

JAMJOOM PHARMACEUTICALS FACTORY COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024
with INDEPENDENT AUDITOR'S REPORT

JAMJOOM PHARMACEUTICALS FACTORY COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

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KPMG Professional Services Company

Zahran Business Center
Prince Sultan Street
P. O. Box 55078
Jeddah 21534
Kingdom of Saudi Arabia
Commercial Registration No 4030290792

Headquarters in Riyadh

شركة كي بي إم جي للاستشارات المهنية مساهمة مهنية

مركز زهران للأعمال
شارع الأمير سلطان
ص. ب. 55078
جدة 21534
المملكة العربية السعودية
سجل تجاري رقم 4030290792

المركز الرئيسي في الرياض

Independent Auditor's Report

To the Shareholders of Jamjoom Pharmaceuticals Factory Company

Opinion

We have audited the consolidated financial statements of Jamjoom Pharmaceuticals Factory Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 material 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 2024, 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 Company (continued)

Expected Credit Loss on Financial Assets

Refer to note 3 (b) and note 11 of the consolidated financial statements.

The key audit matter

The Group has applied a simplified approach in measuring its expected credit losses over trade and other receivables using a provision matrix. 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.

As of 31 December 2024, the gross carrying value of trade receivables amounted to SR 465.8 million (2023: SR 343.3 million) against which the Group has determined an allowance for expected credit loss amounting to SR 22.2 million (2023: 11.1 million) in accordance with the requirements of the applicable financial reporting framework. In addition to that, the Group has other receivable from a related party amounting to SR 17.5 million which is under dispute and fully provided for by the Group as of the reporting date.

We have considered this as a key audit matter as auditing the expected credit loss allowance is complex and subjective because of the highly judgmental nature of determining the reasonableness of management's calculated loss rates that are used to measure expected credit losses in the provision matrix including evaluating the significant assumptions related to the segmentation of debtor groups and forward-looking factors.

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 and other receivables in accordance with the applicable financial reporting framework.
- We obtained an understanding of the process followed by the Group in establishing the expected credit loss including understanding of the model and assumptions used in developing the accounting estimate and assessed the design and implementation of controls relevant to such process.
- We challenged the suitability of the expected credit loss model and assumptions used by management in determination of the loss allowance through the involvement of our specialist who developed an independent expectation based on our knowledge of the client and the use of its historical information, experience of the industry in which it operates and specified external data sources.
- We tested the mathematical accuracy of the expected credit loss calculation.
- We considered the adequacy of the disclosures in respect of expected credit loss over receivables in accordance with the applicable financial reporting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, when made available to us, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and shareholders.

Independent Auditor's Report

To the Shareholders of Jamjoom Pharmaceuticals Factory Company (continued)

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 and 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, Audit Committee, are responsible for overseeing the Group's financial reporting process.

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

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

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

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

Independent Auditor's Report

To the Shareholders of Jamjoom Pharmaceuticals Factory Company (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Company** ("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, 04 March 2025
Corresponding to 04 Ramadan 1446H

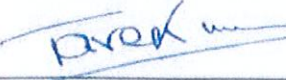
JAMJOOM PHARMACEUTICALS FACTORY COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	2024	2023
ASSETS			
Property, plant and equipment	5	672,107,497	696,223,938
Right-of-use assets	6	1,818,990	2,075,338
Intangible assets	7	11,534,495	13,048,868
Equity-accounted investee	8	57,492,165	36,114,208
Non-current assets		742,953,147	747,462,352
Inventories	10	270,880,301	233,923,523
Trade receivables	11	443,520,379	332,125,964
Other current assets	12	51,970,182	51,217,034
Investments	9	636,737	5,159,948
Cash and cash equivalents	13	261,673,842	284,276,766
Current assets		1,028,681,441	906,703,235
Total assets		1,771,634,588	1,654,165,587
EQUITY			
Share capital	14	700,000,000	700,000,000
Statutory reserve	15	67,131,416	67,131,416
Foreign currency translation reserve		(160,205,379)	(107,656,409)
Retained earnings		883,681,721	744,853,962
Total equity		1,490,607,758	1,404,328,969
LIABILITIES			
Lease liabilities	16	1,832,941	2,155,392
Employees' benefits	17	77,429,606	67,709,196
Non-current liabilities		79,262,547	69,864,588
Lease liabilities – current portion	16	261,841	245,801
Trade payables and other current liabilities	18	172,705,293	154,216,943
Zakat and income-tax payable	19	28,797,149	25,509,286
Current liabilities		201,764,283	179,972,030
Total liabilities		281,026,830	249,836,618
Total equity and liabilities		1,771,634,588	1,654,165,587

The accompanying notes 1 through 33 form an integral part of these consolidated financial statements.


Anwer Mohiuddin
Chief Financial Officer


Tarek Youssef Hosni
Chief Executive Officer


Mahmoud Yousuf Jamjoom
Chairman

JAMJOOM PHARMACEUTICALS FACTORY COMPANY
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	2024	2023
Revenue	22	1,318,476,490	1,100,819,082
Costs of revenue	23	(497,974,157)	(396,983,735)
Gross profit		820,502,333	703,835,347
Other operating income		6,374,701	3,061,450
Selling and distribution expenses	24	(316,637,708)	(286,409,694)
General and administrative expenses	25	(71,052,399)	(66,062,639)
Research, development and regulatory expenses	26	(34,002,417)	(33,388,457)
Impairment loss on financial assets	27	(18,113,329)	(4,595,285)
Other operating expenses		(5,982,486)	(3,136,766)
Operating profit		381,088,695	313,303,956
Finance costs	28	(23,947,950)	(1,955,109)
Finance income	28	6,939,599	44,035
Share of results in equity-accounted investee, net of tax	8	18,573,175	4,406,228
Profit before Zakat and income tax		382,653,519	315,799,110
Zakat and income-tax	19	(26,129,290)	(23,399,027)
Net profit for the year		356,524,229	292,400,083
Other comprehensive loss:			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement of employees' benefits	17	(696,470)	(1,761,385)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Foreign operations – foreign currency translation Differences	31	(52,548,970)	(32,573,055)
Other comprehensive loss for the year		(53,245,440)	(34,334,440)
Total comprehensive income for the year		303,278,789	258,065,643
Earnings per share:			
Basic and diluted earnings per share	29	5.09	4.18

The accompanying notes 1 through 33 form an integral part of these consolidated financial statements.


Anyer Mohiuddin
Chief Financial Officer


Tarek Youssef Hosni
Chief Executive Officer


Mahmoud Yousuf Jamjoom
Chairman

JAMJOOM PHARMACEUTICALS FACTORY COMPANY
(A Saudi Joint Stock Company)

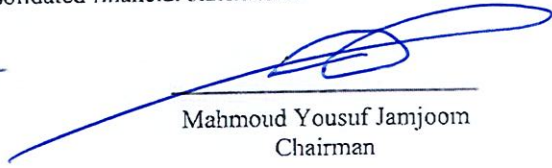
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2024
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2023	700,000,000	67,131,416	(75,083,354)	524,215,264	1,216,263,326
<u>Total comprehensive income:</u>					
Net profit for the year	--	--	--	292,400,083	292,400,083
Other comprehensive loss for the year	--	--	(32,573,055)	(1,761,385)	(34,334,440)
Total comprehensive income for the year	--	--	(32,573,055)	290,638,698	258,065,643
<u>Transaction with owners of the Company:</u>					
Dividends (note 14.2)	--	--	--	(70,000,000)	(70,000,000)
Balance at 31 December 2023	700,000,000	67,131,416	(107,656,409)	744,853,962	1,404,328,969
<u>Total comprehensive income:</u>					
Net profit for the year	--	--	--	356,524,229	356,524,229
Other comprehensive loss for the year	--	--	(52,548,970)	(696,470)	(53,245,440)
Total Comprehensive income for the year	--	--	(52,548,970)	355,827,759	303,278,789
<u>Transaction with owners of the Company:</u>					
Dividends (note 14.2)	--	--	--	(217,000,000)	(217,000,000)
Balance at 31 December 2024	700,000,000	67,131,416	(160,205,379)	883,681,721	1,490,607,758

The accompanying notes 1 through 33 form an integral part of these consolidated financial statements.


