

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
CONSOLIDATED FINANCIAL STATEMENTS  
For the year ended 31 December 2020G  
with  
INDEPENDENT AUDITORS' REPORT



#### KPMG Professional Services

Zahran Business Center  
Prince Sultan Street  
P.O. Box 55078  
Jeddah 21534  
Kingdom of Saudi Arabia  
Headquarter in Riyadh

Commercial Registration No 4030290792

#### كي بي إم جي للاستشارات المهنية

مركز الزهران للأعمال  
شارع الأمير سلطان  
ص.ب. ٥٥٠٧٨  
جدة ٢١٥٣٤  
المملكة العربية السعودية  
المركز الرئيسي الرياض

سجل تجاري رقم 4030290792

## Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory

### Opinion

We have audited the consolidated financial statements of Jamjoom Pharmaceuticals Factory ("the Company") (and its subsidiaries) ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising significant accounting policies and other explanatory information.

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

### Basis for Opinion

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

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

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

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

Those charged with governance, the Audit Committee, is responsible for overseeing the Group's financial reporting process.

KPMG Professional Services a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR 15,000,000. Previously known as KPMG Al Fozan & Partners Certified Public Accountants. A member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited.

كي بي إم جي للاستشارات المهنية، شركة مساهمة مقفلة مسجلة في المملكة العربية السعودية رأس مالها (١٥٠٠٠٠٠) ريال سعودي مدفوع بالكامل وقد تم تعيين اسم الشركة من الاسم السابق "شركة كي بي إم جي للزهران وشركاه مساهمون ومراجعون قانونيون" إلى الاسم الحالي بتاريخ ٢٠١٦/٠١/٠١. وهي شركة عضو غير شريك في شبكة شركات كي بي إم جي المسجلة والتابعة لكي بي إم جي للمعيار شركة مسجلة في بريطانيا.

Commercial Registration of the headquarter in Riyadh is 1010425494.



## Independent Auditors' Report

To the Shareholders of Jamjoom Pharmaceuticals Factory (continued)

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

#### KPMG Professional Services



Nasser Ahmed Al Shutairy  
License No. 454



Jeddah, 6 May 2021  
Corresponding to 24 Ramadan 1442H

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

	Notes	31 December 2020G	31 December 2019G
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment	5	611,330,476	503,929,607
Right-of-use asset	6	2,227,524	2,500,022
Intangible assets	7	16,536,840	4,026,348
Employee receivable	16.4	15,023,800	--
Investments	8	3,828,919	13,387,500
		<b>648,947,559</b>	<b>523,843,477</b>
<b>Current assets:</b>			
Inventories	9	129,197,443	90,589,908
Trade and other receivables	10	462,791,548	469,710,330
Murabaha investment	11	19,177,168	18,919,632
Cash and cash equivalents	12	235,545,831	180,571,366
		<b>846,711,990</b>	<b>759,791,236</b>
<b>Total assets</b>		<b>1,495,659,549</b>	<b>1,283,634,713</b>
<b>EQUITY</b>			
Share capital	13	100,000,000	100,000,000
Statutory reserve	14	50,000,000	50,000,000
Foreign currency translation reserve		(33,725,852)	(30,340,499)
Retained earnings		1,062,794,074	949,855,777
<b>Total equity</b>		<b>1,179,068,222</b>	<b>1,069,515,278</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities:</b>			
SIDF loan	15	--	17,745,710
Employees' benefits	16	75,553,455	64,035,230
Lease obligation	17	1,967,012	2,227,524
		<b>77,520,467</b>	<b>84,008,464</b>
<b>Current liabilities:</b>			
Current portion of SIDF loan	15	95,016,067	16,000,000
Trade payables and other current liabilities	18	123,204,830	96,668,254
Lease obligation	17	260,512	272,498
Zakat and income-tax payable	19	20,589,451	17,170,219
		<b>239,070,860</b>	<b>130,110,971</b>
<b>Total liabilities</b>		<b>316,591,327</b>	<b>214,119,435</b>
<b>Total equity and liabilities</b>		<b>1,495,659,549</b>	<b>1,283,634,713</b>

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME**  
For the year ended 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

	Notes	2020G	2019G
Revenue	22	805,314,275	731,733,150
Cost of revenue	23	(328,506,289)	(309,367,432)
<b>Gross profit</b>		<b>476,807,986</b>	<b>422,365,718</b>
Selling and distribution expenses	24	(199,209,535)	(213,871,663)
General and administration expenses	25	(37,684,598)	(33,954,208)
<b>Operating profit</b>		<b>239,913,853</b>	<b>174,539,847</b>
Other income, net	26	1,069,878	1,028,181
Share result of equity accounted investment	8.1	(568,540)	--
Impairment loss on investment	8.2	(8,315,217)	--
Impairment loss on goodwill	7.1	(2,109,047)	--
Finance (charges) / income, net	27	1,752,292	102,695
<b>Profit before Zakat and income tax</b>		<b>231,743,219</b>	<b>175,670,723</b>
Zakat and income-tax	19	(24,882,949)	(18,739,585)
<b>Net profit for the year</b>		<b>206,860,270</b>	<b>156,931,138</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Re-measurement of Employees' benefits liability	16	(3,255,307)	(2,180,873)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign operations – foreign currency translation differences		(3,385,353)	992,027
<b>Other comprehensive loss for the year</b>		<b>(6,640,660)</b>	<b>(1,188,846)</b>
<b>Total comprehensive income for the year</b>		<b>200,219,610</b>	<b>155,742,292</b>

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME (continued)  
For the year ended 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

	Note	31 December 2020G	31 December 2019G
<b>Profit for the year attributable to:</b>			
- Shareholders' of the Parent Company		206,860,270	156,931,138
- Non-controlling interest's share of net income in subsidiary		--	--
<b>Profit for the year</b>		<b>206,860,270</b>	<b>156,931,138</b>
<b>Total comprehensive income for the period attributable to:</b>			
- Shareholders' of the Parent Company		200,219,610	155,742,292
- Non-controlling interests' share of net income in subsidiary		--	--
<b>Total comprehensive income for the year</b>		<b>200,219,610</b>	<b>155,742,292</b>
<b>Earnings per share</b>			
Earnings per share from profit for the year attributable to the Shareholders' of the Parent Company	27	20.69	15.69

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the year ended 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

	Attributable to the owners of the Company					Non-controlling interest	Total equity
	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total		
Balance at 1 January 2019G	100,000,000	50,000,000	(31,332,526)	881,105,512	999,772,986	675	999,773,661
<b>Total comprehensive income:</b>							
Net profit for the year	--	--	--	156,931,138	156,931,138	(675)	156,930,463
Other comprehensive income	--	--	992,027	(2,180,873)	(1,188,846)	--	(1,188,846)
	--	--	992,027	154,750,265	155,742,292	(675)	155,741,617
<b>Transaction with owners:</b>							
Dividends (Note 13)	--	--	--	(86,000,000)	(86,000,000)	--	(86,000,000)
Balance at 31 December 2019G	100,000,000	50,000,000	(30,340,499)	949,855,777	1,069,515,278	--	1,069,515,278
<b>Total comprehensive income:</b>							
Net profit for the year	--	--	--	206,860,270	206,860,270	--	206,860,270
Other comprehensive loss	--	--	(3,385,353)	(3,255,307)	(6,640,660)	--	(6,640,660)
	--	--	(3,385,353)	203,604,963	200,219,610	--	200,219,610
<b>Transaction with owners:</b>							
Dividends (Note 13)	--	--	--	(90,666,666)	(90,666,666)	--	(90,666,666)
<b>Balance at 31 December 2020G</b>	<b>100,000,000</b>	<b>50,000,000</b>	<b>(33,725,852)</b>	<b>1,062,794,074</b>	<b>1,179,068,222</b>	<b>--</b>	<b>1,179,068,222</b>

