جمجوم فارما
Jamjoom Pharma

Together Healthier

Annual Report 2023

His Majesty King Salman bin Abdulaziz Al Saud

Custodian of the Two Holy Mosques, King of the Kingdom of Saudi Arabia

His Royal Highness Prince Mohammad bin Salman bin Abdulaziz Al Saud

Crown Prince, Prime Minister and Chairman of the Council of Economic and Development Affairs

Who We Are

Established in 2000, Jamjoom Pharmaceuticals Factory Company (also known as 'Jamjoom Pharma'), a Saudi joint-stock company, commenced its operations with a singular mission: to increase accessibility of high quality medications.

Our core business activities revolve around the development, manufacturing and marketing of a diverse portfolio of high-quality branded generic pharmaceutical products, catering to the evolving healthcare needs of our clientele.

Headquartered in Jeddah, Saudi Arabia, the Company commands a formidable presence across 36 countries spanning the Middle East and Africa region. While our products reach global markets, our most substantial operations and sales are concentrated in strategic markets including Saudi Arabia, the United Arab Emirates, Egypt, Iraq, other GCC countries and North Africa.

Welcome to Jamjoom

Vision

Our vision is to become a leading MEA organization by 2026 through consistently providing affordable, high-quality healthcare solutions.

Mission

The Company's mission is to contribute to achieving national and regional pharmaceutical self-sufficiency whilst prioritizing our customers and supporting the wellbeing of communities.

Values

The Company's core values are Respect, Teamwork and Accountability. Our culture as an organization is driven by the belief that we are 'Together Healthier'. Our values act as a set of guiding principles and fundamental beliefs that help us work towards Jamjoom's wider objectives. These values flow through all our dealings and relationships, both internally and externally.

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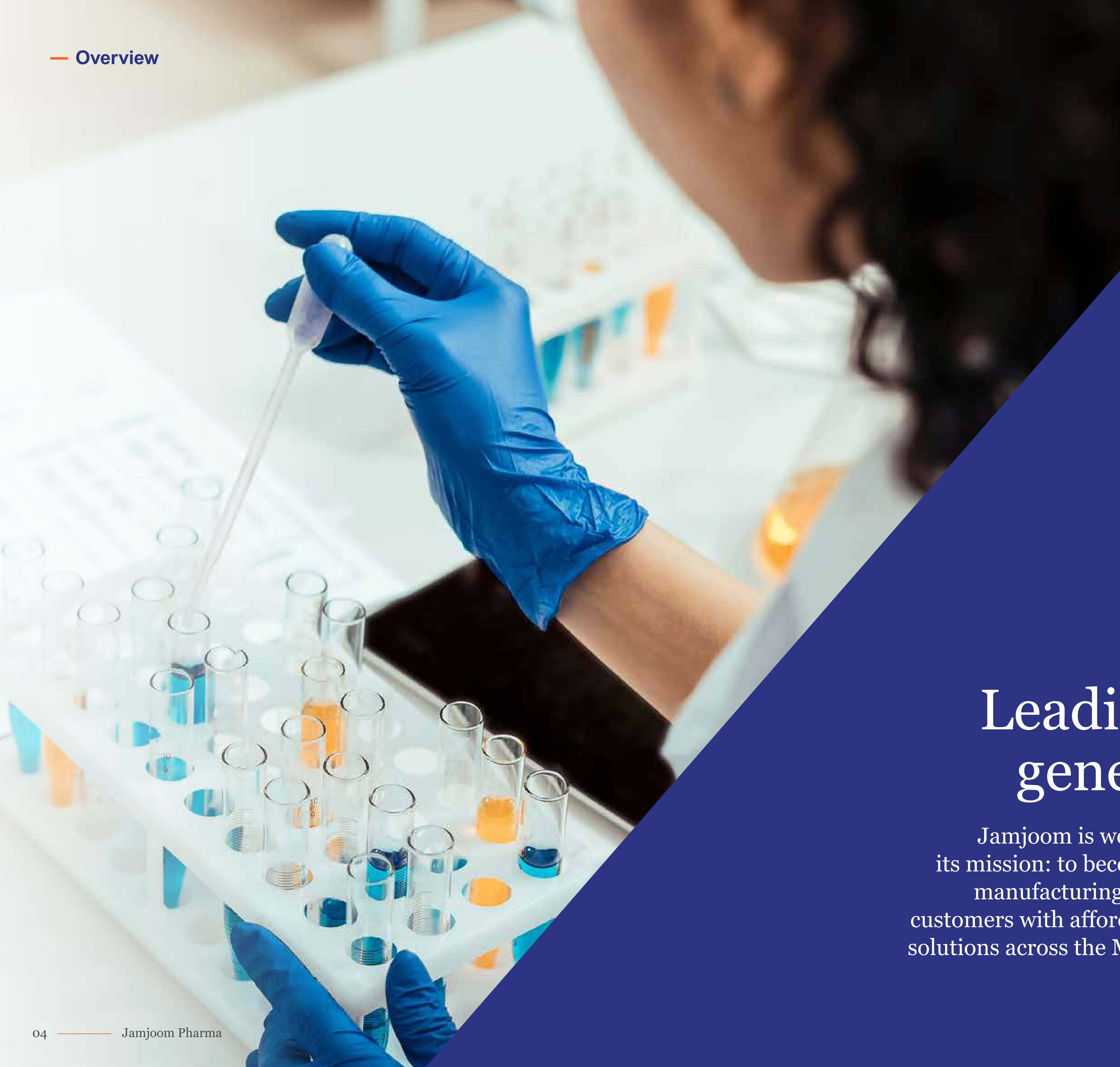
For more information visit
www.jamjoompharma.com



In this section:

Leading the MEA generics market

Jamjoom is well advanced in accomplishing its mission: to become a leading pharmaceutical manufacturing organization while providing customers with affordable, high-quality healthcare solutions across the Middle East and Africa region.

Ambitious & Well Positioned

A leader in the Middle East and Africa generics market

A diverse range of medical products contained within a robust portfolio of flagship brands

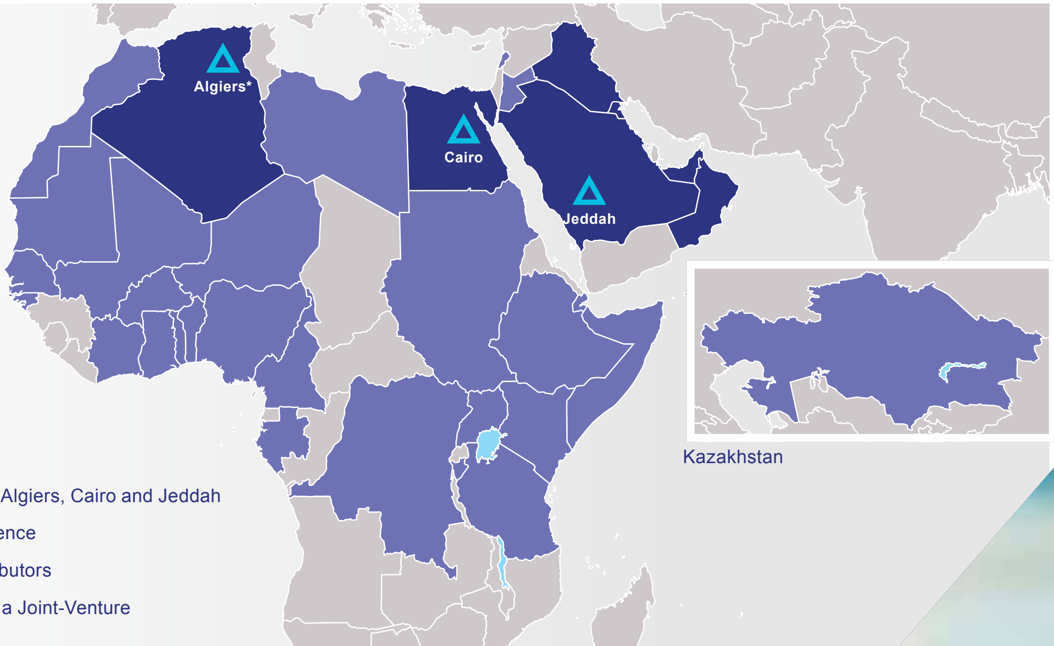
Leadership in ophthalmology, dermatology and consumer health therapeutic areas

A successful history of launching products which meet critical needs

A robust financial track record marked by top-tier margins

Cutting-edge manufacturing facilities strategically positioned to cater to the MEA region

Markets and production facilities



- Manufacturing plants in Algiers, Cairo and Jeddah
- Sales & Marketing presence
- Operating through distributors

*Algiers factory is owned via a Joint-Venture with a local Algerian partner

Jamjoom in numbers

132 Brands

9 Therapeutic areas

36 Countries

1,370 Employees

4 State-of-the-art facilities* with advanced R&D capabilities

~200m Unit capacity annually

* Algiers factory is owned via a Joint-Venture with a local Algerian partner

— Our History

Growth through innovation

A journey of consistent growth achieved through innovation, resilience and dedication to quality

Jamjoom Pharma has rapidly risen to prominence as a leading pharmaceutical company in the Middle East and Africa (MEA) region. As the Company continues to chart its course towards excellence, each milestone in our history serves as a testament to our unwavering dedication to shaping the future of healthcare in the region.

Our story began in 2000, with the opening of our state of the art manufacturing facility in Jeddah, with 78 employees and 6 registered products. In 2003 we proudly became the first factory to employ women in Saudi Arabia. By 2006 we were exporting products outside the Kingdom and by 2011 we were ranked the 7th pharmaceutical company in Saudi.

2014 saw us build the first soft gel facility in the region which led, in 2016, to the commissioning of the phase three expansion of our Jeddah facility. At the same time our Research and Development Center, staffed by over 100 scientists, was also established.

By 2020 we had registered 155 products, with particular strengths emerging in Dermatology and Opthalmology and with exports now reaching more than 30 countries. Accordingly, we became the 3rd highest ranked pharmaceutical company in Saudi Arabia, following which the Jamjoom Pharma Academy, the first specialized pharmaceutical Academy in the region, was established that same year. As the world emerged from the pandemic, and as we have successfully navigated the transition from those challenging years, our business has continued to grow. Our IPO, a landmark moment in Jamjoom Pharma's journey to date, launched us into the ever-changing world of capital markets in mid-2023.

2000
Jamjoom Pharma Commences operations

2002
First international sale

2003
Achieved breakeven

2007
Net sales above SAR 200mn

2009
50th brand registered in KSA

2010
Operating in 15+ countries

2012
Net sales above SAR 400mn

Launch of 1st ophthalmic unit dose manufacturing facility in GCC

2013
1st soft gel manufacturing facility launch in GCC

2018
Became a member of "Reyadah" Program under KSA's Vision 2030

2020
KSA Emerging Generic Pharma Company of the Year Frost & Sullivan

#3 KSA Gx manufacturer

2021
100th brand registered in KSA

Operating in 35+ countries

2022
#1 KSA pharma exporter,
#1 KSA consumer health

Net sales above SAR 900mn

2023
Listed on Saudi Exchange

Facility in Egypt launched

Acquired facility in Algeria

Net sales over SAR 1 billion

A year of milestones

Operational Highlights

145 million Units produced

11 New brands launched

Launch of first "Anti-Diabetic" portfolio brand

Revitalized strategic direction, portfolio & market optimization, operational efficiencies and new product launches

Continued growth in flagship therapeutic areas

Increasing footprint in key markets of Gulf and Iraq through localized teams and commercial efforts

Impressive growth in Saudi market to improve market share and strengthen leading position

2 new facilities in Egypt and Algeria, operational since Q3, 2023

Successful commercial launch of the Cairo facility enables ability to meet growing Egyptian market demand

Inclusion in MSCI Saudi Arabia small-cap Index, inducted into Fortune 500 Arabia Companies and awarded 'Deal of the Year 2023', Capital Markets & ESG Finance – Saudi Arabia Awards

Financial Highlights

SAR 1,101 million
Revenue +20.1% YoY

SAR 344 million
EBITDA with a 31.3% margin

SAR 704 million
Gross profit +18.5% YoY

86.7%
Free-cash flow conversion
(calculated as (EBITDA-Capex)/EBITDA)

SAR 292 million
Net profit with a 26.6% margin

SAR 284 million
Cash balance with no bank debt

SAR 299 million
Free cash flow + 73.4% YoY
(calculated as EBITDA-Capex)

A snapshot of 2023

> *The listing on the Saudi Exchange marks another important milestone in Jamjoom Pharma's development journey. We are well positioned to realize our ambition of becoming a leading pharmaceutical manufacturing organization while providing customers with affordable, high-quality healthcare solutions across the Middle East and Africa region.*
>
> **Tarek Hosni**, CEO

June

IPO on the Saudi Exchange

November

Inclusion in the MSCI Saudi Index

SAR 1 billion annual revenue crossed for the first time

March

First ever Anti-Diabetic product launch, “Dapazin”

August

Acquisition of a manufacturing facility through our Joint Venture in Algeria

September

Commercial launch of the new Egypt facility

Becoming the fastest growing player in the KSA market*

December

Highest annual number of units ever produced

Highest ever annual net profit achieved

Winner of ‘IPO of the Year’**

Company ranked as the number one Consumer Health manufacturer in KSA in 2023, with a ~20% market share***

*Source: IQVIA Middle East & Africa Pharmaceutical Market Insights MAT Q3 2023 Report, January 2024

**Source: Capital Markets & ESG Finance Awards

***Source: IQVIA Saudi Supplements & Herbals Market review to MAT, December 2023

In this section:

Maximizing value creation for our stakeholders

With roots as a distributor of other pharmas' products, Jamjoom has evolved through specialty therapeutic areas in ophthalmology and dermatology into one of the leading pharmaceutical and consumer healthcare firms in the Middle East and Africa.

Chairman's Statement

Realizing and delivering our ambition

Dear Stakeholders,

Vision, determination, creativity and the relentless pursuit of excellence all play a nurturing role in the search for success, as do hard work, resilience and a desire to help the greater good. For more than two decades, Jamjoom Pharma has established these critical foundations.

Our Company began its life as a distributor of pharmaceutical products imported from multinational pharma, before subsequently investing in our own manufacturing operations. We have since evolved from our specialty therapeutic areas of ophthalmology and dermatology into one of the leading pharmaceutical and consumer healthcare firms in the Middle East and Africa.

2023 was a milestone year in our history, as Jamjoom successfully transitioned to being a publicly listed company through our Initial Public Offering on Saudi Arabia's main Tadawul Stock Exchange. With our new equity partners, Jamjoom is making great strides toward fulfilling its goal of bringing global best practices to local pharmaceutical manufacturing and leading the development of a regional pharmaceuticals industry.

With a quality growth strategy backed by prudent financial management, state-of-the-art production facilities, a full R&D pipeline and a portfolio of innovative, essential branded generic pharmaceuticals and consumer healthcare products, Jamjoom established itself in 2023 as a key contributor towards healthy living in the Middle East and Africa.

There were several other major achievements in 2023 that demonstrated Jamjoom's vision and ambition, including the steps we took to increase our manufacturing capacity: in Q3 we opened a new facility in Egypt; in the same quarter we acquired a facility in Algeria through a local Joint-Venture partner; and additionally we pushed ahead throughout the year with the construction of a new sterile facility in Jeddah, which is expected to become operational by the end of Q1 2024. These three additional facilities provide long-term capacity to drive Jamjoom's strong top-line revenue growth and industry-leading profitability.

Through our relationships with regulators such as the Saudi Food and Drug Authority (SFDA), Jamjoom is advancing societal efforts to provide access to urgently needed treatments at affordable prices in one of the fastest-growing regions in the world. During the year, for example, we have continued to develop innovative products such as Dapazin and Vildus.

Our public tender business will take on increasing importance in the future as we work diligently to support the broader societal healthcare goals outlined in Vision 2030 and the Kingdom's National Transformation Program.

I would like to thank the leadership of Saudi Arabia, His Majesty King Salman bin Abdulaziz Al Saud, and His Royal Highness Prince Mohammad bin Salman bin Abdulaziz Al Saud, for their vision and guidance.

I would also like to personally thank His Excellency the CEO of SFDA Dr. Hisham bin Saad Aljadhe and His Excellency Fahad bin Abdurrahman Al Jalajel, the Saudi Health Minister, for their continued support and leadership in driving the transformation of the Kingdom's healthcare sector.

With the benefits of public ownership and the support of our shareholders, Jamjoom Pharma is poised to thrive in this exciting new stage of its development as one of KSA's leading manufacturing companies.

Mahmoud Yousuf Salah Jamjoom
Chairman of the Board of Directors

> *With a quality growth strategy backed by prudent financial management, state-of-the-art production facilities, a full R&D pipeline and a portfolio of innovative, essential branded generic pharmaceuticals and consumer healthcare products, Jamjoom established itself in 2023 as a key contributor towards healthy living in the Middle East and Africa.*

A landmark year with a clear growth path

Dear Stakeholders,

I am pleased to report on a remarkable year with ample milestones for Jamjoom Pharma.

We are immensely proud for the milestones realized over the past 12 months and the confidence in Jamjoom Pharma reflected by all customers and stakeholders.

As I complete my third year as CEO, I have embarked on a journey that started back in 1960 when the Company's founder began as a local distributor for the biggest players in the international pharma community. This journey took an interesting turn when, in 2000, the original foundations to create a Saudi pharma of global quality were laid, with its own manufacturing, marketing and sales capacity.

In the relatively short span under my leadership, we have further transformed the Company beyond its previous achievements and moved on to the next level of evolution. 2023 was the year in which many of those earlier investments bore fruit.

Originally starting with specialisms in ophthalmology and dermatology, we are now producing more than 130 leading branded generics across 9 of the most critical therapeutic areas in our markets.

We are well positioned within the top three pharma companies in the Kingdom. Saudi Arabia remains a key market for us. This is a growth market with amazing momentum as one of the world's top economies, with wise and transformational leadership enabling local and regional pharma players to stay right at the heart of Vision 2030. Being a major player in such a significant country, with a unique growing mix of both ageing population and youth, has clearly been one of the pillars of our success to date. However, in the longer term we expect to lower the percentage of our overall business which is derived in the Kingdom simply through the dilutive effect of exponential growth in our other territories.

The key active markets for us are all currently within the Middle East and the African region. It is important to highlight that, in developed markets, a majority portion of pharmaceuticals operate with generic branding. In contrast, within our region, generics currently comprise a significantly lower share, so the headroom for profitable growth is obvious and significant. Our key focus markets – Saudi, the Gulf, Iraq, North Africa and Egypt, are growing materially year on year. All such territories are developing fast; a small part of this is price-driven, part is down to new product roll out.

Our strong R&D capabilities also give us a solid foundation for future growth. As we are in the branded generics business. We bring products to the market as a first or second generic, rather than as innovator products. 'Speed to market' for us translates into being the first or second generic. We typically have about 60+ products in development at any one time, split across all our therapeutic areas, with an expectation that approximately 60% of them will launch within three years.

In 2023 not only did we go public but we also broke through the SAR 1 billion revenue barrier for the first time. We showed strong revenue growth across our key geographies and therapeutic areas and are the number one exporter of high-quality Saudi-made medications. A priority for us is to maintain our industry-leading margin profile. We are operating today at peak margins in the Company's history. Despite being in generics, we mimic the margins which are achieved by the major multinationals. By optimizing manufacturing processes, leveraging new technologies to raise production efficiency and securing the ability to raise prices on key therapeutic medicines in our core KSA market, in 2023 we generated record levels of revenue and net profit of SAR 1,101 billion and SAR 292 million respectively, up 20% and 71% against 2022.

Jamjoom remains debt-free, with a strong balance sheet and high free cash flow generation. Our robust cash-conversion allows us financial flexibility. We have continued to invest aggressively in our future: we have financed the building/acquisition of three new plants in the last five years, without recourse to the banks and whilst continuing to pay out sizable dividends. So, we have entered a new era of manufacturing excellence, with advanced facilities. In 2023 we continued to optimize our manufacturing: our cost of goods sold, our operating costs, and our unit production costs (which have been reducing by 7% annually since 2020).

In 2023 we achieved simultaneous optimization of both our manufacturing and our operations, producing 145 million units for the first time in our history. In 2024, we plan to further digitalize our operations and production, and explore how we can deploy artificial intelligence solutions to automate and optimize aspects of our business.

During the year our growth continued, not just geographically but also in terms of our therapeutic coverage. Our organic growth was enhanced through expansion into new therapeutic areas: we entered the anti-diabetic market with two new type-2 diabetes drugs, Dapazin and Vildus.

Our IPO was of course a milestone for the business and a recognition of all the hard work and learnings of the previous 23 years. In the six months or so that followed the June listing, our share price more than doubled. We were also recognized as a Fortune 500 Arabia company, included in the MSCI Small-Cap Index and were awarded 'Deal of the Year' by Capital Markets & ESG Finance.