Anwer Mohiuddin
Chief Financial Officer


Tarek Youssef Hosni
Chief Executive Officer


Mahmoud Yousuf Jamjoom
Chairman

JAMJOOM PHARMACEUTICALS FACTORY COMPANY
(A Saudi Joint Stock Company)

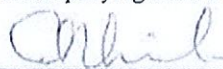
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

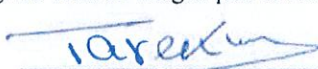
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Note	2024	2023
<u>Cash flows from operating activities:</u>			
Profit before Zakat and income-tax		382,653,519	315,799,110
<u>Adjustments for:</u>			
Depreciation	5	35,120,683	24,394,327
Amortisation	7	2,042,924	1,976,306
Depreciation on right-of-use assets	6	256,348	256,348
Finance cost (other than fair value change)	28	19,424,739	1,955,109
Change in fair value of investments at FVTPL	28	4,523,211	(44,035)
Share of results from equity-accounted investee	8	(18,573,175)	(4,406,228)
Impairment loss on financial assets	27	18,113,329	4,595,285
Provision for inventories	10	18,435,513	12,367,430
Provision for employees' benefits	17	13,331,120	11,634,360
Impairment loss to asset held for sale		--	1,298,894
Loss on write off of intangibles		60,028	--
Gain on disposal of property, plant and equipment		(17,870)	(37,151)
		<u>475,370,369</u>	<u>369,789,755</u>
<u>Changes in:</u>			
Trade receivables		(123,814,503)	18,031,939
Other current assets		(6,569,921)	2,545,398
Inventories		(55,392,291)	(114,429,655)
Trade payables and other current liabilities		20,925,831	44,530,472
Cash generated from operating activities		<u>310,519,485</u>	<u>320,467,909</u>
Employees' benefits paid	17	(4,307,180)	(7,848,666)
Interest paid		(21,738,689)	(1,182,138)
Zakat and income-tax paid	19	(21,172,018)	(15,521,641)
Net cash from operating activities		<u>263,301,598</u>	<u>295,915,464</u>
<u>Cash flows from investing activities:</u>			
Additions to property, plant and equipment	5	(56,829,109)	(45,175,224)
Additions to intangible assets	7	(166,869)	(599,673)
Proceeds from disposal of property, plant and equipment		339,006	52,292
Additional investment in joint venture	8	(5,597,925)	(31,719,079)
Net cash used in investing activities		<u>(62,254,897)</u>	<u>(77,441,684)</u>
<u>Cash flows from financing activities:</u>			
Dividends paid	14.2	(217,000,000)	(70,000,000)
Payment of lease liabilities		(306,411)	(235,177)
Net cash used in financing activities		<u>(217,306,411)</u>	<u>(70,235,177)</u>
Net change in cash and cash equivalents		<u>(16,259,710)</u>	<u>148,238,603</u>
Net foreign exchange difference		<u>(6,343,214)</u>	<u>(5,143,670)</u>
Cash and cash equivalents at beginning of the year	13	<u>284,276,766</u>	<u>141,181,833</u>
Cash and cash equivalents at end of the year	13	<u>261,673,842</u>	<u>284,276,766</u>

The accompanying notes 1 through 33 form an integral part of these consolidated financial statements.



Anwer Mohiuddin
Chief Financial Officer



Tarek Youssef Hosni
Chief Executive Officer



Mahmoud Yousuf Jamjoom
Chairman

JAMJOOM PHARMACEUTICALS FACTORY COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

1. REPORTING ENTITY

Jamjoom Pharmaceuticals Factory Company (the "Company" or the "Parent Company") is a Saudi Joint Stock Company. The Company was initially registered as 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 Saudi closed 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.

Further, the Company has registered the following branches and scientific support office:

<u>Particulars</u>	<u>Registration date</u>	<u>Registration number</u>
Branch in Riyadh, KSA	23 Rabi Al Awal 1431H (corresponding to 9 March 2010)	CR: 1010283686
Branch in Jeddah, KSA	25 Rabi Al Thani 1440H (corresponding to 3 November 2018)	CR: 4030318590
Branch in Qassim, KSA	28 Safar 1444H (corresponding to 24 September 2022)	CR: 1131323678
Branch in Jizan, KSA	13 Rabi Al Thani 1444H (corresponding to 7 November 2022)	CR: 5900137576
Branch in Hafouf, KSA	14 Rabi Al Thani 1444H (corresponding to 8 November 2022)	CR: 2251502524
Branch in Jeddah, KSA for the Sterile Manufacturing Facility	13 Shawwal 1442H (corresponding to 25 May 2021)	CR: 4030416562
Branch in Dubai, UAE	1 Dhul Hijjah 1438H (corresponding to 23 August 2017)	Commercial license number 94284 issued by Dubai Development Authority in UAE
Scientific support office in Egypt	18 Ramadan 1430H (corresponding to 8 September 2010)	Resolution number 481 issued by the Ministry of Health in Egypt

The Company has the following direct subsidiaries up to 31 December 2024:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Effective shareholding</u>	
			<u>2024</u>	<u>2023</u>
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	<u>100%</u>	<u>100%</u>
Jamjoom Pharmaceutical Industry and Commerce Company Limited*	Turkey	Manufacture and distribution of pharmaceuticals	<u>100%</u>	<u>100%</u>

* 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. During the year, after completion of all the necessary requirement to liquidate the subsidiary, the Group submitted a liquidation request to the Istanbul Chamber of Commerce (ICOC), which is currently awaiting approval.

JAMJOOM PHARMACEUTICALS FACTORY COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

1. REPORTING ENTITY (continued)

Through Al Jamjoom Pharma for Pharmaceutical Industries, the Company has the following indirect subsidiaries in Egypt with effective 100% shareholding up to 31 December 2024:

<u>Name</u>	<u>Principal activity</u>
Jamjoom Pharma Limited	Manufacture and distribution of pharmaceuticals
Al-Jamjoom Pharma for Commercial Agencies	Trading and distribution of pharmaceuticals

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

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

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.

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 in conformity with IFRS 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 COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

(Expressed in Saudi Arabian Riyals, unless otherwise stated)

2. BASIS OF PREPARATION AND STATEMENT OF COMPLINCE (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:

- *Recognition and classification of joint arrangements:* The Group exercises judgment in its assessment of whether an arrangement represents a joint arrangement for this purpose the Group considers, among other factors, whether decisions about the relevant activities of the investee entity require the unanimous consent of the parties sharing control and whether the Group's investment in such arrangements should be classified as a joint operation or a joint venture.

The Group has assessed its investment in Jamjoom Algeria Lildawa to determine whether the entity has significant influence or joint control given the 49% ownership of equity interest in the investee. This assessment included evaluation of whether all the decisions concerning the relevant activities of the investee operations require the unanimous consent of the Board of Directors where both parties are equally represented, does parties have rights to substantially all of the economic benefits of the assets relating to the arrangement and whether arrangement depend on the parties on a continuous basis for settling its liabilities. Based on this, management has concluded that it has a joint control on the investee and a joint venture.

- *Devaluation of Egyptian currency:* During the year, the Central Bank of Egypt announced the devaluation of Egyptian Pound (EGP) leading to a significant drop in exchange rates and hike in interest rates. The IMF World Economic Outlook report (based on estimates) issued in October 2024 shows that projected three-year cumulative inflation for Egypt is 96% in 2024 and 101% in 2025. However, the Central Bank of Egypt shows actual three-year cumulative inflation as of September 2024 over the 100% mark. Given the prior cumulative 3-year inflation rates and with the current year devaluation, a review of the hyperinflationary accounting for EGP in accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies", may be triggered. The Group is closely monitoring the possible impacts of the hyperinflation on its operations in Egypt.

During the year ended 31 December 2024, the Egyptian Pound recorded an average 64.2% devaluation in rate against the Saudi Riyal (31 December 2023: 24.7%). As a result, currency translation adjustment has been recorded in relation to the translation of foreign operations in Egypt.

JAMJOOM PHARMACEUTICALS FACTORY COMPANY
(A Saudi Joint Stock Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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2. BASIS OF PREPARATION AND STATEMENT OF COMPLINCE (continued)

d) Critical accounting estimates and judgments (continued)

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) Revenue recognition estimate

The Group's arrangement with its customers allows for variable amount of considerations and require the management to make estimates of the transaction price (by considering the expected product returns and discounts). The following are considered critical estimate that might result in a material adjustment to amount of revenue recognition:

Returns

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The key assumptions in calculating provision for customer's right to return a product are estimation of return rate for products subject to returns. Management estimates this rate of return by determining the historical return rates through consideration of specific factors like product dating and expiration, new product launches, entrance of new competitors and changes to contractual terms. Considering that management's terms with its customer only allows return on specific cases of product expiry therefore a refund liability is recognized while Group's right to recover returned goods asset recognised are impaired immediately. The Group reviews its estimate of expected returns at each reporting date and updates the amounts recognized in the statement of financial position accordingly.

Discounts / Rebates

The key inputs and assumptions included in estimating this provision are based upon the historical relationship between contractual discounts offered to the distributors and retail pharmacies. These are determined based on Group's past experiences in dealing with its customer, changes to pricing and sales levels, estimation of 'in market' inventory of the distributors with retail pharmacies, and estimated future sales trends at the distributor level (including customer mix).

ii) Provision for inventories

The Group determines net realisable write-down adjustments to inventories, if any, based upon historical experience, expected inventories turnover, inventories aging, current condition, and future expectations with respect to its consumption. Management estimates the net realisable value based on the most reliable evidence at the time these estimates are made. The estimate of the Group's net realisable value write-downs could materially change from period to period due to changes in the pattern of consumption, market conditions and sale of Group's products.

iii) Useful lives and residual values of property, plant and equipment

The management determines the estimated useful lives and residual values of property, plant, and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets, physical wear and tear, and technological obsolescence. 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 AND STATEMENT OF COMPLINCE (continued)

d) Critical accounting estimates and judgments (continued)

iv) Expected credit loss (ECL) on financial assets measured at amortized cost

The Group measure the loss allowance for financial assets measured at amortized cost at an amount equal to lifetime ECL. The Group uses provision matrix to calculate allowance for expected credit losses on trade receivables and other financial assets measured at amortized cost by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions at the reporting date. Trade receivables are normally assessed collectively unless there is a need to assess a particular debtor on an individual basis.