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

	Notes	2020G	2019G
<b>Cash flows from operating activities:</b>			
Profit before Zakat and income-tax		231,743,219	175,670,723
<b>Adjustments for:</b>			
Depreciation	5	41,711,766	41,824,523
Amortisation	7	508,904	443,371
Unamortized portion of SIDF loan fee paid	15	2,083,933	1,154,290
Foreign currency translation adjustment		(738,726)	657,953
Reversal for allowance for expected credit losses	10.2	(1,052,817)	(90,019)
Provision for inventories	9.1	10,191,315	13,063,870
Impairment of investment	8.2	8,315,217	--
Impairment of goodwill	7.1	2,109,047	--
Provision for employees' benefits	16.1	9,467,293	9,353,793
Gain on disposal of property and equipment		(89,374)	(324,347)
		304,249,777	241,754,157
<b>Changes in:</b>			
Trade and other receivables		7,923,479	(57,036,916)
Inventories		(48,798,850)	31,794,646
Trade payables and other current liabilities		21,227,386	8,103,217
Cash generated from operating activities		284,601,792	224,615,104
Employees' benefits paid	16.1	(1,204,375)	(3,704,122)
Zakat and income-tax paid	19	(21,463,718)	(17,335,176)
<b>Net cash generated from operating activities</b>		<b>261,933,699</b>	<b>203,575,806</b>
<b>Cash flows from investing activities:</b>			
Additions to property, plant and equipment	5	(148,522,308)	(70,535,988)
Additions to intangible assets	7	(15,089,660)	(460,041)
Proceeds from disposal of property, plant and Equipment		143,200	971,812
Employees receivables	20.1	(15,023,800)	--
<b>Net cash used in investing activities</b>		<b>(178,492,568)</b>	<b>(70,024,217)</b>
<b>Cash flows from financing activities:</b>			
SIDF loan paid during the year	15	(16,000,000)	(14,000,000)
SIDF loan obtained during the year	15	78,200,000	--
Dividends paid	13	(90,666,666)	(86,000,000)
<b>Net cash used in financing activities</b>		<b>(28,466,666)</b>	<b>(100,000,000)</b>
<b>Net change in cash and cash equivalents</b>		<b>54,974,465</b>	<b>33,551,589</b>
Cash and cash equivalents at the beginning of the year	12	180,571,366	147,019,777
<b>Cash and cash equivalents at the end of the year</b>	12	<b>235,545,831</b>	<b>180,571,366</b>

The accompanying notes 1 through 31 form an integral part of these consolidated financial statements.



JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

## 1. REPORTING ENTITY

Jamjoom Pharmaceuticals Factory ("the Company") was a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 4030154596 dated 18 Safar 1426 H (corresponding to 28 March 2005). During 2013, the Company's shareholders resolved to change the legal status of the Company from a limited liability company to a closed Saudi joint stock company. The Ministry of Commerce and Investment announced the conversion to closed joint stock company by Ministerial Resolution on 19 Shaban 1435H (corresponding to 17 June 2014).

The objectives of the Company are to produce human medicines, nutraceuticals, antibiotics, general analgesics, medicines for treatment of cough, allergy, asthma, heart diseases, blood pressure, diarrhea, vomiting, ulcer and acidity, treatment of various skin infections, cancer diseases, eye drops and ointments and cosmeceuticals.

The Company registered its branch "In-life" in Jeddah on 7 Safar 1430H (corresponding to 3 February 2009) with commercial registration number 4030186183, with the objective to trade perfumes and cosmetics products.

The Company registered its branch in Riyadh on 23 Rabi Al Awal 1431H (corresponding to 9 March 2010), commercial registration number 1010283686.

The Company registered its branch in Jeddah on 25 Rabi Al Thani 1440H (corresponding to 3 November 2018G), commercial registration number 4030317590.

The Company registered a new scientific support office in Algeria on 24 Jumada Al Thani 1429H (corresponding to 28 June 2008) based on a license number 03-22/F issued by the Ministry of Commerce in Algeria.

The Company registered a new scientific support office in Egypt on 18 Ramadan 1430H (corresponding to 8 September 2010) based on a resolution number 481 issued by the Ministry of Health in Egypt.

The Company registered a new scientific support office in Kazakhstan, AlMaty, on 18 Sha'baan 1432H (corresponding to 19 July 2011) issued by Ministry of Justice in Kazakhstan.

These consolidated financial statements include the assets, liabilities and results of the operations of the Company and its following subsidiaries up to 31 December 2020G:

Name	Country of incorporation	Principal activity	Effective shareholding	
			2020G	2019G
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	100%	100%
Jamjoom Pharmaceutical Industry and Commerce Company Limited (see below)	Turkey	Manufacture and distribution of pharmaceuticals	100%	100%

JAMJOOM PHARMACEUTICALS FACTORY  
(A Closed Saudi Joint Stock Company)  
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(Expressed in Saudi Arabian Riyals)

## 1. REPORTING ENTITY (continued)

On 22 December 2010, the Company established a subsidiary in Turkey, namely Jamjoom Pharmaceutical Industry and Commerce Company Limited ("JPIC"), with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding in JPIC. Therefore, JPIC has been treated as fully owned subsidiary in these consolidated financial statements. There has been no operation for the year ended 31 December 2020G. Further, the Board of Directors resolved to liquidate the company dated May 20, 2019G and the process of liquidation have been started.

The Company established a subsidiary in Egypt, namely Al Jamjoom Pharma for Pharmaceutical Industries, with 99.5% shareholding. The remaining 0.5% of the shareholding is held by Mr. Mahmood Yousef Mohammed Salah Jamjoom for and on behalf of the Company. As such the Company owns 100% of the shareholding. Therefore, Al Jamjoom Pharma for Pharmaceutical Industries has been treated as fully owned subsidiary in these consolidated financial statements.

The registered address of the Company is as follows:

P.O. Box # 6267,

Jeddah-21442,

Kingdom of Saudi Arabia

## 2. BASIS OF PREPARATION

### a) Statement of compliance

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

### b) Basis of measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for defined benefit liability, which is measured at the fair value of plan assets less the present value of the defined benefit obligation, as explained in note 4(g).

### c) Functional and presentation currency

The accompanying consolidated financial statements is presented in Saudi Arabian Riyals (SR) which is the functional and presentation currency of the Group. All amounts have been rounded off to the nearest Riyals, unless otherwise stated.

JAMJOOM PHARMACEUTICALS FACTORY  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
At 31 December 2020G  
(Expressed in Saudi Arabian Riyals)

## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

#### Judgments

Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, is included in the following:

- whether the Group exercises control over an investee (Note 4 (a)(i)).
- Lease term: whether the Group's reasonably ascertain to exercise extension option (Note 16)

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

### i) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

JAMJOOM PHARMACEUTICALS FACTORY  
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## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Assumptions and estimation uncertainties (continued)

##### ii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of resources; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group measures loss allowances at an amount equal to lifetime ECL.

