on associate	(568,540)	--
Foreign currency translation differences	(674,824)	--
At 31 December	<b>2,769,136</b>	<b>4,012,500</b>

The following table summarizes the latest available financial information of Jamjoom Hupp Pharma LLC as of 31 December and for the year then ended:

	31 December 2020G	31 December 2019G
Total assets	53,091,637	59,073,973
Total liabilities	20,189,931	22,412,631
Total shareholders' equity	<b>32,897,765</b>	<b>36,661,342</b>

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## 8. INVESTMENTS (continued)

### 8.2 Investment as at FVTPL

During 2018G, Group purchased shares of Biothera Holding Corporation ("BHC") incorporated in United States of America on 25 April 2018G amounting to SR 9,375,000. BHC operates in the Healthcare industry focusing on Biotechnology business. BHC was founded in 2013 and is based in Eagan, Minnesota, United States of America and registered as a privately held Corporation in Minnesota with registration number 411881351. The Group has subscribed for 2,173,913 shares at offer price of US\$ 1.15 per share, equal to US\$ 2,500,000 equivalent to SR 9,375,000.

The Company signed an agreement "License Agreement" with Biothera dated April 7, 2014. As per the agreement, the Company will have the exclusive license for distribution of the product once it is successful for the GCC region. As per the terms agreed, the Company made an upfront payment of US\$ 1.5 Million. As per the agreement Biothera is liable to payback upfront fee to the Company in case the Biothera is not able to get first approval from United States Food and Drug Administration (FDA) / United States-European Medicines Agency (EMA) within five years from the date of agreement.

During the year ended December 31, 2020G, the company booked an impairment loss of SR 8,315,217 based on impairment assessment carried out at December 31, 2020G. Biothera Holding Corporation has not commenced its operations and is currently in research phase for the development of the product. The Company believes that product research and development is long process which may take more than a year.

## 9. INVENTORIES

Inventories as at December 31, comprise the following:

	31 December 2020G	31 December 2019G
Raw materials	57,044,165	29,274,121
Packing materials	27,096,657	20,127,788
Work in process	1,720,342	2,881,087
Finished goods	45,779,961	38,581,812
Goods in transit	2,369,180	5,052,335
Stores and spares, net	5,658,400	5,445,167
	<b>139,668,705</b>	<b>101,362,310</b>
Provision for inventories (note 9.1)	<b>(10,471,262)</b>	<b>(10,772,402)</b>
	<b>129,197,443</b>	<b>90,589,908</b>

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## 9. INVENTORIES (continued)

### 9.1 Movement of provision for slow moving and obsolete inventories is as follows:

	2020G	2019G
Balance at 1 January	10,772,402	14,067,120
Provided during the year	10,191,315	13,063,870
Write off during the year	(10,492,455)	(16,358,588)
Balance at 31 December	10,471,262	10,772,402

## 10. TRADE AND OTHER RECEIVABLES

Trade receivables as at December 31, comprise the following:

	31 December 2020G	31 December 2019G
Trade receivables, net (Note 10.1)	418,217,353	409,967,242
Prepayments and other current assets (Note 10.3)	25,550,901	33,889,910
Due from related parties (Note 20)	19,023,294	25,853,178
	462,791,548	469,710,330

### 10.1 Trade receivables, net

	31 December 2020G	31 December 2019G
Trade receivables – others	165,864,500	193,339,520
Trade receivables – related parties (Note 20)	270,029,610	237,332,534
	435,894,110	430,672,054
Less: Allowance for expected credit losses (Note 10.2)	(17,676,757)	(20,704,812)
	418,217,353	409,967,242

### 10.2 The movement in allowance for expected credit losses is as follows:

	2020G	2019G
Balance at 1 January	20,704,812	20,929,105
Reversed during the year	(1,052,817)	(90,019)
Write off during the year	(1,975,238)	(134,274)
Balance at 31 December	17,676,757	20,704,812



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## 10. TRADE AND OTHER RECEIVABLES (continued)

The ageing of gross trade receivable is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			0-90 days	90-180 days	180-360 days	361 days and above
31 December 2020G	435,894,110	226,749,410	69,000,891	71,345,104	20,114,404	48,684,302
31 December 2019G	430,672,054	240,221,682	107,317,149	14,061,348	24,382,230	44,689,645

The Group does not have any collateral over receivables and accordingly are unsecured. Unimpaired trade receivables are expected, on the basis of past experience to be fully recoverable.

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 27.

### 10.3 Prepayments and other current assets

	31 December 2020G	31 December 2019G
Employees' receivables	10,237,040	11,532,291
VAT receivable	7,460,451	2,757,693
Advance to suppliers	2,835,189	13,928,891
Prepayments	2,538,299	2,892,113
Deposits	1,357,440	1,272,690
Others	1,122,482	1,506,232
	25,550,901	33,889,910

## 11. MURABAHA INVESTMENT

This represent three Murabaha investments made with a local bank amounting to of SAR 19 million (2019G: SAR 18 million) for the period ranging from four to six months at prevailing market rates.

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## 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 comprise of following:

	31 December 2020G	31 December 2019G
Cash on hand	61,586	35,720
Cash at banks - current accounts	235,484,245	180,535,646
<b>Total cash balances</b>	<b>235,545,831</b>	<b>180,571,366</b>

## 13. SHARE CAPITAL

As at December 31, the share capital is divided into 10,000,000 shares (2019G: 10,000,000 shares) of SR 10 each held and owned by:

	Percentage of ownership	31 December 2020G	31 December 2019G
Mr. Yousef Mohammad Salah Jamjoom	59.5%	59,500,000	59,500,000
Mr. Mahmood Yousef Mohammed Salah Jamjoom	8%	8,000,000	8,000,000
Mr. Walid Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Mr. Mohammed Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Mr. Ahmed Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Ms. Sana Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Ms. Ala'a Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
	100%	100,000,000	100,000,000

The details of interim dividends approved by Board of the directors during the current year are as follows:

Date	Amount
22-Mar-20	21,500,000
18-Jun-20	22,500,000
16-Sep-20	23,333,333
13-Dec-20	23,333,333
<b>Total</b>	<b>90,666,666</b>

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## 14. STATUTORY RESERVE

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to statutory reserve until such reserve equals 30% of its share capital. This reserve currently is not available for distribution to the shareholders of the Company.

The statutory reserve requirement has been fulfilled and, accordingly, the Company is not required to transfer any additional amount towards this reserve.

## 15. SIDF LOAN

The movement in loan from SIDF as at December 31, comprise the following:

	31 December 2020G	31 December 2019G
SIDF loan	34,900,000	48,900,000
Add: SIDF loan obtained during the year	78,200,000	--
Less: SIDF loan paid during the year	(16,000,000)	(14,000,000)
	97,100,000	34,900,000
Less: unamortized portion of fee paid	(2,083,933)	(1,154,290)
	95,016,067	33,745,710
Less: current portion	(95,016,067)	16,000,000
Non-current portion	--	17,745,710

The maturity profile of SIDF loan is as follows:

	31 December 2020G	31 December 2019G
<b>Year end</b>		
2020G	--	16,000,000
2021G	97,100,000	18,900,000
	97,100,000	34,900,000

The Company signed a long-term loan agreement with Saudi Industrial Development Fund (SIDF) in 2016 for an amount of SR 72.9 million to partly finance the expansion project of the factory. During the year ended December 31, 2020G, the Company obtained additional loan amounting to SR78.2 million. The SIDF loan is secured by mortgage on the Company's existing property, plant and equipment and the new projects and the personal guarantees from the shareholders.

## 16. EMPLOYEES' BENEFITS

The Company operates an approved unfunded employees' benefits scheme / plan for its permanent employees as required by the Saudi Arabian Labor law.

The amount recognized in the statement of financial position is determined as follows:

	31 December 2020G	31 December 2019G
Defined benefit obligations	75,553,455	64,035,230

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## 16. EMPLOYEES' BENEFITS (continued)

### 16.1 Movement in net defined benefit obligation

Net defined benefit liability comprises only of defined benefit obligation. The movement in the defined benefit obligation over the year is as follows:

	2020G	2019G
Balance at 1 January	64,035,230	56,204,686
<b>Included in statement of profit or loss</b>		
Current service cost	7,311,490	6,769,018
Interest cost	2,155,803	2,584,775
	9,467,293	9,353,793
<b>Included in other comprehensive income</b>		
Re-measurement loss / (gain):		
Actuarial loss arising from changes in assumptions	3,255,307	2,180,873
Benefits paid	(1,204,375)	(3,704,122)
Balance at 31 December	75,553,455	64,035,230

### 16.2 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	31 December 2020G	31 December 2019G
Discount rate	2.75%	3.43%
Future salary growth / Expected rate of salary increase	2.75%	3.60%
Retirement age	60 years	60 years
Number of employees	987	963
Mortality rate	0.75 to 7.52	0.08% to 0.11%

### 16.3 Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2020G	2019G
Discount rate (+0.5% movement)	71,808,539	59,743,203
Discount rate (-0.5% movement)	79,565,934	69,307,294

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## 16. EMPLOYEES' BENEFITS (continued)

### 16.4 Long term employee loan:

During the current year, the Company provided interest free loan to employees. The loan is secured against the end of the service liability.