The Group has identified GDP growth rate to be the most relevant macro-economic factor of forward-looking information that would impact the credit risk of its customers, and accordingly adjusted the historical loss rates based on expected changes in this factor using different scenarios. The assessment of the correlation between historical observed loss rates, forecast economic conditions and ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of respective counter party's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in note 11.

v) Employees' benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 17 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) Capitalization of development cost

Development cost is capitalised only if it meets the recognition criteria of IAS 38 'Intangible Assets'. This is considered a key judgement. Where regulatory approvals and reliable estimation of underlying cost are such that the criteria are not met, the cost is charged to profit and loss. Where, however, recognition criteria are met, intangible assets are capitalised and amortised on a straight-line basis over their useful economic lives from product launch. As at 31 December 2024, no amounts have met the recognition criteria.

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2. BASIS OF PREPARATION AND STATEMENT OF COMPLINCE (continued)

d) Critical accounting estimates and judgments (continued)

vii) Fair value measurement

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

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or 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. For details of the Group's basis of fair valuation of its assets and liabilities refer to note 31.

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3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise. Certain comparative amounts have been reclassified or re-presented during the current year for better presentation.

(a) Basis of consolidation

i) 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.

The group uses the same accounting policies as of the subsidiaries and have the same financial year.

ii) Interest 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. Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which joint control ceases.

The financial statements of the joint venture are prepared for the same reporting period as the Group.

When the Group's share of losses exceeds its interest in equity accounted investee, 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.

iii) 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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Financial instruments

Financial assets

Trade receivables 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 fair value through profit or loss ("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.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Other financial assets are classified and measured at fair value through profit or loss, irrespective of the business model.

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

Subsequent measurement

Financial assets owned by the Group have been classified under the following categories:

- Financial assets at amortized cost
- Financial assets at fair value through profit or loss.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes cash and cash equivalents, trade receivables and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on investments are recognized as other operating income in the statement of profit or loss when the right of payment has been established.

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3. MATERIAL ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

Financial assets (continued)

Impairment

For trade receivables and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes 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 for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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 while 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.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. All financial liabilities of the Group are recognized at amortized cost which includes trade payable, accruals, other liabilities and due to related parties.

After initial recognition, financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest amortization process.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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3. MATERIAL ACCOUNTING POLICIES (continued)

(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 asset's recoverable amount is the higher of an asset's 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 (cash-generating unit's (CGU)). 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.

(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.

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 as part of Group's operating results 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. Leasehold improvements are depreciated at the shorter of the the lease term or useful life of the asset.

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3. MATERIAL ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

	<u>Years</u>
Buildings	33
Plant and machinery	4-20
Furniture and fixtures	10
Office equipment	6
Computer equipment	4-8
Motor vehicles	4

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) 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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset including residual values are reviewed at least annually and adjusted prospectively if required. The amortisation expense on intangible assets 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.

Research and development of generic pharmaceutical products: Expenditures on research and development activities are charged to the consolidated statement of profit or loss and other comprehensive income, except only when the criteria for recognising an internally generated intangible asset is met. Currently, there are no development costs that meet the capitalization criteria.

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3. MATERIAL ACCOUNTING POLICIES (continued)

(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.

Small spare parts are expensed in the period they are consumed. They are classified as inventories, due to their low cost and immediate consumption in the operational process. Small spare parts are defined as items that do not meet the materiality and are typically used for maintenance and repairs of existing assets.

(g) 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.

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.

(h) 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. 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, 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. MATERIAL ACCOUNTING POLICIES (continued)

(h) 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.

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 Group mainly generates revenue from manufacturing and sale of pharmaceutical products and healthcare 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 dispatch or shipment of products. The normal credit term is 30 to 180 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.

The Group estimates the amount of variable consideration by using the expected value method. The expected value method 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. The Group applies the above method 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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

(i) Revenues (continued)

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.

The ultimate net selling price is calculated using variable consideration estimates for certain gross to net adjustments.

Returns

The Group has a product return arrangement with the customers that allows customers to return the product subsequent to the expiration date. Provisions for returns are recognised as a reduction of revenue in the period in which the underlying sales are recognised.

The Group estimates its provision for returns based on historical experience, representing management's best estimate. While such experience has enabled reasonable estimations in the past, history may not always be an accurate indicator of future returns. The Group continually monitors the provisions for returns and makes adjustments when it believes that actual product returns may differ from established reserves.

Rebates / Discounts

Rebates / discounts ('Discounts') are granted to distributors. Discounts are also granted to certain indirect customers under contractual arrangements. The Group estimates its provision for discounts based on current contractual terms and conditions as well as historical experience, changes to business practices and credit terms. While such experience has enabled reasonable estimations in the past, history may not always be an accurate indicator of future discount liabilities. The Group continually monitors the provisions for discounts and makes adjustments when it believes that actual discounts may differ from established reserves. All discounts are recognised in the period in which the underlying sales are recognised as a reduction of revenue.

Free goods

Free goods are issued to certain customers as an alternative to discounts. These free goods give rise to a separate performance obligation, which requires management to allocate the transaction price to the original goods and the related free goods. Revenue for free goods is recognized when they are transferred to the customer and a contract liability is recognised when the free goods are due but not yet transferred to the customer.

(j) Zakat and income tax

The Company is subject to Zakat in accordance with the regulations of Zakat, Tax and 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.

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3. MATERIAL 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) 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's management. Distribution authorization is assessed in line with the Company's By-laws. A corresponding amount is recognised directly in equity. Dividends, if any, are recorded when approved by the Board of Directors.

(m) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cashflows comprise cash at banks and in hand which are subject to an insignificant risk of changes in value.

(n) Operating expenses

Costs of revenue represent all expenses directly attributable or incidental to the core operating activities of the Group including but limited to raw materials and supplies, attributable employee-related costs, depreciation of property, plant and equipment, etc. All other expenses are classified as either general and administrative expenses, selling and distribution expenses or research, development and regulatory expenses. Allocation of common expenses between costs of revenue, selling and distribution expense, general and administrative expenses and research, development and regulatory expenses where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses.

(o) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the 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.

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3. MATERIAL ACCOUNTING POLICIES (continued)

(o) Foreign currency (continued)

Foreign operations

The assets and liabilities of foreign operations, including 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. When a foreign operation is disposed in its entirety or partially such that control 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 non-controlling interest. When the Group disposes of only part of a joint venture while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Amendments to Standards

The following table lists the Standards that are required to be applied for annual period beginning after 1 January 2024. The adoption of the following amendments to the existing standards had no significant impact on the consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning after the following date</u>
IAS 1	Classification of liabilities as current or non-current - Amendments to IAS 1	1 January 2024
IAS 1	Non-current liabilities with covenants - Amendments to IAS 1	1 January 2024
IFRS 16	Lease Liability in a Sales and Leaseback - Amendments to IFRS 16	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024

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4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

Standards 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 of the Group are disclosed below. The Group intends to adopt these standards, where applicable, when they become effective, and the Group is currently analysing the impacts of these forthcoming pronouncements.

<u>Standard / Interpretation</u>	<u>Description</u>	<u>Effective from periods beginning after the following date</u>
IAS 21	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2026
IFRS 1, IFRS 7, IFRS 9, IFRS 10 & IAS 7	Annual Improvements to IFRS Accounting Standards	1 January 2026
IFRS 18	IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19	IFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

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5. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment during the year ended 31 December 2024 is analyzed as follows:

	<u>Lands</u>	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Furniture and fixtures</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>Total</u>
<u>Cost:</u>									
Balance as at 1 January 2024	59,725,897	224,310,406	527,049,733	20,500,903	4,007,808	10,413,468	2,192,736	252,894,122	1,101,095,073
Additions during the year	--	426,699	12,027,376	542,995	531,611	1,636,684	179,100	41,484,644	56,829,109
Transferred from capital work in progress	--	65,774,622	154,402,001	2,373,334	235,635	2,619,866	145,295	(225,550,753)	--
Transferred to intangibles	--	--	--	--	--	--	--	(452,906)	(452,906)
Disposals during the year	--	--	(54,355)	--	(2,065)	(1,455,495)	(883,365)	(118,293)	(2,513,573)
Foreign currency translation differences	(1,161,219)	(19,049,737)	(16,565,463)	(375,850)	(48,491)	(285,038)	(39,590)	(8,726,142)	(46,251,530)
Balance as at 31 December 2024	58,564,678	271,461,990	676,859,292	23,041,382	4,724,498	12,929,485	1,594,176	59,530,672	1,108,706,173
<u>Accumulated depreciation:</u>									
Balance as at 1 January 2024	--	53,968,657	323,991,631	14,727,680	3,092,458	7,395,457	1,695,252	--	404,871,135
Charge for the year	--	7,923,196	23,777,537	1,530,144	243,786	1,495,061	150,959	--	35,120,683
Disposals during the year	--	--	(42,617)	--	(1,965)	(1,418,336)	(729,519)	--	(2,192,437)
Foreign currency translation differences	--	(443,690)	(571,444)	(58,665)	(16,714)	(96,693)	(13,499)	--	(1,200,705)
Balance as at 31 December 2024	--	61,448,163	347,155,107	16,199,159	3,317,565	7,375,489	1,103,193	--	436,598,676
<u>Carrying value:</u>									
At 31 December 2024	58,564,678	210,013,827	329,704,185	6,842,223	1,406,933	5,553,996	490,983	59,530,672	672,107,497