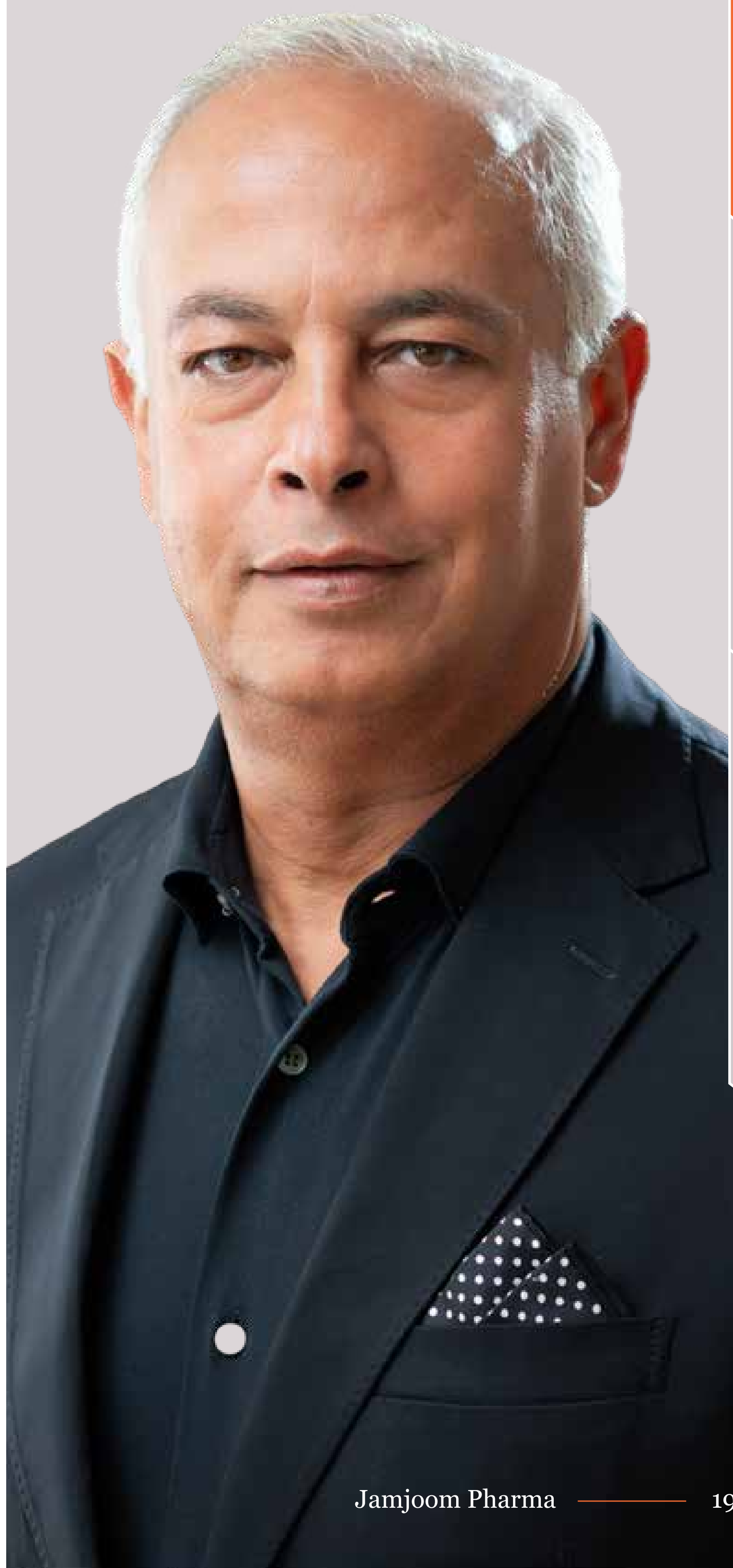
One of the objectives of our IPO was to lift our Governance, as we know this will prove to be a key factor in the sustainability of the Company competing at the highest levels in our industry. We have managed to do this through numerous internal reforms including appropriate workforce development in KSA to build a globally competitive domestic pharmaceutical industry. Our salesforce Saudization rate is at 100%, with the overall Company comprising of 46% Saudis, placing Jamjoom in the ''platinum'' category. We will continue to invest in our workforce, providing generous opportunities for career advancement, and will better use social media to communicate important messages and raise the profile of the Jamjoom brand.

Today, 80% of Jamjoom's leadership team are new to the Company, handpicked from big multinationals and international pharma. This new team, along with each and every one of our employees, are striving to propel us forward operationally and commercially, as our financial results show.

With our solid organic growth, expansion into neighboring markets, and growing line of branded generic pharmaceuticals and consumer healthcare products, we made real progress in 2023 towards our goal of becoming the leading player in our space in our chosen markets.

As we continue down this exciting path, I want to thank all our stakeholders for their support during an exceptional year for the Company and above all I acknowledge our loyal employees for their hard work, commitment, innovation and friendship.

Tarek Hosni
Chief Executive Officer



Reinvesting as we go

A virtuous circle of relationships drives our behaviour. Our business model works hand in hand with the shared interests of Jamjoom's key stakeholders: healthcare practitioners, consumers, distributors, regulators, employees, suppliers, communities and shareholders.

Our Vision

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

Foundations

Leadership
Seasoned multinational-trained experts

Macroeconomic landscape
National and regional drive towards pharmaceutical self-sufficiency

Brands
Successful specialty leadership to replicate in other lucrative categories

Manufacturing
4 State-of-the-art facilities

Values
ESG central to our ethos

Operational Excellence

Positioning
Leading player in growing markets

Portfolio
Diverse and excelling in specialty therapeutic areas

R&D
Cutting-edge infrastructure to power innovation and enhance speed-to-market

Track Record
Credible quality & innovation

Financials
Growing top-line, zero debt and industry-leading margins

Commercial
Results-oriented, trained and well-equipped sales and marketing teams

Strategic Execution

Leverage leadership in Ophtha & Derma to grow into lucrative segments

Accelerate growth in key markets

Increase participation in government tenders

Train, develop and retain talent

Reinforce governance

Acquire to build scale

Our strategic framework

The Company's strategy is based on 5 key pillars. These provide a framework for working towards the realization of our Vision and Mission.

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

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

01 Seek dynamic growth both locally and internationally

02 Drive portfolio expansion through R&D in both existing and new therapeutic areas

03 Increase participation in KSA public tenders

04 Continually improve operational effectiveness and corporate governance

05 Attract, invest in, and retain the best people

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

We have developed a tailored and graduated strategy to accelerate and prioritize growth in those key markets which hold the highest potential for us to expand our revenue base. Through this segmentation, Jamjoom's management team has been able to deploy resources in these markets to redirect focus and enhance the quality of growth, whilst optimizing production and distribution processes in order to maximize operational efficiency.

Our strategy is to expand within the MEA region, entering selected additional markets in the coming years. We will continue to expand within sizeable countries where our portfolio can add value to the healthcare community. In the near to the medium term, the expansion markets will be focused on the Middle East and Africa regions.

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

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

A critical component of Jamjoom's strategy is to contribute to achieving national and regional self-sufficiency through optimizing new product launches and venturing into new therapeutic areas. We optimize new product launches by reducing the time-to-market through efficient R&D, governance and decision making. Coupled with this, identifying and capitalizing on growth opportunities in new therapeutic areas Is enabled by rigorous research and development, with diligent portfolio management and well-grounded market research to aid in decision making on promising therapeutic areas.

This strategy is reflected in a recent case study, where we recognized the prevalence of diabetes in the region as a potentially strong therapeutic area to enter. To capture market share within this therapeutic area, we are developing a range of high-quality diabetes management products, with a solid pipeline of expected launches in the coming years.

Expand in tender opportunities regionally

We are intent on growing our presence in the KSA public tender market, capitalizing on tender system reform and government support for championing high quality providers of essential products from within the Kingdom via two national-led strategies: Vision 2030 and the National Transformation Program. Our strategy is to leverage our position as a leading KSA pharmaceutical manufacturer to become a key strategic supplier to the Kingdom's public healthcare system by reducing the cost of manufacturing and procurement. To ensure the opportunities for government tender business are fully captured, we have established a dedicated team to increase participation in public tender contracts across our product range in all key markets such as KSA, the Gulf, Iraq and Egypt.

Drive operational effectiveness and enhance governance

We continually seek to introduce operational efficiencies in our manufacturing to drive cost reduction, minimization of waste, implementation of efficient inventory management solutions, registration of alternate suppliers and improvement in local content scores. This typically leads to enhanced collaboration and cohesive working by the manufacturing and commercial teams as well as appropriate reallocating of resources. Employing this strategy, we seek to increase both volumes and margins for key products through improved cost efficiency and economies of scale. In addition, it is our policy to expand our manufacturing footprint where necessary; we have demonstrated this during 2023, via the commissioning of the Egypt facility to serve the North African markets which will support our strategy of selectively expanding market presence.

Additionally, Jamjoom continually implements its ongoing digital transformation. Alongside the installation of technologically advanced manufacturing equipment, we are modernizing our facilities, systems and processes with best in-class software and technology. We believe this will ensure that Jamjoom is well equipped to deliver our planned growth trajectory and able to scale our monitoring, compliance, reporting, control and communications commensurately.

We focus at all times on strict financial discipline, preserving the strength of our balance sheet to pursue strategic objectives, through a governance model that reflects best practices and international standards of transparency and efficiency.

Developing, nurturing and retaining talent

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

- attracting the best talent locally and globally;
- investment in development programs offered by the Company to its employees to enrich their skillset through the Jamjoom Pharma Academy;
- instilling succession planning to align with global best practices; and
- continuing in the support of female employment and Saudization, by building on the current 60% female employee base in the factory team.

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

Why Jamjoom?

Investment proposition foundations:

- Focus markets are sizeable and growing
- Advanced and expanding manufacturing capabilities to support future growth
- R&D capabilities are one of a kind, with a proven track record of introducing highly differentiated products along with a strong pipeline
- Unique portfolio enables both specialty segment leadership as well as expanding into the broader market
- Exceptional leadership team and strong commercial capabilities form the foundation for sustained success
- Healthy projections, a zero-debt balance sheet and the ability to free-cash convert

Jamjoom is a leading producer of branded generics in the Middle East and Africa (MEA), one of the fastest growing markets in the world, where it is well-positioned to expand through its four manufacturing facilities. The Company's R&D pipeline, driven by more than 80 scientists, is unique and highly differentiated, with outstanding product development and substantial white space opportunities to tap into new therapeutic areas. This model supplements a diversified portfolio that benefits from high brand awareness and which is sold through a targeted commercial footprint.

The Company has a strong growth story to date, with profitability reaching record levels in 2023, when revenue surpassed the SAR 1 billion mark for the first time in Jamjoom's history. The Company opened two additional manufacturing facilities in 2023, with another due to open in Q1 2024, and nearly doubled production capacity during the year. The management team carries substantial experience from leading global pharmaceutical manufacturing companies.

Jamjoom has a strong reputation for innovating new products and therapies. Its operating rigour and financial performance has earned it a place in the Fortune 500 Arabia List and MSCI Global Small Cap Index. Following the successful IPO in June 2023 the Company's share price had risen 92% at the end of the calendar year, reflecting the level of shareholder trust in the business and the Company's financial results since flotation. Jamjoom is the 3rd ranked company as per IQVIA in KSA in 2023, maintaining the #1 ranking in ophthalmology and #2 in dermatology.

Since its founding in 2000, Jamjoom has leveraged its strong position in KSA to drive its profitable expansion across MEA, where it has a commercial presence in 36 sizeable countries, with an addressable market of more than SAR 100 billion. In recent years Jamjoom has been investing to create two new facilities respectively located in Jeddah (catering to sterile ophthalmology products, expected to be operational from Q1 2024) and Egypt (now producing oral solids, semi-solids and ophthalmology products). The Company also invested in a Joint Venture with a reputable local partner in Algeria to acquire a facility from Sandoz, which became operational in 2023 and which produces a portfolio of oral solid dosage products.

One of Jamjoom's key strengths is its highly experienced sales team who possess a deep understanding of the Company's products, are adept at customer relationship management and have high levels of adaptability to industry changes. Demonstrating strong problem-solving skills whilst upholding ethical conduct and compliance standards, this sales force is goal-oriented and technologically proficient. They leverage sales tools and CRM systems to achieve and monitor targets. Their customer-centric approach prioritizes addressing healthcare professionals' and patients' challenges.

Jamjoom has to date demonstrated a robust, profitable growth trajectory as it delivers affordable, urgently needed pharmaceuticals and consumer health care products made in ultra-modern manufacturing facilities that are models of process optimization and efficiency.

> *"Jamjoom has a strong reputation for innovating new products and therapies. Its operating rigour and financial performance has earned it a place in the Fortune 500 Arabia List and MSCI Global Small Cap Index.*

In this section:

Protecting the interests of all our stakeholders

We recognize our responsibility to continuously develop and maintain our corporate governance system, always driving enhanced management accountability.

Experience & Commitment

The Board comprises nine Directors, one of whom is an Executive Director and three of whom are Independent Directors.

Yousuf Mohammed Salah Abdulaziz Jamjoom
Member of the Board
Non-Executive Director

Mahmoud Yousuf Mohammed Salah Jamjoom
Chairman
Non-Executive Director

Ahmed Yousuf Mohammed Salah Jamjoom
Vice Chairman
Executive Director

Mohammed Yousuf Mohammed Salah Jamjoom
Member of the Board
Non-Executive Director

Alaa Yousuf Mohammed Salah Jamjoom
Member of the Board
Non-Executive Director

Faris Ibrahim Abdullah AlGhannam
Member of the Board
Independent Director

Noor Ahmed Kather Pasha Sheriff
Member of the Board
Non-Executive Director

Georges P. Schorderet
Member of the Board
Independent Director

Michel Marcel Jean-Marie Le Bars
Member of the Board
Independent Director

Innovation & Responsibility

Jamjoom's leadership team comprises highly experienced executives, many of whom have been handpicked from large international pharmaceutical companies.

Tarek Youssef Hosni
Chief Executive Officer

Anwer Mohiuddin
Chief Financial Officer

Essam Jameel Al Sayed
General Manager of Sales, Other Export Markets and Consumer Health Division

Ali Yehia
General Manager of Sales in Egypt and North Africa

Wagih Mohammed El Bokl
Commercial Director

Mohammed Mahmoud Jamjoom
Head of Business Operations

Hala Fathi
Global Manufacturing Officer (Acting)

Alaa Abdelghany Mohammed Gamaleldin
Vice President of Sales in Saudi Arabia, Gulf Region and Iraq

Ammar Abdulrahman Al Attas
Head of Legal Department

Mazen Mosaad Alserihy
Human Resources Director

In a year of strong commercial success, we also made significant gains in integrating effective, best-in-class global Health, Social and Environmental (HSE) policies into our business in order to advance employee welfare and promote consumer healthcare.

In the area of environmental sustainability, a key achievement during 2023 was the elimination of 50% of our non-hazardous recyclable waste, covering paper, plastics and glass. With regards to the Company's hazardous waste (including chemicals and expired medicines), all materials disposed of are formally certified prior to incineration. Looking forward, we have set ourselves the longer-term goal of eliminating all recyclable waste, as well as trimming the total volume of all waste (recyclable, non-recyclable and hazardous) by a further 10% during 2024.

We are committed to steadily reducing the carbon footprint of our operations. During 2023, whilst increasing our production outputs significantly, through tighter controls and greater awareness within the Company we managed to prevent any material increase in electricity consumption and limited the rise in our water usage to 7%. As part of our ongoing commitment to reducing our carbon footprint, Jamjoom runs a program of tree planting at our sites. At our Jeddah premises, more than 100 trees have been planted outside the boundary, with underground piping installed to minimize evaporation and recycled water now used to nurture them.

In 2024 we plan to reduce CO_2 emissions by 5% against 2023. We strictly comply with all local environmental regulations. Operating sustainably as a responsible corporate steward is central to Jamjoom's definition of industry leadership.

In the area of health and social policy, in 2023 we continued to build our reputation as an employee-focused employer. We are proud to say that Jamjoom was the first Saudi company in our industry to hire women in factory operations; our female employment ratio is now nearly 1 out of every 3 employees.

During the year, the Company took steps to advance the Kingdom's Vision 2030 goal of creating a thriving domestic pharmaceutical sector where at least 40% of pharmaceuticals are locally sourced. In 2023 we employed a 100% Saudi sales force. The Saudization rate of our total workforce, which is approximately 60% female, was 46% – placing us in the elite 'Platinum' category of Saudi employers.

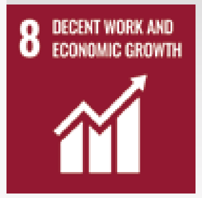
The Jamjoom Academy continued its work to develop the critical mass of employee skills and qualifications necessary to power the Company's future growth, upskilling workers from all levels in a Talent ID program that provides opportunities for advancement and professional development.

Finally, as part of our core mission to provide high-quality branded generic medicines and consumer healthcare products at affordable prices to society's most vulnerable, we continued to fill gaps in the market with urgently needed solutions such as Dapazin and Vildus, new type-2 diabetes treatments developed in-house to address a condition affecting up to 40% of consumers in the region.

In order to broaden society's access to key medicines and treatments, in 2024 the Company will be taking steps to raise our participation in government tender bids in KSA and in due course other markets across the region. Tender bids accounted for approximately 10% of total revenue in 2023. Growing our business will give millions of consumers access to Jamjoom's affordable pharmaceutical and personal healthcare products.

At Jamjoom, we seek to fulfil 5 core United Nations Sustainable Development Goals:

Ensure healthy lives and promote wellbeing for all at all ages



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Ensure sustainable consumption and production patterns

Take urgent action to combat climate change and its impacts

The Board of Directors' Report will examine the Board's activities from the previous fiscal year, in addition to all variables influencing the Company's operations

Corporate Governance Overview

The key sources of corporate governance for the Company are the Corporate Governance Regulations issued by the CMA, certain provisions of the Companies Law, and corporate governance best practices in the Kingdom. The Company adopted its Corporate Governance Manual Issue No. (1) dated September 2022G ("Corporate Governance Manual").

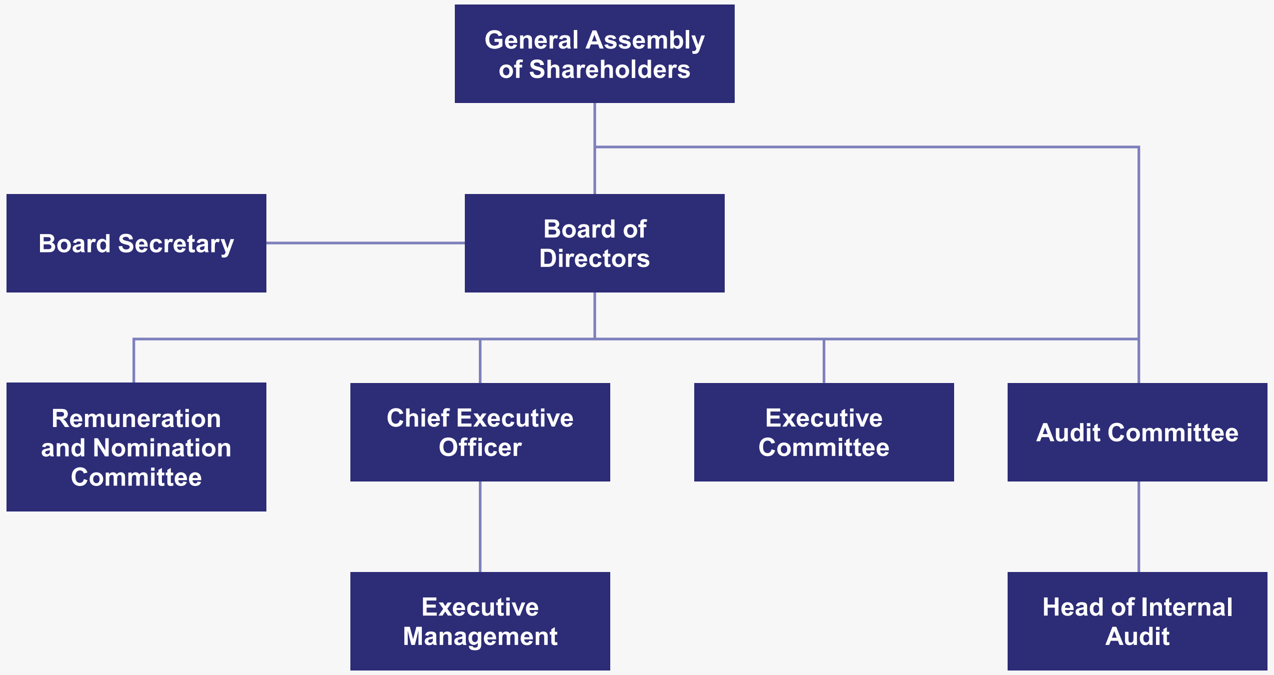
The framework under the Corporate Governance Regulations regulates the various relationships between the Board, Executive Directors, shareholders, and other stakeholders, by establishing rules and procedures to facilitate decision-making processes, with the objective of protecting the rights of shareholders and other stakeholders and promoting the values of credibility, fairness, competitiveness and transparency in the Company's conduct on the Exchange and in the business environment.

These regulations, which entail the implementation of a clear and transparent disclosure process, ensure that the Board acts in the best interests of the shareholders and presents a clear and fair view of the financial condition of the Company and the results of its operations.

The Company's policy is to adopt high standards of corporate governance.

The Company has also prepared its Committees' charters and the Board charter (which includes the policies and procedures of the Board of Directors) and the Remuneration Policy, which the Ordinary General Assembly ratified during its session held on 18/12/1443H (corresponding to 17/07/2022G) and which were additionally approved by the Board during its session held on 01/03/1444H (corresponding to 27/09/2022G).

Corporate Governance Structure



Board Members and Executive Management

Composition of the Board

Name	Position	Status
Mahmoud Yousuf Mohammed Salah Jamjoom	Chairman	Non-Executive
Ahmed Yousuf Mohammed Salah Jamjoom	Vice Chairman	Executive
Yousuf Mohammed Salah Abdulaziz Jamjoom	Member	Non-Executive
Mohammed Yousuf Mohammed Salah Jamjoom	Member	Non-Executive
Alaa Yousuf Mohammed Salah Jamjoom	Member	Non-Executive
Noor Ahmed Kather Pasha Sheriff	Member	Non-Executive
Faris Ibrahim Abdullah AlGhannam	Member	Independent
Georges P. Schorderet[1]	Member	Independent
Michel Marcel Jean-Marie Le Bars	Member	Independent

[1]Georges Schorderet was appointed on 3 July 2023G in the place of the resigning Director, Simon Wolfgang Hartmut Goeller who resigned on 30 June 2023G.