##### iii) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging, current condition, and future expectations with respect to its consumption. Assumptions underlying the provision for inventory obsolescence include future sales trends, and the expected inventory requirements and inventory composition necessary to support these future sales and offerings. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in the pattern of consumption and sale of pharmaceutical products.

##### iv) Useful lives of property, plant and equipment

The management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering expected usage of the assets or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charges are adjusted where management believes the useful lives differ from previous estimates.

JAMJOOM PHARMACEUTICALS FACTORY  
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At 31 December 2020G  
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## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

#### Assumptions and estimation uncertainties (continued)

##### v) Employee benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 14 to these consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

##### vi) Going concern

The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### Measurement of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Group's management has overall responsibility for overseeing all significant fair value measurements.

Group's management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the evidence obtained from the third parties is assessed to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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## 2. BASIS OF PREPARATION (continued)

### d) Critical accounting estimates and judgments (continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these financial statements.

### a) Basis of consolidation

#### i) Business combinations

Business combinations (except for entities under common control) are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instrument issued and liabilities incurred or assumed at the date of exchange, and includes costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition. The excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is classified as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### i) Business combinations (continued)

###### Acquisitions from entity under common control

Business combinations including entities or businesses under common control are measured and accounted for using book value. The assets and liabilities acquired are recognized at the carrying amounts as transferred from the controlling company's books of accounts. The components of equity of the acquired entity are added to the same components within the Group equity and any gain/loss arising is recognized directly in equity.

##### ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are consolidated in the financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases

All intra-Group balances, transactions, income and expenses resulting from intra-Group transactions are eliminated in full. Also, any unrealized gains and losses arising from intra-group transactions are eliminated on consolidation.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Changes in a Group's ownership interest in a subsidiary that does not result in a change in control, is accounted as equity transaction and the carrying amounts of the non-controlling interests is adjusted against the fair value of the consideration paid and any difference is recognized directly in equity under "Effect of transactions with non- controlling interests without change in control".

##### iii) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill arising on acquisitions is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses on goodwill are not reversed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### iv) Non-controlling interests

Non-controlling interests represent the interest in subsidiary companies, not held by the Group which are measured at their proportionate share in the subsidiary's identifiable net assets. Transactions with non-controlling interest parties are treated as transactions with parties external to the Group.

Changes in Group's interest in a subsidiary as a result of transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid / received and the relevant share acquired / disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals / acquisition of non-controlling interests are also recorded in equity.

##### v) Investments in equity accounted investees

Associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies. The Group's investment in associate is accounted for using the equity method. Under the equity method, the investment in associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income (OCI) of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the Group's interest in the associate.

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

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of profit or loss and other comprehensive income. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in associate, the carrying amount of that interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.



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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### a) Basis of consolidation (continued)

##### vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### b) Financial instruments

##### i) Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

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

##### ii) Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

<b>Financial assets at Fair Value Through Profit and Loss (FVTPL)</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
<b>Debt investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
<b>Equity investments at Fair Value through Other Comprehensive Income (FVOCI)</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### iii) Financial Liabilities – Classification, subsequent measurement and gain and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### iv) Derecognition

##### Financial assets

The management derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

##### Financial liabilities

The management derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The management also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

#### v) Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### vi) Impairment of financial assets

The management recognises loss allowances for ECL on financial assets measured at amortised cost and contract assets. The management measures loss allowances at an amount equal to lifetime ECL.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECL: these are ECL that result from possible default events within the 12 months after the reporting date; and
- lifetime ECL: these are ECL that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the management considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The management assumes that the credit risk on a financial asset has increased significantly if it is more than 730 days past due from government and 365 days past due from non-government parties.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Financial instruments (continued)

The management considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is past due as per terms of agreement with customers.

#### Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

#### Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 730 / 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

#### Presentation of impairment

Allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses related to Trade receivables and contract assets, including contract assets and finance lease receivables, are presented separately in the statement of profit or loss. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

#### c) Impairment

##### Non-financial assets

The management assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the management estimates the assets' recoverable amount. An assets' recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Impairment (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the management estimates the asset's or CGUs' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

#### d) Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment loss. Cost includes purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the consolidated statement or profit or loss and other comprehensive income.

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

Depreciation represents the systematic allocation of the depreciable amount of an asset over its estimated useful life. Depreciable amount represents cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of individual items of property, plant

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Property, plant and equipment (continued)

and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives of assets is as follow:

	Years
Buildings	33
Plant and machinery	4-10
Furniture and fixtures	10
Office equipment	6
Computer equipment	4-8
Motor vehicles	4

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant and equipment, please refer policy on impairment of non-financial assets note 2(i).

#### Capital work-in-progress

Capital work-in-progress are carried at cost less any recognised impairment loss. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property and equipment category and is accounted for in accordance with the Group's policies.

#### Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

##### Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Property, plant and equipment (continued)

lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

#### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### e) Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss and other comprehensive income category consistent with the function. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

#### f) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. Cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realizable value comprises estimated selling price in the ordinary course of business, less any additional production costs for completion and appropriate selling and distribution costs. Provision is made, where necessary, for obsolete, slow moving and defective stocks.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### g) Provisions

A provision is recognized if, as a result of past events, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probably that an outflow of economic benefit, will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### h) Employees' benefits

##### Defined benefit plan

Provision is made for amounts payable to employees under the Saudi Labour Law and employee contracts. This liability, which is unfunded, represents the amount payable to each employee on a going concern basis. The cost of providing benefits is determined using the projected unit credit method as amended by IAS 19. Remeasurements, comprising of actuarial gains and losses, excluding amounts included in interest on the defined benefit liability are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Interest is calculated by applying the discount rate to the defined benefit liability. The management recognizes the following changes in the defined benefit obligation under 'cost of sales', and 'general and administration expenses' in the statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- interest expense or income

##### Other long-term employee benefits

The Company's obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value if the impact is material. Remeasurements are recognized in profit or loss in the period in which they arise.

##### Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring.



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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### h) Employees' benefits (continued)

##### Short-term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### i) Revenues

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15 and is given below:

Step 1 – Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met;

Step 2 – Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer;

Step 3 – Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties;

Step 4 – Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 – Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date;
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced;
- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### i) Revenues (continued)

Revenue from sales is recognized upon delivery or shipment of products by which the significant risks and rewards of ownership of the goods have been transferred to the buyer and the Group has no effective control or continuing managerial involvement to the degree usually associated with ownership over the goods. Sales is recorded net of returns, trade discounts and volume rebates.

Variable consideration is estimated based on expected value method. Revenue is recorded net of trade discounts, volume rebates and deductibles. Consideration payable to a customer is recognised as a reduction of the transaction price unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group. If consideration payable to the customer is a payment for a distinct good or service from the customer, then the Group records such purchase of the good or service in the same way that it accounts for other purchases from suppliers.