## 17. LEASE OBLIGATION

As at December 31 the net present value of the finance lease liabilities is as follows:

	2020G				2019G
	Minimum lease payments	Interest	Advance payments	Present value of minimum lease payments	Present value of minimum lease payments
Lease obligation	2,500,022	14,357	(286,855)	2,227,524	2,500,022

The lease liabilities have been presented in statement of financial position is as follows:

	December 31, 2020G	December 31, 2019G
Current liability	260,512	272,498
Non-current liability	1,967,012	2,227,524
Total liability	2,227,524	2,500,022

The minimum lease payments together with the present value of minimum lease payments as of December 31 are as follows:

	2020G		2019G	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within twelve months	318,900	260,512	347,255	272,498
One to five years	2,903,000	1,967,012	2,838,622	2,227,524
Total minimum lease payments	3,221,900	2,227,524	3,185,877	2,500,022
Less: finance charges	(994,376)	--	(685,855)	-
Present value of minimum lease payments	2,227,524	2,227,524	2,500,022	2,500,022

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## 18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade and other payables at December 31, comprise the following:

	31 December 2020G	31 December 2019G
Trade payables	39,749,760	16,830,610
Accruals and other current liabilities (Note 18.1)	81,302,872	78,533,674
Due to related parties (Note 20)	2,152,198	1,303,970
	<b>123,204,830</b>	<b>96,668,254</b>

### 18.1 Accruals and other current liabilities

	31 December 2020G	31 December 2019G
Employee related accruals	36,934,400	26,119,135
Accrued commission and discount payable	6,244,187	15,050,255
Retention payable	5,253,758	3,230,371
Customer advances	4,343,944	4,681,899
Accrued sales and marketing expenses	2,390,320	7,842,414
Accrued Utilities bills	582,478	530,455
Others	25,553,785	21,079,145
	<b>81,302,872</b>	<b>78,533,674</b>

## 19. ZAKAT AND INCOME TAX PAYABLE

### a) Parent Company

#### Zakat base

The significant components of Zakat base for the year ended 31 December comprise of the following:

	31 December 2020G	31 December 2019G
Equity	976,138,083	912,630,280
Provisions	89,321,657	73,204,446
SIDF Loan	95,016,067	36,245,732
Book value of non-current assets	(638,272,375)	(553,843,383)
Zakat base	522,203,432	468,237,075
Zakat Base (365)	539,905,244	482,786,815
Net adjusted income	239,920,755	202,071,287
Zakat base	522,203,432	684,858,102
Zakat charge for the year	24,221,713	17,121,453

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## 19. ZAKAT AND INCOME TAX PAYABLE (continued)

	31 December 2020G			31 December 2019G		
	Zakat	Income tax	Total	Zakat	Income tax	Total
Balance at 1 January	17,121,455	48,765	17,170,220	16,961,162	--	16,961,161
Charge for the year	24,130,014	752,935	24,882,949	17,121,453	1,228,850	18,350,303
Adjustment	--	--	--	389,282	--	389,282
Total charge for the year	24,130,014	752,935	24,882,949	17,510,735	1,228,850	18,739,585
Paid during the year	(20,802,482)	(661,236)	(21,463,718)	(17,350,442)	(1,180,085)	(18,530,527)
Balance at 31 December	<b>20,448,987</b>	<b>140,464</b>	<b>20,589,451</b>	<b>17,121,455</b>	<b>48,765</b>	<b>17,170,219</b>

### Status of assessments

The Zakat assessments have been agreed with the General Authority of Zakat and Tax ("GAZT") for the years up to 31 December 2017G.

### Income tax

Income tax is calculated in accordance with the applicable tax laws of the foreign subsidiary.

## 20. RELATED PARTY TRANSACTIONS AND BALANCES

- a. The Group in the normal of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standards 24. These transactions are carried out at terms agreed with the related parties.
- b. Transactions with related parties mainly relate to expenses incurred by the related parties on behalf of the Group and sales processed through affiliated companies in accordance with the agreement mutually entered into. Transactions with related parties are undertaken at mutually agreed prices and are approved by the Board of Directors.

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## 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c. Significant related party balances arising from transactions are described as under:

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2020G	31 December 2019G	31 December 2020G	31 December 2019G
<b>Due from related parties under trade and other receivables:</b>						
Jamjoom Medicine Stores	Affiliate	Sale of products	435,299,891	345,975,344		
		Distribution commission	26,475,872	23,484,798	270,029,610	237,332,534
Abdul Latif and Brothers Holding	Affiliate	Expenses paid	--	6,523,491	--	1,010,697
Jamjoom Medicine Stores	Affiliate	Expenses paid	51,880	256,566	204,686	256,566
Jamjoom Vehicle and equipment	Affiliate		1,037,353	--	317,874	--
Jamjoom HUPP Pharma LLC (Note 19.1)	Associate	Loan receivable *	6,064,737	--	18,490,002	24,554,739
New Jamjoom Healthcare Hospital	Affiliate	Expenses paid	20,444	31,177	10,732	31,176
					19,023,294	25,853,178

\*The balance represents interest free loan provided by the Company to HUPP Pharma. During the current year the Company booked impairment loss of SR 6,064,737 (2019G: Nil)

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2020G	31 December 2019G	31 December 2020G	31 December 2019G
<b>Due to related parties under trade payables and other current liabilities:</b>						
Jamjoom General Agencies	Affiliate	Purchases and services rendered	843,031	1,083,822	373,839	229,790
Dar Jamjoom Printing	Affiliate	Purchases and services rendered	6,636,303	4,697,111	1,697,985	1,065,275
Jamjoom Medicine Store	Affiliate	Purchases and services rendered	1,474,645		10,000	
Jeddah Trident Hotel	Affiliate	Purchases and services rendered	223,097	155,744	70,374	8,905
					2,152,198	1,303,970



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## 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### 20.1 Key management personnel remuneration and compensation

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. The following table illustrates details of remuneration and compensation paid to key management personnel:

	2020G	2019G
Short-term employee benefits	6,735,169	6,163,907

#### Board of Directors / Committee members' remuneration

Board of Directors remuneration and compensation comprised of the following:

	2020G	2019G
Meeting attendance fees	316,000	216,000

## 21. COMMITMENTS AND CONTINGENCIES

In addition to Zakat and income tax contingency matters disclosed in Note 18, the Group has the following contingencies and commitments:

	31 December 2020G		31 December 2019G	
	Contingent liability	Cash margins	Contingent liability	Cash margins
Letters of guarantee	10,482,110	268	7,913,401	11,445
Contractual commitments	71,812,941	--	92,336,927	--

The contractual commitments represent the Company's commitments related to construction and electromechanical contracts related to works in progress not yet completed (note 5.2).

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## 22. REVENUE

Revenue for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Local	669,347,119	507,294,402
Export	274,009,155	309,205,045
	943,356,274	816,499,447
Trade discounts	(138,041,999)	(84,766,297)
	805,314,275	731,733,150

## 23. COST OF REVENUE

Cost of revenue for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Salaries and employee related costs	84,578,391	85,622,835
Material cost	157,562,139	149,645,615
Depreciation (Note 5.1)	39,513,313	39,089,973
Amortization (Note 7.2)	149,691	243,247
Depreciation on right-of-use asset (Note 6)	272,498	285,043
Others	46,430,257	34,480,719
	328,506,289	309,367,432

## 24. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Salaries and employee related costs	71,801,110	70,023,374
Distribution expenses	75,714,524	74,370,041
Brand reminders, free medical samples and promotion	40,867,791	55,665,159
Travelling and communication	5,748,145	8,100,098
Amortization (Note 7.2)	250,000	--
Depreciation (Note 5.1)	1,491,503	1,924,747
Others	3,336,462	3,788,244
	199,209,535	213,871,663

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## 25. GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Salaries and employee related costs	27,204,965	24,187,049
Travelling and communication	910,831	1,932,501
Depreciation (Note 5.1)	706,950	809,803
Amortisation (Note 7.2)	109,213	200,124
Others	8,752,639	6,824,731
	<b>37,684,598</b>	<b>33,954,208</b>

## 26. OTHER INCOME, NET

Other income, net for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Gain on disposal of property, plant and equipment	89,374	324,347
Royalty income	2,160,050	--
Others	(1,179,546)	703,834
	<b>1,069,878</b>	<b>1,028,181</b>

## 27. FINANCE INCOME / (CHARGES), NET

Finance income / (charges) for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Unwinding of SIDF loan fee	--	(1,162,612)
Others	1,752,292	1,265,307
	<b>1,752,292</b>	<b>102,695</b>

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## 28. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	31 December 2020G	31 December 2019G
Profit for the period attributable to shareholders of the Parent Company	<b>206,860,270</b>	156,931,138
Weighted average number of ordinary shares in issue	<b>10,000,000</b>	10,000,000
Basic and diluted earnings per share	<b>20.69</b>	15.69

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

## 29. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

### Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks in close cooperation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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## 29. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivables, other receivables, SIDF loan, accounts payable, accrued expenses and other financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amount reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

### Interest rate risk

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

The Group's interest rate risks arise mainly from its borrowings which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	31 December 2020G	31 December 2019G
<b>Variable rate instruments</b>		
<b>Financial liabilities</b>		
Borrowings – SIDF loan	97,100,000	34,900,000

### Sensitivity analysis for variable rate instruments

Change in 10 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 9,710,000 (31 December 2019G: SR 3,490,000).