Overview of the resumes of Board members and the Board Secretary

Name	Mahmoud Yousuf Mohammed Salah Jamjoom
Current Position	Chairman of the Board of Directors, Non-Executive, Jamjoom Pharmaceuticals Factory Co. Since 2010G, Manager on the board of managers at Dan International Trading and Industry Company, a limited liability company engaging in the field of food manufacture and distribution Since 2014G, Vice Chairman of the board at Abdullatif Mohammed Salah Jamjoom and Brothers Company, a closed joint stock company engaging in the field of distributing pharmaceutical products
Qualifications	Bachelor's degree in Science from Michigan State University, East Lansing, Michigan, United States, 1985G
Experience	From 2013G to 2022G, Vice Chairman of the Board of Directors at the Company From 1999G to 2021G, Joint Managing Director at the Company From 1985G to 1999G, Assistant General Manager at Jamjoom Medicine Store, a closed joint stock company engaging in the distribution of pharmaceutical products in the Kingdom

Name	Ahmed Yousuf Mohammed Salah Jamjoom
Current Position	Vice Chairman of the Board of Directors, Executive, Jamjoom Pharmaceuticals Factory Co. Since 2014G, Site Director at the Company Since 2022G, General Manager at Al Jazeel Arabian Holding Company, a limited liability company, engaging in the field of financial and real estate investments Since 2022G, General Manager at Al Jamjoom Printing Company, a limited liability company engaging in the field of poster printing services
Qualifications	Master's degree in Pharmacy from Ibn Sina Medical College, Jeddah, the Kingdom, 2010G Mini Master of Business Administration degree in Pharma and Biotech Industry from Management Centre Europe, Brussels, Belgium, 2015G Certificate in Global Management from the European Institute of Business Administration "INSEAD", Fontainebleau, France, 2019G
Experience	From 2016G to 2018G, Supply Chain Director at the Company From 2014G to 2018G, Regulatory Affairs Senior Manager at the Company From 2012G to 2018G, Plant Technical Manager at the Company From 2011G to 2012G, Business Development Manager at the Company

Name	Yousuf Mohammed Salah Abdulaziz Jamjoom
Current Position	Member of the Board of Directors, Non-Executive, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Diploma degree in Commerce from the College of Leeds, Leeds, United Kingdom, 1947G.
Experience	From 2013G to 2022G, Chairman of the Board of Directors at the Company From 2005G to 2011G, Director at Jamjoom Pharmaceuticals Factory Company, a limited liability company specialized in manufacturing pharmaceutical products From 1965G to 2021G, Chairman of the Board of Directors at Abdullatif Mohammed Salah Jamjoom and Brothers Company, a closed joint stock company, engaging in the field of distributing pharmaceutical products From 1965G to 2005G, Founder and CEO at Jamjoom Medicine Store (a branch of Abdullatif Mohammed Salah Jamjoom and Brothers Company), branch of a closed joint stock company, specialized in storing and distribution of pharmaceutical products

Name	Mohammed Yousuf Mohammad Salah Jamjoom
Current Position	Member of the Board of Directors, Non-Executive, Jamjoom Pharmaceuticals Factory Co. Since 2019G, Orthopedic Surgery Consultant in "My Clinic", a private medical clinic in the Kingdom engaging consultation and surgery Since 2010G, Manager in the board of managers at Dan International Trading and Industry Company, a limited liability company engaging in the field of food manufacture and distribution
Qualifications	Bachelor's degree in medicine and surgery from King Abdulaziz University, the Kingdom, 1983G Fellowship in Orthopedic Surgery from the Royal College of Physicians of Canada, Ottawa, Canada, 1993G
Experience	From 1997G to 2019G, Orthopedic Surgery Consultant and Head of the Orthopedic Department at King Khalid National Guard Hospital, a public hospital engaging in healthcare in the Kingdom From 1994G to 1996G, Orthopedic Surgery Consultant and Head of the Orthopedic Department at King Abdulaziz Medical City, a public medical city for healthcare in the Kingdom

Name	Alaa Yousuf Mohammed Salah Jamjoom
Current Position	Member of the Board of Directors, Non-Executive, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Bachelor's degree in Computing and Statistics from King Abdulaziz University, Jeddah, the Kingdom, 2005G Master's degree in Executive Business Administration from King Abdulaziz University, Jeddah, the Kingdom, 2008G
Experience	From 2016G to 2022G, Human Resources Manager at the Company From 2007G to 2021G, Secretary of the Board of Directors at the Company From 2007G to 2016G, Business Development Manager at the Company From 2006G to 2008G, responsible for women's affairs at the Company

Name	Faris Ibrahim Abdullah AlGhannam
Current Position	Member of the Board of Directors, Non-Executive, Independent, Jamjoom Pharmaceuticals Factory Co. From 2021G, Chief Executive Officer and Board Member at HSBC Saudi Arabia, a Saudi joint stock company engaging in financial services
Qualifications	Bachelor of Science in Accounting from the College of Business Administration at Prince Sultan University, the Kingdom, 2005G Master's degree in Business Administration from Jones Business School, Rice University, United States, 2011G
Experience	From 2021G to 2022G, Deputy CEO at HSBC Saudi Arabia, a Saudi joint stock company engaging in financial services From 2019G to 2021G, General Manager and Head of Banking at HSBC Saudi Arabia, a Saudi joint stock company engaging in financial services From 2016G to 2019G, Managing Director and Head of Investment Banking Advisory at HSBC Saudi Arabia, a Saudi joint stock company engaging in financial services

Name	Noor Ahmed Kather Pasha Sheriff
Current Position	Member of the Board of Directors, Non-Executive, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Bachelor's degree in Science from Bangalore University, India, 1966G Bachelor's degree in Law from Bangalore University, India, 1968G
Experience	From 2000G to 2021G, CEO at the Company From 1997G to 1999G, Founder and CEO at Care Optics, a limited liability company established in the United Arab Emirates, engaging in the field of marketing and distribution From 1991G to 1996G, Vice President and Managing Director at Allergan Company, in the United Arab Emirates, a branch of a foreign company headquartered in California, United States, engaging in the pharmaceutical and manufacturing of medical devices From 1986G to 1990G, Area Manager for Middle East, Africa, and South Asia at Allergan, in the Kingdom, a branch of a foreign company headquartered in California, United States, engaging in the pharmaceutical and manufacturing of medical devices From 1979G to 1985G, General Manager for West Africa and South Asia at Allergan, in the Kingdom, a branch of a foreign company headquartered in California, United States, engaging in the pharmaceutical and manufacturing of medical devices From 1975G to 1978G, Area Manager for the Middle East at Allergan, in the Kingdom, a branch of a foreign company headquartered in California, United States, engaging in the pharmaceutical and manufacturing of medical devices

Name	Georges P. Schorderet
Current Position	Member of the Board of Directors, Non-Executive, Independent, Jamjoom Pharmaceuticals Factory Co. SAPIN Saudi Arabian Packaging Company WLL, Dammam, independent board member Sultan Holding, Riyadh, Saudi Arabia, Independent, non-family board member Helvetican Group AG, 6072 Sachseln, Switzerland, board member SBASA – Swiss Business Association, Saudi Arabia, Chairman Global Steel Dust Gulf, Dammam, Saudi Arabia, board member, Independent
Qualifications	Various management seminars (Risk Management, Value Management, Strategic Management and Marketing, Board and Vision, Information Technology, PR Training) from 1990G to 2023G Orchestrating Winning Performance, IMD, Lausanne, Switzerland, 2017G Seminar for Senior Executives (SSE), IMD, Lausanne, Switzerland, 1995G International Senior Management Program (ISMP), Harvard Business School, Boston, USA, 1991G International Program for Senior Executives (IPSE), IMD, Lausanne, Switzerland, 1990G IMT-Leitseminar Management und Technologie, Berlin, Germany, 1989G Swiss Certified Public Accountant and Controller, 1985G IMI International Management Institute, Geneva, Switzerland Master of Business Administration, 1982G to 1983G
Experience	From 2004G to 2020G – Almarai Company – CFO, COO and CEO From 2001G to 2004G – Independent Consultant From 1995G to 2001G – SAir Group – CFO From 1972G to 1995G – Alusuisse-Lonza Group – last 6 years as CFO

Name	Simon Wolfgang Hartmut Goeller
Current Position	Partner at McKinsey and Co (Germany), a simple limited partnership specialized in management consultancy of the life sciences sector.
Qualifications	PhD in Healthcare Economics (During 1-year sabbatical from McKinsey & Company) University of Giessen, Germany 'Implications of Hospital Financing on Hospital Strategies', Magna Cum Laude, 2006G Master of Science in Management Research Distinction Saïd Business School, University of Oxford, UK, 2002G Bachelor of Arts in Economics and Management College Scholarship 1999G and 2000G University of Oxford, UK
Experience	Leading Global Strategy Consultancy Vienna, Frankfurt, Tokyo, Chicago, Munich Partner (since 2011G) Leader of Global Affordable Medicines Practice (since 2017G) Co-Leader of German Life Sciences Practice (since 2022G) Builder of Pharma Intermediaries Client Interest Group in EMEA (2012G-2013G)

Simon Wolfgang Hartmut Goeller resigned on 30 June 2023G.

Name	Michel Marcel Jean-Marie Le Bars
Current Position	Member of the Board of Directors, Non-Executive, Independent, Jamjoom Pharmaceuticals Factory Co. Since 2019G, Partner in Corporate Finance Advisory, leader of the M&A Life Sciences & Health Care practice at Deloitte AG, a limited liability company engaging in the field of industry-specific services in the areas of Audit & Assurance, Consulting, Financial Advisory, Risk Advisory and Tax & Legal
Qualifications	Certificate in Mechanical Engineering (equivalent to a Master's degree) from the University of Compiegne for Technology, Compiegne, France, 1994G Certificate in Petroleum Engineering (drilling and reservoir management) from ENS Petroleum & Engines at the French Institute of Petroleum, Rueil-Malmaison, Paris, France, 1995G Master's degree in Business Administration from Higher Education School of Business in Paris (HEC), France, 2005G Certificate in Digital Business Strategy from Massachusetts Institute of Technology, Cambridge, Massachusetts, United States, 2019G
Experience	From 2014G to 2019G, Partner at Kurmann Partners AG, a limited liability company engaging in Mergers and Acquisitions in the field of Pharmaceuticals and Medical Technology From 2008G to 2014G, Regional Director of Strategy and Business Development EMEA at Merck Sharp & Dohme, a subsidiary of a public joint stock company engaging in Vaccines, Human, Consumer and Animal Health From 2004G to 2008G, Transformation and Continuous Improvement Director at Alcan Packaging (now known as Albéa), a subsidiary of a public joint stock company engaging in the manufacture of packaging and beauty solutions From 1996G to 2003G, Drilling Manager at Total, a joint stock company engaging in the exploration and production of oil and gas

Name	Faisal Ahmed Ibrahim Linjawi
Current Position	Secretary of the Board of Directors, Jamjoom Pharmaceuticals Factory Co. Since 2018G, Partner and Lawyer at Hassan Al Mahasni Law Firm, a professional limited liability company established in the Kingdom, engaging in the field of legal advice
Qualifications	Bachelor's degree in law from Kent University, United Kingdom, 2017G Master's degree in Law from Kent University, United Kingdom, 2018G
Experience	Not applicable

Names of the companies inside and outside KSA in which a Board Member is a member of their current or previous boards or a manager therefor

No	Board of Directors member's name	Names of companies (current)	Inside the Kingdom/ Outside the Kingdom	Legal entity (Listed/ Unlisted/ Limited Liability)	Names of companies (previous)	Inside the Kingdom/ Outside the Kingdom	Legal entity (Listed/ Unlisted/ Limited Liability)
1	Mahmoud Yousuf Mohammed Salah Jamjoom	Jamjoom Pharmaceuticals Factory Co.	Inside	Listed			
		Jamjoom New Medical Care	Inside	Unlisted			
		Jamjoom Pharma Limited	Outside	Unlisted			
		Al-Jamjoom Pharma for Commercial Agencies	Outside	Unlisted			
		Abdul Latif Mohammed Salah Jamjoom	Inside	Unlisted			
		Modern Sindan Factory For Petroleum Products	Inside	Unlisted			
		Jamjoom Algeria Lil Dawa	Outside	Unlisted			
2	Ahmed Yousuf Mohammed Salah Abdulaziz Jamjoom	Jamjoom Pharmaceuticals Factory Co.	Inside	Listed			
		Jamjoom Pharma Limited	Outside	Unlisted			
		Al-Jamjoom Pharma for Commercial Agencies	Outside	Unlisted			
		SHIFT Inc.	Inside	Unlisted			
		Abdullatif Mohammed Salah Jamjoom and Brothers Company	Inside	Unlisted			
3	Yousuf Mohammed Salah Abdulaziz Jamjoom	Jamjoom Pharmaceuticals Factory Co.	Inside	Listed			
4	Mohammed Yousuf Mohammed Salah Jamjoom	Jamjoom Pharmaceuticals Factory Co.	Inside	Listed			
5	Alaa Yousuf Mohammed Salah Jamjoom	Jamjoom Pharmaceuticals Factory Co.	Inside	Listed			
6	Noor Ahmed Kather Pasha Sheriff	Jamjoom Pharmaceuticals Factory Co.	Inside	Listed	Allergan Piramal, India	Outside	Limited Liability
					Hydron International, India	Outside	Limited Liability
7	Faris Ibrahim Abdullah AlGhannam	Jamjoom Pharmaceuticals Factory Co.	Inside	Listed			
		HSBC Capital Saudi Arabia	Inside	Unlisted			
8	Michel Marcel Jean-Marie Le Bars	Jamjoom Pharmaceuticals Factory Co.	Inside	Listed	LeBars Partners GmbH	Outside	Limited Liability
9	Georges P. Schorderet	Jamjoom Pharmaceuticals Factory Co.	Inside	Listed	Swiss Bank Corporation	Outside	Listed
		Sultan Holding SJSC	Inside	Unlisted	Crossair Limited, Basle	Outside	Listed
		Gulf Steel Dust Gulf LLC	Inside	Unlisted	Galileo International Inc.	Outside	Listed
		Saudi Arabian Packaging Company WLL	Inside	Unlisted	Zain, KSA	Inside	Listed
		Helvetican Group AG	Outside	Unlisted	Almarai Company	Inside	Listed
					SAirGroup	Outside	Listed
					Alusuisse Lonza Group	Outside	Listed
					UBS Union Bank of Switzerland	Outside	Listed

The number of Board meetings held during the last financial year, their dates, and the attendance record of each meeting listing the names of attendees

Board meeting attendance (2023G)

Members	Board meeting 1/2023G (31 Jan 2023G)	Board meeting 2/2023G (3 May 2023G)	Board meeting 3/2023G (2 Sep 2023G)	Board meeting 4/2023G (3 Dec 2023G)
Mahmoud Y. Jamjoom	Attended	Attended	Attended	Attended
Ahmed Y. Jamjoom	Attended	Attended	Attended	Attended
Yousuf M.S. Jamjoom	Not in attendance	Not in attendance	Not in attendance	Not in attendance
Mohammed Y. Jamjoom	Attended	Attended	Attended	Not in attendance
Alaa Y. Jamjoom	Attended	Attended	Not in attendance	Attended
Noor Sheriff	Attended	Attended	Not in attendance	Attended
Faris Al-Ghannam	Attended	Attended	Attended	Attended
Georges P. Schorderet	Not yet a member	Not yet a member	Attended	Attended
Michel Le Bars	Attended	Attended	Attended	Attended
Simon Goeller	Attended	Attended	No longer a member	No longer a member

Overview of the resumes of Executive Management

Name	**Tarek Hosni**
Current Position	Chief Executive Officer, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Bachelor's degree in Pharmacy from Alexandria University, Egypt, 1984G Master's degree in Business Administration from Bradford University, United Kingdom, 1997G
Experience	From 2018G to 2021G, Managing Director at Integrated Pharma Solutions (IPS), Dubai, United Arab Emirates, a limited liability company engaging in the field of research-based biopharmaceuticals From 2015G to 2018G, Regional President, Africa Middle East (AFME Region) Essential Health Business at Pfizer, Dubai, United Arab Emirates, a limited liability company engaging in the field of research-based biopharmaceuticals From 2012G to 2015G, Regional President of Europe, Africa and the Middle East Consumer Health Business at Pfizer, New York, United States, a listed joint stock company engaging in the field of research-based biopharmaceuticals From 2009G to 2012G, Regional President of Africa and Middle East Nutrition Business at Pfizer, Dubai, United Arab Emirates, a limited liability company engaging in the field of research-based biopharmaceuticals From 2006G to 2009G, General Manager of the Middle East and North Africa at Saudi Pfizer Company Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and the field of research-based biopharmaceuticals From 2001G to 2004G, Commercial Director of Egypt and Sudan at GlaxoSmithKline, a listed joint stock company engaging in the field of pharmaceuticals, vaccines and consumer health products From 1999G to 2001G, Regional Head of Marketing of the Middle East, Pakistan, Turkey, and Africa at GlaxoSmithKline, London, United Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products From 1998G to 1999G, Commercial Director of the Vaccine Department of the Middle East and Pakistan at GlaxoSmithKline, London, United Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products From 1996G to 1998G, Country Manager of Yemen and Marketing Manager of the Gulf and Yemen at GlaxoSmithKline, Dubai, United Arab Emirates, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products From 1994G to 1995G, Marketing Manager at GlaxoSmithKline, London, United Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products From 1991G to 1993G, Product Manager at SmithKline Beecham, the Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products. Senior Hospital Representative at SmithKline Beecham, the Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products From 1987G to 1998G, Medical Sales Representative at SmithKline Beecham, the Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products From 1986G to 1987G, Medical Sales Representative at Roussel Uclaf, the Kingdom, a limited liability company engaging in the field of pharmaceuticals, vaccines and consumer health products

Name	Anwer Mohiuddin
Current Position	Chief Financial Officer, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Bachelor’s degree in Commerce from University of Karachi, Pakistan, 1985G Master’s degree in Economics from University of Karachi, Pakistan, 1989G Accounting Certificate from the Institute of Cost and Management Accountants (ACMA), Pakistan, 1994G Master’s degree in Business Administration with a Major in Marketing from Cardiff University, United Kingdom, 2019G
Experience	From 1999G to 2013G, Finance Manager at the Company From 1997G to 1999G, Accounts Manager at Wyeth Pharmaceutical Company Limited, a limited liability company established in Pakistan, engaging in the field of manufacturing pharmaceutical products From 1992G to 1997G, Accounts, Budgeting and Planning Manager at Jaffer Brothers Pvt. Limited, a limited liability company established in Pakistan, engaging in the field of engineering, construction and technical works From 1989G to 1992G, Cost Accountant and Accounts Manager at National Fructose Company Limited, a limited liability company established in Pakistan, engaging in the field of manufacturing liquid glucose in pharmaceutical products From 1984G to 1986G, Audit Trainee at Ford, Rhodes, Robson and Morrow Chartered Accountants, a limited partnership established in Pakistan, operating as chartered accountants

Name	Mohammed M. Jamjoom
Current Position	Head of Operations, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Business Administration, concentration in Finance. Minor: Chemistry, Chapman University, Orange, CA, 2016G
Experience	From June to August 2015G, Management Intern, Jamjoom Pharmaceuticals Factory Co. From July to August 2014G, Corporate Finance Intern, KPMG From December 2013G to February 2014G, Auditing Intern, Ernst & Young, Jeddah, Saudi Arabia

Name	Ammar Abdulrahman Al Attas
Current Position	Head of the Legal Department, Jamjoom Pharmaceuticals Factory Co., since 2022G
Qualifications	Bachelor’s degree in Law from King Abdulaziz University, the Kingdom, 2007G Master’s degree in Commercial Law from Brunel University, United Kingdom, 2011G
Experience	From 2020G to 2022G, Director of the Legal Department and Secretary of the Board of Directors at BinDawood Holding Company, a Saudi joint stock company engaging in the food and luxury retail store management sector From 2018G to 2022G, Legal Lead at Pfizer Saudi Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products From 2013G to 2018G, Director of the Legal Department at Glaxo Saudi Arabia Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products

Name	Wagih Mohammed El Bokl
Current Position	Commercial Director, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Bachelor’s degree in Pharmaceutical Sciences from Zagazig University, Egypt, 1990G Master’s degree in Business Administration from Cardiff University, United Kingdom, 2019G Master’s degree in Business Administration from the Arab Academy for Science and Technology, Egypt, 2019G
Experience	From 2019G to 2021G, Marketing and Sales Director for the market in the Kingdom at the Company From 2016G to 2019G, Marketing Director at the Company From 2008G to 2015G, Marketing Director at Jamjoom Pharma Limited, in Cairo, Egypt, a limited liability company engaging in the field of operating a factory for the manufacture and distribution of medical preparations From 2004G to 2008G, Product Group Manager of the Dermatology and General Medicine lines at Jamjoom Pharma Limited, in Cairo, Egypt, a limited liability company engaging in the field of operating a factory for the manufacture and distribution of medical preparations From 2000G to 2003G, Product Manager of the two lines of Dermatology/General Medicine at Jamjoom Pharma Limited, in Cairo, Egypt, a limited liability company engaging in the field of operating a factory for the manufacture and distribution of medical preparations From 1999G to 2000G, Product Manager – Rheumatology/Bone Business Lines at Novartis, the Kingdom, a limited liability company operating in the field of pharmaceutical industries In 1998G, Product Manager – Asthma/Dermatology Business lines at Novartis, the Kingdom, a limited liability company operating in the field of pharmaceutical industries