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5. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement in property and equipment during the year ended 31 December 2023 is analyzed as under:

	<u>Lands</u>	<u>Buildings</u>	<u>Plant and machinery</u>	<u>Furniture and fixtures</u>	<u>Office equipment</u>	<u>Computers</u>	<u>Motor vehicles</u>	<u>Capital work in progress</u>	<u>Total</u>
<u>Cost:</u>									
Balance as at 1 January 2023	60,458,339	177,981,703	479,403,809	20,335,314	3,781,949	9,646,750	2,238,225	329,941,192	1,083,787,281
Additions during the year	--	--	9,337,552	156,879	256,331	845,085	189,448	34,389,929	45,175,224
Transferred from capital work in progress	--	46,585,745	38,878,946	83,042	--	7,567	--	(85,555,300)	--
Disposals during the year	--	--	(297,299)	--	--	(22,244)	(224,600)	--	(544,143)
Foreign currency translation differences	(732,442)	(257,042)	(273,275)	(74,332)	(30,472)	(63,690)	(10,337)	(25,881,699)	(27,323,289)
Balance as at 31 December 2023	59,725,897	224,310,406	527,049,733	20,500,903	4,007,808	10,413,468	2,192,736	252,894,122	1,101,095,073
<u>Accumulated depreciation:</u>									
Balance as at 1 January 2023	--	47,892,833	308,715,729	13,357,623	2,886,993	6,495,636	1,720,507	--	381,069,321
Charge for the year	--	6,079,812	15,573,277	1,388,226	210,239	941,866	200,907	--	24,394,327
Disposals during the year	--	--	(292,839)	--	--	(11,567)	(224,597)	--	(529,003)
Foreign currency translation differences	--	(3,988)	(4,536)	(18,169)	(4,774)	(30,478)	(1,565)	--	(63,510)
Balance as at 31 December 2023	--	53,968,657	323,991,631	14,727,680	3,092,458	7,395,457	1,695,252	--	404,871,135
<u>Carrying value:</u>									
At 31 December 2023	59,725,897	170,341,749	203,058,102	5,773,223	915,350	3,018,011	497,484	252,894,122	696,223,938

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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:

	<u>2024</u>	<u>2023</u>
Costs of revenue (note 23)	29,082,886	18,457,507
Selling and distribution expenses (note 24)	1,032,302	995,464
General and administrative expenses (note 25)	2,694,296	2,633,576
Research, development and regulatory expenses (note 26)	2,311,199	2,307,780
	<u>35,120,683</u>	<u>24,394,327</u>

5.2 Capital work-in-progress represents cost incurred on the construction of a manufacturing facility ('Egypt Main Facility') in Egypt and a sterile area facility ('Jeddah Sterile Facility') in Kingdom of Saudi Arabia ('KSA'). It also includes expansion in KSA represented in the form of new machinery. During the year ended 31 December 2024, SR 38.2 million related to Egypt Main Facility, SR 190.3 million related to Jeddah Sterile Facility and SR 16.4 million related to new machinery, respectively, were transferred from capital work in progress. As of 31 December 2024, the closing CWIP balance amounting to SR 59.5 million pertains mainly to the expansion of KSA facility represented in the form of new machinery and civil works amounting to SR 52.9 million while SR 6.8 million (31 December 2023: SR 38.83 million) pertains to the Factory in Egypt.

Capital work-in-progress as at 31 December, comprises the following:

	<u>2024</u>	<u>2023</u>
Equipment	48,676,740	142,336,576
Civil works	4,224,799	104,912,238
Advances for equipment	6,629,133	5,645,308
	<u>59,530,672</u>	<u>252,894,122</u>

6. RIGHT-OF-USE ASSET

The Group leases warehouse, academy and factory facilities as a lessee. The movement in right-of-use asset during the year ended December 31 is analysed as under:

	<u>2024</u>	<u>2023</u>
<u>Cost</u>		
Balance as at 1 January and 31 December	<u>3,406,085</u>	3,406,085
<u>Accumulated depreciation</u>		
Balance as at 1 January	(1,330,747)	(1,074,399)
Charge for the year *	(256,348)	(256,348)
Balance as at 31 December	<u>(1,587,095)</u>	<u>(1,330,747)</u>
<u>Carrying value:</u>		
At December 31	<u>1,818,990</u>	<u>2,075,338</u>

* Depreciation charge on right-of-use asset is allocated to costs of revenue and general and administrative expenses.

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6. RIGHT-OF-USE ASSET (continued)

The following are the amounts recognised in profit or loss:

	<u>2024</u>	<u>2023</u>
Depreciation on right-of-use assets	256,348	256,348
Interest expense on lease liabilities	101,454	112,088
Expense relating to short-term leases (note 6.1)	3,473,148	960,516
Total amount recognised in profit or loss	<u>3,830,950</u>	<u>1,328,952</u>

- 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 consist of software and trademark and the movement during the current year and prior year is analysed below:

	<u>Software</u>	<u>Trademark*</u>	<u>Total</u>
<u>Cost:</u>			
Balance as at 1 January 2024	9,933,573	15,000,000	24,933,573
Additions during the year	166,869	--	166,869
Transferred from property, plant and equipment	452,906	--	452,906
Write off during the year	(2,429,775)	--	(2,429,775)
Foreign currency translation differences	(39,329)	--	(39,329)
Balance as at 31 December 2024	<u>8,084,244</u>	<u>15,000,000</u>	<u>23,084,244</u>
<u>Accumulated amortisation:</u>			
Balance as at 1 January 2024	7,134,705	4,750,000	11,884,705
Charge for the year	542,924	1,500,000	2,042,924
Write off during the year	(2,369,747)	--	(2,369,747)
Foreign currency translation differences	(8,133)	--	(8,133)
Balance as at 31 December 2024	<u>5,299,749</u>	<u>6,250,000</u>	<u>11,549,749</u>
<u>Carrying value:</u>			
As at 31 December 2024	<u>2,784,495</u>	<u>8,750,000</u>	<u>11,534,495</u>

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7. INTANGIBLE ASSETS (continued)

	<u>Software</u>	<u>Trademark*</u>	<u>Total</u>
<u>Cost:</u>			
Balance as at 1 January 2023	9,345,485	15,000,000	24,345,485
Additions during the year	599,673	--	599,673
Foreign currency translation differences	(11,585)	--	(11,585)
Balance as at 31 December 2023	9,933,573	15,000,000	24,933,573
<u>Accumulated amortisation:</u>			
Balance as at 1 January 2023	6,660,769	3,250,000	9,910,769
Charge for the year	476,306	1,500,000	1,976,306
Foreign currency translation differences	(2,370)	--	(2,370)
Balance as at 31 December 2023	7,134,705	4,750,000	11,884,705
<u>Carrying value:</u>			
As at 31 December 2023	2,798,868	10,250,000	13,048,868

*The trademark pertains to the asset purchase agreement dated 22 September 2020 between AG Sandoz and Jamjoom Pharmaceutical Factory Company for market authorization of products in Algeria.

Amortisation charge for the year ended 31 December has been allocated as follows:

	<u>2024</u>	<u>2023</u>
Costs of revenue (note 23)	131,407	130,829
Selling and distribution expenses (note 24)	17,225	17,225
General and administrative expenses (note 25)	367,777	307,123
Research, development and regulatory expenses (note 26)	26,515	21,129
Other operating expenses	1,500,000	1,500,000
	2,042,924	1,976,306

8. EQUITY-ACCOUNTED INVESTEE

As of 31 December 2024, the Group holds 49% equity interest in Jamjoom Algeria Lildawa ("Lildawa"), an entity operating in Algeria, with an amount of SR 57.5 million (31 December 2023: SR 36.1 million). The investee is principally engaged in the business of manufacturing and distribution of pharmaceutical products. Lildawa is not publicly listed.