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Algerian Dinar, Egyptian Pound, Turkish Lira, UAE Dirham and Euros. The Group is exposed to foreign exchange risk. The Group's other financial liabilities are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between Saudi Riyals and Euros. Since Saudi Riyals is pegged with US Dollars, the Group is not exposed to currency risk for the transactions denominated in US Dollars.

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## 29. FINANCIAL RISK MANAGEMENT (continued)

The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly. Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended 31 December		For the year ended 31 December	
	2020G	2019G	2020G	2019G
<b>Foreign currency per Saudi Riyal</b>				
Euros	0.23	0.2381	0.21808	0.237522
Algerian Dinar	0.0299	0.0315	0.02834	0.031500
Egyptian Pound	4.24	4.4831	4.19649	4.2746
Turkish Lira	1.73	0.661	1.98281	1.586621
UAE Dirham	1.02	0.9793	0.97933	0.979333

### Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before Zakat and income tax for the year by SR 6,890 (31 December 2019G: SR 5,216).

### Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group exposure to any price risk is not material.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery which is based on customer profile and payments history. Outstanding customer receivables are regularly monitored. The Group's maximum exposure to credit risk at the reporting date is as follows:

	31 December 2020G	31 December 2019G
<b>Financial assets</b>		
Trade receivables	435,894,110	430,672,054
Other receivables	10,237,040	11,532,291
Due from related parties	19,023,294	25,853,178
Investment - Murabaha	19,177,168	18,919,632
Bank balance	235,484,245	180,535,646
Total	719,815,857	667,512,801

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## 29. FINANCIAL RISK MANAGEMENT (continued)

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit rating.
- The Group does not a policy to obtain security / collaterals from its customers.

As at 31 December 2020G, four largest customers account approximately for 75% (31 December 2019G: 85%) of gross outstanding trade receivables. However, the Company assessed the concentration of risk with respect to accounts receivable and concluded it to be low.

### Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Contractual cash flows						
31 December 2020G	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<b>Financial liabilities</b>						
SIDF loan	97,100,000	--	97,100,000	--	--	--
Trade payables and other current liabilities	123,204,830	123,204,829	--	--	--	--
	220,304,830	123,204,830	97,100,000	--	--	--

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## 29. FINANCIAL RISK MANAGEMENT (continued)

Contractual cash flows						
31 December 2019G	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<b>Financial liabilities</b>						
SIDF loan	34,900,000	8,000,000	8,000,000	18,900,000	--	--
Trade payables and other current liabilities	96,668,254	96,668,254	--	--	--	--
	<b>131,568,254</b>	<b>131,568,254</b>	<b>8,000,000</b>	<b>18,900,000</b>	--	--

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

### Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2020G and 31 December 2019G is as follows:

	31 December 2020G	31 December 2019G
Total liabilities	316,591,327	214,119,435
Cash and cash equivalents	(235,545,831)	(180,571,366)
Net debt	81,045,496	33,548,069
Total equity	1,179,068,222	1,069,515,278
Net debt to adjusted equity ratio - %	7%	3%



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## 29. FINANCIAL RISK MANAGEMENT (continued)

### Fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

### Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking):
- Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

As at December 31, 2020G, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

## 30. SIGNIFICANT EVENTS

The outbreak of novel coronavirus ("COVID-19") since early 2020G and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organisation declared COVID-19 as a pandemic in March 2020G, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Company to re-assess its judgments and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2020G. During the year, management has assessed the overall impact on the Company's operations and business aspects and considered factors like effects on supply chain and product demand.

Based on this assessment, no significant adjustments were required in the financial statements for the year ended 31 December 2020G. However, in view of the ongoing uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and /or liabilities in future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

## 31. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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with  
INDEPENDENT AUDITORS' REPORT



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## Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory

### Opinion

We have audited the consolidated financial statements of Jamjoom Pharmaceuticals Factory ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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 Certified Public Accountants (SOCPA).

### Basis for Opinion

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

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

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

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

Those charged with governance, the Audit Committee is responsible for overseeing the Group's financial reporting process.



## Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory (continued)

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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 **Jamjoom Pharmaceuticals Factory** ("the Company") and its subsidiaries ("the Group").

For KPMG Al Fozan & Partners  
Certified Public Accountants



Nasser Ahmed Al Shutairy  
License No. 454



Jeddah, 18 Shawwal 1441H  
Corresponding to 10 June 2020

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 As at 31 December 2019G  
 (Expressed in Saudi Arabian Riyals)

	Notes	31 December 2019G	31 December 2018G
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	503,929,607	474,729,871
Right-of-use asset	6	2,500,022	--
Intangible assets	7	4,026,348	4,557,288
Deferred tax asset		--	20,640
Investments	8	37,942,239	37,942,239
		<b>548,398,216</b>	<b>517,250,038</b>
<b>Current assets:</b>			
Inventories	9	90,589,908	122,384,554
Trade and other receivables	10	445,155,591	392,365,507
Murabaha investment as at amortised cost		18,919,632	28,240,954
Cash and cash equivalents	11	180,571,366	147,019,777
		<b>735,236,497</b>	<b>690,010,792</b>
<b>Total assets</b>		<b>1,283,634,713</b>	<b>1,207,260,830</b>
<b>EQUITY</b>			
Share capital	12	100,000,000	100,000,000
Statutory reserve	13	50,000,000	50,000,000
Foreign currency translation reserve		(30,340,499)	(31,332,526)
Retained earnings		949,855,777	881,105,512
<b>Equity attributable to the owners of Company</b>		<b>1,069,515,278</b>	<b>999,772,986</b>
Non-controlling interests		--	675
<b>Total equity</b>		<b>1,069,515,278</b>	<b>999,773,661</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities:</b>			
SIDF loan	14	17,745,710	32,583,099
Employees' end of service benefits	15	64,035,230	56,204,686
Lease obligation	16	2,227,524	--
		<b>84,008,464</b>	<b>88,787,785</b>
<b>Current liabilities:</b>			
Current portion of SIDF loan	14	16,000,000	14,000,000
Trade payables and other current liabilities	17	96,668,254	87,738,223
Lease obligation	16	272,498	
Zakat and income tax provision	18	17,170,219	16,961,161
		<b>130,110,971</b>	<b>118,699,384</b>
<b>Total liabilities</b>		<b>214,119,435</b>	<b>207,487,169</b>
<b>Total equity and liabilities</b>		<b>1,283,634,713</b>	<b>1,207,260,830</b>

The accompanying notes 1 through 30 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME**  
 For the year ended 31 December 2019G  
 (Expressed in Saudi Arabian Riyals)

	Notes	2019G	2018G
Revenue	21	731,733,150	701,300,003
Cost of revenue		(309,367,432)	(258,533,811)
<b>Gross profit</b>		<b>422,365,718</b>	<b>442,766,192</b>
Selling and distribution expenses	22	(213,871,663)	(237,464,939)
General and administration expenses	23	(33,954,208)	(33,603,422)
<b>Operating profit</b>		<b>174,539,847</b>	<b>171,697,831</b>
Other income, net	24	1,028,181	(248,537)
Finance income / (charges), net	25	102,695	(5,216,217)
<b>Profit before Zakat and income tax</b>		<b>175,670,723</b>	<b>166,232,077</b>
Zakat and income tax	18	(18,739,585)	(15,396,638)
Net profit for the year		<b>156,931,138</b>	<b>150,836,439</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement of employees' end of service benefits liability	15.1	(2,180,873)	(307,498)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign operations – foreign currency translation differences		992,027	854,374
<b>Other comprehensive (loss) / income for the year</b>		<b>(1,188,846)</b>	<b>546,876</b>
<b>Total comprehensive income for the year</b>		<b>155,742,292</b>	<b>151,383,315</b>

The accompanying notes 1 through 30 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME (continued)**  
 For the year ended 31 December 2019G  
 (Expressed in Saudi Arabian Riyals)

	Note	31 December 2019G	31 December 2018G
<b>Profit for the year attributable to:</b>			
- Shareholders' of the Parent Company		<b>156,931,138</b>	150,835,775
- Non-controlling interest's share of net income in subsidiary		--	664
<b>Profit for the year</b>		<b>156,931,138</b>	150,836,439
<b>Total comprehensive income for the period attributable to:</b>			
- Shareholders' of the Parent Company		<b>156,931,138</b>	151,382,651
- Non-controlling interests' share of net income in subsidiary		--	664
<b>Total comprehensive income for the year</b>		<b>156,931,138</b>	151,383,315
<b>Earnings per share</b>			
Earnings per share from profit for the year attributable to the Shareholders' of the Parent Company	26	<b>15.69</b>	15.08

The accompanying notes 1 through 30 form an integral part of these consolidated financial statements.