#### j) Zakat and income tax

The Company is subject to Zakat in accordance with the regulations of General Authority of Zakat and Income Tax ("GAZT"). Foreign subsidiaries are subject to the relevant income tax regulations in their countries of domicile. Company's Zakat and its share in the foreign subsidiaries income tax are accrued and charged to the consolidated statement of income currently. Foreign income tax attributable to the foreign subsidiaries shareholders are charged to the minority shareholders in accompanying consolidated financial statements. Additional Zakat and foreign income tax liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized. The Company withholds taxes on Transactions with non-resident parties.

#### k) Value added tax (VAT)

Assets and expenses are recognised net of amount of VAT, except that when VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

#### l) Borrowing and finance cost

Borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortized cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognized in the statement of profit and loss over the period of the borrowings using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant asset. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss and other comprehensive income using the effective interest method.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### m) Dividends

Final dividends are recorded in the financial statements in the year in which they are approved by shareholders of the Group. Interim dividends are recorded as liability in the year in which they are approved by the Board of Directors.

#### n) Dividends

Cost of sales represent all expenses directly attributable or incidental to the core operating activities of the Company including but not limited to: attributable employee-related costs, depreciation of property and equipment, etc. All other expenses are classified as general and administrative expenses. Allocation of common expenses between cost of sales and general and administrative expenses, where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses

#### o) Financial liabilities

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged or cancelled or expired. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost.

Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

#### p) Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable costs, if any, and subsequently measured at amortised costs.

#### q) Earnings per share

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

The calculation of diluted EPS is based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### r) Foreign currency

##### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available for sale equity instruments, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

##### Foreign operations

The assets and liabilities of foreign operations, arising on acquisition, are translated to Saudi Riyal at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Saudi Riyal at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

#### s) Contingencies

Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable. An assessment is made at each reporting date to recognize contingent liabilities which are probable obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the Company.

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## 4. NEW STANDARDS, AMENDMENTS TO STANDARDS AND STANDARDS ISSUED BUT NOT YET EFFECTIVE

There are no new standards issued; however, the adoption of the following amendments to the existing standards had no significant financial impact on these consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in future periods:

- Amendments to references to conceptual framework in IFRS Standards
- Definition of a business (Amendment to IFRS 3)
- Definition of material (Amendment to IAS 1 and IAS 8)
- Interest rate benchmark reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- IAS 39, IFRS 4, 7, 9 and 16 Interest rate benchmark reform – phase 1
- COVID-19 – Related rent concessions (Amendment to IFRS 16)

### STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new pronouncements are effective for annual periods beginning on or after 01 January 2021G, and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements:

Standard / Interpretation	Description	Effective from periods beginning on or after the following date
IAS 39, IFRS 4, 7, 9 and 16	Interest rate benchmark reform – phase 2	01 January 2021G
IAS 37	Onerous contracts – cost of fulfilling a contract	01 January 2022G
IFRS Standards	Annual improvements to IFRS standards 2018G – 2020G	01 January 2022G
IAS 16	Property, plant and equipment: proceeds before intended use	01 January 2022G
IFRS 3	Reference to the conceptual framework	01 January 2022G
IFRS 17	Insurance contracts	01 January 2023G
IAS 1	Classification of liabilities as current or non-current (amendments to IAS 1)	01 January 2023G
IFRS 10 and IAS 28	Sale or contribution of assets between investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	Available for optional adoption / effective date deferred indefinitely

The standards, interpretations and amendments with effective date of 01 January 2021G will not have any material impact on the Group's consolidated financial statements, whereas for other above-mentioned standards, interpretations and amendments, the Group is currently assessing the implications on the Group's consolidated financial statements on adoption.

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## 5. PROPERTY, PLANT AND EQUIPMENT

The movement in property and equipment during the year ended 31 December 2020G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2020G	62,477,330	153,835,217	449,519,678	18,710,943	2,973,197	6,781,719	6,163,500	105,908,294	806,369,878
Additions during the year	-	-	3,498,721	137,075	143,614	351,508	520,755	143,870,635	148,522,308
Transferred from capital work in progress	-	-	797,292	-	40,250	15,201	-	(852,743)	-
Disposals during the year	-	-	-	-	-	-	(1,087,220)	-	(1,087,220)
Foreign currency translation differences	107,146	-	-	1,257	315	1,963	-	533,472	644,153
<b>Balance as at 31 December 2020G</b>	<b>62,584,476</b>	<b>153,835,217</b>	<b>453,815,691</b>	<b>18,849,275</b>	<b>3,157,376</b>	<b>7,150,391</b>	<b>5,597,035</b>	<b>249,459,658</b>	<b>954,449,119</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2020G	-	32,661,734	248,268,328	8,928,406	2,134,874	5,286,179	5,160,750	-	302,440,271
Charge for the year	-	4,630,618	34,026,914	1,530,596	251,953	650,106	621,579	-	41,711,766
Transfer	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	(1,033,394)	-	(1,033,394)
<b>Balance as at 31 December 2020G</b>	<b>-</b>	<b>37,292,352</b>	<b>282,295,242</b>	<b>10,459,002</b>	<b>2,386,827</b>	<b>5,936,285</b>	<b>4,748,935</b>	<b>-</b>	<b>343,118,643</b>
<b>Carrying value:</b>									
<b>At 31 December 2020G</b>	<b>62,584,476</b>	<b>116,542,865</b>	<b>171,520,449</b>	<b>8,390,273</b>	<b>770,549</b>	<b>1,214,106</b>	<b>848,100</b>	<b>249,459,658</b>	<b>611,330,476</b>

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

The movement in property and equipment during the year ended 31 December 2019G is analyzed as under:

	Land	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
<b>Cost:</b>									
Balance as at 1 January 2019G	59,731,331	150,700,473	409,411,796	15,585,876	3,104,944	6,813,266	11,793,450	84,593,130	741,734,266
Additions during the year	2,138,659	37,400	1,602,567	345,490	52,183	660,274	-	65,699,415	70,535,988
Transferred from capital work in progress	-	3,097,344	39,035,503	2,932,708	-	122,570	-	(45,188,125)	-
Disposals during the year	-	-	(550,457)	(153,334)	(183,930)	(823,850)	(5,629,950)	-	(7,341,521)
Foreign currency translation differences	607,340	-	20,269	203	-	9,459	-	803,874	1,441,145
Balance as at 31 December 2019G	<b>62,477,330</b>	<b>153,835,217</b>	<b>449,519,678</b>	<b>18,710,943</b>	<b>2,973,197</b>	<b>6,781,719</b>	<b>6,163,500</b>	<b>105,908,294</b>	<b>806,369,878</b>
<b>Accumulated depreciation:</b>									
Balance as at 1 January 2019G	-	28,528,466	214,776,530	7,541,687	1,975,039	5,239,563	8,943,110	-	267,004,395
Charge for the year	-	4,133,268	33,906,148	1,392,389	288,733	779,469	1,324,516	-	41,824,523
Transfer	-	-	-	99,484	9,264	63,444	-	-	172,192
Disposals during the year	-	-	(414,350)	(105,154)	(138,162)	(796,297)	(5,106,876)	-	(6,560,839)
Balance as at 31 December 2019G	-	<b>32,661,734</b>	<b>248,268,328</b>	<b>8,928,406</b>	<b>2,134,874</b>	<b>5,286,179</b>	<b>5,160,750</b>	-	<b>302,440,271</b>
<b>Carrying value:</b>									
<b>At 31 December 2019G</b>	<b>62,477,330</b>	<b>121,173,483</b>	<b>201,251,350</b>	<b>9,782,537</b>	<b>838,323</b>	<b>1,495,540</b>	<b>1,002,750</b>	<b>105,908,294</b>	<b>503,929,607</b>