Name	Alaa Abdelghany Mohammed Gamaleldin
Current Position	General Manager of the Markets in the Kingdom, Gulf Region, and Iraq, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Bachelor's degree in Pharmacology from Alexandria University, Egypt, 1991G Diploma in Funding from the American Management Association, United States, 2000G Master's degree in Strategy and Marketing from the Arab Academy for Science, Technology and Maritime Transport, Egypt, 2004G
Experience	During 2020G, Vice President of Strategic Projects in Africa and the Middle East at Pfizer (AFME) at the regional headquarters in the United Arab Emirates, a limited liability company engaging in the field of biopharmaceutical products and vaccines From 2017G to 2020G, Vice President and Country Director at Pfizer Saudi Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operating in the biopharmaceutical products and vaccines sector From 2015G to2017G , Group Leader of the Kingdom, Egypt and Sudan at Pfizer Saudi Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operating in the biopharmaceutical products and vaccines sector From 2015G to2017G , Leader of Regional Strategies and Operations at Pfizer, United Arab Emirates, a limited liability company engaging in the biopharmaceutical products and vaccines sector From 2014G to 2015G, Director of Commercial Operations at Pfizer at the regional headquarters (AFME) in the United Arab Emirates, a limited liability company engaging in the biopharmaceutical products and vaccines sector From 2013G to 2014G, Director of Strategic Planning Operations Development and Commercial Director at Pfizer Saudi Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operating in the biopharmaceutical products and vaccines sector From 2012G to 2013G, Director of the Strategic Planning Business Development Unit concerned with vaccines and biotechnical products at Pfizer Saudi Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operating in the biopharmaceutical products and vaccines sector From 2009G to 2012G, Director of the Business Unit concerned with vaccines and biotechnical products at Pfizer Saudi Limited, a limited liability company engaging in the manufacturing and marketing of pharmaceutical products and operating in the biopharmaceutical products and vaccines sector From 2007G to 2009G, Country Director at Wyeth Company, Saudi Arabia, a limited liability company engaging in the biopharmaceutical products and vaccines sector From 2005G to 2007G, Country Business Leader at Wyeth Company (Saudi Arabia), engaging in the biopharmaceutical products and vaccines sector From 2001G to 2005G, Head of the Business Unit at GlaxoSmithKline, Cairo, Egypt From 2000G to 2001G, Area Sales Manager at GlaxoSmithKline, Jeddah, the Kingdom

Name	Hala Fathy
Current Position	General Manager of Operations, Egypt, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Bachelor's degree in Pharmaceutical Science, Cairo University, Egypt, 1985G Quality Leadership Qualified Trainer, GlaxoSmithKline, 2008G Leading & Managing Lean Sigma Qualified Trainer, GlaxoSmithKline, January 2007G Lean Sigma Black Belt, GlaxoSmithKline, May 2006G
Experience	From 2016G to 2023G, Plant Head of Marcyrl for Hormones Pharmaceutical Industries From 2014G to 2016G, Technical Project Manager at Marcyrl Pharmaceutical Industries, General Manager Upjohn-Pfizer Saudi Arabia From 2014G until present, Egyptian Ministry of Health (MOH) Consultant for Pharmaceutical Industry for License and Inspection, Egypt MOH From 2013G to 2014G, Plant Manager EGPI (Egypt Group for Pharmaceutical Industries) From 2006G to 2012G, Quality Operations Manager, GlaxoSmithKline, Egypt From 2010G to 2012G, Quality Lab Manager, GlaxoSmithKline, Egypt From 2008G to 2010G, Validation & Change Control Manager, GlaxoSmithKline, Egypt From 2006G to 2008G, Quality Assurance Manager, GlaxoSmithKline, Egypt From 2001G to 2005G, Site operational Excellence Expert, GlaxoSmithKline, Egypt From 1993G to 2001G, Packaging Quality Control Section Head, GlaxoSmithKline, Egypt From 1992G to 1993G, Production Supervisor Russell Uclave Pharmaceutical, Egypt From 1989G to 1992G, Clinical Pharmacist, Saudi Aramco, Saudi Arabia From 1985G to 1989G, Analytical Lab Analyst, Arab Drug Company, Egypt

Name	Ali Yehia
Current Position	General Manager and Head of Cluster, Egypt and North Africa, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Bachelor of Science, Mansoura University, 1995G Marketing Diploma from British Council, 2002G Master of Business Administration, AAGSB, 2008G Executive Coaching diploma, ESCP-Paris, 2017G Doctor of Business Administration, (IBSS), Denmark, 2020G Doctor of Business Administration, (IBAS), Switzerland, 2021G
Experience	From 2020G to 2023G, Country Manager, Viatris, Saudi From 2018G to 2020G, General Manager Upjohn- Pfizer, Saudi From 2017G to 2018G, Country Head Pfizer Innovative Health, Saudi From 2015G to 2017G, Business Unit Director for Inflammation & Immunology, BU Pfizer, Saudi From 2012G to 2015G, Sales Operations Director, AFME, Alexion Middle East and North of Africa, Pfizer From 2008G to 2011G, Enbrel Business Manager KSA, Pfizer, Saudi From 2006G to 2008G, Business Unit Manager Egypt, GSK From 2001G to 2006G Territory Manager Egypt, GSK From 1997G to 2001G Medical Representative Egypt, GSK

Name	Essam Jameel Al Sayed
Current Position	General Manager of Other Export Markets and Consumer Health Division, Jamjoom Pharmaceuticals Factory Co.
Qualifications	Bachelor's degree in Clinical Pharmacy (College of Pharmacy) from Tanta University, Egypt, 1988G
Experience	From 2017G to 2021G, Business Manager of Specialized Care in Oncology and Hepatitis at AbbVie, the Kingdom, a limited liability company engaging in the private and governmental health sector From 2012G to 2016G, Business Manager of Specialized Care and Oncology for AbbVie, the Kingdom, a limited liability company engaging in the private and government healthcare sector From 2011G to 2012G, Sales Manager of the private sector at GlaxoSmithKline, the Kingdom, a limited liability company engaging in the private and governmental healthcare sector From 2009G to 2011G, Sales Manager of the private institutional sectors at GlaxoSmithKline, the Kingdom, a limited liability company engaging in the private and governmental healthcare sector From 2006G to 2008G, Sales Manager of both the private and institutional sectors at GlaxoSmithKline, the Kingdom, a limited liability company engaging in the private and governmental health care sector From 2004G to 2006G, Sales Manager of the private sector at GlaxoSmithKline, the Kingdom, a limited liability company engaging in the private and governmental healthcare sector From 2004G to 2004G, Director of the Infection Control Business Unit at GlaxoSmithKline, the Kingdom, a limited liability company engaging in the private and governmental healthcare sector From 2001G to 2003G, Director of the Central Nervous System Business Unit at GlaxoSmithKline, the Kingdom, a limited liability company engaging in the private and governmental healthcare sector From 1999G to 2000G, Regional Sales Manager for Hospitals at GlaxoSmithKline, the Kingdom, a limited liability company engaging in the private and governmental healthcare sector

Note: Mohammad Batarfi resigned from the position of HR director on 16 September 2023G.

Name	Mazen Mosaad Alserihy
Current Position	Corporate Human Resources Director, Jamjoom Pharmaceuticals Factory Co
Qualifications	Bachelor degree of Public Administration (Economics & Administration) King Abdul-Aziz University 2002G – 2003G
Experience	In 2023G, Head of HR and Board Member at GT Medical- Saudi Arabia. From November 2022G to November 2023G, Head of HR / Board member at Al Rajhi Pharma From 2018G to 2022G, Human Resources Senior Manager at Jamjoom Pharmaceuticals Factory Co. From 2017G to 2018, Human Resources Manager at Smart practices Management, Saudi Arabia From 2015G to 2017, Human Resources Manager at AlKherje Co., Saudi Arabia From 2005G to 2015G, Human Resources Manager at Alkamal Import Office Co., Saudi Arabia

Committees of the Board

A. Audit Committee

1. Brief

Audit Committee

The primary responsibilities of the Audit Committee are to oversee financial reporting, evaluate the effectiveness and sufficiency of internal control systems, and provide recommendations to the Board of Directors regarding how to enhance and fortify these systems in order to meet the goals of the Company. Prior to their submission to the Board of Directors, the Committee is also in charge of examining the Company's annual risk report, risk mitigation plans, and risk management policies. Furthermore, the Committee bears the responsibility of guaranteeing that the Company complies with the corporate governance guidelines and protocols issued by the CMA, as well as the corporate governance manual and policy of the Company.

Internal audit

Review and approve the Company's internal audit department plan, scope of activities, methodologies and outputs and assess whether the function has the necessary authority and resources to carry out its work while maintaining its independence. Review and assess internal audit reports and monitor the tracking and follow-up of procedures implementation, determining whether appropriate actions are taken in respect of the internal audit recommendations therein.

External audit

Review the external auditor's service delivery plan, scope of work, the results of the financial audits, the relevant audit reports, and management letter, together with management responses or comments to the audit findings. Ensure that appropriate assistance was given by the Executive Management team to the external auditors and that no difficulties were encountered during the course of the audit, including any restrictions on the scope of activities or access to required information.

Composition

The Audit Committee comprises of the following members:

Faris Ibrahim Abdullah AlGhannam
Chairman of Audit Committee

Mr. Faris's profile is detailed above within the Board composition.

Turki AbdulMohsen Alluhaid
Member of Audit Committee

Current positions	Previous positions	Qualification	Experience
Member of the Audit Committee in Jamjoom Pharmaceuticals Factory Co. and Managing Partner at Alluahid and Alyahya Chartered Accountants Member of the Audit Committee at Tabuk Cement, a Saudi joint stock company engaging in the basic materials sector Member of the Audit Committee at Elm Information Company, a Saudi joint stock company engaging in the technology services application sector Member of the Audit Committee at Al Raedah Finance Company, a Saudi joint stock company engaging in the financing sector	Chairman of the Audit Committee at the Tawuniya Insurance Company, a Saudi joint stock company engaging in the insurance sector (2015G-2020G) Chairman of the Audit Committee at Shaker Group, a Saudi joint stock company engaging in the retail sector (2017G-2022G)	Bachelor's degree in Accounting from King Saud University Qualified at the Saudi Organization for Chartered and Professional Accountants Qualified at the American Institute for Certified Public Accountants (CPA)	More than 9 years in the field of Audit, Accounting Internal Audit and financial services

Bandar Abdulrahman Alkhaleel
Member of Audit Committee

Current positions	Previous positions	Qualification	Experience
Member of the Audit committee in Jamjoom Pharmaceuticals Factory Co. Enterprise Risk Management VP at the Saudi Telecom Company since 2020G.	Head of the Internal Audit Department at the Capital Market Authority (2006G-2013G) Chief Risk Officer at the Saudi Exchange (Tadawul). (2013G-2018G) Risks and Compliance Officer at the Saudi Information Technology Company (SITE). (2018G-2020G)	Bachelor's degree in Accounting from King Saud University Certified Internal Auditor from the Institute of Internal Auditors, United States Certified Internal Auditor from the Saudi Organization for Chartered and Professional Accountants, the Kingdom Certified Information System Auditor from the Information Systems Audit and Control Association, United States	More than 18 years in the field of Audit, Accounting Internal Audit and financial services and worked in several local and regional companies

Four meetings of the Committee were held in 2023G. The attendance record was as follows:

Audit Committee meeting		Meeting attendance			
Name	**Position**	**21 Mar 2023G**	**30 May 2023G**	**7 August 2023G**	**1 Nov 2023G**
Faris Ibrahim Abdullah AlGhannam	Chairman of Audit Committee	√	X	√	√
Turki Abdulmohsen Alluhaid	Member	√	√	√	√
Bandar Abdulrahman Al Khalil	Member	√	√	√	√

B. Nomination and Remuneration Committee

1. Brief

Nomination and Remuneration Committee

The responsibilities of the Nomination and Remuneration Committee include: the Board of Directors' nomination for membership of the Board; proposing clear policies and criteria for membership of the Board and the Executive Management; reviewing the structure of the Board of Directors and the Executive Management and making recommendations regarding changes; identifying strengths and weaknesses in the Board of Directors and proposing solutions to address them in line with the interests of the Company; ensuring the independence of independent members; preparing and updating the necessary policies for the remuneration of members of the Board of Directors, the committees emanating from the Board, and the Executive Management, and periodically reviewing them and evaluating their effectiveness in achieving the objectives set for them; clarifying the relationship between the granted remuneration and the applicable remuneration policy, and indicating any material deviation from this policy; studying the issues related to it or referred to it by the Board of Directors and submitting its recommendations to the Board to take the appropriate decision in this regard; reviewing employee allowances and remuneration; approving and evaluating plans and policies related to the above.

Board Assessment

The Board of Directors requested the Nomination and Remuneration Committee to conduct an internal assessment of the effectiveness of the Board, its committees, and Executive Management for the year 2023G. The Committee conducted the assessment and shared the results with the Chairman of the Board of Directors.

The following is a list of the names and records of attendance of the members of the Committee during the fiscal year 2023G:

Name	Current positions	Previous positions	Qualification	Experience
Georges P. Schorderet	Profile is detailed above within the Board composition (Note: Replaced Simon Wolfgang Hartmut Goeller)			
Michel Marcel Jean-Marie Le Bars	Profile is detailed above within the Board composition			
Alaa Jamjoom	Profile is detailed above within the Board composition			

Rania Sami Al Turki
Member of Nomination and Remuneration Committee

Current positions	Previous positions	Qualification	Experience
Member of Nomination and Remuneration Committee in Jamjoom Pharmaceuticals Factory Co. Executive Vice President at Saudi Airlines Group, a governmental company engaging in the aviation field	Senior Vice President at the National Commercial Bank, a joint stock company engaging in the field of banking and investment (2007G-2015G) Head of Human Resources at Savola Group, a joint stock company engaging in the field of retail (2015G-2017G) Head of Human Resources and Transformation at Panda Retail Company, a closed joint stock company engaging in the field of retail (2017G-2020G) Chief Operating Officer at Tawuniya Insurance Company, a joint stock company engaging in the insurance sector (2020G-2021G) NRC member at SEDCO Capital, a Saudi joint stock company engaging in the field of investments from 2022G to 2023G.	Bachelor's degree in Computer Science from Indiana State University, United States Master's degree in Computer Science from George Washington University, United States PhD degree in Information Technology from George Mason University, United States Certificate in Emerging Leadership from London Business School, United Kingdom	Over 18 years of professional achievement and proven track record in Talent Acquisition, Organizational Development, People Development, Culture & Engagement across multiple sectors such as Financial Services and NRC

Thamer Saeed Ahmed Al Harthi
Member of Nomination and Remuneration Committee

Current positions	Previous positions	Qualification	Experience
Member of Nomination and Remuneration committee in Jamjoom Pharmaceuticals Factory Co. Founder and Consultant at Enjaz Management Consultants, a sole proprietorship specialized in management consultancy Chief Human Resources Officer at Tawuniya Insurance Company, a Saudi joint stock company engaging in the insurance sector	Executive General Director of Human Resources at Fakeeh Company. (2017G-2018G) Member of the Nomination and Remuneration Committee at Baeshen Company (2018G-2020G)	Bachelor's degree in Law from Indiana King Abdulaziz University, Jeddah, the Kingdom	More than 7 years of professional achievement and proven track record in Talent Acquisition, Organizational Development, People Development, Culture & Engagement across multiple sectors such as Financial Services and NRC

Ten meetings of the Committee were held in 2023G. The attendance record was as follows:

Nomination and Remuneration Committee meetings		Meeting attendance									
Name	**Position**	**1/2 Jan 2023G**	**2/4 Jan 2023G**	**3/21 Jan 2023G**	**4/21 Mar 2023G**	**5/2 May 2023G**	**6/12 June 2023G**	**7/16 July 2023G**	**8/18 Sep 2023G**	**9/22 Oct 2023G**	**10/27 Nov 2023G**
Georges P. Schorderet	Member	Not a member	Not a member	Not a member	Not a member	Not a member	Not a member	Not a member	Attended as a guest ahead of appointment as new NRC Chairman	√	√
Rania Sami Al Turki	Member	√	X	√	√	√	X	√	√	√	√
Michel Marcel Jean-Marie Le Bars	Member	√	√	√	√	√	√	√	√	Not a member	Not a member
Thamer Saeed Ahmed Al Harthi	Member	√	X	√	√	√	√	√	√	√	√

C. Executive Committee

1. Brief

Executive Committee

The primary purpose of the Executive Committee is to assist the Board of Directors in giving direction to the policy, strategy, business, and affairs of the Company and its subsidiaries. The overarching principle is that the Committee's role should be complementary to that of Executive Management and should not become a substitute for, or an intrusion on, the role and authority of Executive/Operational Management.

The following is a list of the names and records of attendance of the members of the Committee during the fiscal year 2023G:

Four meetings of the Committee were held in 2023G. The attendance record was as follows:

Executive Committee meetings		Meeting attendance			
Name	**Position**	**1/30 Jan 2023G**	**2/2 May 2023G**	**3/18 Sep 2023G**	**4/4 Dec 2023G**
Michel Marcel Jean-Marie Le Bars	Chairman of the Committee	√	√	√	√
Mahmoud Yousuf Mohammed Salah Jamjoom	Member	√	X	√	Not a member
Ahmed Yousuf Mohammed Salah Jamjoom	Member	√	√	√	√
Tarek Hosni	Member	√	√	√	√
Georges Schorderet[1]	Member	Not a member	Not a member	Not a member	√

[1]Note: Replaced Simon Wolfgang Hartmut Goeller on 4/7/2023G.

Remuneration of Board Members, Committee Members, and Executive Management

The Extraordinary General Assembly of the Company approved the Board Remuneration Policy on 17 July 2022G. The Policy sets out the guidelines to be followed related to the Nomination and Remuneration of the Board and Committees' members and the Executive Management. It further sets out that:

1. The remuneration that the Board of Directors receives shall be fair and in accordance with the member's competencies as well as the activities and responsibilities that the member undertakes and endures.
2. The remuneration of the Board members consists of a determined fee for attendance, and transport allowance in respect of the meeting of the Board of Directors of the Company or in-kind remuneration.
3. The remuneration must be based on a recommendation from the NRC.
4. The Company is responsible for providing tickets and accommodation for members that reside outside of the Kingdom or outside the region of the meeting location.
5. Remuneration payments shall be stopped or retrieved if it turns out that it was approved based on inaccurate information presented by the member.
6. As per the Company Bylaws dated 9/5/2023G, the Chairman can receive a special remuneration to be recommended by NRC and determined by the Board.

	Fixed remuneration (SAR)							Variable remuneration (SAR)								
Name	**Specific amount**	**Allowance for attending Board meetings**	**Total allowance for attending committee meetings**	**In-kind benefits**	**Remuneration for technical, managerial, and consultative work**	**Remuneration of the Director or Secretary**	**Total**	**Percentage of the profits**	**Periodic remuneration**	**Short-term incentive plan**	**Long-term incentive plans**	**Granted shares**	**Total**	**End-of-service award**	**Aggregate amount**	**Expenses allowance**
Independent Directors																
Faris AlGhannam	150,000	18,000		-	-	-	168,000	-	-	-	-	-	-	-	168,000	14,970
Georges P. Schorderet	75,000	6,000	-	-	-	-	81,000						-	-	81,000	64,355
Michel Lebars	150,000	18,000	-	-	-	-	168,000	-	-	-	-	-	-	-	168,000	80,257
Simon Goeller	75,000	12,000	-	-	-	-	87,000						-	-	87,000	24,171
Non-Executive Directors																
Yousuf M. Salah Jamjoom							-	-	-	-	-	-	-	-	-	-
Mahmoud Yousuf Jamjoom	225,000	18,000	-	-	-	-	243,000	-	1,752,000[2]	-	-	-	-	-	1,995,000	
Mohamed Yousuf Jamjoom	225,000	18,000	-	-	-	-	243,000	-	-	-	-	-	-	-	243,000	-
Alaa Yousuf Jamjoom	225,000	18,000	-	-	-	-	243,000	-	-	-	-	-	-	-	243,000	
Noor A Sheriff	150,000	18,000	-	-	-	-	168,000	-	-	-	-	-	-	-	168,000	69,331
Executive Directors																
Ahmed Yousuf Jamjoom	225,000	18,000	-	-	-	-	243,000		-	-	-	-	-	-	243,000	-
Board Secretary																
Faisal Ahmad Linjawy			-	-	-	200,000	200,000		-	-	-	-	-	-	200,000	-
Total	1,500,000	144,000		-	-	200,000	1,844,000		1,752,000	-	-	-	-	-	3,596,000	253,084

[2]The Chairman's special remuneration has been recommended by the NRC and was approved by the Board on 9/5/2023G.