The movement of equity-accounted investee is as follows:

	<u>2024</u>	<u>2023</u>
Opening balance	36,114,208	250,901
Additions (note 8.1)	5,597,925	31,719,079
Share of results from equity accounted investee	18,573,175	4,406,228
Foreign currency translation differences	(2,793,143)	(262,000)
Closing balance	57,492,165	36,114,208

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8. EQUITY-ACCOUNTED INVESTEE (continued)

	2024	2023
Percentage ownership interest	49%	49%
Non-current assets	49,956,279	49,982,662
Current assets (including cash and cash equivalents)	155,193,919	68,472,992
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions)	1,346,642	--
Current liabilities (including current financial liabilities excluding trade and other payables and provisions)	50,980,802	--
Trade and other payables and provisions	35,491,806	44,753,189
Net assets (100%)	117,330,949	73,702,465
Group's share of net assets (49%) / Carrying amount of interest in joint venture	57,492,165	36,114,208
	2024	2023
Revenue	192,813,485	49,928,220
Depreciation and amortisation	7,262,652	2,649,608
Income tax expense	9,781,774	824,241
Other comprehensive income	--	--
Profit and total comprehensive income (100%)	37,904,439	8,992,302
Group's share of profit and total comprehensive income (49%)	18,573,175	4,406,228

- 8.1 During the prior year, the Company participated in the capital increase of Lildawa to partially finance the acquisition of a fully operational pharmaceutical manufacturing facility in Algeria and its operating expenses. Following the capital increase, Lildawa's share capital increased through the creation and issue of 2,192,000 new shares (total share in issuance as at the December 31, 2023: 2,350,000), with the Group holding DZD 1.15 billion of the share capital and continuing to hold 49% of the total paid-up capital.

During the year, the Company participated in the capital increase of Lildawa to finance the operations of the investee. Following the capital increase, Lildawa's share capital increased through the creation and issue of 405,000 new shares (total shares in issuance as at year end: 2,755,000), with the Group holding DZD 1.345 billion of the share capital and continuing to hold 49% of the total paid-up capital.

- 8.2 The Company provided corporate guarantees to local banks in Algeria to support Jamjoom Algeria Lildawa in obtaining banking facility for the purpose of financing partial consideration for the capital expenditure and working capital requirements, refer note 21.
- 8.3 Group has investment in another joint venture in Algeria, Jamjoom HUPP Pharma. As of 31 December 2024, the Group's investment in this investee is fully impaired.

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9. INVESTMENTS

	<u>2024</u>	<u>2023</u>
<u>Current assets</u>		
Investments at fair value through profit or loss	<u>636,737</u>	<u>5,159,948</u>

- 9.1 Group's investment portfolio measured at fair value through profit or loss is as follows, all investments are in Kingdom of Saudi Arabia:

	<u>Number of shares</u>		<u>Amount (SR)</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Quoted equity securities</u>				
Al Nahdi Medical Company	499	499	58,682	68,363
Saudi Arabian Oil Company (Aramco)	20,608	20,608	578,055	680,064
<u>Investments in fund</u>				
Private equity fund (note 9.2)	--	--	--	4,411,521
			<u>636,737</u>	<u>5,159,948</u>

- 9.2 The Company has an arrangement with a KSA-based asset manager to manage its funds via investments in a discretionary portfolio to create value for the Company. As at 31 December 2024, based on the evaluation of the assets underlying the fund and the associated recoverability from the fund's investment the fair value of the investment was approximately nil.

10. INVENTORIES

Inventories include the following:

	<u>2024</u>	<u>2023</u>
Raw materials	93,689,193	92,818,163
Packing materials	51,443,954	43,884,671
Work in process	6,622,708	10,929,229
Finished goods	121,831,731	85,079,669
Goods in transit	5,464,570	5,596,565
Stores and spares	14,888,352	12,732,593
	<u>293,940,508</u>	<u>251,040,890</u>
Provision for inventories (note 10.1)	<u>(23,060,207)</u>	<u>(17,117,367)</u>
	<u>270,880,301</u>	<u>233,923,523</u>

- 10.1 Movement of provision for inventories is as follows:

	<u>2024</u>	<u>2023</u>
Balance as at 1 January	17,117,367	15,911,847
Provision during the year	18,435,513	12,367,430
Write off during the year	(12,517,625)	(11,085,306)
Foreign currency translation differences	24,952	(76,604)
Balance as at 31 December	<u>23,060,207</u>	<u>17,117,367</u>

- 10.2 The amount of inventories recognized as an expense during the year amounted to SR 292.6 million (2023: SR 241.3 million), refer to note 23.

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11. TRADE RECEIVABLES

	<u>2024</u>	<u>2023</u>
Trade receivables, net (note 11.1)	<u>443,520,379</u>	<u>332,125,964</u>

11.1 Trade receivables include the following:

	<u>2024</u>	<u>2023</u>
Trade receivables – external parties	259,727,531	190,565,727
Trade receivables – a related party (note 20)	206,035,564	152,692,940
	<u>465,763,095</u>	<u>343,258,667</u>
Less: Allowance for expected credit losses (note 11.2)	<u>(22,242,716)</u>	<u>(11,132,703)</u>
	<u>443,520,379</u>	<u>332,125,964</u>

11.2 The movement in allowance for expected credit losses (ECLs) is as follows:

	<u>2024</u>	<u>2023</u>
Balance at 1 January	11,132,703	9,037,735
Provision during the year	11,386,208	2,095,285
Foreign currency translation differences	(276,195)	(317)
Balance at 31 December	<u>22,242,716</u>	<u>11,132,703</u>

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December.

		<i>Neither past due nor impaired</i>	<i>Past due but not impaired</i>			
			<i>0-90 days</i>	<i>90-180 days</i>	<i>180-360 days</i>	<i>361 days and above</i>
31 December 2024	<i>Total</i>					
Gross carrying amount	465,763,095	290,879,960	121,572,294	19,351,003	3,892,521	30,067,317
Loss allowance	22,242,716	2,636,564	2,115,635	1,651,605	640,824	15,198,088
Weighted average loss rate	4.78%	0.91%	1.74%	8.53%	16.46%	50.55%
31 December 2023	<i>Total</i>					
Gross carrying amount	343,258,667	192,935,448	99,242,042	6,720,814	12,663,774	31,696,589
Loss allowance	11,132,703	741,071	871,341	136,336	864,054	8,519,901
Weighted average loss rate	3.24%	0.38%	0.88%	2.03%	6.82%	26.88%

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 are disclosed in note 31.

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12. OTHER CURRENT ASSETS

	<u>2024</u>	<u>2023</u>
Prepayments and other current assets (note 12.1)	51,599,963	44,414,833
Due from related parties (note 20)	370,219	6,802,201
	<u>51,970,182</u>	<u>51,217,034</u>

12.1 Prepayments and other current assets:

	<u>2024</u>	<u>2023</u>
Employees' receivables (note 12.2)	11,420,886	10,310,406
VAT receivable	17,976,198	11,894,312
Advance to suppliers	14,027,801	15,895,907
Prepayments	4,566,849	3,988,236
Deposits	689,592	800,485
Others	2,918,637	1,525,487
	<u>51,599,963</u>	<u>44,414,833</u>

- 12.2 Employees' receivables are secured against the respective employee end of service benefits and expected to be settled in 12 months subsequent to the reporting date. As of 31 December 2024, the receivable balance of each employee does not exceed the respective employee's terminal benefits balance.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent the following:

	<u>2024</u>	<u>2023</u>
Cash in hand	19,872	26,948
Cash at banks (note 13.1)	261,653,970	284,249,818
	<u>261,673,842</u>	<u>284,276,766</u>

The cash is held in accounts with banks having credit ratings above "B-". The fair value of cash and cash equivalent approximates their carrying values at 31 December 2024 and 31 December 2023.

- 13.1 This includes current account amounting to SR 103.6 million subject to profit on the daily closing balance. Total profit generated during the year 2024 amounted to SR 6.9 million.

14. SHARE CAPITAL

As at December 31, the share capital is as follows:

<u>Number of shares unless otherwise stated</u>	<u>Ordinary shares</u>	
	<u>2024</u>	<u>2023</u>
In issue at 1 January	70,000,000	70,000,000
In issue at 31 December, fully paid	70,000,000	70,000,000
Authorised shares - par value SR 10	<u>SR 700,000,000</u>	<u>SR 700,000,000</u>

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14. SHARE CAPITAL (continued)

14.1 As at 31 December 2024 the group main shareholders are Mr. Yousef Mohammed Salah Jamjoom and Mr. Mahmood Yousef Jamjoom and they hold 41.65% and 5.60% of equity interest, respectively. Mr. Yousef Mohammed Salah Jamjoom is the Ultimate Controlling Party ('UCP') of the Group.

14.2 On 4 June 2024 (corresponding 27 Dhul Qadah 1445H) the shareholders approved in the Annual General Assembly Meeting, the Board of Directors' recommendation on the distribution of dividends to the shareholders of the Company for the year ended 31 December 2023 in the amount of SR 105 million corresponding to SR 1.5 per share, representing 15% of the nominal value per share.

On 5 August 2024 (corresponding to 1 Safar 1446H) the Board of Directors of the Company approved the distribution of cash dividends for the six-month period ended 30 June 2024 to the shareholders of the Company in the amount of SR 112 million (31 December 2023: SR 70 million) corresponding to SR 1.6 per share, representing 16% of the nominal value per share.

14.3 Subsequent to the year ended 31 December 2024, on 24 February 2025 (corresponding to 25 Shaban 1446h) the Company's Board of Directors approved an interim dividend of SR 102 million (SR 1.46 per share for a total number of 70,000,000 shares, representing 14.6% of the nominal value per share).

15. STATUTORY RESERVE

In accordance with Company's By-Laws, the shareholders may resolve to form reserves to the extent that serves the Company's interest or ensures, as far as possible, consistent distribution of dividends to the shareholders. The reserve is not available for distribution except for where the shareholder resolves via a General Assembly to distribute them or transfer back to the retained earnings.