**JAMJOOM PHARMACEUTICALS FACTORY**  
 (A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 For the year ended 31 December 2019G  
 (Expressed in Saudi Arabian Riyals)

	Attributable to the owners of the Company					Non-controlling interest	Total equity
	Share capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total		
Balance at 1 January 2018G	100,000,000	50,000,000	830,577,235	(32,186,900)	948,390,335	11	948,390,346
<b>Total comprehensive income:</b>							
Net profit for the year	--	--	150,835,775	--	150,835,775	664	150,836,439
Other comprehensive income	--	--	(307,498)	854,374	546,876	--	546,876
	--	--	150,528,277	854,374	151,382,651	664	151,383,315
<b>Transaction with owners:</b>							
Dividends (Note 12)	--	--	(100,000,000)	--	(100,000,000)	--	(100,000,000)
Balance at 31 December 2018G	100,000,000	50,000,000	881,105,512	(31,332,526)	999,772,986	675	999,773,661
<b>Total comprehensive income:</b>							
Net profit for the year	--	--	156,931,138	--	156,931,138	(675)	156,930,463
Other comprehensive loss	--	--	(2,180,873)	992,027	(1,188,846)	--	(1,188,846)
	--	--	154,750,265	992,027	155,742,292	(675)	155,741,617
<b>Transaction with owners:</b>							
Dividends (Note 12)	--	--	(86,000,000)	--	(86,000,000)	--	(86,000,000)
<b>Balance at 31 December 2019G</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>949,855,777</b>	<b>(30,340,499)</b>	<b>1,069,515,278</b>	<b>--</b>	<b>1,069,515,278</b>

The accompanying notes 1 through 30 form an integral part of these consolidated financial statements.



JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 December 2019G  
(Expressed in Saudi Arabian Riyals)

	Notes	2019G	2018G
<b>Cash flows from operating activities:</b>			
Profit before Zakat and income tax		175,670,723	166,233,077
<b>Adjustments for:</b>			
Depreciation	5	41,824,524	41,762,334
Amortisation	7	443,371	701,811
Unamortised portion of SIDF loan fee paid	14	1,154,290	1,444,303
Foreign currency translation adjustment		657,952	860,788
Allowance for expected credit losses	10	--	1,074,286
Provision for inventories	9	13,063,870	1,242,937
Reversal for expected credit losses	10	(90,019)	--
Provision for employees' end of service benefits	15	9,353,793	9,099,111
Gain on disposal of property and equipment	24	(324,347)	(139,430)
		<b>241,754,157</b>	<b>222,279,217</b>
<b>Changes in:</b>			
Trade and other receivables		(57,036,916)	(44,156,124)
Inventories		31,794,646	(48,704,913)
Trade payables and other current liabilities		8,103,217	5,953,082
Cash generated from operating activities		<b>224,615,104</b>	<b>135,371,262</b>
Employees' benefits paid	15	(3,704,122)	(3,665,675)
Zakat and income tax paid	18	(17,335,176)	(18,994,489)
<b>Net cash generated from operating activities</b>		<b>203,575,806</b>	<b>112,711,098</b>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	5	(70,535,989)	(46,807,221)
Additions to intangible assets	7	(460,040)	(148,156)
Proceeds from disposal of property, plant and equipment		971,812	174,710
Purchase of FVTPL investment	8	--	(9,375,000)
Purchase of amortised cost investment – Murabaha		--	(28,236,854)
<b>Net cash used in investing activities</b>		<b>(70,024,217)</b>	<b>(84,392,521)</b>
<b>Cash flows from financing activities:</b>			
Repayment of SIDF loan	14	(14,000,000)	(10,000,000)
Dividends paid	12	(86,000,000)	(100,000,000)
<b>Net cash used in financing activities</b>		<b>(100,000,000)</b>	<b>(110,000,000)</b>
<b>Net change in cash and cash equivalents</b>		<b>33,551,589</b>	<b>(81,681,423)</b>
Cash and cash equivalents at the beginning of the year	11	147,019,777	228,701,200
<b>Cash and cash equivalents at the end of the year</b>	11	<b>180,571,366</b>	<b>147,019,777</b>

The accompanying notes 1 through 28 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2019G  
(Expressed in Saudi Arabian Riyals)

## 1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Jamjoom Pharmaceuticals Factory ("the Company") was a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 4030154596 dated 18 Safar 1426 H (corresponding to 28 March 2005). During 2013, the Company's shareholders resolved to change the legal status of the Company from a limited liability company to a closed Saudi joint stock company. The Ministry of Commerce and Investment announced the conversion to closed joint stock company by Ministerial Resolution on 19 Shaban 1435H (corresponding to 17 June 2014).

The objectives of the Company are to produce human medicines, nutraceuticals, antibiotics, general analgesics, medicines for treatment of cough, allergy, asthma, heart diseases, blood pressure, diarrhea, vomiting, ulcer and acidity, treatment of various skin infections, cancer diseases, eye drops and ointments and cosmeceuticals.

The Company registered its branch "In-life" in Jeddah on 7 Safar 1430 H (corresponding to 3 February 2009) with commercial registration number 4030186183, with the objective to trade perfumes and cosmetics products.

The Company registered its branch in Riyadh on 23 Rabi Alawal 1431 H (corresponding to 9 March 2010), commercial registration number 1010283686.

The Company registered a new scientific support office in Algeria on 24 Jumada Al thani 1429H (corresponding to 28 June 2008) based on a license number 03-22/F issued by the Ministry of Commerce in Algeria.

The Company registered a new scientific support office in Egypt on 18 Ramadan 1430H (corresponding to 8 September 2010) based on a resolution number 481 issued by the Ministry of Health in Egypt.

The Company registered a new scientific support office in Kazakhstan, AlMaty, on 18 Sha'baan 1432H (corresponding to 19 July 2011) issued by Ministry of Justice in Kazakhstan.

These consolidated financial statements include the assets, liabilities and results of the operations of the Company and its following subsidiaries up to 31 December 2019G:

Name	Country of incorporation	Principal activity	Effective shareholding	
			2019G	2018G
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	100%	100%
Jamjoom Pharmaceutical Industry and Commerce Company Limited (see below)	Turkey	Manufacture and distribution of pharmaceuticals	100%	100%

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2019G  
(Expressed in Saudi Arabian Riyals)

## 1. ORGANIZATION AND PRINCIPAL ACTIVITIES (continued)

On 22 December 2010, the Company established a subsidiary in Turkey, namely Jamjoom Pharmaceutical Industry and Commerce Company Limited ("JPIC"), with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding in JPIC. Therefore, JPIC has been treated as fully owned subsidiary in these consolidated financial statements. There has been no operation for the year ended 31 December 2019G.

The Company established a subsidiary in Egypt, namely Al Jamjoom Pharma for Pharmaceutical Industries, with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding. Therefore, Al Jamjoom Pharma for Pharmaceutical Industries has been treated as fully owned subsidiary in these consolidated financial statements.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The accompanying financial statements 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).

### b) Basis of measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for defined benefit liability, which is measured at the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 4(g).

### c) Functional and presentation currency

The accompanying consolidated financial statements is presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. All amounts have been rounded off to the nearest Riyals, unless otherwise stated.

### d) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2019G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, is included in note 4 (a)(i) - whether the Group exercises control over an investee.

### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

#### i) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU. 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

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 amortisation, if no impairment loss had been recognised.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2019G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Assumptions and estimation uncertainties (continued)

##### ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

##### iii) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging, current condition, and future expectations with respect to its consumption. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in the pattern of consumption and sale of pharmaceutical products.

##### iv) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
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At 31 December 2019G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Assumptions and estimation uncertainties (continued)

#### v) Employee benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 14 to these consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

#### vi) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### Measurement of fair values

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Group's management has overall responsibility for overseeing all significant fair value measurements.

Group's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

JAMJOOM PHARMACEUTICALS FACTORY  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2019G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group has initially applied IFRS 16 "Leases" from 1 January 2019G. A number of other new standards or amendments are also effective from 1 January 2019G but they do not have a material effect on the Group's financial statements. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

### a) Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

#### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

#### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2019G  
(Expressed in Saudi Arabian Riyals)

### 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Leases (continued)

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### 4. SIGNIFICANT ACCOUNTING POLICIES

Except for the adoption of IFRS 16 as set out in note 3, the following significant accounting policies set out below are applied consistently by the Group in preparing these consolidated financial statements in accordance with IFRS as endorsed in KSA.