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## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

### 5.1 Depreciation charge for the year ended 31 December has been allocated as follows:

	2020G	2019G
Cost of sales (Note 22)	39,513,313	39,089,973
Selling and distribution expenses (Note 23)	1,491,503	1,924,747
General and administration expenses (Note 24)	706,950	809,803
	41,711,766	41,824,523

### 5.2 Capital work in progress represents cost incurred on the construction of expansion of factory. It also includes cost incurred on the construction of academy for technical training purposes. The construction is expected to be completed by the end of 2021G. Capital work-in-progress at December 31, comprises the following

	31 December 2020G	31 December 2019G
Equipment	51,301,725	21,921,512
Civil works	107,420,958	53,254,404
Advances for Civil works	90,736,975	30,732,378
	249,459,658	105,908,294

### 5.3 Land includes four pieces of land amounting to SR 21,673,931 which are in the name of one of the shareholders of the Company.

## 6. RIGHT-OF-USE ASSET

The movement in right-of-use asset during the year ended December 31 is analysed as under:

	2020G	2019G
<b>Cost</b>		
Balance as at January 1 and December 31	2,785,065	2,785,065
<b>Accumulated depreciation</b>		
Balance as at January 1	285,043	--
Charge for the year	272,498	285,043
Balance as at December 31	557,541	285,043
<b>Carrying value:</b>		
At December 31	2,227,524	2,500,022

Depreciation charge amounting to SAR 272,398 (2019G: 285,043) is allocated to cost of revenue.



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## 7. INTANGIBLE ASSETS

Intangible assets as at December 31 comprise of the following:

	31 December 2020G	31 December 2019G
Goodwill (Note 7.1)	--	2,070,264
Softwares and license (Note 7.2)	16,536,840	1,956,084
	16,536,840	4,026,348

### 7.1 Goodwill

The movement in goodwill during the year ended December 31, is analysed as under:

	31 December 2020G	31 December 2019G
<b>Cost:</b>		
Balance at 1 January	2,070,264	1,856,791
Foreign currency translation adjustment	38,783	213,473
Impairment of goodwill (Note 7.1.1)	(2,109,047)	--
Balance at 31 December	--	2,070,264

7.1.1 During the year ended December 31, 2020G, the Group booked impairment on goodwill based on the impairment assessment,

### 7.2 Softwares and license

The movement in Softwares during the year ended December 31, is analysed as under:

	Software	Trademark	Total
<b>Cost:</b>			
Balance as at 1 January	7,738,393	--	7,738,393
Additions during the year	89,660	15,000,000	15,089,660
<b>Balance as at 31 December 2020G</b>	<b>7,828,053</b>	<b>15,000,000</b>	<b>22,828,053</b>
<b>Accumulated depreciation:</b>			
Balance as at 1 January 2020G	5,782,309	--	5,782,309
Charge for the year	258,904	250,000	508,904
<b>Balance as at 31 December 2020G</b>	<b>6,041,213</b>	<b>250,000</b>	<b>6,291,213</b>
<b>Carrying value:</b>			
<b>As at 31 December 2020G</b>	<b>1,786,840</b>	<b>14,750,000</b>	<b>16,536,840</b>
<b>As at 31 December 2019G</b>	<b>1,956,084</b>	<b>--</b>	<b>1,956,084</b>

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## 7. INTANGIBLE ASSETS (continued)

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

	2020G	2019G
Cost of sales (Note 22)	149,691	243,247
Selling and distribution expenses (Note 23)	250,000	--
General and administrative expenses (Note 24)	109,213	200,124
	508,904	443,371

## 8. INVESTMENTS

Investments at December 31 comprised of the following:

	31 December 2020G	31 December 2019G
Investment in an equity accounted investee (Note 8.1)	3,443,960	4,012,500
Investment as at FVTPL (Note 8.2)	1,059,783	9,375,000
	4,503,743	13,387,500

### 8.1 Investment in an associate

In 2016, the Group has entered into an agreement with Hupp Pharma LLC (incorporated in Algeria) to establish a Company in Algeria, namely Jamjoom Hupp Pharma LLC. The Company owns 49% of the share capital of Jamjoom Hupp Pharma LLC ("associate"). The movement in investment is as follows:

	2020G	2019G
At 1 January	4,012,500	4,012,500
Share of loss on associate	(568,540)	--
Foreign currency translation differences	(674,824)	--
At 31 December	2,769,136	4,012,500

The following table summarizes the latest available financial information of Jamjoom Hupp Pharma LLC as of 31 December and for the year then ended:

	31 December 2020G	31 December 2019G
Total assets	53,091,637	59,073,973
Total liabilities	20,189,931	22,412,631
Total shareholders' equity	32,897,765	36,661,342

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## 8. INVESTMENTS (continued)

### 8.2 Investment as at FVTPL

During 2018G, Group purchased shares of Biothera Holding Corporation ("BHC") incorporated in United States of America on 25 April 2018G amounting to SR 9,375,000. BHC operates in the Healthcare industry focusing on Biotechnology business. BHC was founded in 2013 and is based in Eagan, Minnesota, United States of America and registered as a privately held Corporation in Minnesota with registration number 411881351. The Group has subscribed for 2,173,913 shares at offer price of US\$ 1.15 per share, equal to US\$ 2,500,000 equivalent to SR 9,375,000.

The Company signed an agreement "License Agreement" with Biothera dated April 7, 2014. As per the agreement, the Company will have the exclusive license for distribution of the product once it is successful for the GCC region. As per the terms agreed, the Company made an upfront payment of US\$ 1.5 Million. As per the agreement Biothera is liable to payback upfront fee to the Company in case the Biothera is not able to get first approval from United States Food and Drug Administration (FDA) / United States-European Medicines Agency (EMA) within five years from the date of agreement.

During the year ended December 31, 2020G, the company booked an impairment loss of SR 8,315,217 based on impairment assessment carried out at December 31, 2020G. Biothera Holding Corporation has not commenced its operations and is currently in research phase for the development of the product. The Company believes that product research and development is long process which may take more than a year.