16. LEASE LIABILITIES

	<u>2024</u>	<u>2023</u>
Lease liabilities	<u>2,094,782</u>	<u>2,401,193</u>

16.1 As at December 31 the movement in the net present value of the lease liabilities is as follows:

	<u>2024</u>	<u>2023</u>
As at 1 January	2,401,193	2,636,370
Add: Interest expense for the year	101,454	112,088
Less: Payments made during the year	<u>(407,865)</u>	<u>(347,265)</u>
As at 31 December	<u>2,094,782</u>	<u>2,401,193</u>

16.2 The lease liabilities have been presented in the consolidated statement of financial position as follows:

	<u>2024</u>	<u>2023</u>
Current liability	261,841	245,801
Non-current liability	<u>1,832,941</u>	<u>2,155,392</u>
Lease liabilities	<u>2,094,782</u>	<u>2,401,193</u>

The discount rate used in calculating lease obligations ranges from 4.4% to 6.2%.

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17. EMPLOYEES' BENEFITS

The Company operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by Saudi Arabian Labor and Workmen Law. The benefit is based on employees' basic 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 2024 and 31 December 2023 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labor Law by using the Projected Unit Credit Method as required under IFRS.

The amount recognized in the statement of financial position is determined as follows:

	<u>2024</u>	<u>2023</u>
Employees' benefits	<u>77,429,606</u>	<u>67,709,196</u>

a. Movement in defined benefit obligation

Movement in the present value of defined benefit obligation recognized in statement of financial position:

	<u>2024</u>	<u>2023</u>
Balance at 1 January	67,709,196	62,162,117
<i>Included in statement of profit or loss</i>		
Current service cost	10,164,784	9,048,861
Interest cost	3,166,336	2,585,499
	13,331,120	11,634,360
<i>Included in other comprehensive loss</i>		
Actuarial loss arising from experience adjustment	696,470	1,761,385
Benefits paid	(4,307,180)	(7,848,666)
Balance at 31 December	<u>77,429,606</u>	<u>67,709,196</u>

b. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	<u>2024</u>	<u>2023</u>
Discount rate*	5.63%	4.83%
Future salary growth / Expected rate of salary increase*	5.63%	4.83%
Retirement age	60 years	60 years
Number of employees	1,079	1,027
Mortality rate	0.75 to 7.52	0.75 to 7.52

* Reasonably possible changes at the reporting date to one of the significant actuarial assumptions, holding other assumptions constant, would have resulted in amounts below.

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17. EMPLOYEES' BENEFITS (continued)

	<u>2024</u>	<u>2023</u>
Discount rate (+0.5% movement)	<u>73,621,000</u>	64,341,338
Discount rate (-0.5% movement)	<u>81,540,774</u>	71,349,707
Salary increase rate (+0.5% movement)	<u>81,520,624</u>	71,331,755
Salary increase rate (-0.5% movement)	<u>73,608,160</u>	64,325,780

The sensitivity analysis has 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 9.05 years (31 December 2023: 9.74 years).

Undiscounted expected benefit payments over the period of duration of liability:

	<u>2024</u>	<u>2023</u>
Up to 1 year	<u>9,892,461</u>	9,321,647
From 1 to 2 years	<u>6,171,250</u>	4,821,700
From 2 to 5 years	<u>15,146,753</u>	14,806,231
Over 5 years	<u>119,785,413</u>	91,427,671

18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities include the following:

	<u>2024</u>	<u>2023</u>
Trade payables	<u>38,257,694</u>	63,240,884
Accruals and other current liabilities (note 18.1)	<u>129,982,392</u>	86,101,060
Due to related parties (note 20)	<u>4,465,207</u>	4,874,999
	<u>172,705,293</u>	154,216,943

18.1 Accruals and other current liabilities

	<u>2024</u>	<u>2023</u>
Employee related accruals	<u>62,107,791</u>	44,747,179
Accrued commission and discount payable	<u>25,135,267</u>	1,434,595
Retention payable	<u>545,096</u>	2,045,096
Contracts liabilities (note 18.2)	<u>2,144,257</u>	3,765,693
Accrued sales and marketing expenses	<u>10,180,420</u>	2,476,936
Accrued utilities bills	<u>1,030,738</u>	1,274,755
Refund liability	<u>16,627,085</u>	10,241,777
Local expenses accrual	<u>5,622,280</u>	16,679,407
Financial guarantee contract	<u>910,348</u>	--
Others	<u>5,679,110</u>	3,435,622
	<u>129,982,392</u>	86,101,060

18.2 The amount of SR 3.7 million included in contract liabilities as at 31 December 2023 has been recognized as revenue in 2024.

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19. ZAKAT AND INCOME-TAX PAYABLE

The movement in Zakat and income-tax provision for the year ended 31 December is as follows:

	<u>Zakat</u>	<u>2024</u> <u>Income tax</u> <u>(note 19.1)</u>	<u>Total</u>
Balance at 1 January	23,016,806	2,492,480	25,509,286
Charge for the year	23,128,959	3,000,331	26,129,290
Paid during the year	(21,172,018)	--	(21,172,018)
Foreign currency translation differences	--	(1,669,409)	(1,669,409)
Balance at 31 December	<u>24,973,747</u>	<u>3,823,402</u>	<u>28,797,149</u>

	<u>Zakat</u>	<u>2023</u> <u>Income tax</u> <u>(note 19.1)</u>	<u>Total</u>
Balance at 1 January	17,457,052	264,807	17,721,859
Charge for the year	21,081,395	2,317,632	23,399,027
Paid during the year	(15,521,641)	--	(15,521,641)
Foreign currency translation differences	--	(89,959)	(89,959)
Balance at 31 December	<u>23,016,806</u>	<u>2,492,480</u>	<u>25,509,286</u>

Zakat base

The significant components of Zakat base for the year ended 31 December comprise of the following:

	<u>2024*</u>	<u>2023</u>
Equity as at 31 December	1,490,607,758	1,221,346,681
Add: Provisions	28,797,149	83,483,609
Add: Other adjustments	60,881,355	4,336,604
Less: Carrying amount of long-term assets	<u>(685,460,982)</u>	<u>(831,737,146)</u>
Zakat base	894,825,280	477,429,748
Zakat base extrapolated to 365 days	--	492,265,117
Net adjusted income	<u>--</u>	<u>350,990,683</u>
Total Zakat base	<u>894,825,280</u>	<u>843,255,800</u>
Charge for the year	<u>23,128,959</u>	<u>21,081,395</u>

*Zakat, Tax and Customs Authority ("ZATCA") has issued new Zakat regulation by Ministerial Resolution No. 1007 dated 29 February 2024, which applies to fiscal periods beginning on or after 1 January 2024, amending the methodology for the computation of the Zakat base.

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19. ZAKAT AND INCOME TAX PAYABLE (continued)

19.1 Income tax:

The amounts recognised in profit or loss related to income tax comprise of:

	<u>2024</u>	<u>2023</u>
Current tax expense	128,690	43,099
Deferred tax expense	2,696,618	2,274,533
Changes in estimates related to prior years	175,023	--
Total tax expense	<u>3,000,331</u>	<u>2,317,632</u>

The Group's closing income tax liability includes deferred tax liability amounting to SR 3.6 million (31 December 2023: SR 2.3 million) which are attributable to the subsidiaries property, plant and equipment amounting to SR 3.3 million and unrealized foreign exchange gain amounting to SR 0.3 million.

Deferred tax assets have not been recognised in respect of tax losses because it is not probable that future taxable profits will be available with the subsidiary against which the Group can utilise the benefits therefrom.

a) Status of Zakat assessments

The Company has submitted Zakat declarations for the years up to 31 December 2023 to Zakat, Tax and Customs Authority ("ZATCA") and obtained Zakat certificate valid up to 30 April 2025. Additionally, the Company is in the process of filing its Zakat declaration for the year ended 31 December 2024.

The Zakat assessments have been concluded with the ZATCA for the years up to 31 December 2018 and for the years ended 31 December 2021, 2022 and 2023. The Company has not received any assessments for the years ended 31 December 2019 and 2020.

b) Income tax

Income tax is calculated in accordance with the applicable tax laws of the foreign subsidiary. Income tax assessments have been agreed with the Egyptian Tax Authority up to 31 December 2018. The Company has not received any assessments for the years ended 31 December 2019 to 2023.

20. 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) Transactions with related parties mainly relate to the purchase of goods and services and sales processed through affiliated companies (affiliated companies are 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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20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

- c) The following table states the relationship with related parties with whom transactions have been carried out by the Company.