#### a) Basis of consolidation

##### i) Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.



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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### a) Basis of consolidation (continued)

#### i) Business combinations (continued)

##### Acquisitions from entity under common control

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entity are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

#### ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases

All intra-Group balances, transactions, income and expenses resulting from intra-Group transactions are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interests without change in control".

#### iii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### a) Basis of consolidation (continued)

#### iv) Non-controlling interests

Non-controlling interests represent the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

#### v) Investments in equity accounted investees

Associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the Group's interest in the associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of profit or loss and other comprehensive income. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in associate, the carrying amount of that interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### a) Basis of consolidation (continued)

#### vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### b) Financial instruments

#### vii) Non-derivative financial assets

The Group initially recognizes trade receivables and deposits on the date that they are originated. All other non-derivative financial assets are recognized initially on the trade date at which the

Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group has the following non-derivative financial assets: Accounts receivable, cash and cash equivalents and investment as at amortised cost.

#### Accounts receivable

Accounts receivable are initially recognized when they are originated. Accounts receivable without a significant financing component is initially measured at the transaction price. Accounts receivable is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL (Fair value through profit and loss):

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

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### b) Financial instruments (continued)

#### Cash and cash equivalents

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

#### i) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. Such financial liabilities are recognised initially at fair value minus, in case of financial liability not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities at FVTPL which are measured at fair value. Changes in fair value of liabilities at FVTPL, along with any interest expense are recognized in consolidated statement of profit or loss and other comprehensive income. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: SIDF loan, trade payables and other current liabilities and other long term liabilities.

#### ii) Impairment on non-financial assets

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in consolidated statement of profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, 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 amortisation, if no impairment loss had been recognised.

#### iii) Offsetting

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### c) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the consolidated statement of profit or loss and other comprehensive income.

The cost of replacing a part of an item of property, plant 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 Group, 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, plant and equipment are recognized in profit or loss as incurred.

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives of assets is as follow:

	Years
Buildings	33
Plant and machinery	4-10
Furniture and fixtures	10
Office equipment	6
Computer equipment	4-8
Motor vehicles	4

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer policy on impairment of non-financial assets note 2(i).

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### c) Property, plant and equipment (continued)

#### Capital work-in-progress

Capital work-in-progress are carried at cost less any recognised impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

### d) Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss and other comprehensive income category consistent with the function.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

### e) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

### f) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) Employees' benefits

#### Defined benefit plan

The Group's obligation under employees' end of service benefit plan is accounted for as an unfunded defined benefit plan and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. Measurements of the defined benefit liability, which comprise actuarial gains and losses are recognized immediately in other comprehensive income (OCI). The Group determines the net interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in personnel expenses in consolidated statement of profit or loss.

#### Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### h) Revenues

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### i) Zakat and income tax

The Company is subject to Zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). Foreign subsidiaries are subject to the relevant income tax regulations in their countries of domicile. Company's Zakat and its share in the foreign subsidiaries income tax are accrued and charged to the consolidated statement of income currently. Foreign income tax attributable to the foreign subsidiaries shareholders are charged to the minority shareholders in accompanying consolidated financial statements. Additional Zakat and foreign income tax liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized. The Company withholds taxes on Transactions with non-resident parties.

### Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, 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, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

### j) Deferred tax

Deferred tax is provided for, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on laws that have been enacted in the respective countries at the reporting date. Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

### k) Finance cost

Finance costs comprise of financial charges on borrowings and unwinding of the discount on provisions that are recognized in consolidated statement of profit or loss and other comprehensive income. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in consolidated statement of profit or loss and other comprehensive income using the effective interest method.

### l) Dividends

Final dividends are recorded in the financial statements in the year in which they are approved by shareholders of the Group. Interim dividends are recorded as liability in the year in which they are approved by the Board of Directors.



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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### m) Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expired. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost.

Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

##### n) Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

##### o) Borrowings and borrowing costs

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the consolidated statement of profit and loss over the period of the borrowings using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset.

##### p) Earnings per share

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

The calculation of diluted EPS is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

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## 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

### q) Foreign currency

#### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available for sale equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

#### Foreign operations

The assets and liabilities of foreign operations, arising on acquisition, are translated to Saudi Riyal at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Saudi Riyal at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

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## 5. PROPERTY, PLANT AND EQUIPMENT

The movement in property and equipment during the year ended 31 December 2019G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2019G	59,731,331	150,700,473	409,411,796	15,585,876	3,104,944	6,813,266	11,793,450	84,593,130	741,734,266
Additions during the year	2,138,659	37,400	1,602,567	345,490	52,183	660,274	-	65,699,415	70,535,988
Transferred from capital work in progress	-	3,097,344	39,035,503	2,932,708	-	122,570	-	(45,188,125)	-
Disposals during the year	-	-	(550,457)	(153,334)	(183,930)	(823,850)	(5,629,950)	-	(7,341,521)
Foreign currency translation differences	607,340	-	20,269	203	-	9,459	-	803,874	1,441,145
<b>Balance as at 31 December 2019G</b>	<b>62,477,330</b>	<b>153,835,217</b>	<b>449,519,678</b>	<b>18,710,943</b>	<b>2,973,197</b>	<b>6,781,719</b>	<b>6,163,500</b>	<b>105,908,294</b>	<b>806,369,878</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2019G	-	28,528,466	214,776,530	7,541,687	1,975,039	5,239,563	8,943,110	-	267,004,395
Charge for the year	-	4,133,268	33,906,148	1,392,389	288,733	779,469	1,324,516	-	41,824,523
Transfer	-	-	-	99,484	9,264	63,444	-	-	172,192
Disposals during the year	-	-	(414,350)	(105,154)	(138,162)	(796,297)	(5,106,876)	-	(6,560,839)
<b>Balance as at 31 December 2019G</b>	<b>-</b>	<b>32,661,734</b>	<b>248,268,328</b>	<b>8,928,406</b>	<b>2,134,874</b>	<b>5,286,179</b>	<b>5,160,750</b>	<b>-</b>	<b>302,440,271</b>
<b>Carrying value:</b>									
<b>At 31 December 2019G</b>	<b>62,477,330</b>	<b>121,173,483</b>	<b>201,251,350</b>	<b>9,782,537</b>	<b>838,323</b>	<b>1,495,540</b>	<b>1,002,750</b>	<b>105,908,294</b>	<b>503,929,607</b>

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement in property and equipment during the year ended 31 December 2018G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2018G	59,765,159	150,125,576	404,214,775	15,406,827	3,017,998	6,555,962	12,967,870	44,026,709	696,080,876
Additions during the year	--	83,500	4,406,169	173,427	95,764	238,294	188,450	41,621,617	46,807,221
Transferred from capital work in progress	--	491,398	637,453	45,405	--	37,800	--	(1,212,056)	--
Disposals during the year	--	--	--	(38,407)	(8,819)	(18,203)	(1,362,870)	--	(1,428,299)
Foreign currency translation differences	(33,828)	--	153,399	(1,376)	--	(587)	--	156,860	274,468
Balance as at 31 December 2018G	59,731,331	150,700,474	409,411,796	15,585,876	3,104,943	6,813,266	11,793,450	84,593,130	741,734,266
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2018G	--	23,996,654	181,786,558	6,304,099	1,694,888	4,468,923	8,383,958	--	226,635,080
Charge for the year	--	4,531,811	32,989,973	1,265,435	288,018	786,476	1,900,621	--	41,762,334
Disposals during the year	--	--	--	(27,847)	(7,868)	(15,835)	(1,341,469)	--	(1,393,019)
Balance as at 31 December 2018G	--	28,528,465	214,776,531	7,541,687	1,975,038	5,239,564	8,943,110	--	267,004,395
<b>Carrying value:</b>									
At 31 December 2018G	59,731,331	122,172,009	194,635,265	8,044,189	1,129,905	1,573,702	2,850,340	84,593,130	474,729,871

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

### 5.1 Depreciation charge for the year ended 31 December has been allocated as follows:

	2019G	2018G
Cost of sales	39,089,973	37,622,459
Selling and distribution expenses (Note 22)	1,924,747	3,071,832
General and administration expenses (Note 23)	809,803	1,068,043
	<b>41,824,523</b>	<b>41,762,334</b>

### 5.2 Capital work-in-progress comprises the following:

	31 December 2019G	31 December 2018G
Equipment	21,921,512	46,350,963
Civil works	53,254,404	34,684,719
Advances for Civil works	30,732,378	3,557,448
	<b>105,908,294</b>	<b>84,593,130</b>

## 6. RIGHT-OF-USE ASSET

The movement in right-of-use asset during the year ended December 31, 2019G is analysed as under:

<b>Cost</b>	
Additions and as at December 31, 2019G	2,785,065
<b>Accumulated depreciation</b>	
Charge for the year and as at December 31, 2019G	(285,043)
<b>Carrying value</b>	
<b>At December 31, 2019G</b>	<b>2,500,022</b>
At December 31, 2018G	--

## 7. INTANGIBLE ASSETS

Intangible assets as at December 31 comprise of the following:

	31 December 2019G	31 December 2018G
Goodwill (Note 7.1)	2,070,264	1,856,791
Softwares (Note 7.2)	1,956,084	2,700,497
	<b>4,026,348</b>	<b>4,557,288</b>

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## 7. INTANGIBLE ASSETS (continued)

### 7.1 Goodwill

The movement in goodwill during the year ended December 31, is analysed as under:

	31 December 2019G	31 December 2018G
<b>Cost:</b>		
Balance at 1 January	1,856,791	1,863,205
Foreign currency translation adjustment	213,473	(6,414)
Balance at 31 December	2,070,264	1,856,791

On 31 October 2014, the Company purchased 100% shares in Egyptian Canadian Company for Advanced Pharmaceutical Industries (S.A.E) ("ECAN") for a cash consideration of SR 31.55 million. During 2015, name of ECAN is changed to Al Jamjoom Pharma for Pharmaceutical Industries (S.A.E). The acquisition has been accounted for using the purchase method of accounting. The purchase consideration in excess of the fair value of the net assets acquired, amounted to SR 4.74 million, and represents goodwill.