Remuneration details for Audit Committee members

Name	Fixed remuneration (SAR)	Total (SAR)
Faris AlGhannam	75,000	75,000
Bandar Alkhaleel	75,000	75,000
Turki A. Alluhaid	75,000	75,000
Total		**225,000**

Remuneration details for Executive Committee members

Name	Fixed remuneration (SAR)	Total (SAR)
Mahmoud Yousuf Jamjoom	150,000	150,000
Ahmed Yousuf Jamjoom	150,000	150,000
Georges P. Schorderet	–	–
Michel Le Bars	100,000	100,000
Total		**400,000**

Remuneration details for Nomination & Remuneration Committee members

Name	Fixed remuneration (SAR)	Total (SAR)
Alaa Yousuf Jamjoom	75,000	75,000
Georges P. Schorderet	37,500	37,500
Michel Le Bars	75,000	75,000
Thamer Al Harthi	75.000	75,000
Rania Turki	75,000	75,000
Total		**337,500**

Executive Management

Paid to the five top senior Executives in 2023G (including CEO and CFO)

The five top senior Executives, including the Chief Executive Officer and the Chief Financial Officer, receive remuneration according to employment contracts signed with them. The following table illustrates details of remuneration and compensation paid to senior Executives:

Remuneration of top five senior Executives (CEO & CFO included)	Fixed remuneration (SAR)					
Category	Salaries	Allowances	In-kind benefits	Periodic remuneration	Long-term employee benefits	Total
For 2023G	6,388,492	1,159,608	333,135	2,605,848	781,566	11,268,649

A List of General Assembly Meetings Held During the Year 2023G

General Assembly meeting attendance (2023G)

Members	EGM 9 May 2023G
Yousuf M.S. Jamjoom	Attended
Ahmed Y. Jamjoom	Attended
Mahmoud Y. Jamjoom	Attended
Mohammed Y. Jamjoom	Attended
Alaa Y. Jamjoom	Attended

A description of any interest, contractual securities, or rights issues held by Board members, senior executives, and their relatives in the Company's or any of its Affiliates' shares or debt instrument.

No	Name	Position	Nationality	Status	DOA	Direct ownership	Indirect ownership
1	Mahmoud Yousuf Mohammed Salah Jamjoom	Chairman of the Board	Saudi	Non-Executive	19/06/2022G	5.60%	-
2	Ahmed Yousuf Mohammed Salah Jamjoom	Vice Chairman	Saudi	Executive	19/06/2022G	4.55%	-
3	Yousuf Mohammed Salah Abdulaziz Jamjoom	Member of the Board	Saudi	Non-Executive	19/06/2022G	41.65%	-
4	Mohammed Yousuf Mohammed Salah Jamjoom	Member of the Board	Saudi	Non-Executive	19/06/2022G	4.55%	-
5	Alaa Yousuf Mohammed Salah Jamjoom	Member of the Board	Saudi	Non-Executive	19/06/2022G	4.55%	-
6	Noor Sharif	Member of the Board	Indian	Non-Executive	19/06/2022G	0.07%	-

Investor Relations

Jamjoom Pharmaceuticals announced a number of events and strategic activities throughout the year. The most important events, activities and strategic decisions were announced on the official website of the Saudi Stock Exchange (Tadawul) and the Jamjoom Pharmaceuticals corporate website. In total, 9 announcements were made to shareholders. The following table summarizes the announcements by date, type and subject:

No	Date	Announcement type	Title of announcement
1	2/7/2023G	Financial results	Jamjoom Pharmaceuticals Factory Co. announces its Interim Financial Results for the Period Ending on 2023-03-31 (Three Months)
2	4/7/2023G	Notice to shareholders	Jamjoom Pharmaceuticals Factory Co. Announces Resignation and Appointment of a Board Member
3	31/7/2023G	Notice to shareholders	Jamjoom Pharmaceuticals Factory Co. announces an increase in the capital of its Joint Venture in Algeria to partially fund the acquisition of a pharmaceutical manufacturing factory
4	3/8/2023G	Notice to shareholders	Jamjoom Pharmaceuticals Factory Co. announces that it will conduct an Earnings Call to discuss the financial results of Q2-2023 with investors and financial analysts
5	10/8/2023G	Financial results	Jamjoom Pharmaceuticals Factory Co. announces its Interim Financial Results for the Period Ending on 2023-06-30 (Six Months)
6	10/8/2023G	Notice to shareholders	Jamjoom Pharmaceuticals Factory Co. announces the distribution of cash dividend for the first half of the year 2023
7	1/11/2023G	Financial results	Jamjoom Pharmaceuticals Factory Co. announces its intention to release its interim financial results for the period ended 30 September 2023 (Nine Months) on Tuesday, November 7, 2023, before the trading session begins on the Saudi Exchange
8	7/11/2023G	Financial results	Jamjoom Pharmaceuticals Factory Co. announces its Interim Financial Results for the Period Ending on 2023-09-30 (Nine Months)
9	22/11/2023G	Notice to shareholders	Jamjoom Pharmaceuticals Factory Company announces providing a corporate guarantee to its Joint Venture in Algeria

Updating Board Members on Shareholders' Feedback

The Investor Relations ('IR') department plays a pivotal role in facilitating communication between a company's board and its shareholders. IR compiles and analyzes shareholder feedback, and the CEO presents key themes and insights to the Board in quarterly meetings. The focus in these discussions is mainly around shareholder sentiments, fostering discussions and Q&A sessions.

The number of times the Company requested the shareholders' Register and the dates and reasons therefor:

Date of request	Reason for request
18/12/2023G	**Company procedures**
12/11/2023G	**Earnings file**
11/10/2023G	**Investor Relations**
16/8/2023G	**Investor Relations**
7/8/2023G	**Periodic report**
4/7/2023G	**Company procedures**

Dividend Distribution

As per the applicable Companies Law, the Company's Bylaws and the Dividends Policy, shareholders are vested with all rights attached to shares, which include in particular the right to receive a share of the dividends declared for distribution. The Board of Directors recommends declaring and paying any dividends before approval by the shareholders at the meeting of the General Assembly. Any decision to declare dividends will depend on, amongst other things, the Company's historic and anticipated earnings and cash flow, financing and capital requirements, the market and general economic conditions, the Company's Zakat position, and legal and regulatory considerations. Despite the Company's intention to distribute annual dividends to its shareholders, there are no guarantees that such dividends will be distributed, nor is there any guarantee regarding the amounts of dividends paid in any year.

The Company's annual net profit may be distributed when a surplus exists after deducting all of it expenses, as follows:

1. The Company shall set aside 10% of its net profits as a statutory reserve. The General Assembly may decide to suspend the allocation of 10% of net profits to the reserve once the reserve reaches 30% of the paid-up capital.
2. Upon the recommendation of the Board, the Company's Ordinary General Assembly may decide to set aside another 10% of its net profits as a reserve for any other purposes as deemed necessary.
3. The remaining profits may be distributed to the stockholders unless the Ordinary General Assembly has decided to allocate other reserves.
4. Upon the approval of the Company's General Assembly, the stockholders are entitled to receive their share of dividends through the following: the Company's Board of Directors' recommendation for final dividend to stockholders for their approval as part of the Annual General Meeting.
5. The Company's Board of Directors' recommendation for interim dividends to stockholders during the financial year when they consider it fit between two Annual General Meetings.
6. The resolution must identify the record date and distribution date, and it must be carried out in accordance with the Regulatory Rules and Procedures for Listed Joint Stock Companies.
7. The dividend distribution decision shall be discussed and agreed on by the Board in an official meeting before presenting it to the General Assembly.
8. The final determined dividends shall be paid only after approval of the Company's General Assembly. Dividends must be distributed to the stockholders within fifteen (15) days of the date they become entitled to such dividends, as determined in such General Assembly resolution.

Total interim dividends for the period of the first half of the year 2023G were SAR 70,000,000, at SAR 1 per share (representing 10% of the nominal value of the share).

Fiscal year 2023G	Dividends distributed during 2023G
Distribution date	3 September 2023G
Percentage of dividend to the par value of the share	10%
Total distributed dividends (SAR)	70,000,000
Dividend per share	SAR 1

There are no agreements or arrangements to waive any rights to dividends by any of the shareholders.

Risk Management

Risk Management framework

The Company's risk management process is led by senior management, overseen by the Audit Committee, and approved by the Board of Directors. The Board of Directors holds ultimate responsibility for the establishment and oversight of the Company's risk management framework. The Executive Management team, accountable for developing and monitoring risk management policies, regularly communicates changes and compliance issues to the Board. Periodic reviews of risk management systems are conducted to adapt to evolving market conditions and the Company's activities.

The Audit Committee plays a crucial role in ensuring compliance with risk management policies and procedures. It evaluates the adequacy of the risk management framework in addressing the Company's specific risks. The Internal Audit department supports the Audit Committee in this oversight role by conducting reviews of risk management controls and procedures, with findings reported to the Audit Committee. The Company emphasizes a disciplined and constructive control environment through training, management standards, and procedures, fostering a comprehensive understanding of roles and obligations among all employees.

Below is a table highlighting our key risks, summarizing their impact, and mitigants/controls:

Risk category	Risk description	Impact summary	Mitigants
Strategic risks	**Company's strategy:** Risks associated with strategic decisions	Potential market share loss, reduced competitiveness, and financial instability	Regularly review and adapt strategies based on market dynamics
	R&D uncertainties: Challenges in developing new pharmaceuticals	Delays in product development, potential loss of market opportunities	Invest in diverse R&D projects and collaborations for risk-sharing
	Brand reputation: Damage to the reputation of "Jamjoom Pharma."	Loss of customer trust, decreased sales and negative brand perception	Implement strong quality control and communication strategies
	Information system interruptions: Risks related to IT disruptions	Operational downtime, data loss and compromised business continuity	Implement cybersecurity measures and ensure IT infrastructure resilience
Operational risks	**Supply chain:** Disruptions affecting production	Production delays, inventory shortages and financial losses	Diversify suppliers and establish alternative supply sources
	Concentration of sales: Dependency on a few distributors	Revenue loss, market share decline and increased vulnerability	Expand distributor network
	Costs and expenses: Impact of rising costs on business operations	Erosion of profit margins, reduced competitiveness and financial strain	Implement cost-saving measures and efficiency improvements Negotiate pricing with regulators to account for rising costs and make production more feasible
	Regulatory requirements: Non-compliance with SFDA and other regulations	Fines, legal consequences and potential product recalls	Stay updated on regulatory changes and ensure compliance
	Quality and recalls: Adverse events or recalls affecting products	Reputational damage, financial losses and decreased market trust	Stringent quality control processes and regular product testing
	Product liability: Legal claims related to product issues	Legal costs, compensation payouts and reputational damage	Comprehensive liability insurance and rigorous product testing
	Operational interruptions: Unexpected events disrupting business	Business disruption, financial losses and decreased customer satisfaction	Develop robust business continuity and disaster recovery plans
	Cross-border sales: Risks of international sales	Regulatory hurdles, customs issues and market-specific challenges	Thoroughly understand and comply with foreign regulations
	Government pricing restrictions: Regulatory impact on pricing	Reduced profit margins, financial strain and potential market exit	Establish proactive dialogue with government authorities on pricing strategies
	Infectious diseases: Impact of global health crises like COVID-19	Workforce shortages, supply chain disruptions and business continuity challenges	Develop and implement comprehensive pandemic response and business continuity plans
Market risks	**Political and economic impact:** Influence on operations	Currency exchange rate volatility, market instability and increased costs	Continuous monitoring and adaptation to political and economic changes
	Industry competition: Increasing competition	Market share loss, decreased pricing power and reduced profitability	Focus on innovation, product differentiation and market-specific strategies
	Competition law: Risks related to compliance	Legal consequences, fines and reputational damage	Regular legal compliance reviews and proactive engagement with legal experts
	Changes in laws and policies: Regulatory changes	Increased compliance costs, operational changes and potential market exit	Establish a dedicated legal and regulatory affairs team for continuous monitoring and adaptation

Audit and Internal Control

Results of the annual review of the effectiveness of the Company's internal control procedures

The Audit Committee oversees the internal audit activity in the Company on a regular basis to ensure the adequacy and effectiveness of the internal control system in general and in relation to the fairness of the financial statements in particular. It also provides a continuous evaluation of the internal control system and addresses any observations that it identifies. This is in line with the objectives of the Board of Directors to obtain a reasonable assurance about the soundness and effectiveness of the internal control system of the Company. Based on the results of the annual review of the effectiveness of internal control procedures in the Company, the Audit Committee did not observe matters that would lead it to believe that there are any material deficiencies that require disclosure. The control system has achieved reasonable improvements during the year through the follow-up reports on the implementation of recommendations and corrective actions, which are shared with the relevant departments, the Audit Committee, and the Board of Directors which provides acceptable satisfaction to the Audit Committee on the effectiveness and adequacy of the internal control system, where no party can provide an absolute assurance on any internal control system. The Company continues, under the supervision of the Audit Committee, to conduct periodic evaluations and reviews of the control system to ensure the achievement of internal control objectives, improve the efficiency of operations and effectiveness, and comply with applicable laws and regulations.

The Audit Committee's recommendation on appointing an internal auditor for the Company if it has made such a recommendation in the last financial year

The Company already has an in-house team performing all the necessary internal audit activities.

Audit Committee's recommendations that conflict with Board resolutions, or those that the Board rejects in relation to the appointment, dismissal, assessment or remuneration of an External Auditor, as well as justifications for those recommendations and reasons for rejecting them

During 2023G, there was no instance of any conflict between the Audit Committee's recommendations and Board resolutions in relation to any matter, including the appointment and remuneration of the External Auditor.

Any inconsistencies with the standards approved by the Saudi Organization for Chartered and Professional Accountants

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

If the external auditor's report contains reservations about the annual financial statements, the Board report shall highlight this by mentioning the reasons and any relevant information

There are no reservations contained under the External Auditor's report concerning the annual financial statements for FY 2023G. The Company has prepared the Board's report for FY 2023G in line with the guidelines set out in the Corporate Governance Regulations of CMA and there are no reservations concerning the financial statements for FY 2023G included in the External Auditor's report for FY 2023G.

Related Party Transactions

A description of any transaction between the Company and any Related Party; and information relating to any business or contract to which the Company is a party and in which a Director of the Company, a senior executive or any person related to any of them is or was interested, including the names of those involved in said business or contracts, the nature, conditions, durations and value of the business or contract. The Company shall submit a statement in that regard when there are no such businesses or contracts

Related party	Relationship/ Membership	Nature of Transaction	Term	Nature	Transactions For the Year ended 31 December 2023 (SAR)	Transactions For the Year ended 31 December 2022 (SAR)
Jamjoom Printing Press Est	The Board member of Jamjoom Pharma, Yousuf Mohammed Salah Jamjoom, has a direct interest in the transaction.	Purchases and services rendered for Printing Services, and packaging material	Individual Purchase Orders with 30 Days credit term	Without preferential terms	7,424,023	3,274,699
Jamjoom Medicine Store Co.	The Board member of Jamjoom Pharma, Yousuf Mohammed Salah Jamjoom, has a direct interest in the transaction. In addition to board members of Jamjoom Pharma; Mahmoud Yousuf Jamjoom, Mohammed Yousuf Jamjoom, Ahmad Yousuf Jamjoom, and Alaa Yousuf Jamjoom in which they have direct interest in the transaction.	Sales of JP Products for Distribution to customers	3 years auto renewal contract	Without preferential terms	609,295,532	467,286,947
		Sales distribution Commission	Individual Purchase Orders		3,146,333	17,820,244
Jamjoom General Agencies (Subsidiary from JMS)	The Board member of Jamjoom Pharma, Yousuf Mohammed Salah Jamjoom, has a direct interest in the transaction. In addition to Board members of Jamjoom Pharma; Mahmoud Yousuf Jamjoom, Mohammed Yousuf Jamjoom, Ahmad Yousuf Jamjoom, and Alaa Yousuf Jamjoom in which they have direct interest in the transaction	Purchases and services rendered such as promotional and gift items (pens, cufflinks etc)	Individual Purchase Orders with 60 days credit term	Without preferential terms	444,515	957,692
Tegan Al Fateh Factory Co Ltd	The Board member of Jamjoom Pharma, Yousuf Mohammed Salah Jamjoom, has an indirect interest in the transaction.	Purchases – Packing material Services rendered	5 years auto renewal contract for a period of 2 years	Without preferential terms	20,529,024	18,658,995
Dream Sky Travel & Tourism Agency	The Board member of Jamjoom Pharma Mahmoud Yousuf Jamjoom has indirect interest in the transaction.	Services rendered for travel bookings.	Individual Purchase Orders	Without preferential terms	11,273,155	7,432,119
Jamjoom Algeria Lildawa	The Board members of Jamjoom Pharma; Mahmoud Yousuf Jamjoom, Mohammed Yousuf Jamjoom, Ahmad Yousuf Jamjoom have indirect interest in the transaction	Joint Venture – Expenses paid	N/A	Without preferential terms	821,147	196,704

Financials

A statement of the value of any paid and outstanding statutory payments pertaining to zakat, taxes, fees, or any other charges that have not been paid as of the end of the financial year with a brief description and the reasons

Name	Paid during the year 2023G	Outstanding 2023G	Description 2023G	Reasons/justifications 2023G
Zakat	15,521,641	21,081,395	Zakat provision for 2023G	Statutory requirement
Tax	-	2,317,632	Egypt Subsidiary's Tax	Deferred tax liabilities
Gosi	12,070,050	-	Gosi paid for the year 2023G	Statutory requirement

Penalty, Precautionary Procedure, or Preventive Measure

There was no punishment, penalty, precautionary procedure, or preventive measure imposed on the Company by the CMA or any other supervisory, regulatory or judiciary authority during the year 2023G.

A summary, in the form of a table or graph, displaying the Company's assets, liabilities and results during the last four financial years or since its incorporation date, whichever is shorter

(SAR in thousands)	2020G	2021G	2022G	2023G
Total Assets	1,495,660	1,432,293	1,407,817	1,654,166
Total Liabilities	316,591	200,658	191,554	249,837
Sales	805,314	735,683	916,672	1,100,819
Net Profit	206,860	170,695	171,314	292,400

Geographical analysis of the Company and its Affiliates' revenues

Major products/SAR in thousands	2021G	2022G	2023G
Pharmaceutical products	663,462	797,376	956,731
Consumer health products	72,221	119,296	144,089
Total	**735,683**	**916,672**	**1,100,819**

Primary geographical markets/ SAR in thousands	2021G	2022G	2023G
KSA	466,098	587,133	720,586
Gulf	73,272	108,695	139,928
Iraq	64,585	91,153	105,138
Egypt	67,043	64,174	59,239
North Africa and other export markets	64,686	65,516	75,929
Total	**735,683**	**916,672**	**1,100,819**

Any material differences in operational results compared to the preceding year's results, along with any Company announced projections

Change (%)	Change (SAR million)	2022	2023	Item (SAR million)
20.1%	184.1	916.7	1,101.8	Revenue
23.0%	(74.3)	(322.7)	397.0	Cost of Sales
18.5%	109.9	593.9	703.8	Gross Profit
8.3%	(29.8)	(360.6)	(390.4)	Operating Expenses
34.3%	80.1	233.3	313.4	Operating Profit

Name of each Affiliate company, its capital, the Company's ownership percentage, the main scope of business, country of operation and country of incorporation

Affiliate	Company registration number	Capital (SAR)	The Company's direct ownership	The Company's indirect ownership	Country of operation	Country of incorporation	The main scope of business
Al Jamjoom Pharma for Pharmaceuticals Industries	29843	4,250,350	Yes	-	Egypt	Egypt	Production of medicines
Jamjoom Pharmaceuticals Industries and commerce Co Ltd.	4840779850	63,857	Yes	-	Turkey	Turkey	Sale of medicines
Jamjoom Algeria Lil Dawa[3]	16/00-1001683 B 21	65,212,511	Yes	-	Algeria	Algeria	Production of medicines
Jamjoom Hupp Pharma[4]	25/00-0071555 B-17	33,300,006	Yes	-	Algeria	Algeria	Production of medicines

[3]Joint Venture where the Company holds 49% of the shares
[4]Joint Venture where the Company holds 49% of the shares

Details of shares and debt instruments issued for each Affiliate company

Name of Affiliate company	Number of shares	Share value	Debt instruments (SAR)
AlJamjoom Pharma for Pharmaceuticals Industries	350,000	100 - EGP	-
Jamjoom Pharmaceuticals industries and Commerce Co Ltd.	20,000	25 - TL	-
Jamjoom Algeria Lil Dawa	2,350,000	1000 - DZD	-
Jamjoom Hupp Pharma	1,200,000	1000 - DZD	-

Implemented and Non-implemented Provisions of the Corporate Governance Regulations Issued by the Capital Markets Authority (CMA) and Justifications Therefor

During FY 2023G, the Company entirely complied with all the guiding and necessary regulations in the Corporate Governance Regulations issued by the CMA, apart from the following provisions:

Article	Provision	Article/Assessment	Reasons for non-implementation
41	B, C, D, E & F	B. The procedures of performance assessment shall be in writing and clearly stated and disclosed to the Board members and parties concerned with the assessment C. The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general D. The individual assessment of the Board members shall consider the extent of effective participation of the member and his / her commitment to performing his/her duties and responsibilities, including attending the Board and its committees' meetings and dedicating adequate time thereto F. Non-Executive Directors shall carry out a periodic assessment of the performance of the Chairman of the Board after getting the opinions of the Executive Directors, without the presence of the Chairman of the Board in the discussion on this matter, if weaknesses and strengths shall be identified, and a solution shall be proposed for the same in the best interests of the Company	The Company is developing policies and procedures in line with this guiding article

Article	Provision	Article/Risk Management	Reasons for non-implementation
67 to 69	1 to 12	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee." The chairman and majority of its members shall be Non-Executive Directors. The members of that committee should possess an adequate level of knowledge in risk management and finance The competencies of the risk management committee shall include the following: 1. Developing a strategy and comprehensive policies for risk management that are consistent with the nature and volume of the Company's activities, monitoring their implementation, and reviewing and updating them based on the Company's internal and external changing factors 2. Determining and maintaining an acceptable level of risk that may be faced by the Company and ensuring that the Company does not go beyond such a level 3. Ensuring the feasibility of the Company's continuation, the successful continuity of its activities, and determining the risks that threaten its existence during the following twelve (12) months 4. Overseeing the Company's risk management system and assessing the effectiveness of the systems and mechanisms for determining and monitoring the risks that threaten the Company to determine areas of inadequacy therein 5. Regularly reassessing the Company's ability to take risks and be exposed to such risks (through stress tests as an example) 6. Preparing detailed reports on the exposure to risks and the recommended measures to manage such risks and presenting them to the Board 7. Providing recommendations to the Board on matters related to risk management 8. Ensuring the availability of adequate resources and systems for risk management 9. Reviewing the organizational structure for risk management and providing recommendations regarding the same before approval by the Board 10. Verifying the independence of the risk management employees from activities that may expose the Company to risk 11. Ensuring that the risk management employees understand the risks threatening the Company and seek to raise awareness of the culture of risk; and 12. Reviewing any issues raised by the Audit Committee that may affect the Company's risk management The Risk Management Committee shall convene periodically at least once every six months, and as may be necessary.	The Company will assess implementing and developing this guiding article in future

Article	Provision	Article/Implementation of Corporate Governance	Reasons for non-implementation
92	1	If the Board forms a Corporate Governance Committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such a committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually	The Company will assess the need to implement this guiding article in future

Board Declarations

The Board of Directors and the Company's management acknowledge the following:

1. The accounting records have been correctly prepared;
2. The internal control system was established on sound bases and implemented effectively;
3. There is no doubt about the Company's ability to continue its activity;
4. There is no deviation from the accounting standards approved by the Saudi Organization for Certified Public Accountants;
5. There are no outstanding loans in the Company as of 31 December 2023G;
6. There have been no convertible debt instruments, contractual securities, preemptive rights, or similar rights issued or granted by the Company during FY 2023G and no compensation has been received by the Company in this regard;
7. There were no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights issued or granted by the Company during FY 2023G;
8. The Company does not have any contracts or any substantial interest with any of the Company's Board of Directors and Senior Executives or any person related to them other than as disclosed in this Report;
9. There has been no redemption, purchase, or cancellation by the Company of any redeemable debt instruments during FY 2023G and no such instrument was outstanding at the year's end;
10. There was no interest in the category of shares with voting rights belonging to persons (other than members of the Board of Directors and Senior Executives and their wives and minor children), who have informed the Company of these rights under article 85 of the Rules on the Offer of Securities and Continuing Obligations or any change in those rights during the last fiscal year;
11. There are no interests, choices, or subscription rights belonging to the members of the Company's Board of Directors and Senior Executives and their wives and minor children in the shares or instruments of the Company, or any of its subsidiaries, or any change in those interests or rights during the last fiscal year other than as disclosed in this Report;
12. No member of the Board or Senior Executives are or were engaged in a competing business.