## 9. INVENTORIES

Inventories as at December 31, comprise the following:

	31 December 2020G	31 December 2019G
Raw materials	57,044,165	29,274,121
Packing materials	27,096,657	20,127,788
Work in process	1,720,342	2,881,087
Finished goods	45,779,961	38,581,812
Goods in transit	2,369,180	5,052,335
Stores and spares, net	5,658,400	5,445,167
	139,668,705	101,362,310
Provision for inventories (note 9.1)	(10,471,262)	(10,772,402)
	129,197,443	90,589,908

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## 9. INVENTORIES (continued)

### 9.1 Movement of provision for slow moving and obsolete inventories is as follows:

	2020G	2019G
Balance at 1 January	10,772,402	14,067,120
Provided during the year	10,191,315	13,063,870
Write off during the year	(10,492,455)	(16,358,588)
Balance at 31 December	10,471,262	10,772,402

## 10. TRADE AND OTHER RECEIVABLES

Trade receivables as at December 31, comprise the following:

	31 December 2020G	31 December 2019G
Trade receivables, net (Note 10.1)	418,217,353	409,967,242
Prepayments and other current assets (Note 10.3)	25,550,901	33,889,910
Due from related parties (Note 20)	19,023,294	25,853,178
	462,791,548	469,710,330

### 10.1 Trade receivables, net

	31 December 2020G	31 December 2019G
Trade receivables – others	165,864,500	193,339,520
Trade receivables – related parties (Note 20)	270,029,610	237,332,534
	435,894,110	430,672,054
Less: Allowance for expected credit losses (Note 10.2)	(17,676,757)	(20,704,812)
	418,217,353	409,967,242

### 10.2 The movement in allowance for expected credit losses is as follows:

	2020G	2019G
Balance at 1 January	20,704,812	20,929,105
Reversed during the year	(1,052,817)	(90,019)
Write off during the year	(1,975,238)	(134,274)
Balance at 31 December	17,676,757	20,704,812

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## 10. TRADE AND OTHER RECEIVABLES (continued)

The ageing of gross trade receivable is as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			0-90 days	90-180 days	180-360 days	361 days and above
31 December 2020G	435,894,110	226,749,410	69,000,891	71,345,104	20,114,404	48,684,302
31 December 2019G	430,672,054	240,221,682	107,317,149	14,061,348	24,382,230	44,689,645

The Group does not have any collateral over receivables and accordingly are unsecured. Unimpaired trade receivables are expected, on the basis of past experience to be fully recoverable.

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 27.

### 10.3 Prepayments and other current assets

	31 December 2020G	31 December 2019G
Employees' receivables	10,237,040	11,532,291
VAT receivable	7,460,451	2,757,693
Advance to suppliers	2,835,189	13,928,891
Prepayments	2,538,299	2,892,113
Deposits	1,357,440	1,272,690
Others	1,122,482	1,506,232
	25,550,901	33,889,910

## 11. MURABAHA INVESTMENT

This represent three Murabaha investments made with a local bank amounting to of SAR 19 million (2019G: SAR 18 million) for the period ranging from four to six months at prevailing market rates.

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## 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31 comprise of following:

	31 December 2020G	31 December 2019G
Cash on hand	61,586	35,720
Cash at banks - current accounts	235,484,245	180,535,646
Total cash balances	235,545,831	180,571,366

## 13. SHARE CAPITAL

As at December 31, the share capital is divided into 10,000,000 shares (2019G: 10,000,000 shares) of SR 10 each held and owned by:

	Percentage of ownership	31 December 2020G	31 December 2019G
Mr. Yousef Mohammad Salah Jamjoom	59.5%	59,500,000	59,500,000
Mr. Mahmood Yousef Mohammed Salah Jamjoom	8%	8,000,000	8,000,000
Mr. Walid Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Mr. Mohammed Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Mr. Ahmed Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Ms. Sana Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
Ms. Ala'a Yousef Mohammed Salah Jamjoom	6.5%	6,500,000	6,500,000
	100%	100,000,000	100,000,000

The details of interim dividends approved by Board of the directors during the current year are as follows:

Date	Amount
22-Mar-20	21,500,000
18-Jun-20	22,500,000
16-Sep-20	23,333,333
13-Dec-20	23,333,333
<b>Total</b>	<b>90,666,666</b>

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## 14. STATUTORY RESERVE

In accordance with the Company's By-laws and the Regulations for Companies in the Kingdom of Saudi Arabia, the Company transfers 10% of the net income for the year to statutory reserve until such reserve equals 30% of its share capital. This reserve currently is not available for distribution to the shareholders of the Company.

The statutory reserve requirement has been fulfilled and, accordingly, the Company is not required to transfer any additional amount towards this reserve.

## 15. SIDF LOAN

The movement in loan from SIDF as at December 31, comprise the following:

	31 December 2020G	31 December 2019G
SIDF loan	34,900,000	48,900,000
Add: SIDF loan obtained during the year	78,200,000	--
Less: SIDF loan paid during the year	(16,000,000)	(14,000,000)
	97,100,000	34,900,000
Less: unamortized portion of fee paid	(2,083,933)	(1,154,290)
	95,016,067	33,745,710
Less: current portion	(95,016,067)	16,000,000
Non-current portion	--	17,745,710

The maturity profile of SIDF loan is as follows:

	31 December 2020G	31 December 2019G
<b>Year end</b>		
2020G	--	16,000,000
2021G	97,100,000	18,900,000
	97,100,000	34,900,000

The Company signed a long-term loan agreement with Saudi Industrial Development Fund (SIDF) in 2016 for an amount of SR 72.9 million to partly finance the expansion project of the factory. During the year ended December 31, 2020G, the Company obtained additional loan amounting to SR78.2 million. The SIDF loan is secured by mortgage on the Company's existing property, plant and equipment and the new projects and the personal guarantees from the shareholders.

## 16. EMPLOYEES' BENEFITS

The Company operates an approved unfunded employees' benefits scheme / plan for its permanent employees as required by the Saudi Arabian Labor law.

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

	31 December 2020G	31 December 2019G
Defined benefit obligations	75,553,455	64,035,230

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## 16. EMPLOYEES' BENEFITS (continued)

### 16.1 Movement in net defined benefit obligation

Net defined benefit liability comprises only of defined benefit obligation. The movement in the defined benefit obligation over the year is as follows:

	2020G	2019G
Balance at 1 January	64,035,230	56,204,686
<b>Included in statement of profit or loss</b>		
Current service cost	7,311,490	6,769,018
Interest cost	2,155,803	2,584,775
	9,467,293	9,353,793
<b>Included in other comprehensive income</b>		
Re-measurement loss / (gain):		
Actuarial loss arising from changes in assumptions	3,255,307	2,180,873
Benefits paid	(1,204,375)	(3,704,122)
Balance at 31 December	75,553,455	64,035,230

### 16.2 Actuarial assumptions

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

	31 December 2020G	31 December 2019G
Discount rate	2.75%	3.43%
Future salary growth / Expected rate of salary increase	2.75%	3.60%
Retirement age	60 years	60 years
Number of employees	987	963
Mortality rate	0.75 to 7.52	0.08% to 0.11%

### 16.3 Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2020G	2019G
Discount rate (+0.5% movement)	71,808,539	59,743,203
Discount rate (-0.5% movement)	79,565,934	69,307,294



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## 16. EMPLOYEES' BENEFITS (continued)

### 16.4 Long term employee loan:

During the current year, the Company provided interest free loan to employees. The loan is secured against the end of the service liability.