The fair values of the identifiable assets of Al Jamjoom Pharma for Pharmaceutical Industries as at the date of acquisition were as follows:

	Fair value recognized on acquisition
<b>Net assets acquired:</b>	
Cash and bank balances	46,443
Financial investments for trading	7,294
Due from related parties	1,602,264
Property, plant and equipment	25,273,841
Payables and other credit balances	(100,275)
Due to related parties	(8,096)
Deferred tax liability	(4,568)
Total identifiable net assets at fair value	26,816,903
Goodwill	4,737,792
Purchase consideration	31,554,695

The Group has reviewed the carrying amounts of goodwill to determine whether their carrying values exceeds the recoverable amounts. For the impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a non-financial asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows based on 5 year management's approved plan, discounted to their present value using growth rates, pre-tax discount rates and terminal value percentages.

At 31 December 2019G, there was headroom available between the recoverable amount and the carrying value of above CGU; therefore, no impairment loss was recognised.

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## 7. INTANGIBLE ASSETS (continued)

### 7.2 Softwares

The movement in Softwares during the year ended December 31, is analysed as under:

	31 December 2019G	31 December 2018G
<b>Cost:</b>		
Balance at 1 January	8,368,486	8,494,800
Additions during the year	460,040	148,156
Foreign currency adjustments	--	(274,470)
Disposal during the year	(1,090,133)	--
Balance at 31 December	7,738,393	8,368,486
<b>Accumulated amortization:</b>		
Balance at 1 January	5,667,989	4,966,178
Amortization during the year	443,371	701,811
Disposal during the year	(329,051)	--
Balance at 31 December	5,782,309	5,667,989
<b>Carrying value as at 31 December</b>	<b>1,956,084</b>	<b>2,700,497</b>

Amortization charge for the year ended 31 December has been allocated as follows:

	2019G	2018G
Cost of sales	243,247	368,965
General and administrative expenses (Note 23)	200,124	332,846
	<b>443,371</b>	<b>701,811</b>

## 8. INVESTMENTS

Investments at December 31 comprised of the following :

	31 December 2019G	31 December 2018G
Investment in an equity accounted investee (Note 8.1)	28,567,239	28,567,239
Investment as at FVTPL (Note 8.2)	9,375,000	9,375,000
	<b>37,942,239</b>	<b>37,942,239</b>

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## 8. INVESTMENTS (continued)

### 8.1 Investment in an associate

In 2016, the Group has entered into an agreement with Hupp Pharma LLC (incorporated in Algeria) to establish a Company in Algeria, namely Jamjoom Hupp Pharma LLC. The Company has contributed to 49% of the share capital of Jamjoom Hupp Pharma LLC ("associate") for a cash consideration of SR 28,567,239. Accordingly, the equity interest of 49% is considered as investment in an associate.

The following table summarizes the latest available financial information of Jamjoom Hupp Pharma LLC as of 31 December and for the year then ended:

	31 December 2019G	31 December 2018G
Total assets	59,073,973	97,916,405
Total liabilities	22,412,631	60,642,964
Total shareholders' equity	36,661,342	37,273,002
Carrying amount of the investment	28,567,239	28,567,239
Total loss for the year	(507,006)	(144,077)
The Group's share of loss for the year	(248,433)	(70,598)

### 8.2 Investment as at FVTPL

During the year 2018G, Group purchased shares of Biothera Holding Corporation ("BHC") incorporated in United States of America on 25 April 2018G amounting to SR 9,375,000. BHC operates in the Healthcare industry focusing on Biotechnology business. BHC was founded in 2013 and is based in Eagan, Minnesota, United States of America and registered as a privately held Corporation in Minnesota with registration number 411881351. The Group has subscribed for 2,173,913 shares at offer price of US\$ 1.15 per share, equal to US\$ 2,500,000 equivalent to SR 9,375,000.

The Company signed an agreement "License Agreement" with Biothera dated April 7, 2014. As per the agreement, the Company will have the exclusive license for distribution of the product once it is successful for the GCC region. As per the terms agreed, the Company made an upfront payment of US\$ 1.5 Million. As per the agreement Biothera is liable to payback upfront fee to the Company in case the Biothera is not able to get first approval from United States Food and Drug Administration (FDA) / United States-European Medicines Agency (EMA) within five years from the date of agreement.

Biothera Holding Corporation has not commenced its operations and is currently in research phase for the development of the product. The Company believes that product research and development is long process which may take more than a year. As at the reporting date, the fair value of the investment as at FVTPL is not materially different from its carrying value.



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## 9. INVENTORIES

Inventories as at December 31, comprise the following:

	31 December 2019G	31 December 2018G
Raw materials	29,274,121	37,295,139
Packing materials	20,127,788	22,784,629
Work in process	2,881,087	2,257,726
Finished goods	38,581,812	65,838,492
Goods in transit	5,052,335	3,960,113
Stores and spares, net	5,445,167	4,315,575
	<b>101,362,310</b>	<b>136,451,674</b>
Provision for inventories (note 9.1)	(10,772,402)	(14,067,120)
	<b>90,589,908</b>	<b>122,384,554</b>

### 9.1 Movement of provision for slow moving and obsolete inventories is as follows:

	2019G	2018G
Balance at 1 January	14,067,120	12,824,183
Provided during the year	13,063,870	1,242,937
Write off during the year	(16,358,588)	--
Balance at 31 December	10,772,402	14,067,120

## 10. TRADE AND OTHER RECEIVABLES

Trade receivables as at December 31, comprise the following:

	31 December 2019G	31 December 2018G
Trade receivables, net (Note 10.1)	409,967,242	347,951,814
Prepayments and other current assets (Note 10.3)	33,889,910	37,678,636
Due from related parties (Note 19)	1,298,439	6,735,057
	<b>445,155,591</b>	<b>392,365,507</b>

### 10.1 Trade receivables, net

	31 December 2019G	31 December 2018G
Trade receivables – others	193,339,520	145,708,306
Trade receivables – related parties (Note 19)	237,332,534	223,172,613
	<b>430,672,054</b>	<b>368,880,919</b>
Less: Allowance for expected credit losses (Note 10.2)	(20,704,812)	(20,929,105)
	<b>409,967,242</b>	<b>347,951,814</b>

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## 10. TRADE AND OTHER RECEIVABLES (continued)

### 10.2 The movement in allowance for expected credit losses is as follows:

	2019G	2018G
Balance at 1 January	20,929,105	4,430,592
Impact of adoption of IFRS 9	--	15,431,993
Charge for the year (Note 23)	--	1,074,286
Reversal for the year	(90,019)	--
Write off during the year	(134,274)	(7,766)
Balance at 31 December	20,704,812	20,929,105

The ageing of gross trade receivable is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			0-90 days	90-180 days	180-270 days	270-360 days	361 days and above
31 December 2019G	430,672,054	240,221,682	63,612,875	14,061,348	56,580,052	11,506,452	44,689,645
31 December 2018G	368,880,919	172,158,790	113,067,186	22,935,808	23,590,924	809,263	36,318,948

The Group does not have any collateral over receivables and accordingly are unsecured.

Unimpaired trade receivables are expected, on the basis of past experience to be fully recoverable.

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 27.

### 10.3 Prepayments and other current assets

	31 December 2018G	31 December 2016
Advance to suppliers	13,928,891	15,763,082
Employees' receivables	11,532,291	12,009,043
Prepayments	2,892,113	2,325,208
VAT receivable	2,757,693	4,448,603
Deposits	1,272,690	1,278,457
Margin deposit on letters of guarantee	11,445	19,704
Others	1,494,787	1,834,539
	33,889,910	37,678,636

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## 11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 comprise of following:

	31 December 2018G	31 December 2016
Cash on hand	35,720	49,219
Cash at banks - current accounts	180,535,646	146,970,558
	<b>180,571,366</b>	<b>147,019,777</b>

## 12. SHARE CAPITAL

As at December 31, 2019G the share capital is divided into 10,000,000 shares (2018G: 10,000,000 shares) of SR 10 each held and owned by:

	Percentage of ownership	31 December 2019G	31 December 2018G
Mr. Yousef Mohammad Salah Jamjoom	59.5%	59,500,000	59,500,000
Mr. Mahmood Yousef Mohammed Salah Jamjoom	8%	8,000,000	8,000,000
Mr. Walid Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Mr. Mohammed Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Mr. Ahmed Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Ms. Sana Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Ms. Ala'a Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
	100%	<b>100,000,000</b>	<b>100,000,000</b>

During the year ended 31 December 2019G, dividend amounting to SAR 86 million (2018G: SAR 100 million) was distributed to the shareholders.