Conclusion

The Board of Directors seizes this opportunity to express its sincere thanks and appreciation to all employees of the Company, shareholders, customers, suppliers and government bodies for their support, confidence, and cooperation.

In this section:

Underpinned by financial strength

The Company's prudent financial management and strong balance sheet position it for further growth funded primarily from within its own resources.

Independent Auditor's Report

To the Shareholders of Jamjoom Pharmaceuticals Factory Company

Opinion

We have audited the consolidated financial statements of Jamjoom Pharmaceuticals Factory Company ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and other standards and pronouncements that are endorsed in the Kingdom of Saudi Arabia issued by the Saudi Organization for Chartered and professional Accountants ("SOCPA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), that is endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Expected Credit Loss on Financial Assets

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

Key audit matter	How our audit addressed the key audit matter
As at 31 December 2023, the gross carrying value of trade receivables amounted to SR 343.3 million (2022: SR 361.4 million) against which the Group has determined an allowance for expected credit loss amounting to SR 11.1 million (2022: 9 million) in accordance with the requirements of the applicable financial reporting framework. In addition to that, the Group has receivable from a related party amounting to SR 17.5 million which is under dispute against which the Group has recognized an expected credit loss amounting to SR 11.6 million. The Group has applied a simplified approach in measuring its expected credit losses. The loss allowance is based on assumptions related to risk of default and expected loss rates. Based on Group's historical credit loss experience, current market conditions, as well as forward looking macro-economic factors affecting the ability of the customers to settle the receivables, the Group uses judgement in making assumptions and selecting inputs to calculate expected credit loss. We have considered this as a key audit matter due to the significant judgment and key assumptions required in developing the accounting estimate.	Our key audit procedures in this area, amongst others, included the following: • We assessed the appropriateness of the Group's accounting policy for determining expected credit loss on trade receivables and other financial assets in accordance with the applicable financial reporting framework. • We obtained an understanding of the procedures followed by the Group in establishing the expected credit loss including the model and assumptions used in developing the accounting estimate and assessed the design and implementation of controls relevant to such process. • We challenged the suitability of the expected credit loss model and assumption used by management in determination of the loss allowance through the involvement of our specialist who developed an independent expectation based on our knowledge of the client and the use of its historical information, experience of the industry in which it operates and specified external data sources. • We tested the accuracy of data used and the mathematical accuracy of the expected credit loss calculation. • We considered the adequacy of the disclosures in respect of expected credit loss over trade receivables in accordance with the applicable financial reporting standards.

Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No. 454
Jeddah, 31 March 2024
Corresponding to 21 Ramadan 1445

Consolidated Statement of Financial Position
As at 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2023	2022
ASSETS			
Property, plant and equipment	5	**696,223,938**	702,717,960
Right-of-use assets	6	**2,075,338**	2,331,686
Intangible assets	7	**13,048,868**	14,434,716
Equity-accounted investees	8	**36,114,208**	250,901
NON-CURRENT ASSETS		**747,462,352**	719,735,263
Inventories	10	**233,923,523**	131,861,298
Trade receivables	11	**332,125,964**	352,361,492
Prepayments and other current assets	12	**51,217,034**	56,262,432
Investments	9	**5,159,948**	5,115,913
Cash and cash equivalents	13	**284,276,766**	141,181,833
Asset held for sale	14	**–**	1,298,894
CURRENT ASSETS		**906,703,235**	688,081,862
TOTAL ASSETS		**1,654,165,587**	1,407,817,125
EQUITY			
Share capital	15	**700,000,000**	700,000,000
Statutory reserve	16	**67,131,416**	67,131,416
Foreign currency translation reserve		**(107,656,409)**	(75,083,354)
Retained earnings		**744,853,962**	524,215,264
TOTAL EQUITY		**1,404,328,969**	1,216,263,326
LIABILITIES			
Lease liabilities	17	**2,155,392**	2,401,203
Employees' benefits	18	**67,709,196**	62,162,117
NON-CURRENT LIABILITIES		**69,864,588**	64,563,320
Lease liabilities – current portion	17	**245,801**	235,167
Trade payables and other current liabilities	19	**154,216,943**	109,033,453
Zakat and income-tax payable	20	**25,509,286**	17,721,859
CURRENT LIABILITIES		**179,972,030**	126,990,479
TOTAL LIABILITIES		**249,836,618**	191,553,799
TOTAL EQUITY AND LIABILITIES		**1,654,165,587**	1,407,817,125

Chairman   Chief Executive Officer   Chief Financial Officer

The accompanying notes 1 through 36 form an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2023	2022
Revenue	23	**1,100,819,082**	916,672,111
Costs of revenue	24	**(397,030,527)**	(322,749,375)
GROSS PROFIT		**703,788,555**	593,922,736
Selling and distribution expenses	25	**(286,409,694)**	(261,062,783)
General and administrative expenses	26	**(66,015,847)**	(55,371,462)
Research and development expenses	27	**(33,388,457)**	(32,680,485)
Impairment loss on financial assets	28	**(4,595,285)**	(11,483,450)
OPERATING PROFIT		**313,379,272**	233,324,556
Finance costs	31	**(1,955,109)**	(48,810,626)
Finance income	31	**44,035**	9,712
Share of results in equity-accounted investees, net of tax	8	**4,406,228**	(318,657)
Other expense	29	**(3,136,766)**	(2,752,498)
Other income	30	**3,061,450**	4,862,301
PROFIT BEFORE ZAKAT AND INCOME TAX		**315,799,110**	186,314,788
Zakat and income tax	20	**(23,399,027)**	(15,000,626)
NET PROFIT FOR THE YEAR		**292,400,083**	171,314,162
OTHER COMPREHENSIVE LOSS:			
Items that will not be reclassified to profit or loss:			
Re-measurement of employees' benefits	18	**(1,761,385)**	(697,328)
Items that are or may be reclassified subsequently to profit or loss:			
Foreign operations – foreign currency translation differences	31	**(32,573,055)**	(37,208,081)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		**(34,334,440)**	(37,905,409)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**258,065,643**	133,408,753
EARNINGS PER SHARE:			
Basic and diluted earnings per share	32	**4.18**	2.45

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 through 36 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Share capital	Statutory reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 January 2022	100,000,000	50,000,000	(37,875,273)	1,119,510,376	1,231,635,103
Total comprehensive income:					
Net profit for the year	–	–	–	171,314,162	171,314,162
Other comprehensive loss for the year	–	–	(37,208,081)	(697,328)	(37,905,409)
Total comprehensive income for the year	–	–	(37,208,081)	170,616,834	133,408,753
Transfer to statutory reserve	–	17,131,416	–	(17,131,416)	–
Transaction with owners of the Company:					
Increase in share capital (note 15.1)	600,000,000	–	–	(600,000,000)	–
Dividends (note 15.3)	–	–	–	(148,780,530)	(148,780,530)
Balance at 31 December 2022	700,000,000	67,131,416	(75,083,354)	524,215,264	1,216,263,326
Total comprehensive income:					
Net profit for the year	**–**	**–**	**–**	**292,400,083**	**292,400,083**
Other comprehensive loss for the year	**–**	**–**	**(32,573,055)**	**(1,761,385)**	**(34,334,440)**
Total Comprehensive income for the year	**–**	**–**	**(32,573,055)**	**290,638,698**	**258,065,643**
Transaction with owners of the Company:					
Dividends (note 15.3)	**–**	**–**	**–**	**(70,000,000)**	**(70,000,000)**
BALANCE AT 31 DECEMBER 2023	**700,000,000**	**67,131,416**	**(107,656,409)**	**744,853,962**	**1,404,328,969**

Chairman

Chief Executive Officer

Chief Financial Officer

The accompanying notes 1 through 36 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

	Notes	2023	2022
Cash flows from operating activities:			
Profit before Zakat and income tax		**315,799,110**	186,314,788
Adjustments for:			
Depreciation	5	**24,394,327**	22,615,013
Amortisation	7	**1,976,306**	1,855,103
Depreciation on right-of-use assets	6	**256,348**	256,346
Finance cost	31	**1,955,109**	48,810,626
Finance income	31	**(44,035)**	(9,712)
Share of results from equity-accounted investees	8	**(4,406,228)**	318,657
Impairment loss on financial assets	28	**4,595,285**	11,483,450
Provision for obsolescence/slow moving inventories	10	**12,367,430**	10,820,079
Provision for employees' benefits		**11,634,360**	10,676,759
Impairment loss on asset held for sale	29	**1,298,894**	1,252,498
Interest expense	17	**112,088**	122,260
Gain on disposal of property, plant and equipment	30	**(37,151)**	(30,759)
		369,901,843	301,834,806
Changes in:			
Trade receivables		**18,031,939**	12,191,101
Prepayment and other current assets		**2,545,398**	(18,528,001)
Inventories		**(114,429,655)**	(166,196)
Trade payables and other current liabilities		**44,530,472**	(18,537,315)
Cash generated from operating activities		**320,579,997**	269,094,697
Employees' benefits paid – net		**(7,837,017)**	(9,788,155)
Finance cost paid		**(1,193,787)**	(13,234,033)
Zakat and income tax paid	20	**(15,521,641)**	(16,746,688)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**296,027,552**	229,325,821
Cash flows from investing activities:			
Additions to property, plant and equipment	5	**(45,175,223)**	(86,123,686)
Additions to intangible assets	7	**(599,673)**	(1,527,142)
Proceeds from disposal of property, plant and equipment		**52,291**	148,365
Proceeds from redemption of Investments		**–**	33,088,479
Acquisition of investment		**–**	(65,368)
Additional capital injected in joint venture	8	**(31,719,079)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(77,441,684)**	(54,479,352)
Cash flows from financing activities:			
Dividends paid	15.3	**(70,000,000)**	(148,780,530)
Payment of lease liabilities	17	**(347,265)**	(347,255)
NET CASH USED IN FINANCING ACTIVITIES		**(70,347,265)**	(149,127,785)
Net change in cash and cash equivalents		**148,238,603**	25,718,684
Net foreign exchange difference		**(5,143,670)**	2,833,413
Cash and cash equivalents at beginning of the year	13	**141,181,833**	112,629,736
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	**284,276,766**	141,181,833
Major Non-Cash Supplemental Information:			
Increase in share capital	15	**–**	600,000,000

Chairman | Chief Executive Officer | Chief Financial Officer

The accompanying notes 1 through 36 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023
(Expressed in Saudi Arabian Riyals, unless otherwise stated)

1. REPORTING ENTITY

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

The Company and its subsidiaries (collectively referred as the "Group") are collectively involved to produce human medicines, nutraceuticals, antibiotics, general analgesics, medicines for treatment of cough, allergy, asthma, heart diseases, blood pressure, diarrhea, vomiting, ulcer and acidity, treatment of various skin infections, cancer diseases, eye drops and ointments and cosmeceuticals.

On 17 July 2022, the shareholders of the Company passed a resolution to go for listing in Saudi Stock Exchange (Tadawul). On 28 December 2022, the Capital Market Authority (CMA) approved the Registration and the Initial Public Offering of the Company's shares. On 20 June 2023, the Company's shares became listed on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. The initial public offering consisted of the sale of twenty-one million (21,000,000) shares representing thirty percent (30%) of the issued share capital of the Company. The legal formalities of updating the Company By-laws completed in July 2023, and for Commercial Registration Certificate completed in August 2023.

The new Companies Law issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as "the Law") came into force on 26/6/1444 H (corresponding to 19 January 2023). For certain provisions of the Law, full compliance is expected not later than two years from 26/6/1444H (corresponding to 19 January 2023). During the year, management assessed the impact and amended its By-Laws to align them with the provisions of the Law. On 9 May 2023, the amended By-Laws were presented to and approved by the shareholders in their Extraordinary General Assembly meeting.

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

- The Company registered its branch in Riyadh on 23 Rabi Al Awal 1431H (corresponding to 9 March 2010), commercial registration number 1010283686.
- The Company registered its branch in Jeddah on 25 Rabi Al Thani 1440H (corresponding to 3 November 2018), commercial registration number 4030318590.
- The Company registered its scientific support office in Egypt on 18 Ramadan l430H (corresponding to 8 September 2010) based on a resolution number 481 issued by the Ministry of Health in Egypt.
- The Company registered its branch in Jeddah for the upcoming Sterile Manufacturing Facility on 13 Shawwal 1442H (corresponding to 25 May 2021), commercial registration number 4030416562.
- The Company registered its branch in U.A.E., Dubai on 1 Dhul Hijjah 1438H (corresponding to 23 August 2017), commercial license number 94284 issued by Dubai Development Authority in U.A.E.
- The Company registered its branch in Qassim on 28 Safar 1444H (corresponding to 24 September 2022), commercial registration number 1131323678.
- The Company registered its branch in Jizan on 13 Rabi Al Thani 1444H (corresponding to 7 November 2022), commercial registration number 5900137576.
- The Company registered its branch in Hafouf on 14 Rabi Al Thani 1444H (corresponding to 8 November 2022), commercial registration number 2251502524.

The Company has the following subsidiaries up to 31 December 2023:

Name	Country of incorporation	Principal activity	Effective shareholding 2023	Effective shareholding 2022
Al Jamjoom Pharma for Pharmaceutical Industries	Egypt	Manufacture and distribution of pharmaceuticals	**100%**	100%
Jamjoom Pharmaceutical Industry and Commerce Company Limited*	Turkey	Manufacture and distribution of pharmaceuticals	**100%**	100%

* The subsidiary is immaterial both alone and in aggregate to the financial position, performance and cash flows of the group and therefore not consolidated in these financial statements.

The Board of Directors resolved to liquidate the Jamjoom Pharmaceutical Industry and Commerce Company Limited dated 20 May 2019 and the process of liquidation is in progress.

The registered address of the Company is as follows:

P.O. Box 6267,
Jeddah-21442,
Kingdom of Saudi Arabia

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

a) Statement of compliance

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

b) Basis of measurement

These consolidated financial statements have been prepared using accrual basis of accounting, going concern concept and under the historical cost basis, except for employees' benefit, which are measured at the present value of future obligation using the Projected Unit Credit Method, and investments at fair value through profit and loss, which are measured at fair values. Certain figures for the prior year have been reclassified to conform to the presentation in the current year.

c) Functional and presentation currency

The accompanying consolidated financial statements are presented in Saudi Arabian Riyals (SR) which is also the Company's functional and presentational currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. All amounts have been rounded off to the nearest Riyals, unless otherwise stated.

d) Critical accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgments

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

– Consolidation: whether the Group exercises control over an investee (Note 3 (a)(i)).

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

– Allocation of common cost between sale of shares and listing of shares: the Group's management allocates the common cost between sale of shares and listing of shares in proportion to their respective directly attributable costs for the period in which these are incurred.

Assumptions and estimation uncertainties

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

i) Impairment of non-financial assets

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

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

Impairment loss is recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

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

iii) Provision for inventory obsolescence

The Group determines its provision for inventory obsolescence based upon historical experience, expected inventory turnover, inventory aging, current condition, and future expectations with respect to its consumption. Estimates of net realizable value of inventories are based on the most reliable evidence at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly related to events occurring subsequent to the period end date to the extent that such events confirm conditions existing at the end of period. The estimate of the Group's provision for inventory obsolescence could materially change from period to period due to changes in the pattern of consumption and sale of pharmaceutical products.

iv) Useful lives of property, plant and equipment

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

v) Employee benefits – defined benefit obligation

Certain actuarial assumptions have been adopted as disclosed in note 18 to these consolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect gains and losses in those years.

Measurement of fair values

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

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Group recognizes transfers between levels of the fair value hierarchy, if any, at the end of the reporting period during which the change has occurred. For details of the Group's basis of fair valuation of its assets and liabilities refer to note (34).

3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

a) Basis of consolidation

i) Subsidiaries

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

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. The group uses the same accounting policies as of the subsidiaries and have the same financial year.

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".

ii) 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.

iii) Investments in equity accounted investees

The Group's interest in equity-accounted investees comprise interests in joint ventures. A joint venture is an arrangement in which the Group has joint control, whereby the Group has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's investment in joint venture is accounted for using the equity method. Under the equity method, the investment in joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in Other Comprehensive Income (OCI) of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the Group's interest in the joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in joint venture. The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the loss in the consolidated statement of profit or loss and other comprehensive income. Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses exceeds its interest in joint venture, the carrying amount of that interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

iv) Transactions eliminated on consolidation

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

b) Financial instruments

i) Recognition and initial measurement

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

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

ii) Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

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

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

Financial assets at Fair Value Through Profit and Loss (FVTPL)	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	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.
Debt investments at Fair Value through Other Comprehensive Income (FVOCI)	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.
Equity investments at Fair Value through Other Comprehensive Income (FVOCI)	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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

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

Financial liabilities

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

v) Offsetting

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

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

vi) Impairment of financial assets

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the management considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

The management considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

In respect of trade receivables, the management applies a simplified approach in measuring the expected credit losses. Therefore, the management does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP of the country of sales/customers to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Credit-impaired financial assets

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

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 990 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Financial assets are written off when there are no reasonable expectations of recovery. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the profit or loss.

c) Impairment

Non-financial assets

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

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

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

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 and equipment. Land is not depreciated.

The estimated useful lives of assets are as follow:

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

Depreciation methods, useful lives and residual values are reviewed at least annually and adjusted prospectively if required. For impairment assessment of property, plant, and equipment, please refer policy on impairment of non-financial assets note 3(c).

Capital work-in-progress

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

e) Intangible assets

Intangible assets are measured on initial recognition at cost. Subsequently, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets are amortised over their useful economic lives of 8-10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognized in consolidated statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

f) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognized in consolidated statement of profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

g) 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.

h) Provisions and contingent liabilities

Provisions

A provision is recognized if, as a result of a past event, the Group has a present, legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions expected to be settled after 12 months of the reporting date are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost in statement of profit or loss and other comprehensive income.

A provision for finished goods expiry is recognized when the underlying goods are sold, based on historical replacement data and a weighting of possible outcomes against their associated probabilities.

Contingent liabilities

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group. Contingent liabilities are based on the judgment of management/independent experts and are not recognized in these consolidated financial statements but disclosed in the notes to these consolidated financial statements. These are reviewed at the end of each reporting period and are adjusted as appropriate.

i) Employees' benefits

Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then- net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in consolidated statement of profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

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

Termination benefits

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

Short-term employee benefits

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

j) Revenues

The Group mainly generates revenue from manufacturing and delivery of pharmaceutical products. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group acts as the principal in its revenue arrangements because it controls the goods before transferring them to the customer.