## 17. LEASE OBLIGATION

As at December 31 the net present value of the finance lease liabilities is as follows:

	2020G				2019G
	Minimum lease payments	Interest	Advance payments	Present value of minimum lease payments	Present value of minimum lease payments
Lease obligation	2,500,022	14,357	(286,855)	2,227,524	2,500,022

The lease liabilities have been presented in statement of financial position is as follows:

	December 31, 2020G	December 31, 2019G
Current liability	260,512	272,498
Non-current liability	1,967,012	2,227,524
Total liability	2,227,524	2,500,022

The minimum lease payments together with the present value of minimum lease payments as of December 31 are as follows:

	2020G		2019G	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
Within twelve months	318,900	260,512	347,255	272,498
One to five years	2,903,000	1,967,012	2,838,622	2,227,524
Total minimum lease payments	3,221,900	2,227,524	3,185,877	2,500,022
Less: finance charges	(994,376)	--	(685,855)	-
Present value of minimum lease payments	2,227,524	2,227,524	2,500,022	2,500,022

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## 18. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade and other payables at December 31, comprise the following:

	31 December 2020G	31 December 2019G
Trade payables	39,749,760	16,830,610
Accruals and other current liabilities (Note 18.1)	81,302,872	78,533,674
Due to related parties (Note 20)	2,152,198	1,303,970
	123,204,830	96,668,254

### 18.1 Accruals and other current liabilities

	31 December 2020G	31 December 2019G
Employee related accruals	36,934,400	26,119,135
Accrued commission and discount payable	6,244,187	15,050,255
Retention payable	5,253,758	3,230,371
Customer advances	4,343,944	4,681,899
Accrued sales and marketing expenses	2,390,320	7,842,414
Accrued Utilities bills	582,478	530,455
Others	25,553,785	21,079,145
	81,302,872	78,533,674

## 19. ZAKAT AND INCOME TAX PAYABLE

### a) Parent Company

#### Zakat base

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

	31 December 2020G	31 December 2019G
Equity	976,138,083	912,630,280
Provisions	89,321,657	73,204,446
SIDF Loan	95,016,067	36,245,732
Book value of non-current assets	(638,272,375)	(553,843,383)
Zakat base	522,203,432	468,237,075
Zakat Base (365)	539,905,244	482,786,815
Net adjusted income	239,920,755	202,071,287
Zakat base	522,203,432	684,858,102
Zakat charge for the year	24,221,713	17,121,453

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## 19. ZAKAT AND INCOME TAX PAYABLE (continued)

	31 December 2020G			31 December 2019G		
	Zakat	Income tax	Total	Zakat	Income tax	Total
Balance at 1 January	17,121,455	48,765	17,170,220	16,961,162	--	16,961,161
Charge for the year	24,130,014	752,935	24,882,949	17,121,453	1,228,850	18,350,303
Adjustment	--	--	--	389,282	--	389,282
Total charge for the year	24,130,014	752,935	24,882,949	17,510,735	1,228,850	18,739,585
Paid during the year	(20,802,482)	(661,236)	(21,463,718)	(17,350,442)	(1,180,085)	(18,530,527)
Balance at 31 December	<b>20,448,987</b>	<b>140,464</b>	<b>20,589,451</b>	<b>17,121,455</b>	<b>48,765</b>	<b>17,170,219</b>

### Status of assessments

The Zakat assessments have been agreed with the General Authority of Zakat and Tax ("GAZT") for the years up to 31 December 2017G.

### Income tax

Income tax is calculated in accordance with the applicable tax laws of the foreign subsidiary.

## 20. RELATED PARTY TRANSACTIONS AND BALANCES

- a. The Group in the normal of business, enters into transactions with other entities that fall within the definition of a related party contained in International Accounting Standards 24. These transactions are carried out at terms agreed with the related parties.
- b. Transactions with related parties mainly relate to expenses incurred by the related parties on behalf of the Group and sales processed through affiliated companies in accordance with the agreement mutually entered into. Transactions with related parties are undertaken at mutually agreed prices and are approved by the Board of Directors.

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## 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

c. Significant related party balances arising from transactions are described as under:

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2020G	31 December 2019G	31 December 2020G	31 December 2019G
Due from related parties under trade and other receivables:						
Jamjoom Medicine Stores	Affiliate	Sale of products	435,299,891	345,975,344		
		Distribution commission	26,475,872	23,484,798	270,029,610	237,332,534
Abdul Latif and Brothers Holding	Affiliate	Expenses paid	--	6,523,491	--	1,010,697
Jamjoom Medicine Stores	Affiliate	Expenses paid	51,880	256,566	204,686	256,566
Jamjoom Vehicle and equipment	Affiliate		1,037,353	--	317,874	--
Jamjoom HUPP Pharma LLC (Note 19.1)	Associate	Loan receivable *	6,064,737	--	18,490,002	24,554,739
New Jamjoom Healthcare Hospital	Affiliate	Expenses paid	20,444	31,177	10,732	31,176
					19,023,294	25,853,178

\*The balance represents interest free loan provided by the Company to HUPP Pharma. During the current year the Company booked impairment loss of SR 6,064,737 (2019G: Nil)

Name	Relationship	Nature of transactions	Amount of transactions		Closing balance	
			31 December 2020G	31 December 2019G	31 December 2020G	31 December 2019G
Due to related parties under trade payables and other current liabilities:						
Jamjoom General Agencies	Affiliate	Purchases and services rendered	843,031	1,083,822	373,839	229,790
Dar Jamjoom Printing	Affiliate	Purchases and services rendered	6,636,303	4,697,111	1,697,985	1,065,275
Jamjoom Medicine Store	Affiliate	Purchases and services rendered	1,474,645		10,000	
Jeddah Trident Hotel	Affiliate	Purchases and services rendered	223,097	155,744	70,374	8,905
					2,152,198	1,303,970

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## 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### 20.1 Key management personnel remuneration and compensation

Compensation to Group's key management personnel includes salaries, non-cash benefits, and contributions to post-employment defined benefit plan. The following table illustrates details of remuneration and compensation paid to key management personnel:

	2020G	2019G
Short-term employee benefits	6,735,169	6,163,907

#### Board of Directors / Committee members' remuneration

Board of Directors remuneration and compensation comprised of the following:

	2020G	2019G
Meeting attendance fees	316,000	216,000

## 21. COMMITMENTS AND CONTINGENCIES

In addition to Zakat and income tax contingency matters disclosed in Note 18, the Group has the following contingencies and commitments:

	31 December 2020G		31 December 2019G	
	Contingent liability	Cash margins	Contingent liability	Cash margins
Letters of guarantee	10,482,110	268	7,913,401	11,445
Contractual commitments	71,812,941	--	92,336,927	--

The contractual commitments represent the Company's commitments related to construction and electromechanical contracts related to works in progress not yet completed (note 5.2).

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## 22. REVENUE

Revenue for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Local	669,347,119	507,294,402
Export	274,009,155	309,205,045
	943,356,274	816,499,447
Trade discounts	(138,041,999)	(84,766,297)
	805,314,275	731,733,150

## 23. COST OF REVENUE

Cost of revenue for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Salaries and employee related costs	84,578,391	85,622,835
Material cost	157,562,139	149,645,615
Depreciation (Note 5.1)	39,513,313	39,089,973
Amortization (Note 7.2)	149,691	243,247
Depreciation on right-of-use asset (Note 6)	272,498	285,043
Others	46,430,257	34,480,719
	328,506,289	309,367,432

## 24. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Salaries and employee related costs	71,801,110	70,023,374
Distribution expenses	75,714,524	74,370,041
Brand reminders, free medical samples and promotion	40,867,791	55,665,159
Travelling and communication	5,748,145	8,100,098
Amortization (Note 7.2)	250,000	--
Depreciation (Note 5.1)	1,491,503	1,924,747
Others	3,336,462	3,788,244
	199,209,535	213,871,663

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## 25. GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Salaries and employee related costs	27,204,965	24,187,049
Travelling and communication	910,831	1,932,501
Depreciation (Note 5.1)	706,950	809,803
Amortisation (Note 7.2)	109,213	200,124
Others	8,752,639	6,824,731
	<b>37,684,598</b>	<b>33,954,208</b>

## 26. OTHER INCOME, NET

Other income, net for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Gain on disposal of property, plant and equipment	89,374	324,347
Royalty income	2,160,050	--
Others	(1,179,546)	703,834
	<b>1,069,878</b>	<b>1,028,181</b>

## 27. FINANCE INCOME / (CHARGES), NET

Finance income / (charges) for the year ended December 31, comprise the following:

	31 December 2020G	31 December 2019G
Unwinding of SIDF loan fee	--	(1,162,612)
Others	1,752,292	1,265,307
	<b>1,752,292</b>	<b>102,695</b>

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## 28. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing profit for the period attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares in issue outstanding during the period.