## 13. STATUTORY RESERVE

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to statutory reserve until such reserve equals 30% of its share capital. This reserve currently is not available for distribution to the shareholders of the Company.

The statutory reserve requirement has been fulfilled and, accordingly, the Company is not required to transfer any additional amount towards this reserve.

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## 14. SIDF LOAN

The movement in loan from SIDF as at December 31, comprise the following:

	31 December 2019G	31 December 2018G
SIDF loan	48,900,000	58,900,000
Less: SIDF loan paid during the year	(14,000,000)	(10,000,000)
Less: unamortized portion of fee paid	(1,154,290)	(2,316,901)
	<b>33,745,710</b>	<b>46,583,099</b>
Less: current portion	16,000,000	(14,000,000)
Non-current portion	17,745,710	32,583,099

The maturity profile of SIDF loan is as follows:

	31 December 2019G	31 December 2018G
<b>Year end</b>		
2019G	--	14,000,000
2020G	16,000,000	16,000,000
2021G	18,900,000	18,900,000
	<b>34,900,000</b>	<b>48,900,000</b>

The Company signed a long term loan agreement with Saudi Industrial Development Fund (SIDF) for an amount of SR 72.9 million to partly finance the expansion project of the factory. The loan was received during the year net of upfront fee of SR 5.5 million. And this amount will be amortised over the remaining period of the loan. The SIDF loan is secured by mortgage on the Company's existing property, plant and equipment and the new projects and the personal guarantees from the shareholders.

## 15. EMPLOYEES' END OF SERVICE BENEFITS

The Company operates an approved unfunded employees' end of service benefits scheme / plan for its permanent employees as required by the Saudi Arabian Labor law.

The amount recognized in the statement of financial position is determined as follows:

	31 December 2019G	31 December 2018G
Defined benefit obligations	64,035,230	56,204,686

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## 15. EMPLOYEES' END OF SERVICE BENEFITS (continued)

### 15.1 Movement in net defined benefit obligation

Net defined benefit liability comprises only of defined benefit obligation. The movement in the defined benefit obligation over the year is as follows:

	2019G	2018G
Balance at 1 January	56,204,686	50,463,752
<b>Included in statement of profit or loss</b>		
Current service cost	6,769,018	7,640,511
Interest cost	2,584,775	1,458,600
	9,353,793	9,099,111
<b>Included in other comprehensive income</b>		
Re-measurement loss / (gain):		
Actuarial loss arising from changes in assumptions	2,180,873	307,498
Benefits paid	(3,704,122)	(3,665,675)
Balance at 31 December	64,035,230	56,204,686

### 15.2 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	31 December 2019G	31 December 2018G
Discount rate	3.43%	4.6% p.a.
Future salary growth / Expected rate of salary increase	3.60%	3.6% p.a.
Retirement age	60 years	60 years
Number of employees	963	971
Mortality rate	0.08% to 0.11%	0.75% to 7.52%

15.3 Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2019G	2018G
Discount rate (+0.5% movement)	59,743,203	56,190,764
Discount rate (-0.5% movement)	69,307,294	53,880,097

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## 16. LEASE OBLIGATION

As at December 31 the net present value of the finance lease liabilities is as follows:

	2019G				2018G
	Minimum lease payments	Interest	Advance payments	Present value of minimum lease payments	Present value of minimum lease payments
Lease obligation	2,785,065	17,103	(302,146)	2,500,022	--

The lease liabilities have been presented in statement of financial position is as follows:

	December 31, 2019G	December 31, 2018G
Current liability	272,498	--
Non-current liability	2,227,524	--
Total liability	2,500,022	--

The minimum lease payments together with the present value of minimum lease payments as of December 31 are as follows:

	2019G		2018G	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within twelve months	347,255	272,498	--	--
One to five years	2,838,622	2,227,524	--	--
Total minimum lease payments	3,185,877	2,500,022	--	--
Less: finance charges	(685,855)	-	--	--
Present value of minimum lease payments	2,500,022	2,500,022	--	--

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## 17. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade and other payables at December 31, comprise the following:

	31 December 2019G	31 December 2018G
Trade payables	16,830,610	14,183,894
Accruals and other current liabilities (Note 17.1)	78,533,674	72,743,378
Due to related parties (Note 19)	1,303,970	810,951
	<b>96,668,254</b>	<b>87,738,223</b>

### 17.1 Accruals and other current liabilities

	31 December 2019G	31 December 2018G
Employee related accruals	26,119,135	28,406,959
Accrued commission and discount payable	15,050,255	8,331,033
Accrued sales and marketing expenses	7,842,414	4,836,786
Customer advances	4,681,899	9,942,273
Retention payable	3,230,371	1,823,256
Accrued Utilities bills	530,455	1,257,496
Others	21,079,145	18,145,575
	<b>78,533,674</b>	<b>72,743,378</b>

## 18. ZAKAT AND INCOME TAX PAYABLE

### a) Parent Company

#### Zakat base

The significant components of Zakat base for the year ended 31 December comprise of the following:

	31 December 2019G	31 December 2018G
Equity	912,630,280	1,043,003,942
Provisions	73,204,446	95,170,101
Loan	36,245,732	--
Book value of non-current assets	(553,843,383)	(468,870,883)
Zakat base	468,237,075	669,303,160
Zakat Base (365)	482,786,815	669,303,160
Net adjusted income	202,071,287	186,530,591
Zakat base	684,858,102	669,303,160
Zakat charge for the year	17,121,453	16,732,579

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## 18. ZAKAT AND INCOME TAX PAYABLE (continued)

	31 December 2019G	31 December 2018G
Balance at 1 January	16,945,895	12,989,808
Charge for the year	17,510,734	15,896,842
Adjustment during the year	--	(1,335,941)
	17,510,734	15,396,638
Paid during the year	(17,335,176)	(18,994,489)
Balance at 31 December	17,121,453	16,961,161

### Status of assessments

The Zakat assessments have been agreed with the General Authority of Zakat and Tax ("GAZT") for the years up to 31 December 2015. The Zakat assessment for the years ended 31 December 2016 and 31 December 2017G have been raised by the GAZT, company have accepted the assessment partially and submit the objection letter for rest of the amount.

### Income tax

Income tax is calculated in accordance with the applicable tax laws of the foreign subsidiary.

## 19. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the Group's shareholders, associates and affiliated companies, other entities related to certain consolidated subsidiaries and key management personnel of the Group. Terms and conditions of these transactions are approved by the Group's management. All outstanding balances with these related parties are priced on an arm's length basis and are to be settled in cash.

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2019G	31 December 2018G	31 December 2019G	31 December 2018G
<b>Due from related parties under trade and other receivables:</b>						
Jamjoom Medicine Stores	Affiliate	Sale of products	345,975,344	349,329,342		
		Distribution commission	23,484,798	23,679,529	237,332,534	223,172,613
Abdul Latif and Brothers Holding	Affiliate	Expenses paid	6,523,491	15,000,000	1,010,697	6,523,491
Jamjoom Medicine Stores	Affiliate	Expenses paid	256,566	211,566	256,566	211,566
New Jamjoom Healthcare Hospital	Affiliate	Expenses paid	31,177	--	31,177	--
					1,298,439	6,735,057



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## 19. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2019G	31 December 2018G	31 December 2019G	31 December 2018G
<b>Due to related parties under trade payables and other current liabilities:</b>						
Jamjoom General Agencies	Affiliate	Purchases and services rendered	1,083,822	3,058,441	229,790	220,564
Dar Jamjoom Printing	Affiliate	Purchases and services rendered	4,697,111	3,607,559	1,065,275	556,785
Jeddah Trident Hotel	Affiliate	Purchases and services rendered	155,744	306,348	8,905	33,602
					1,303,970	810,951

### Key management personnel remuneration and compensation

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. The following table illustrates details of remuneration and compensation paid to key management personnel:

	2019G	2018G
Short-term employee benefits	6,163,907	5,732,385

### Board of Directors / Committee members' remuneration

Board of Directors remuneration and compensation comprised of the following:

	2019G	2018G
Meeting attendance fees	216,000	160,000

## 20. COMMITMENTS AND CONTINGENCIES

In addition to Zakat and income tax contingency matters disclosed in Note 18, the Group has the following contingencies and commitments:

	31 December 2019G		31 December 2018G	
	Contingent liability	Cash margins	Contingent liability	Cash margins
Letters of credit	--	--	258,377	--
Letters of guarantee (note 10.3)	7,913,401	11,445	6,232,289	19,704
Contractual commitments	92,336,927	--	65,337,479	--

The contractual commitments represent the Company's commitments related to construction and electromechanical contracts related to works in progress not yet completed (note 5).