Revenue from the sale of goods is recognised at the point in time when the control of the asset is transferred to the customer, generally on delivery or shipment of products. The normal credit term is 30 to 90 days upon delivery.

In determining the transaction price for the sale of products, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group estimates the amount of variable consideration by using either of the following methods, depending on which method is expected to better predict the amount of consideration to which it will be entitled:

a) The expected value—the expected value is the sum of probability-weighted amounts in a range of possible consideration amounts and is generally applied when the Group has a large number of contracts with similar characteristics.

b) The most likely amount—the most likely amount is the single most likely amount in a range of possible consideration amounts (i.e. the single most likely outcome of the contract). The most likely amount is generally appropriate if the contract has only two possible outcomes.

The Group applies the above methods consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which the Group will be entitled. In addition, the Group considers all the information (historical, current and forecast) that is reasonably available and identifies a reasonable number of possible consideration amounts.

Consideration payable to a customer includes cash amounts that the Group pays or expects to pay to the customers for the purchase of Group's goods. Consideration payable to a customer is treated as a reduction of the transaction price, unless the payment to the customer is in exchange for a distinct good that the customer transfers to the Group. If consideration payable to a customer is accounted for as a reduction in the transaction price, then the Group recognises a reduction of revenue when (or as) the later of the following events occurs: (i) the Group recognises revenue for the transfer of the related goods to the customer; and, (ii) the Group pays or promises to pay the consideration; this promise is implied by the Group's customary business practices. The Group applies judgement in respect of the above.

k) Zakat and income tax

The Company is subject to Zakat in accordance with the regulations of Zakat and Tax Customs Authority ("ZATCA"). Foreign subsidiaries are subject to the relevant income tax regulations in their countries of domicile. The Company's Zakat and its share in the foreign subsidiaries income tax are accrued and charged to the consolidated statement of profit or loss. Additional Zakat and foreign income tax liabilities, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized. The Group withholds taxes on transactions with non-resident parties.

l) 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.

m) Cash dividend

The Group recognises a liability to make distribution to equity holders of the Parent Company when the distribution is authorised and the distribution is no longer at the discretion of the Group. Distribution authorization is assessed in line with the Companies' By-laws, of which a distribution is authorised when approved by the shareholders. A corresponding amount is recognised directly in equity. Dividends, if any, are recorded when approved by the Board of Directors.

n) Cash and cash equivalents

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

o) Operating expenses

Costs of revenue represent all expenses directly attributable or incidental to the core operating activities of the Group including but not limited to raw materials and supplies, attributable employee-related costs, depreciation of property and equipment, etc. All other expenses are classified as general and administrative expenses, selling and distribution expenses and research and development expenses. Allocation of common expenses between costs of revenue, selling and distribution expense, general and administrative expenses and research and development expenses where required, is made on a reasonable basis with regards to the nature and circumstances of the common expenses

p) Trade date accounting of financial instruments

Financial liabilities are initially recognised on trade date i.e. date on which the Group becomes party to the respective contractual provisions. All regular way purchases and sales of financial assets are recognized and derecognized on the trade date, i.e. the date on which the Group commits to purchase or sell the asset.

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 Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

r) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Saudi Arabian Riyal at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Saudi Arabian Riyal at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

4. NEW STANDARDS, AMENDMENTS TO STANDARDS, AND INTERPRETATIONS

a) Standards, interpretations, and amendments issued

There were no new standards issued and/or applied during the year ended 31 December 2023 and, except for Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2, the adoption of the following amendments to the existing standards had no significant impact on the consolidated financial statements of the Group on the current period or prior periods and is expected to have no significant effect in the future periods.

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material' rather than 'significant' accounting policies. Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in certain instances.

Standard/Interpretation	Description	Effective from periods beginning on or after the following date
IAS 8	Definition of Accounting Estimate - Amendments to IAS 8	1 January 2023
IAS 12	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12	1 January 2023
IAS 7 and IFRS 7	Amendments to IAS 7 and IFRS 7 – Supplier finance arrangements	1 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
IFRS 17	IFRS 17 Insurance Contracts	1 January 2023
IAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	23 May 2023

b) Standards, interpretations and amendments issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 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 date
IFRS 16	Lease Liability in a Sales and Leaseback – Amendments to IFRS 16	1 January 2024
IAS 1	Classification of liabilities as current or non-current – Amendments to IAS 1	1 January 2024
IAS 1	Non- current liabilities with covenants – Amendments to IAS 1	1 January 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
IFRS S1	General Requirements for Disclosure of Sustainability-related Financial Information	1 January 2024
IFRS S2	Climate-related Disclosures	1 January 2024
IAS 21	Lack of Exchangeability – Amendments to IAS 21	1 January 2025
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28	Available for optional adoption/ effective date deferred indefinitely

5. PROPERTY, PLANT AND EQUIPMENT

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

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

The movement in property and equipment during the year ended 31 December 2022 is analyzed as under:

	Lands	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Capital work in progress	Total
Cost:									
Balance as at 1 January 2022	62,594,759	176,669,203	476,136,367	19,700,160	3,414,890	7,751,215	3,475,195	325,120,474	1,074,862,263
Additions during the year	–	1,312,500	5,151,361	787,444	469,275	1,381,847	276,980	76,744,279	86,123,686
Transferred from capital work in progress	–	–	915,547	–	–	954,950	–	(1,870,497)	–
Disposals during the year	–	–	(2,635,541)	(11,683)	(49,449)	(290,003)	(1,499,200)	–	(4,485,876)
Foreign currency translation differences	(2,136,420)	–	(163,925)	(140,607)	(52,767)	(151,259)	(14,750)	(70,053,064)	(72,712,792)
Balance as at 31 December 2022	**60,458,339**	**177,981,703**	**479,403,809**	**20,335,314**	**3,781,949**	**9,646,750**	**2,238,225**	**329,941,192**	**1,083,787,281**
Accumulated depreciation:									
Balance as at 1 January 2022	–	42,552,325	296,632,310	12,024,692	2,646,196	6,138,142	2,965,820	–	362,959,485
Charge for the year	–	5,340,508	14,693,825	1,392,297	299,517	712,839	176,027	–	22,615,013
Disposals during the year	–	–	(2,607,799)	(11,411)	(48,424)	(281,447)	(1,419,189)	–	(4,368,270)
Foreign currency translation differences	–	–	(2,607)	(47,955)	(10,296)	(73,898)	(2,151)	–	(136,907)
Balance as at 31 December 2022	**–**	**47,892,833**	**308,715,729**	**13,357,623**	**2,886,993**	**6,495,636**	**1,720,507**	**–**	**381,069,321**
Carrying value:									
At 31 December 2022	**60,458,339**	**130,088,870**	**170,688,080**	**6,977,691**	**894,956**	**3,151,114**	**517,718**	**329,941,192**	**702,717,960**

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

	2023	2022
Costs of revenue (note 24)	**18,457,507**	17,156,801
Selling and distribution expenses (note 25)	**995,464**	939,728
General and administrative expenses (note 26)	**2,633,576**	2,057,336
Research and development expenses (note 27)	**2,307,780**	2,461,148
	24,394,327	22,615,013

5.2 Capital work in progress represents cost incurred on the construction of a manufacturing facility ('Egypt Main Facility') in Egypt and a sterile area facility ('Jeddah Sterile Facility') in Kingdom of Saudi Arabia ('KSA'). It also includes expansion in KSA represented in the form of new machinery. As of 31 December 2023, the balance of Factory in Egypt amounted to SR 38.83 million (31 December 2022: SR 154.7 million). During the year ended 31 December 2023, the Subsidiary in Egypt capitalized the Factory building, Oral Solid Dosage (OSD) manufacturing line and Semi Solid (SSD) manufacturing line following receipt of the approval from the Egyptian Drug Authority ('EDA') to commercially sell products manufactured from these manufacturing lines. Another sterile unit is under review of the EDA which is expected to be finalized during Q1 of 2024. While Sterile Area in KSA is expected to be completed during 2024, the expansion in KSA is partially delivered before the year ended 31 December 2023 and remaining is expected to be delivered by the end of Q2 of 2024.

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

	2023	2022
Equipment	**142,336,576**	151,890,365
Civil works	**104,912,238**	161,306,093
Advances for civil work	**–**	16,094,942
Advances for equipment	**5,645,308**	649,792
	252,894,122	329,941,192

6. RIGHT-OF-USE ASSET

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

	2023	2022
Cost		
Balance as at 1 January	**3,406,085**	2,785,065
Modifications	**–**	621,020
Balance as at 31 December	**3,406,085**	3,406,085
Accumulated depreciation		
Balance as at 1 January	**(1,074,399)**	(818,053)
Charge for the year*	**(256,348)**	(256,346)
Balance as at 31 December	**(1,330,747)**	(1,074,399)
Carrying value:		
At December 31	**2,075,338**	2,331,686

* Depreciation charge on right-of-use asset is allocated to costs of revenue.

The following are the amounts recognised in profit or loss:

	2023	2022
Depreciation on right-of-use assets	**256,348**	256,346
Interest expense on lease liabilities	**112,088**	122,260
Expense relating to short-term leases (note 6.1)	**960,516**	1,010,086
Total amount recognised in profit or loss	**1,328,952**	1,388,692

6.1 These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

6.2 Some property leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances.

7. INTANGIBLE ASSETS

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

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

	Software	Trademark*	Total
Cost:			
Balance as at 1 January	7,845,974	15,000,000	22,845,974
Additions during the year	1,527,142	–	1,527,142
Foreign currency translation	(27,631)	–	(27,631)
Balance as at 31 December 2022	**9,345,485**	**15,000,000**	**24,345,485**
Accumulated amortisation:			
Balance as at 1 January 2022	6,310,397	1,750,000	8,060,397
Charge for the year	355,103	1,500,000	1,855,103
Foreign currency translation	(4,731)	–	(4,731)
Balance as at 31 December 2022	**6,660,769**	**3,250,000**	**9,910,769**
Carrying value:			
As at 31 December 2022	**2,684,716**	**11,750,000**	**14,434,716**

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

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

	2023	2022
Costs of revenue (note 24)	**130,829**	128,064
Selling and distribution expenses (note 25)	**17,225**	15,975
General and administrative expenses (note 26)	**307,123**	189,937
Research and development expenses (note 27)	**21,129**	21,127
Other expense (note 29)	**1,500,000**	1,500,000
	1,976,306	1,855,103

8. EQUITY-ACCOUNTED INVESTEE

The Group has interest in the following:

		Ownership interest (%)		Amount	
Name	Principal place of business	2023	2022	2023	2022
Jamjoom Hupp Pharma LLC (note 14)	Algeria	**49%**	49%	**–**	–
Jamjoom Algeria Lildawa	Algeria	**49%**	49%	**36,114,208**	250,901
				36,114,208	250,901

The movement of equity-accounted investees is as follows:

	2023	2022
Opening balance	**250,901**	3,941,232
Additions (8.1)	**31,719,079**	–
Share of results from equity accounted investee	**4,406,228**	(318,657)
Other adjustments	**(262,000)**	(820,282)
Transferred to asset held for sale (note 14)	**–**	(2,551,392)
Closing balance	**36,114,208**	250,901

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

	2023	2022
Total assets	**118,455,654**	775,511
Total liabilities	**44,753,189**	263,468
Total equity	**73,702,465**	512,043
Results for the year	**8,992,302**	(457,662)

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

8.2 During the year ended 31 December 2023 and subsequent there to, the Company provided corporate guarantees to local banks in Algeria to support Jamjoom Algeria Lildawa in obtaining banking facility for the purpose of financing partial consideration for the acquisition, capital expenditure and working capital requirements.

9. INVESTMENTS

Investments as at December 31 comprised of the following:

	2023	2022
Investments at fair value through profit or loss (note 9.1)	**5,159,948**	5,115,913

9.1 Investments at fair value through profit or loss:

		Number of shares		Amount (SR)	
	Country of incorporation	2023	2022	2023	2022
Quoted equity securities					
Al Nahdi Medical Company	Kingdom of Saudi Arabia	**499**	499	**68,363**	83,433
Saudi Arabian Oil Company (Aramco) (note 9.2)	Kingdom of Saudi Arabia	**20,608**	18,735	**680,064**	601,393
Unquoted equity securities					
Biothera (common units held)	United States of America	**2,173,913**	2,173,913	**–**	19,566
Investments in fund					
Private equity fund (note 9.3)	Saudi Arabia	**–**	–	**4,411,521**	4,411,521
				5,159,948	5,115,913

9.2 During the year, the Company received 10% bonus shares from Aramco without change in its ownership percentage.

9.3 The Company has an arrangement with a KSA-based asset manager to manage its funds via investments in a discretionary portfolio to create value for the Company. As at 31 December 2023, the net asset value (NAV) of the investment was approximately its carrying value.

10. INVENTORIES

Inventories include the following:

	2023	2022
Raw materials	**92,818,163**	55,819,068
Packing materials	**43,884,671**	34,284,786
Work in process	**10,929,229**	10,044,747
Finished goods	**85,079,669**	33,015,374
Goods in transit	**5,596,565**	2,820,530
Stores and spares (10.1)	**12,732,593**	11,788,640
	251,040,890	147,773,145
Provision for inventories (note 10.2)	**(17,117,367)**	(15,911,847)
	233,923,523	131,861,298

10.1 Stores and spares classified inventories include materials and items which are not expected to be used for more than one year.

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

	2023	2022
Balance as at 1 January	**15,911,847**	18,031,660
Provision during the year	**12,367,430**	10,820,079
Write off during the year	**(11,085,306)**	(12,918,374)
Foreign currency translation	**(76,604)**	(21,518)
Balance as at 31 December	**17,117,367**	15,911,847

11. TRADE RECEIVABLES

	2023	2022
Trade receivables, net (note 11.1)	**332,125,964**	352,361,492

11.1 Trade receivables include the following:

	2023	2022
Trade receivables – external parties	**190,565,727**	166,469,672
Trade receivables – a related party (note 21)	**152,692,940**	194,929,555
	343,258,667	361,399,227
Less: Allowance for expected credit losses (note 11.2)	**(11,132,703)**	(9,037,735)
	332,125,964	352,361,492

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

	2023	2022
Balance at 1 January	**9,037,735**	19,852,883
Provision during the year	**2,095,285**	2,348,195
Write off during the year	**–**	(13,163,343)
Foreign currency translation differences	**(317)**	–
Balance at 31 December	**11,132,703**	9,037,735

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

			Past due but not impaired			
	Total	Neither past due nor impaired	0-90 days	90-180 days	180-360 days	361 days and above
31 December 2023						
Gross carrying amount	**343,258,667**	**192,935,448**	**99,242,042**	**6,720,814**	**12,663,774**	**31,696,589**
Loss allowance	**11,132,703**	**741,071**	**871,341**	**136,336**	**864,054**	**8,519,901**
Weighted average loss rate	**3.24%**	**0.38%**	**0.88%**	**2.03%**	**6.82%**	**26.88%**

			Past due but not impaired			
	Total	Neither past due nor impaired	0-90 days	90-180 days	180-360 days	361 days and above
31 December 2022						
Gross carrying amount	361,399,227	195,278,250	89,619,528	13,934,317	17,895,254	44,671,878
Loss allowance	9,037,735	427,869	530,563	299,587	758,560	7,021,156
Weighted average loss rate	2.50%	0.22%	0.59%	2.15%	4.24%	15.72%

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

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables are disclosed in note 34.

12. PREPAYMENTS AND OTHER CURRENT ASSETS

	2023	2022
Prepayments and other current assets (note 12.1)	**44,414,833**	47,748,955
Due from related parties (note 21)	**6,802,201**	8,513,477
	51,217,034	56,262,432

12.1 Prepayments and other current assets

	2023	2022
Employees' receivables (note 12.1)	**10,310,406**	9,765,889
VAT receivable	**11,894,312**	10,937,448
Advance to suppliers	**15,895,907**	10,962,043
Due from shareholders (note 12.2)	**–**	7,886,574
Prepayments	**3,988,236**	4,516,253
Deposits	**800,485**	1,062,520
Others	**1,525,487**	2,618,228
	44,414,833	47,748,955

12.1 Employees' receivables are secured against the respective employee end of service benefits.

12.2 This represents amount to be indemnified by the shareholders to the Company in relation to the cost borne by the Company on their behalf for the sale of their existing shares to the public in proportion to their existing interest in the Company and the shareholders have agreed to indemnify the Company for the entire amount paid in this respect.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	2023	2022
Cash in hand	**26,948**	37,135
Cash at banks – current accounts	**284,249,818**	141,144,698
	284,276,766	141,181,833

The cash is held in accounts with banks having sound credit ratings. The fair value of cash and cash equivalent approximates their carrying values at 31 December 2023 and 31 December 2022.

14. ASSET HELD FOR SALE

During the year ended 31 December 2022, management committed to a plan to sell its investment in Jamjoom Hupp Pharma LLC. Accordingly, the Group's investment in joint venture has been presented as an asset held for sale. Efforts to sell the investment have started and a sale is expected to be completed in the next year. Management has reassessed its position as at 31 December 2023 and continues to classify it as asset held for sale. During the year, an impairment loss of SR 1,298,894 (2022: SR 1,252,498) for write-down of the asset to the lower of its carrying amount and its fair value less costs to sell have been included in 'other expense' (refer to note 29).

15. SHARE CAPITAL

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

	Ordinary shares	
	2023	**2022**
Number of shares unless otherwise stated		
Shares in issue at 1 January	**70,000,000**	10,000,000
Shares issued against retained earnings (note 15.1)	**–**	60,000,000
Shares in issue at 31 December, fully paid	**70,000,000**	70,000,000
Par value per share	**SR 10**	SR 10
Authorised shares amount	**SR 700,000,000**	SR 700,000,000

15.1 On 17 July 2022, the shareholders of the Company passed a resolution to increase the share capital of the Company from SR 100 million to SR 700 million. All the related pre-requisites and legal formalities were completed on 24 August 2022.

15.2 As at 31 December 2023 he group main shareholders are Mr. Yousuf Mohammed Saleh Jamjoom and Mr. Mahmood Yousuf Mohammed Jamjoom and they hold 41.65% and 5.60% of equity interest respectively.

15.3 The dividends approved by Board of the directors during the current is SR 70 million and 148.8 for the prior year.

16. STATUTORY RESERVE

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

17. LEASE LIABILITES

	2023	**2022**
Lease liabilities	**2,401,193**	2,636,370

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

	2023	**2022**
As at 1 January	**2,636,370**	1,967,012
Modifications during the year	**–**	894,353
Add: Interest expense for the year	**112,088**	122,260
Less: Payments made during the year	**(347,265)**	(347,255)
As at 31 December	**2,401,193**	2,636,370

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

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

	2023	**2022**
Current liability	**245,801**	235,167
Non-current liability	**2,155,392**	2,401,203
Lease liabilities	**2,401,193**	2,636,370

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

18. EMPLOYEES' BENEFITS

The Company operates an unfunded employees' end of service benefits plan ("EOSB") for its employees as required by Saudi Arabian Labour and Workmen Law. The benefit is based on employees' basic salaries and allowances and their cumulative years of service, as stated in the laws of Kingdom of Saudi Arabia. An independent actuarial exercise has been conducted as at 31 December 2023 and 31 December 2022 to ensure the adequacy of provision for employees' end of service benefits in accordance with the rules stated under the Saudi Arabian Labour Law by using the Projected Unit Credit Method as required under International Accounting Standards 19: Employee Benefits.

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

	2023	**2022**
Employees' benefits	**67,709,196**	62,162,117

a) Movement in defined benefit obligation

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

	2023	**2022**
Balance at 1 January	**62,162,117**	60,576,185
Included in statement of profit or loss		
Current service cost	**9,048,861**	8,856,383
Interest cost	**2,585,499**	1,820,376
	11,634,360	10,676,759
Included in other comprehensive income		
Actuarial loss arising from experience adjustment	**1,761,385**	697,328
Benefits paid	**(7,848,666)**	(9,788,155)
Balance at 31 December	**67,709,196**	62,162,117

b) Actuarial assumptions

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

	2023	**2022**
Discount rate	**4.83%**	4.44%
Future salary growth/Expected rate of salary increase	**4.83%**	4.44%
Retirement age	**60 years**	60 years
Number of employees	**1,027**	1,013
Mortality rate	**0.75 to 7.52**	0.75 to 7.52

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

	2023	**2022**
Discount rate (+0.5% movement)	**64,341,338**	62,150,468
Discount rate (-0.5% movement)	**71,349,707**	58,956,441
Salary increase rate (+0.5% movement)	**71,331,755**	65,588,704
Salary decrease rate (-0.5% movement)	**64,325,780**	58,941,665

The sensitivity analyses have been determined based on a method that extrapolates the impact on the end of service benefit as a result of changes in key assumptions occurring at the end of the reporting period, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the end of service benefit as it is unlikely that changes in assumptions would occur in isolation of one another. The weighted average duration of the end of service benefit at the end of the reporting period is 9.74 years (31 December 2022: 9.95 years).

19. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities include the following:

	2023	2022
Trade payables	**63,240,884**	34,669,074
Accruals and other current liabilities (note 19.1)	**86,101,060**	69,166,576
Due to related parties (note 21)	**4,874,999**	5,197,803
	154,216,943	109,033,453

19.1 Accruals and other current liabilities

	2023	2022
Employee related accruals	**44,747,179**	38,983,706
Accrued commission and discount payable	**1,434,595**	710,088
Retention payable	**2,045,096**	4,931,668
Customer advances	**3,765,693**	50,348
Accrued sales and marketing expenses	**2,476,936**	1,675,041
Accrued utilities bills	**1,274,755**	1,298,777
Refund liability (19.2)	**10,241,777**	9,014,591
Local expenses accrual	**16,679,407**	9,263,452
Others	**3,435,622**	3,238,905
	86,101,060	69,166,576

19.2 The provision has been estimated based on historical return data.

20. ZAKAT AND INCOME-TAX PAYABLE

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

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

	2022		
	Zakat	Income tax	Total
Balance at 1 January	18,662,603	1,081,749	19,744,352
Charge for the year	15,523,438	(522,812)	15,000,626
Paid during the year	(16,728,989)	(17,699)	(16,746,688)
Foreign currency translation	–	(276,431)	(276,431)
Balance at 31 December	17,457,052	264,807	17,721,859

Zakat base

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

	2023	2022
Equity	**1,221,346,681**	1,120,729,846
Provisions	**83,483,609**	62,590,856
Other addition	**4,336,604**	6,650,728
Book value of non-current assets	**(831,737,146)**	(726,515,371)
Zakat base	**477,429,748**	463,456,059
Zakat Base (365)	**492,265,117**	477,857,236
Net adjusted income	**350,990,683**	220,424,843
Zakat base	**843,255,800**	698,282,079
Zakat charge for the year	**21,081,395**	17,457,052

a) Status of Zakat assessments

The Company had filed its zakat returns up to the year 2022. The Zakat assessments have been agreed with the Zakat, Tax and Customs Authority ("ZATCA") for the years up to 31 December 2018. Subsequent to the year end, ZATCA have finalised the Zakat assessment for the year 2021 and 2022. The Company filled its Zakat returns up to the year ended 31 December 2022 and is in the process of filing its Zakat return for the year ended 31 December 2023.

b) Income tax

Income tax is calculated in accordance with the applicable tax laws of the foreign subsidiary. Corporate tax return up to the year ended 2022 has been submitted. The tax assessments have been agreed with the tax authority for the years up to 31 December 2021.

21. RELATED PARTY TRANSACTIONS AND BALANCES

a) The Group in the normal course of business, enters into transactions with other entities that fall within the definition of a related party contained in IAS-24.

b) Transaction with related parties mainly relate to expenses incurred by the related parties on behalf of the Group and sales processed through affiliated companies (parties related to the Group or shareholders of the Company) in accordance with the agreement mutually entered into. Transactions with related parties are undertaken at mutually agreed prices.

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

Name of Related Party	Relationship
Jamjoom Printing Press Est.	Common shareholding of Jamjoom family
Jamjoom General Agencies	Common shareholding of Jamjoom family
Jamjoom Medicine Store	Common shareholding of Jamjoom family
Tegan Al Fateh Factory Company Limited	Common shareholding of Jamjoom family
Dream Sky Travel & Tourism Agency	Common indirect shareholding of Jamjoom family
Hamza Mahmoud Yousuf Jamjoom Contracting Corporation	Common indirect shareholding of Jamjoom family
Dan International for trading & Industries	Common shareholding of Jamjoom family
New Jamjoom Healthcare Hospital	Common shareholding of Jamjoom family
Jamjoom Algeria Lildawa	Joint venture
Jamjoom HUPP Pharma LLC	Joint venture

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

Name	Nature of transactions	Amount of transactions 2023	Amount of transactions 2022	Closing balance 2023	Closing balance 2022
Due from related parties under trade receivables:					
Jamjoom Medicine Store	Sale of products*	**609,295,532**	467,286,947		
	Distribution commission	**3,146,333**	17,820,244	**152,692,940**	194,929,555
Due from related parties under prepayment and other current assets:					
Jamjoom HUPP Pharma LLC	Loan receivable**	**–**	–	**17,452,028**	17,452,028
Dan International for trading & Industries	Expenses paid	**–**	31,436	**–**	–
New Jamjoom Healthcare Hospital	Expenses paid	**–**	62,944	**–**	–
Dream Sky Travel & Tourism Agency	Advance to supplier	**4,553,644**	–	**509,602**	–
Jamjoom Algeria Lildawa	Expenses paid	**821,147**	196,704	**475,826**	196,704
				18,437,456	17,648,732
Less: Provision for impairment loss on due from related party (note 21.1)				**(11,635,255)**	(9,135,255)
				6,802,201	8,513,477

* This represents gross sale amount.
** The balance represents interest free loan provided by the Company to Jamjoom Hupp Pharma LLC.

Name	Nature of transactions	Amount of transactions 2023	Amount of transactions 2022	Closing balance 2023	Closing balance 2022
Due to related parties under trade payables and other current liabilities:					
Jamjoom General Agencies	Purchases and services rendered	**444,515**	957,692	**158,010**	480,768
Jamjoom Printing Press	Purchases and services rendered	**7,424,023**	3,274,699	**1,182,202**	1,076,482
Jeddah Trident Hotel	Purchases and services rendered	**–**	56,129	**–**	–
Dream Sky Travel & Tourism Agency	Services rendered	**11,273,155**	7,432,119	**136,953**	46,241
Tegan Al Fateh Factory Company Limited	Purchases – Packing material	**20,529,024**	18,658,995	**3,397,834**	3,560,552
Hamza Mahmoud Yousuf Jamjoom Contracting Corporation	Retention Money	**–**	117,681	**–**	33,760
				4,874,999	5,197,803

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

	2023	2022
Balance at 1 January	**9,135,255**	–
Provision during the year	**2,500,000**	9,135,255
Balance at 31 December	**11,635,255**	9,135,255

21.2 Key management personnel remuneration and compensation

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

	2023	2022
Short-term employee benefits	**14,737,199**	14,375,821
Long-term employee benefits	**886,944**	608,288

21.3 Board of Directors and Other Committees Remuneration

Board of Directors and other committees' remuneration and compensation comprised of the following:

	2023	2022
Meeting attendance fees	**4,811,585**	1,773,844

22. COMMITMENTS AND CONTINGENCIES

The Group has the following contingencies and commitments:

	2023	2022
Letter of credit	**14,126,429**	5,398,163
Letters of guarantee (note 22.1)	**31,184,953**	7,612,107
Contractual commitments (note 22.2)	**7,533,008**	9,425,502

22.1 This includes an amount of SR 18.5 million corporate guarantee provided by the Group to a local bank in Algeria to support an acquisition made by its equity accounted investee. Subsequent to the year end, further guarantee of SR 17.7 million has been extended to support the working capital requirements of the equity accounted investee. The guarantees have been advanced in ratio of company's ownership interest in the equity accounted investees.

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

23. REVENUE

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

	2023	2022
Revenue by reportable segments		
Pharmaceutical products	**956,730,579**	797,376,208
Consumer health products	**144,088,503**	119,295,903
Total	**1,100,819,082**	916,672,111
Primary geographical markets		
Kingdom of Saudi Arabia	**720,585,929**	587,133,235
Gulf	**139,927,926**	108,695,016
Iraq	**105,137,753**	91,152,980
Egypt	**59,238,659**	64,174,480
North Africa and other export markets	**75,928,815**	65,516,400
Total	**1,100,819,082**	916,672,111

24. COSTS OF REVENUE

	2023	2022
Raw materials and consumables	**241,365,940**	189,871,494
Salaries and employee related costs	**79,653,627**	73,337,709
Depreciation (note 5.1)	**18,457,507**	17,156,801
Amortisation (note 7)	**130,829**	128,064
Depreciation on right of use assets (note 6)	**256,348**	256,346
Traveling and communication	**1,487,450**	1,094,679
Provision for obsolescence/slow moving inventories (note 10)	**12,367,430**	10,820,079
Supplies and consumables	**10,448,844**	6,309,419
Repair and maintenance	**9,521,092**	5,401,209
Utilities	**13,202,777**	9,870,708
Others	**10,138,683**	8,502,867
	397,030,527	322,749,375

25. SELLING AND DISTRIBUTION EXPENSES

	2023	2022
Salaries and employee related costs	**110,876,083**	102,236,299
Distribution expenses	**70,868,248**	78,935,720
Brand reminders, free medical samples and promotion	**81,286,038**	66,601,207
Travelling and communication	**11,688,575**	6,358,445
Amortisation (note 7)	**17,225**	15,975
Depreciation (note 5.1)	**995,464**	939,728
Others	**10,678,061**	5,975,409
	286,409,694	261,062,783

26. GENERAL AND ADMINISTRATIVE EXPENSES

	2023	2022
Salaries and employee related costs	**44,050,933**	37,379,130
Travelling and communication	**2,456,205**	1,582,639
Depreciation (note 5.1)	**2,633,576**	2,057,336
Amortisation (note 7)	**307,123**	189,937
Utilities	**2,300,889**	2,087,473
Repair and maintenance	**2,047,932**	2,437,367
Others	**12,219,189**	9,637,580
	66,015,847	55,371,462

27. RESEARCH AND DEVELOPMENT EXPENSES

	2023	2022
Salaries and employee related costs	**19,441,391**	20,123,621
Travelling and communication	**306,002**	213,285
Depreciation (note 5.1)	**2,307,780**	2,461,148
Amortisation (note 7)	**21,129**	21,127
Cost of exhibit batches	**2,024,630**	2,504,979
Lab scale batches	**1,632,845**	1,078,521
Supplies and consumables	**974,808**	925,958
Others	**6,679,872**	5,351,846
	33,388,457	32,680,485

28. IMPAIRMENT LOSS ON FINANCIAL ASSETS

	2023	2022
Impairment loss on trade receivables (note 11)	**2,095,285**	2,348,195
Impairment loss on due from related party (note 21)	**2,500,000**	9,135,255
	4,595,285	11,483,450

29. OTHER EXPENSE

	2023	2022
Amortisation (note 7)	**1,500,000**	1,500,000
Impairment loss on asset held for sale (note 14)	**1,298,894**	1,252,498
Others	**337,872**	–
	3,136,766	2,752,498

30. OTHER INCOME

	2023	2022
Gain on disposal of property, plant and equipment	**37,151**	30,759
Royalty income	**1,784,183**	4,067,099
Others	**1,240,116**	764,443
	3,061,450	4,862,301

31. FINANCE COST AND FINANCE INCOME

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

	2023	2022
Finance cost		
Bank charges	**515,131**	738,406
Finance charge on leases	**112,088**	122,260
Foreign currency loss (see note below)	**1,327,890**	47,949,960
TOTAL FINANCE COST	**1,955,109**	48,810,626
Finance income		
Investments at FVTPL – net change in fair values	**44,035**	9,712
TOTAL FINANCE INCOME	**44,035**	9,712

31.1 During the year ended 31 December 2022, the Company entered into a loan restructuring agreement to convert the loan balance from its Egypt subsidiary into a "Subordinated Perpetual Instrument". The Group has analysed the Subordinated Perpetual Instrument having features of an equity instrument under IAS-32 and hence classified the instrument under equity on the date of debt conversion in the books of the Subsidiary. Accordingly, all foreign currency gain /(loss) arising from translation of the equity instrument shall be recorded in the OCI in accordance with accounting policy in note 3(r).

32. EARNINGS PER SHARE

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

	2023	2022
Net profit for the year	**292,400,083**	171,314,162
Number of ordinary shares	**70,000,000**	70,000,000
Weighted average number of ordinary shares in issue	**70,000,000**	70,000,000
Basic and diluted earnings per share	**4.18**	2.45

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

33. OPERATING SEGMENT

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and are managed separately because they require different marketing strategies. The Group Chief Executive Officer (CEO) monitors the results of the Group's operations for the purpose of making decisions about resource allocation and performance assessment. The CEO is solely, the Chief Operating Decision Maker (CODM) for the Group.

For each of the strategic business units, the CODM reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Pharmaceutical products – represents medicines or drugs and they are essential for the prevention and treatment of diseases, and protection of public health.
- Consumer health products – represents products used to support personal well-being, maintain health, or address specific health-related needs. These products are available over the counter (OTC) without the need for a prescription.

No operating segments have been aggregated to form the above reportable operating segments.

Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment revenues, as included in the internal management reports that are reviewed by the CODM. There are no inter segment revenue reported during the period. The following table presents segment information for the period ended 31 December:

	Pharmaceutical products		Consumer health products		Total of Reportable Segments	
Particulars	2023	2022	2023	2022	2023	2022
Revenue	**956,730,579**	797,376,208	**144,088,503**	119,295,903	**1,100,819,082**	916,672,111
Costs of revenue	**(345,435,957)**	(288,251,767)	**(51,594,570)**	(34,497,608)	**(397,030,527)**	(322,749,375)
Segment gross profit	**611,294,622**	509,124,441	**92,493,933**	84,798,295	**703,788,555**	593,922,736

Unallocated income/(expenses)

	2023	2022
Gross profit before tax for reportable segments	**703,788,555**	593,922,736
Selling and distribution expenses	**(286,409,694)**	(261,062,783)
General and administrative expenses	**(66,015,847)**	(55,371,462)
Research and development expenses	**(33,388,457)**	(32,680,485)
Impairment loss on financial assets	**(4,595,285)**	(11,483,450)
Finance cost	**(1,955,109)**	(48,810,626)
Finance income	**44,035**	9,712
Share of results from equity-accounted investees, net of tax	**4,406,228**	(318,657)
Other expense	**(3,136,766)**	(2,752,498)
Other income	**3,061,450**	4,862,301
PROFIT BEFORE ZAKAT AND INCOME TAX	**315,799,110**	186,314,788

Detail of segment assets and liabilities is given below:

	Allocated		Unallocated	
Particulars	Pharmaceutical Products SAR	Consumer Health Products SAR	Others SAR	Total SAR
31 December 2023				
Segment assets	**–**	**–**	**1,654,165,587**	**1,654,165,587**
Segment liabilities	**–**	**–**	**249,836,618**	**249,836,618**
31 December 2022				
Segment assets	–	–	1,407,817,125	1,407,817,125
Segment liabilities	–	–	191,553,799	191,553,799

Pharmaceutical and consumer health segment are managed on a worldwide basis, but sales are primarily in Saudi Arabia, Egypt, Iraq, Gulf countries and North Africa countries. Refer to note 23 for geographical disclosure.

Major customer

Revenues from one customer of the Group's pharmaceutical products and consumer health products segments represented approximately SR 609.30 million (2022: SR 467.29 million) of the Group's total revenues.

34. FINANCIAL RISK MANAGEMENT

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

a) Risk management framework

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

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

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

The audit committee oversees compliance by management with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Financial instruments carried on the consolidated statement of financial position include cash and cash equivalents, trade receivables, due from related parties, investments, trade payable, due to related parties and retention payable. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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

i) Market risk

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

Interest rate risk

Interest rate risks are the exposures to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial positions and cash flows. As at the reporting date, the Group is not exposed to any intertest risk as it does not have any interest-bearing financial instruments.

Currency risk

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

The Group's management monitors such fluctuations and manages its effect on the consolidated financial statements accordingly.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk is as follows.

	31 December 2023				
	US Dollars	**Euro**	**Algerian Dinar**	**Egyptian Pound**	**United Arab Emirates Dirhams**
Trade receivables	**16,961,115**	**773,100**	**–**	**–**	**–**
Prepayments and other current assets	**–**	**–**	**646,048,685**	**–**	**–**
Cash and cash equivalents	**10,549,368**	**1,328,210**	**–**	**–**	**–**
	27,510,483	**2,101,310**	**646,048,685**	**–**	**–**
Trade payables and other current liabilities	**(3,243,458)**	**(695,775)**	**(5,966,620)**	**(593,600)**	**(1,808,128)**
Net exposure	**24,267,025**	**1,405,535**	**640,082,065**	**(593,600)**	**(1,808,128)**

	31 December 2022				
	US Dollars	**Euro**	**Algerian Dinar**	**Egyptian Pound**	**United Arab Emirates Dirhams**
Trade receivables	14,024,115	565,358	–	–	200,465
Prepayments and other current assets	–	–	649,612,303	–	–
Cash and cash equivalents	11,955,089	2,190,155	–	–	–
	25,979,204	2,755,513	649,612,303	–	200,465
Trade payables and other current liabilities	(1,889,020)	(1,368,518)	–	(118,800)	(2,018,460)
Net exposure	24,090,184	1,386,995	649,612,303	(118,800)	(1,817,995)

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	
	2023	**2022**	**2023**	**2022**
Foreign currency per Saudi Riyal				
Euros	**0.2451**	0.2421	**0.2414**	0.2487
Algerian Dinar	**36.2348**	36.9458	**35.6616**	36.8079
Egyptian Pound	**7.4201**	5.1508	**8.2346**	6.6055
UAE Dirham	**0.9790**	0.9793	**0.9787**	0.9793

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euros, US Dollars, Algerian Dinars, Egyptian Pounds and UAE Dirhams against all other currencies at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected profit before Zakat and income tax by the amount shown below. This analysis assumes that all other variables remain constant.

	Strengthening (1%)	Weakening (1%)
31 December 2023		
Euro	(62,795)	62,795
US Dollar	(912,371)	912,371
Algerian Dinar	(177,623)	177,623
Egyptian Pound	725	(725)
UAE Dirham	18,463	(18,463)
31 December 2022		
Euro	(55,770)	55,770
US Dollar	(903,382)	903,382
Algerian Dinar	(176,487)	176,487
Egyptian Pound	178	(178)
UAE Dirham	17,804	(17,804)

Price risk

The risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. Equity price risk arises from equity securities at FVTPL. For certain investments, management is assisted by external advisors. In accordance with its long-term strategy, certain investments are designated at FVTPL because their performance is actively monitored and they are managed on a fair value basis. The Group exposure to any price risk is not material.

ii) Credit risk

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

	2023	2022
Financial assets		
Trade receivables, net	332,125,964	352,361,492
Due from related parties, net	6,802,201	8,513,477
Bank balance	284,249,818	141,144,698
TOTAL	623,177,983	502,019,667

As at 31 December 2023, four largest customers account approximately for 77% (31 December 2022: 75%) of gross outstanding trade receivables. However, the Group assessed the concentration of risk with respect to accounts receivable and concluded it to be low.

At 31 December 2023, the maximum exposure to credit risk for trade receivables by geographic region is as follows:

	2023	2022
Kingdom of Saudi Arabia	264,853,795	293,492,691
Gulf	21,803,252	19,942,232
Iraq	31,775,668	18,032,490
Egypt	10,568,762	11,948,262
North Africa and other export markets	14,257,190	17,983,552
TOTAL	343,258,667	361,399,227

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

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

iii) Liquidity risk

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

The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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

	Contractual cash flows				
	Carrying amount	Less than 1 year	Within 1 to 5 years	More than 5 years	Total
31 December 2023					
Lease liabilities	2,401,193	347,255	1,389,020	1,192,550	2,928,825
Trade Payable	63,240,884	63,240,884	–	–	63,240,884
Due to related parties	4,874,999	4,874,999	–	–	4,874,999
Retention payable	2,045,096	2,045,096	–	–	2,045,096
	72,562,172	70,508,234	1,389,020	1,192,550	73,089,804

	Contractual cash flows				
	Carrying amount	Less than 1 year	Within 1 to 5 years	More than 5 years	Total
31 December 2022					
Lease liabilities	2,636,370	347,255	1,389,020	1,539,805	3,276,080
Trade Payable	34,669,074	34,669,074	–	–	34,669,074
Due to related parties	5,197,803	5,197,803	–	–	5,197,803
Retention payable	4,931,668	4,931,668	–	–	4,931,668
	47,434,915	45,145,800	1,389,020	1,539,805	48,074,625

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

Reconciliation of liabilities arising from financing activities is as follows:

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

	1 January 2022	Non- cash changes: Dividend declared	Finance cost	Others	Cash flows*	31 December 2022
Dividend	–	148,780,530	–	–	(148,780,530)	–
Lease liabilities	1,967,012	–	122,260	894,353	(347,255)	2,636,370
	1,967,012	148,780,530	122,260	894,353	(149,127,785)	2,636,370

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

b) Capital risk management

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

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. The Group also monitors capital using a gearing ratio, which is net debt, interest bearing loans and borrowings including finance cost thereon, trade and other payables, less cash and bank balances. As at the reporting date, the Group does not have any interest-bearing loans and borrowing affecting its gearing ratio.

c) Measurement of fair values

As at 31 December 2023, the carrying values of the financial assets and financial liabilities is a reasonable approximation of their fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following table shows the carrying amount and fair values of the financial assets and financial liabilities, including their levels and fair value hierarchy. It doesn't include fair value information for financial assets and financial liabilities not measured at fair value if the carrying value is a reasonable approximation of fair value.

	Carrying amount	Fair Value			
	Mandatorily at FVTPL	Level 1	Level 2	Level 3	Total
31 December 2023					
Financial assets measured at fair value					
Investment at fair value through profit or loss	**5,159,948**	**748,427**	**4,411,521**	**–**	**5,159,948**
31 December 2022					
Financial assets measured at fair value					
Investment at fair value through profit or loss	704,392	684,826	–	19,566	704,392

There are no transfers in the fair value levels during the years ended 31 December.

The following table shows the valuation techniques used in measuring Level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	Description
Investment in funds	Indicative NAV of the Fund based on the fair value of the underlying assets of the Fund

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

35. SUBSEQUENT EVENT

Subsequent to the year ended 31 December 2023, on 06 March 2024, the Central Bank of Egypt announced the devaluation of Egyptian Pound (EGP) leading to a significant drop in exchange rates and hike in interest rates. Given the prior cumulative 3-year inflation rates and with the current devaluation in March 2024, a review of the hyperinflationary accounting for EGP in accordance with IAS 29, may be triggered. The Group is closely monitoring the possible impacts of the hyperinflation on its operations in Egypt.

36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 24 March 2024, corresponding to 14 Ramadan 1445H.

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