	31 December 2020G	31 December 2019G
Profit for the period attributable to shareholders of the Parent Company	206,860,270	156,931,138
Weighted average number of ordinary shares in issue	10,000,000	10,000,000
Basic and diluted earnings per share	20.69	15.69

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

## 29. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

### Risk management framework

Risk management is carried out by senior management under policies approved by the Board of Directors. Senior management identifies and evaluates financial risks in close cooperation with the Group's operating units. The most important types of risk are market risk, credit risk and liquidity risk.

The Board of Directors has overall responsibility for establishment and oversight of the Group's risk management framework. The executive management team is responsible for developing and monitoring the Group's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.



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## 29. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, accounts receivables, other receivables, SIDF loan, accounts payable, accrued expenses and other financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial asset and liability is offset and net amount reported in the financial statements, when the Group has a legally enforceable right to set off the recognized amounts and intend either to settle on a net basis, or to realize the asset and liability simultaneously.

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

### Interest rate risk

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

The Group's interest rate risks arise mainly from its borrowings which are at floating rate of interest and are subject to re-pricing on a regular basis and for which the management closely monitors the changes in interest rates.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	31 December 2020G	31 December 2019G
<b>Variable rate instruments</b>		
<b>Financial liabilities</b>		
Borrowings – SIDF loan	97,100,000	34,900,000

### Sensitivity analysis for variable rate instruments

Change in 10 basis points in interest rates, with all other variables held constant, would have increased or decreased the equity and profit before zakat and income tax for the year by SR 9,710,000 (31 December 2019G: SR 3,490,000).

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates for its transactions principally in Saudi Riyals, US Dollars, Algerian Dinar, Egyptian Pound, Turkish Lira, UAE Dirham and Euros. The Group is exposed to foreign exchange risk. The Group's other financial liabilities are exposed to currency translation risk. Currently, such exposures are mainly related to exchange rate movements between Saudi Riyals and Euros. Since Saudi Riyals is pegged with US Dollars, the Group is not exposed to currency risk for the transactions denominated in US Dollars.

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## 29. FINANCIAL RISK MANAGEMENT (continued)

The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly. Significant exchange rates applied during the year were as follows:

	Average rate		Spot rate	
	For the year ended 31 December		For the year ended 31 December	
	2020G	2019G	2020G	2019G
<b>Foreign currency per Saudi Riyal</b>				
Euros	0.23	0.2381	0.21808	0.237522
Algerian Dinar	0.0299	0.0315	0.02834	0.031500
Egyptian Pound	4.24	4.4831	4.19649	4.2746
Turkish Lira	1.73	0.661	1.98281	1.586621
UAE Dirham	1.02	0.9793	0.97933	0.979333

### Sensitivity analysis

Every 1% increase or decrease in exchange rate with all other variables held constant will decrease or increase profit before Zakat and income tax for the year by SR 6,890 (31 December 2019G: SR 5,216).

### Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group exposure to any price risk is not material.

### Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery which is based on customer profile and payments history. Outstanding customer receivables are regularly monitored. The Group's maximum exposure to credit risk at the reporting date is as follows:

	31 December 2020G	31 December 2019G
<b>Financial assets</b>		
Trade receivables	435,894,110	430,672,054
Other receivables	10,237,040	11,532,291
Due from related parties	19,023,294	25,853,178
Investment - Murabaha	19,177,168	18,919,632
Bank balance	235,484,245	180,535,646
Total	719,815,857	667,512,801

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## 29. FINANCIAL RISK MANAGEMENT (continued)

Credit risk on receivable and bank balances is limited as:

- Cash balances are held with banks with sound credit rating.
- The Group does not a policy to obtain security / collaterals from its customers.

As at 31 December 2020G, four largest customers account approximately for 75% (31 December 2019G: 85%) of gross outstanding trade receivables. However, the Company assessed the concentration of risk with respect to accounts receivable and concluded it to be low.

### Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available through committed credit facilities to meet any future commitments.

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has maintained credit lines with various commercial banks in order to meet its liquidity requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Contractual cash flows						
31 December 2020G	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<b>Financial liabilities</b>						
SIDF loan	97,100,000	--	97,100,000	--	--	--
Trade payables and other current liabilities	123,204,830	123,204,829	--	--	--	--
	220,304,830	123,204,830	97,100,000	--	--	--

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## 29. FINANCIAL RISK MANAGEMENT (continued)

Contractual cash flows						
31 December 2019G	Carrying amount	Less than 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	More than 5 years
<b>Financial liabilities</b>						
SIDF loan	34,900,000	8,000,000	8,000,000	18,900,000	--	--
Trade payables and other current liabilities	96,668,254	96,668,254	--	--	--	--
	<b>131,568,254</b>	<b>131,568,254</b>	<b>8,000,000</b>	<b>18,900,000</b>	<b>--</b>	<b>--</b>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amount.

### Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at 31 December 2020G and 31 December 2019G is as follows:

	31 December 2020G	31 December 2019G
Total liabilities	316,591,327	214,119,435
Cash and cash equivalents	(235,545,831)	(180,571,366)
Net debt	81,045,496	33,548,069
Total equity	1,179,068,222	1,069,515,278
Net debt to adjusted equity ratio - %	7%	3%

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## 29. FINANCIAL RISK MANAGEMENT (continued)

### Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

### Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking):
- Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.
- Level 3: valuation techniques for which any significant input is not based on observable market data.

As at December 31, 2020G, the fair values of the Group's financial instruments are estimated to approximate their carrying values.

## 30. SIGNIFICANT EVENTS

The outbreak of novel coronavirus ("COVID-19") since early 2020G and its spread across mainland China and then globally caused disruptions to businesses and economic activities including the KSA. The World Health Organisation declared COVID-19 as a pandemic in March 2020G, with governments issuing strict regulations and guidance for its populations and companies. It necessitated the Company to re-assess its judgments and the key sources of estimation applied to the annual financial statements for the year ended 31 December 2020G. During the year, management has assessed the overall impact on the Company's operations and business aspects and considered factors like effects on supply chain and product demand.

Based on this assessment, no significant adjustments were required in the financial statements for the year ended 31 December 2020G. However, in view of the ongoing uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and /or liabilities in future periods. As the situation is rapidly evolving with future uncertainties, management will continue to assess the impact based on prospective developments.

## 31. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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