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## 21. REVENUE

Revenue for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Local	507,294,402	488,918,307
Export	309,205,045	278,776,766
	<b>816,499,447</b>	<b>767,695,073</b>
Trade discounts	(84,766,297)	(66,395,070)
	<b>731,733,150</b>	<b>701,300,003</b>

## 22. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Salaries and employee related costs	70,023,374	80,327,585
Distribution expenses	74,370,041	72,760,238
Brand reminders, free medical samples and promotion	55,665,159	66,549,848
Travelling and communication	8,100,098	10,508,738
Depreciation (Note 5.1)	1,924,747	3,071,832
Others	3,788,244	4,246,698
	<b>213,871,663</b>	<b>237,464,939</b>

## 23. GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Salaries and employee related costs	24,187,049	22,466,382
Travelling and communication	1,932,501	1,933,631
Depreciation (Note 5.1)	809,803	1,029,453
Amortisation (Note 7)	200,124	332,846
Allowance for expected credit losses (Note 10.2)	--	1,074,286
Pre-operating expenses	--	170,841
Others	6,824,731	6,595,983
	<b>33,954,208</b>	<b>33,603,422</b>

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## 24. OTHER INCOME / (EXPENSE), NET

Other income / (expenses) for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Gain on disposal of property, plant and equipment	324,347	139,430
Others	703,834	(387,967)
	<b>1,028,181</b>	<b>(248,537)</b>

## 25. FINANCE INCOME / (CHARGES), NET

Finance income / (charges) for the year ended December 31, comprise the following:

	31 December 2019G	31 December 2018G
Unwinding of SIDF loan fee	(1,162,612)	(1,444,302)
Others	1,265,307	(3,771,915)
	<b>102,695</b>	<b>(5,216,217)</b>

## 26. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	31 December 2019G	31 December 2018G
Profit for the period attributable to shareholders of the Parent Company	156,931,138	150,836,439
Weighted average number of ordinary shares in issue	10,000,000	10,000,000
Basic and diluted earnings per share	<b>15.69</b>	<b>15.08</b>

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

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## 27. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

### Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks in close cooperation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivables, other receivables, SIDF loan, accounts payable, accrued expenses and other financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amount reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

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## 27. FINANCIAL RISK MANAGEMENT (continued)

### Interest rate risk

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

The Group's interest rate risks arise mainly from its borrowings which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	31 December 2019G	31 December 2018G
<b>Variable rate instruments</b>		
<b>Financial liabilities</b>		
Borrowings – SIDF loan	34,900,000	48,900,000

### Sensitivity analysis for variable rate instruments

Change in 10 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 3,490,000 (31 December 2018G: SR 4,890,000).

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Algerian Dinar, Egyptian Pound, Turkish Lira, Swiss Franc, Japanese Yen, UAE Dirham and Euros. The Group is exposed to foreign exchange risk. The Group's other financial liabilities are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between Saudi Riyals and Euros. Since Saudi Riyals is pegged with US Dollars, the Group is not exposed to currency risk for the transactions denominated in US Dollars.

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The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly. Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended 31 December		For the year ended 31 December	
	2019G	2018G	2019G	2018G
<b>Foreign currency per Saudi Riyal</b>				
Euros	0.2381	0.2276	0.237522	0.2329
Algerian Dinar	31.8354	31.2309	0.031500	31.6452
Egyptian Pound	4.4831	4.7670	4.2746	4.7820
Turkish Lira	0.661	1.2094	1.586621	1.4091
Swiss Franc	3.7756	0.2612	0.258085	0.2625
Japanese Yen	29.0629	29.6500	28.981178	29.3510
UAE Dirham	0.9793	0.9789	0.979333	0.9793

### Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before Zakat and income tax for the year by SR 5,216 (31 December 2018G: SR 4,440).

### Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group exposure to any price risk is not material.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery which is based on customer profile and payments history. Outstanding customer receivables are regularly monitored. The Group's maximum exposure to credit risk at the reporting date is as follows:

	31 December 2019G	31 December 2018G
<b>Financial assets</b>		
Trade receivables	409,967,242	368,880,919
Other receivables	11,532,291	12,009,043
Due from related parties	1,298,439	6,735,057
Bank balance	180,571,366	146,970,558
Total	603,369,338	534,595,577

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Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit rating.
- The Group does not a policy to obtain security / collaterals from its customers.

As at 31 December 2019G, four largest customers (31 December 2018G: four largest customers) account approximately for 85% (31 December 2018G: 84%) of gross outstanding trade receivables. However, the Company assessed the concentration of risk with respect to accounts receivable and concluded it to be low.

### Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

31 December 2019G	Contractual cash flows					
	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<b>Financial liabilities</b>						
SIDF loan	34,900,000	8,000,000	8,000,000	18,900,000	--	--
Trade payables and other current liabilities	96,668,254	96,668,254	--	--	--	--
	<b>131,568,254</b>	<b>131,568,254</b>	<b>8,000,000</b>	<b>18,900,000</b>	<b>--</b>	<b>--</b>

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31 December 2018G	Contractual cash flows					
	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<b>Financial liabilities</b>						
SIDF loan	48,900,000	7,000,000	7,000,000	34,900,000	--	--
Trade payables and other current liabilities	87,738,223	87,738,223	--	--	--	--
	<b>136,638,223</b>	<b>94,738,223</b>	<b>7,000,000</b>	<b>34,900,000</b>	--	--

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

### Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2019G and 31 December 2018G is as follows:

	31 December 2019G	31 December 2018G
Total liabilities	214,119,435	207,487,169
Cash and cash equivalents	(180,571,366)	(147,019,777)
Net debt	33,548,069	60,467,392
Total equity	1,069,515,278	999,773,661
Net debt to adjusted equity ratio - %	3%	6%



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## 27. FINANCIAL RISK MANAGEMENT (continued)

### Fair value of assets and liabilities

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

### Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking):
- Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

As at December 31, 2019G, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

## 28. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective as at 31 December 2019G are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Following is a brief on the new IFRS and amendments to IFRS, effective for annual periods beginning on or after 1 January 2019G:

### Standards, interpretations and amendments adopted

#### IFRS 16 – Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

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## 28. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED AND NOT YET EFFECTIV (continued)

The Company adopted IFRS 16 using the simple modified method of adoption with the date of initial application of January 1, 2019G and therefore comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. Under this method, the lease liability is measured based on the remaining lease payments discounted using the incremental borrowing rate as of the date of initial application; and the carrying amount of the right-of-use asset is an amount equal to the carrying amount of the lease liability on the date of initial application. Any prepayments, accruals or lease incentives relating to previous operating lease are adjusted against the right of use asset at the initial application date.

The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). In addition, the Company has also used practical expedients to apply a single discount rate to a portfolio of leases with similar characteristics and excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

### Reconciliation of lease liability

At the date of initial application, the Company recognized right-of-use asset and lease liability of SR 2.7 million. The weighted average rate applied is 4.5%.

The impact of adoption of IFRS as at January 1, 2019G is as follows:

Minimum lease payments	<b>3,890,502</b>
Effect of discounting using the incremental borrowing rate	<b>(704,625)</b>
<b>Liabilities recognized based on application of IFRS 16</b>	<b>3,185,877</b>

### Impact on comprehensive income

During the year ended December 31, 2019G, due to the adoption of IFRS 16 – leases, the Company's

rentals decreased by SAR 235,399, interest expense has increased by SAR 17,103, net profit has increased by SAR 235,399 and operating profit has increased by SAR 252,502.

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### Standards issued but not yet effective

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
Conceptual Framework	Amendments to References to Conceptual Framework in IFRS Standards	January 1, 2020G
IFRS 3	Definition of a Business (amendments to IFRS 3)	January 1, 2020G
IAS 1 and IAS 8	Definition of Material (amendments to IAS 1 and IAS 8)	January 1, 2020G
IFRS 17	Insurance contracts	January 1, 2021G
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The Company is currently assessing the implications of adopting the above-mentioned standards, amendments or interpretations on the Company's financial statements on adoption.

## 29. SUBSEQUENT EVENTS

The spread of novel coronavirus (COVID-19) across multiple geographies was confirmed in early 2020G, causing disruptions to businesses and economic activities. The Group considers this outbreak to be a non-adjusting post balance sheet event. At this early stage, the Group is in the process of assessing any potential impact. The management and those charged with governance will continue to monitor the situation and accordingly update all stakeholders as soon as more information is available. Changes in circumstances may require enhanced disclosures or recognition of adjustments in the consolidated financial statements of the Group in the financial year 2020G.

## 30. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 18 Shawwal 1441H, corresponding to 10 June 2020G.