<u>Name of Related Party</u>	<u>Relationship</u>
Jamjoom Printing Press Est.	Common control of UCP
Jamjoom General Agencies	Control of close family members of UCP
Jamjoom Medicine Store	Control of close family members of UCP
Tegan Al Fateh Factory Company Limited	Control of close family members of UCP
Dream Sky Travel & Tourism Agency	Control of close family members of UCP
Jamjoom Algeria Lildawa	Joint control
Jamjoom HUPP Pharma LLC	Joint control

- d) Significant related party balances arising from transactions are described as under:

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Due from related parties under trade receivables:</u>					
Jamjoom Medicine Store	Sale of products ¹	754,805,616	609,295,532		
	Distribution commission	1,809,068	3,146,333	206,035,564 ³	152,692,940 ³
<u>Due from related parties under other current assets:</u>					
Jamjoom HUPP Pharma LLC	Loan receivable ²	--	--	17,452,028	17,452,028
Dream Sky Travel & Tourism Agency	Advance to supplier	--	4,553,644	--	509,602
Jamjoom Algeria Lildawa	Sale of raw material and semi-finished goods	6,241,905	821,147	370,219	475,826
				17,822,247	18,437,456
Less: Provision for impairment loss on due from related party (note 20.1)				(17,452,028)	(11,635,255)
				370,219	6,802,201

¹ This represents gross sales amount.

² The balance represents an interest free loan provided by the Company to Jamjoom HUPP Pharma LLC.

³ This represents gross receivable amount. Expected credit loss has been provided against this balance as per IFRS. Refer to note 11 for information about the exposure to credit risk.

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20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

<u>Name</u>	<u>Nature of transactions</u>	<u>Amount of transactions</u>		<u>Closing balance</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Due to related parties under trade payables and other current liabilities:</u>					
Jamjoom General Agencies	Purchases and services rendered	976,048	444,515	211,113	158,010
Jamjoom Printing Press	Purchases and services rendered	10,040,776	7,424,023	1,147,323	1,182,202
Dream Sky Travel & Tourism Agency	Services rendered	15,043,109	11,244,436	113,058	136,953
Tegan Al Fateh Factory Company Limited	Purchases – Packing material	20,061,837	20,529,024	2,993,713	3,397,834
				4,465,207	4,874,999

20.1 The movement in provision for impairment loss on due from a related party is as follows:

	<u>2024</u>	<u>2023</u>
Balance at 1 January	11,635,255	9,135,255
Provision during the year	5,816,773	2,500,000
Balance at 31 December	<u>17,452,028</u>	<u>11,635,255</u>

20.2 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:

	<u>2024</u>	<u>2023</u>
Short-term employee benefits	18,937,011	14,737,199
Long-term employee benefits	1,292,159	886,944
Board of Directors' and Other Committees' Remuneration	4,821,409	4,811,585

21. COMMITMENTS AND CONTINGENCIES

The Group has the following contingencies and commitments:

	<u>2024</u>	<u>2023</u>
Letter of credit	--	14,126,429
Letters of guarantee	10,096,951	12,586,014
Corporate guarantee (note 21.1)	40,476,430	18,598,939
Contractual commitments (note 21.2)	5,324,118	7,533,008

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21. COMMITMENTS AND CONTINGENCIES (continued)

21.1 This represents corporate guarantee provided by the Group to local banks in Algeria in favor of its equity-accounted investee, Lildawa. These include an amount of:

- SR 18.6 million to support the working capital requirements of the equity-accounted investee.
- SR 21.9 million to support financing for additional production lines at the equity-accounted investee's existing facility.

Subsequent to year end SR 17.8 million corporate guarantee is extended by the Group to local bank in Algeria in favor of its equity-accounted investee to support the working capital requirements.

The guarantees have been advanced in ratio of Group's ownership interest in the equity-accounted investee (note 8).

Company has recognized a provision for expected credit loss amounting to SR 0.91 million on the total amount of corporate guarantee provided by the Company in favor of its equity-accounted investee in Algeria. The maximum exposure is limited to the gross value of such guarantee.

21.2 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).

22. REVENUE

The Group's revenue from contracts with customers is generated from the sale of products to customers. In the following table, revenue from contracts with customers is presented net from discounts and related return impact, and disaggregated by reportable segments. The table also includes revenue disaggregated by primary geographical market. The group recognized all the revenue at a point in time.

	<u>2024</u>	<u>2023</u>
<u>Revenue by reportable segments</u>		
Pharmaceutical products	1,139,406,176	956,730,579
Consumer health products	179,070,314	144,088,503
Total	<u>1,318,476,490</u>	<u>1,100,819,082</u>
<u>Primary geographical markets</u>		
Kingdom of Saudi Arabia	857,666,947	720,585,929
Gulf	181,683,128	139,927,926
Iraq	116,192,517	105,137,753
Egypt	70,598,457	59,238,659
North Africa and other export markets	92,335,441	75,928,815
Total	<u>1,318,476,490</u>	<u>1,100,819,082</u>

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23. COSTS OF REVENUE

	<u>2024</u>	<u>2023</u>
Raw materials and consumables	292,639,605	241,365,940
Salaries and employee related costs	105,986,131	79,653,627
Depreciation (note 5.1)	29,082,886	18,457,507
Amortisation (note 7)	131,407	130,829
Depreciation on right of use assets	209,556	209,556
Traveling and communication	1,746,944	1,487,450
Provision for inventories (note 10.1)	18,435,513	12,367,430
Supplies and consumables	12,292,572	10,448,844
Repair and maintenance	9,739,923	9,521,092
Utilities	18,118,820	13,202,777
Others	9,590,800	10,138,683
	<u>497,974,157</u>	<u>396,983,735</u>

24. SELLING AND DISTRIBUTION EXPENSES

	<u>2024</u>	<u>2023</u>
Salaries and employee related costs	120,401,312	110,876,083
Distribution expenses	74,503,046	70,868,248
Brand reminders, free medical samples and promotion	94,663,461	81,286,038
Travelling and communication	10,776,717	11,688,575
Amortisation (note 7)	17,225	17,225
Depreciation (note 5.1)	1,032,302	995,464
Others	15,243,645	10,678,061
	<u>316,637,708</u>	<u>286,409,694</u>

25. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2024</u>	<u>2023</u>
Salaries and employee related costs	48,310,600	44,050,933
Travelling and communication	2,096,632	2,456,205
Depreciation (note 5.1)	2,694,296	2,633,576
Depreciation on right-of-use asset	46,792	46,792
Amortisation (note 7)	367,777	307,123
Utilities	316,145	2,300,889
Repair and maintenance	2,333,712	2,047,932
Professional and consultancy fees	7,523,792	3,853,171
Others	7,362,653	8,366,018
	<u>71,052,399</u>	<u>66,062,639</u>

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26. RESEARCH, DEVELOPMENT AND REGULATORY EXPENSES

	<u>2024</u>	<u>2023</u>
Salaries and employee related costs	21,622,031	19,441,391
Travelling and communication	472,378	306,002
Depreciation (note 5.1)	2,311,199	2,307,780
Amortisation (note 7)	26,515	21,129
Cost of exhibit batches	568,830	2,024,630
Lab scale batches	1,510,616	1,632,845
Supplies and consumables	781,955	974,808
Others	6,708,893	6,679,872
	<u>34,002,417</u>	<u>33,388,457</u>

27. IMPAIRMENT LOSS ON FINANCIAL ASSETS

	<u>2024</u>	<u>2023</u>
Impairment loss on trade receivables (note 11)	11,386,208	2,095,285
Impairment loss on financial guarantee contracts	910,348	--
Impairment loss on due from a related party (note 20)	5,816,773	2,500,000
	<u>18,113,329</u>	<u>4,595,285</u>

28. NET FINANCE COST

Finance costs and finance income for the year comprises of the following:

<u>Finance costs</u>	<u>2024</u>	<u>2023</u>
Bank charges	568,960	515,131
Finance charge on leases	101,454	112,088
Investments at FVTPL - net changes in fair values	4,523,211	--
Foreign currency loss	18,754,325	1,327,890
Total finance costs	<u>23,947,950</u>	<u>1,955,109</u>
<u>Finance income</u>	<u>2024</u>	<u>2023</u>
Investments at FVTPL – net changes in fair values	--	44,035
Profit from call accounts	6,939,599	--
Total finance income	<u>6,939,599</u>	<u>44,035</u>

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29. 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.

	<u>2024</u>	<u>2023</u>
Net profit for the year	<u>356,524,229</u>	292,400,083
Weighted average number of ordinary shares in issue	<u>70,000,000</u>	70,000,000
Basic and diluted earnings per share (SR)	<u>5.09</u>	4.18

The diluted EPS is same as the basic EPS as the Group does not have any dilutive instruments in issue.

30. 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 Chief Executive Officer (CEO) monitors the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. The CEO is solely, the Chief Operating Decision Maker (CODM) for the Group.

For each of the strategic business units, the CODM reviews internal management reports on a monthly 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 products used to support personal well-being, maintain health, or address specific health-related needs. These products are available over the counter (OTC) without the need for a prescription.

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 gross profit, as included in the internal management reports that are reviewed by the CODM. There are no inter segment revenue reported during the year. The following table presents segment information for the year ended 31 December:

<u>Particulars</u>	<u>Pharmaceutical products</u>		<u>Consumer health products</u>		<u>Total of Reportable Segments</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue	1,139,406,176	956,730,579	179,070,314	144,088,503	1,318,476,490	1,100,819,082
Costs of revenue	(427,072,707)	(345,389,165)	(70,901,450)	(51,594,570)	(497,974,157)	(396,983,735)
Segment gross profit	<u>712,333,469</u>	611,341,414	<u>108,168,864</u>	92,493,933	<u>820,502,333</u>	703,835,347

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30. OPERATING SEGEMENT (continued)

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 to note 22 for geographical disclosure on revenue while segment non-current assets are mainly based in Saudi Arabia and Egypt.

Major customer

Revenues from two customers of the Group's pharmaceutical products and consumer health products segment represented approximately SR 819.66 million (2023: SR 672.8 million) of the Group's total revenues.

31. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk from its use of financial instruments. 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.

(a) Risk management framework

Risk management is carried out by senior management under the supervision of Audit Committee as per the 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, accrued liabilities and retention payable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

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31. FINANCIAL RISK MANAGEMENT (continued)

(i) Market risk (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. 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, 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 carried out in Saudi Riyal. However, the group's Egyptian subsidiary is exposed to exchange rates movement between Egyptian pound and 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 is as follows:

	31 December 2024					
	US Dollars	Euro	Algerian Dinar	Egyptian Pound	United Arab Emirates Dirhams	Bahraini Dinar
Trade receivables	22,675,159	933,568	--	--	--	89,280
Other current assets	--	94,710	--	--	--	--
Cash and cash equivalents	10,497,051	1,415,580	--	142,496	2,196,950	--
	33,172,210	2,443,858	--	142,496	2,196,950	89,280
Trade payables and other current liabilities	(1,452,205)	(1,197,026)	(5,966,620)	(961,327)	(3,966,387)	(6,056)
Net exposure	31,720,005	1,246,832	(5,966,620)	(818,831)	(1,769,437)	83,224

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31. FINANCIAL RISK MANAGEMENT (continued)

(i) Market risk (continued)

Currency risk (continued)

	31 December 2023				
	US Dollars	Euro	Algerian Dinar	Egyptian Pound	United Arab Emirates Dirhams
Trade receivables	16,961,115	773,100	--	--	--
Other current assets	--	--	226,760,286	--	--
Cash and cash equivalents	10,549,368	1,328,210	--	--	--
	27,510,483	2,101,310	226,760,286	--	--
Trade payables and other current liabilities	(3,243,458)	(695,775)	(5,966,620)	(593,600)	(1,808,128)
Net exposure	24,267,025	1,405,535	220,793,666	(593,600)	(1,808,128)

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	
	2024	2023	2024	2023
Foreign currency per Saudi Riyal				
US Dollar	0.2667	0.2667	0.2667	0.2667
Euros	0.2593	0.2451	0.2567	0.2414
Algerian Dinar	37.8284	36.2348	36.1664	35.6616
Egyptian Pound	13.3271	7.4201	13.5556	8.2346
UAE Dirham	0.9793	0.9790	0.9793	0.9787

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euros, Algerian Dinars, Egyptian Pounds 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 (5%)	Weakening (5%)
31 December 2024		
Euro	(243,691)	243,691
Algerian Dinar	8,195	(8,195)
Egyptian Pound	166,680	(166,680)
UAE Dirham	94,926	(94,926)
31 December 2023		
Euro	(313,975)	313,975
Algerian Dinar	(306,351)	306,351
Egyptian Pound	3,625	(3,625)
UAE Dirham	92,315	(92,315)

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31. FINANCIAL RISK MANAGEMENT (continued)

(i) Market risk (continued)

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. Equity price risk arises from equity securities at FVTPL. For certain investments, management is assisted by external advisors. In accordance with its long-term strategy, certain investments are designated at FVTPL because their performance is actively monitored and they are managed on a fair value basis. The Group exposure to any price risk is not material.

(ii) 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:

	<u>2024</u>	<u>2023</u>
Financial assets		
Trade receivables, net	443,520,379	332,125,964
Due from related parties, net	370,219	6,292,599
Bank balance	261,653,970	284,249,818
Total	<u>705,544,568</u>	<u>622,668,381</u>

As at 31 December 2024, four largest customers account approximately for 85% (31 December 2023: 77%) of gross outstanding trade receivables. However, the Group assessed the concentration of risk to exist with respect to accounts receivable and manages its exposure by deploying strict credit control policies with its customers.

At 31 December 2024, the maximum exposure to credit risk for gross trade receivables by geographic region is as follows:

	<u>2024</u>	<u>2023</u>
Kingdom of Saudi Arabia	368,594,702	264,853,795
Gulf	33,740,015	21,803,252
Iraq	28,925,747	31,775,668
Egypt	7,936,883	10,568,762
North Africa and other export markets	26,565,748	14,257,190
Total	<u>465,763,095</u>	<u>343,258,667</u>

The group's exposure to credit risk and ECL for trade receivables from customers is disclosed in note 11.

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31. FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

The Group applies IFRS 9, by the simplified approach that measures expected credit losses using the provision for loss of life of the expected amounts of all financial assets. For the purposes of measuring expected credit losses, financial assets are grouped based on the characteristics of the combined credit risk and the maturity of the receivables. The Group therefore summarizes the expected loss rates for trade receivables as approximate and reasonable in relation to loss ratios of receivables. The expected loss ratios are based on payments / repayments of receivables over a period of time and similar historical credit losses tested during this period. The historical loss ratios have been adjusted to reflect the impact of research information on macro-economic factors, affecting the ability of customers to repay receivables.

(iii) 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.

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 reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

31 December 2024	Contractual cash flows				Total
	Carrying amount	Less than 1 year	Within 1 to 5 years	More than 5 years	
Lease liabilities	2,094,782	347,255	1,389,020	845,295	2,581,570
Trade Payable	38,257,695	38,257,695	--	--	38,257,695
Accrued and other liabilities	122,159,025	122,159,025	--	--	122,159,025
Due to related parties	4,465,206	4,465,206	--	--	4,465,206
Retention payable	545,096	545,096	--	--	545,096
	167,521,804	165,774,277	1,389,020	845,295	168,008,592

31 December 2023	Contractual cash flows				Total
	Carrying amount	Less than 1 year	Within 1 to 5 years	More than 5 years	
Lease liabilities	2,401,193	347,255	1,389,020	1,192,550	2,928,825
Trade Payable	63,240,884	63,240,884	--	--	63,240,884
Accrued and other liabilities	78,899,745	78,899,745	--	--	78,899,745
Due to related parties	4,874,999	4,874,999	--	--	4,874,999
Retention payable	2,045,096	2,045,096	--	--	2,045,096
	151,461,917	149,407,979	1,389,020	1,192,550	151,989,549

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31. FINANCIAL RISK MANAGEMENT (continued)

(iii) Liquidity risk (continued)

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 2024	Non- cash changes Dividend declared	Finance cost	Others	Cash flows*	31 December 2024
Dividend	--	217,000,000	--	--	(217,000,000)	--
Lease liabilities	2,401,193	--	101,454	--	(407,865)	2,094,782
	<u>2,401,193</u>	<u>217,000,000</u>	<u>101,454</u>	<u>--</u>	<u>(217,407,865)</u>	<u>2,094,782</u>

	1 January 2023	Non- cash changes Dividend declared	Finance cost	Others	Cash flows*	31 December 2023
Dividend	--	70,000,000	--	--	(70,000,000)	--
Lease liabilities	2,636,370	--	112,088	--	(347,265)	2,401,193
	<u>2,636,370</u>	<u>70,000,000</u>	<u>112,088</u>	<u>-</u>	<u>(70,347,265)</u>	<u>2,401,193</u>

* This also includes interest payment made presented under the Group accounting policy as an operating cash flow.

(b) 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's net cash and cash equivalents as at 31 December is as follows:

	2024	2023
Trade and other payables	172,705,293	154,216,943
Lease liabilities	2,094,782	2,401,193
Total obligations	<u>174,800,075</u>	<u>156,618,136</u>
Cash and cash equivalents	<u>261,673,842</u>	<u>284,276,766</u>
Net cash and cash equivalents	<u>86,873,767</u>	<u>127,658,630</u>

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31. FINANCIAL RISK MANAGEMENT (continued)

(c) Measurement of fair values

As at 31 December 2024, the carrying values of the financial assets and financial liabilities is a reasonable approximation of their fair value. 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 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
<u>31 December 2024</u>					
<i>Financial assets measured at fair value</i>					
Investment at fair value through profit or loss	<u>636,737</u>	<u>636,737</u>	<u>--</u>	<u>--</u>	<u>636,737</u>
<u>31 December 2023</u>					
<i>Financial assets measured at fair value</i>					
Investment at fair value through profit or loss	<u>5,159,948</u>	<u>748,427</u>	<u>--</u>	<u>4,411,521</u>	<u>5,159,948</u>

There are no transfers in the fair value levels during the years ended 31 December. Significant unobservable inputs for determination of level 3 fair value comprises considering of qualitative factors such as economic and geopolitical situation surrounding the underlying investment.

The carrying values of the financial liabilities under amortised cost approximate their fair values. The carrying value of all the financial assets classified as amortised cost approximates their fair value on each reporting date.

32. SUBSEQUENT EVENT

In the opinion of the management, except for the matter disclosed in note 21.1 and note 14.3, there have been no significant subsequent events since the year ended 31 December 2024 which would have a material impact on the financial position of the Group as reflected in these consolidated financial statements.

33. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 24 February 2025, corresponding to 25 Shaban 1446h.